

Company Registration Number: 08267703 (England & Wales)

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and Administrative Details	1 - 2
Trustees' Report	3 - 16
Governance Statement	17 - 19
Statement on Regularity, Propriety and Compliance	20
Independent Auditors' Report on the Financial Statements	21 - 23
Independent Reporting Accountant's Report on Regularity	24 - 25
Statement of Financial Activities Incorporating Income and Expenditure Account	26
Balance Sheet	27 - 28
Statement of Cash Flows	29
Notes to the Financial Statements	30 - 53

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS

Members

A S Basra
A Dhariwal
D Grewal
H Bansal

Trustees

A S Basra, Chair of Trustees
M S Sahota, Trustee
A S Johal, Trustee
S Heer, Finance Sub Committee Chair
H Marwaha, Trustee
H Sandhu, Trustee (resigned 24 October 2018)
R Vig, Trustee (resigned 12 March 2019)

Company registered number

08267703

Company name

Sevak Education Trust

Registered office

Seva School Eden Road
Coventry Walsgrave Triangle
Coventry
West Midlands
CV2 2TB

Principal operating office

Seva School Eden Road
Coventry Walsgrave Triangle
Coventry
West Midlands
CV2 2TB

Senior management team

J Griffiths, Consultant
R Saggu, Consultant (Headteacher & Accounting Officer)
M Bryan , Consultant
L Burnett , Assistant Principal
S Sanghera , Assistant Principal
J Purewal , Assistant Principal
D Fereday , Assistant Principal
Y Singh, Chief Finance Officer

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Independent auditors

Smith Cooper Audit Limited
Chartered Accountants and Statutory Auditors
St Helen's House
King Street
Derby
DE1 3EE

Bankers

Lloyds Bank
Coventry
West Midlands
CV1 5RA

Solicitors

Michelmores LLP
48 Chancery Lane
London
WC2A 1JF

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

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

Structure, governance and management

Constitution

The 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 dated February 2013.

The governors act as the trustees for the charitable activities of Sevak Education Trust and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Sevak Education Trust. The company is also known by the name Seva School.

Details of the Governors who served throughout the period except as noted are included in the Reference and administrative details on page 1.

In September 2014 Sevak Education Trust set up the primary education of the Free School, located within the temporary premises of Wyken in Coventry. It is named Seva School and is a Sikh faith school based on the teachings of Guru Nanak Dev Ji, the founder of the Sikh faith. The school is open to children of all faiths and none, developing in our children an understanding and respect for all.

The Trust proposes that governance of Seva school is made up of directors united in their aim to serve the Sikh and non Sikh communities in Coventry. Seva School will aim to build trust between the school, the children and the community.

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.

Method of recruitment and appointment or election of trustees

The management of the school is the responsibility of the trustees who are elected and co opted under the terms of the Trust Deed.

Any trustees elections will be held as soon as practicably possible after the occurrence of a vacancy. The objective will be always to ensure that the Governing Body's business is conducted with as many positions filled as possible to ensure each meeting is quorate and well attended.

Policies adopted for the induction and training of trustees

The clerk to trustees is responsible for new trustee induction. There is a trustee handbook in place for this purpose which is updated annually.

Arrangements for setting pay and remuneration of key management personnel

The trustees review pay scales at appointment and annually against Coventry schools and across the academy sector and more specifically for free schools. Senior appointments and pay is the remit of the Personnel, Performance and Safeguarding Committee. Seva schools pay policy is reviewed annually.

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

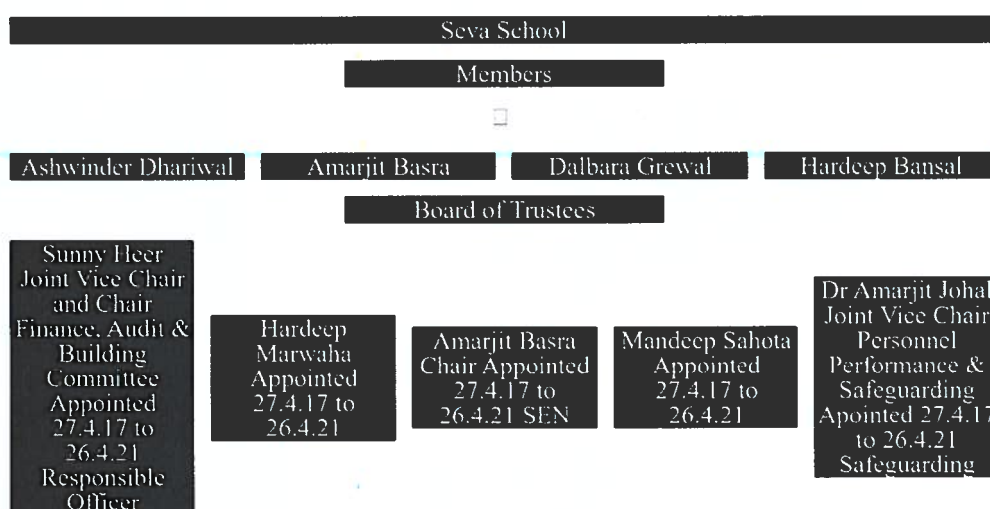
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

Organisational structure

The Governance arrangements are based on a committee structure (see below).

School Governance Structure



Schemes of financial delegation and a general scheme of delegation to committees and to individual senior managers setting out levels have been set up.

Risk management

The Governors have assessed the major risks to which the school is exposed, in particular, those related to the operations and finances of the school, and seek to implement systems and procedures to mitigate our exposure to the major risks.

A Risk Register has been produced and approved by Trustees. The Risk Register exists to assess the likelihood and impact of risks to the organisation and helps identify the major risks to which the organisation is exposed. A new version of the risk register is currently being developed.

Strategic & reputational risks

The major risk for the Trustees is that there may be insufficient demand for the school's services which leaves it in a financially unsustainable position. In order to mitigate the risks a marketing strategy has been established and the pupil numbers are managed as part of the Local Authority admissions process. The admissions process gives us an early indication of the demand for school places and helps us adjust our marketing strategy.

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

Operational risks

A major operational risk has been identified as the loss of key personnel. In order to mitigate the risk, the Trustees have introduced more robust recruitment and selection procedures and now include external HR support as part of all recruitment exercises. Succession planning for key staff is a vital element to help the Trustees deal with the risk.

A further operational risk is the reporting requirements for grants receivable. The majority of the income generated is through one source of funding, the Education and Skills Funding Agency (ESFA). It is vital that the reporting mechanism deadlines are adhered to as this would at best delay the payments and at worst result in payments not being made. All reporting requirements are communicated in advance by the ESFA so the Governors have advance notice and can check on progress. A finance officer has been appointed to set up school wide systems to support departmental and phase budgets and codes to ensure that moneys are disaggregated and spent appropriately and leaders are held to account for the impact of spend; especially for pupil premium, sports' premium and SEND spending.

Another operational risk would be the school receiving an unfavourable Ofsted report, which was the case in September 2016 when the school was placed in special measures. Following an Ofsted inspection in January 2019, Seva School has been judged as a strong requires improvements with elements of good. Early Years provisions and behaviour of pupils was judged as good.

Ofsted recognised the rapid improvement that the Trust and SLT has made especially in the following areas:

- Pupils' behaviour is a credit to them. Their conduct and attitudes to learning make a positive contribution to their increasing academic success.
- The early years provision is effective. Children thrive in the happy, stimulating environment. They settle well into school life and make good progress in all areas of learning.
- Leaders have focused resolutely on improving the quality of teaching and the curriculum. As a result, the quality of education has improved much in a short time.
- Governance has improved. Trustees provide support for leaders to make necessary changes and hold them to account for the impact of their actions.

Compliance risks

We have a company called TORIX who works on GDPR and an ICT technician in-house. A further compliance risk would be regarding Safeguarding regulation non compliance. An annual external safeguarding review together with an action plan based on outcomes and subsequent annual review as well as increased staff /governor training would represent the Trust's mitigation of these risks.

Trustees indemnities

Indemnity insurance for Trustees has been provided by Hiscox since 1 September 2014 and provides indemnity for a number of provisions up to a maximum limit of £1,000,000.

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

Fundraising

The pupils of Seva School have undertaken various fundraising activities including collection of funds for a variety of charities such as Children In Need, Macmillan Support, British Legion, SHARE Charity and Midland Langar. Pupils also support Khalsa Aid.

Seva School is a growing school, with new intake of pupils during September of each year. This has enabled the school to offer employment opportunities, both fulltime and part time for both teaching and non teaching staff in and around the Coventry area.

In setting our objectives and planning our activities the trustees have given careful consideration to the Charity Commission's general guidance on public benefit. The trustees believe that the School's aims, together with the activities outlined above, are demonstrably to the public benefit.

Objectives and aims

Sevak Education Trust's ultimate aim is to educate children from ages 4 to 16 at an all through Sikh Faith Free School called Seva School. By drawing on the teachings of Guru Nanak Dev Ji, the founder of the Sikh faith, our school will not only provide academic education, it will encompass an underlying message of brotherhood, equality and respect. High morals, discipline, love, compassion and selfless service towards all regardless of faith, gender or colour will be encouraged. The school will embrace a universal, inclusive approach to spirituality, aimed at rekindling a personal, loving and spontaneous relationship with the Divine.

Seva school aims to nurture confidence, empathy, spiritual awareness and integrity in every individual. Students will be encouraged to explore the whole range of their capabilities. They will aspire to achieve success intellectually, physically, socially and emotionally.

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

(continued)

Objectives, strategies and activities

The principal object and activity of the operational company is the operation of Seva School to provide free education and care for pupils of different abilities between the ages of 4 and 16.

School Vision Statement

Sevak Education Trust aim is to provide an outstanding educational experience for all learners. Learners will be provided with the opportunity to progress onto the next stage of their education with enthusiasm and confidence.

Seva School will look to:

- Provide the highest quality and unparalleled teaching to community children
- Provide the best teaching foundation to springboard into higher education
- Provide excellent moral and ethical teaching to become good citizens
- Teach respect and help reduce crime and antisocial behaviour
- Provide enhanced afterschool and extensive extracurricular activities
- Help students learning of relevant skills and provide flexibility to parents within the community
- Promote and actively be involved in community and work experiences.

Here are some of the unique features of Seva School that we would like to share with you

- A school based on the Sikh ethos and principles
- An all through school that is fully integrated at all stages
- Enrichment activities after school aim to give academic physical and aesthetic activities and inspiration daily appropriate for different age groups.
- Enrichment activities provide academic catch up sessions for those pupils who require it and Sikh studies including traditional music sessions.
- Opportunities are provided in the homework club for pupils to work and study quietly
- An excellent relationship between the school and home which aims to create a consistent behaviour across both environments
- Habits of minds are incorporated into programmes of study
- Competitions, prizes and research projects are encouraged in and out of school
- A school that will tackle social issues head on with preventative methods along with services and support aimed at reducing the problems facing children in Coventry
- Extensive focus on the wellbeing of all children within the school

Strategic priorities for 2019/2020

Key Priorities for 2019-20	
1.	To develop a 3D curriculum that permits subject knowledge and skills to develop and ensures all learners are prepared for their next phase. (AFI 1)
2.	To ensure that assessment informs learning and teaching in all phases and subjects so all pupils, particularly the disadvantaged and SEND, make at least expected or better progress from starting points (AFI 2)
3.	To ensure that pupils apply their understanding of the Sikh virtues and fundamental British values in their everyday lives to become active citizens in a diverse society (S48)
4.	To implement a whole school PHSE and character development programme which focuses on the key dimensions of personal development, to build resilience and keep children safe (AFI 3)
5.	To strengthen leadership and management at all levels to drive rapid improvement through a distributed leadership model (AFI 4)
6.	To improve attendance, particularly for SEND and PP students

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

(continued)

Achievement and performance

Towards the end of the accounting phase the school expanded its classroom capacity on the Eden Road site by the additional of 4 classrooms for years 5 & 6 as the Secondary department expands annually and internal space is at a premium.

Pupils on roll during the academic year ended August 2019 encompassed in the primary department pupils in Years R to Year 6 and the Secondary department pupils in Years 7 to 10. The total number of pupils on roll now is as below:

Children on Roll week beginning 18th November 2019

Year Group	Total Numbers	Capacity	Spaces Available
Reception	24	60	36
Year 1	29	60	31
Year 2	45	60	15
Year 3	44	60	16
Year 4	46	60	14
Year 5	44	60	16
Year 6	40	60	20
Year 7	52	120	68
Year 8	55	120	65
Year 9	52	120	68
Year 10	55	120	65
Year 11	57	120	63
Total	543	1020	477

During the accounting phase, administrative offices have been re-organised to provide improved working conditions for staff. There is a dedicated support room for specialist staff to work with small groups of pupils who require interventions.

The acquisition of 1 Eden Rd has resulted in most staff and all parents (except those with disabilities) parking at 1 Eden Rd. The car parking at Link House is diminished due to the portakabins.

Achievement and Outcomes 2018/2019

EYFSP

- 77% are judged to be working at a level assessed as " Good Level of Development" **
- This represents a 16% increase from the 2017/8 cohort.
- The schools is 5% above Foundation Stage pupils nationally (working at 72% GLD)

***Good Level of Development. A measure of attainment at the end of the . Children are deemed to have achieved GLD if they have achieved the in the EYFS curriculum areas of Personal, Social and Emotional Development, Physical Development, Communication and Language Development, Literacy and Mathematics.*

Seva School EYFS 2019			
	Seva 2018	Seva 2019	National
Good Level of Development	61%	77%	72%

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

(continued)

Phonics

- Year 1: 85% attained the 32 (out of 40) mark pass which is 3% above national.
- It also represents a 3% increase since 2017/18, a faster rise than national.
- Year 2 (those who need to retake the test if failed in year 1) (6 children). 91% of children passed, which is 5% above national.

Seva School KS1 Results 2019			
Phonics	Seva 2018	Seva 2019	National
Year 1	82%	85%	82%
Year 2	100%	96%	91%

Key Stage 1 (KS1)

Attainment 2018/19

These results are accurate as they have been fully moderated by the LA,

Seva School KS1 Results 2019			
Year 2 SATs			
Combined (RWM)	Seva 2018	Seva 2019	National
Expected Standard	62%	67%	65%
Higher Level of Attainment	2%	12%	11%
Reading	Seva 2018	Seva 2019	National
Expected Standard	80%	79%	75%
Higher Level of Attainment	16%	26%	25%
Writing	Seva 2018	Seva 2019	National
Expected Standard	76%	70%	69%
Higher Level of Attainment	4%	12%	15%
Maths	Seva 2018	Seva 2019	National
Expected Standard	78%	81%	76%
Higher Level of Attainment	28%	26%	21%
Science	Seva 2018	Seva 2019	National
Expected Standard	90%	84%	82%

Combined

- 67% of Year 2 have been assessed as working at the Expected Standard. 2% above national (65%). This is a 5% increase from 2017/18.
- Those judged as working at the higher level of attainment 12% is line with national at 11%.

Reading

- 79% of pupils achieved the expected level or above which is 4% above national. 26% achieved the higher level which is line with national at 25%.

Writing

- 70% of pupils achieved the expected level or above which is in line with the national.
- Those pupils working at the higher level of attainment is 3% below national.

Maths

- 81% of pupils achieved the expected level or above which is 5% above national.
- 26% of pupils are working at the higher level of attainment which is 5% above national.

Value added (progress) from EYFSP to KS1 to follow in December.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

(continued)

Key Stage 2 (KS2)

This is our second year of KS2 results. The figures below are based on validated results.

Seva School KS2 Results 2019			
Year 6 SATs			
Combined (RWM)	Seva 2018	Seva 2019	National
Expected Standard	63%	80%	65%
Higher Level of Attainment	5%	14%	11%
Reading	Seva 2018	Seva 2019	National
Expected Standard	79%	88%	73%
Higher Level of Attainment	26%	37%	27%
Average Scaled Score	103.5	106.0	104.0
Average Progress	-1.3	+1.51	0
Writing	Seva 2018	Seva 2019	National
Expected Standard	74%	84%	78%
Higher Level of Attainment	11%	20%	20%
Average Progress	-1.7	+0.31	0
Maths	Seva 2018	Seva 2019	National
Expected Standard	74%	90%	79%
Higher Level of Attainment	21%	45%	27%
Average Scaled Score	103.8	107.0	105.0
Average Progress	-0.4	+1.61	0
Grammar, Punctuation and Spelling	Seva 2018	Seva 2019	National
Expected Standard	84%	94%	78%
Higher Level of Attainment	34%	55%	36%
Average Scaled Score	106.2	110.0	106.0
Average Progress		+3.50	0

Attainment

Combined (Reading and Maths)

- 80% of the cohort have achieved the Expected Standard. 15% above national average (NA).
- Pupils judged as working at the higher level of attainment, those scoring 110+ in both reading and Maths, SEVA achieved 14%, which is 3% above national and 9% improvement against 2018 outcomes.

Reading

- 88% of the cohort have achieved the Expected Standard, 15% above national.
- Pupils judged as working at the higher level of attainment, those scoring 110+ equates to 37%, which is 10% above the NA.
- The Average Scale Score being 106.0 compared to 104.0 nationally.

Writing (Teacher Assessment – externally moderated).

- 84% of the cohort have achieved the Expected Standard. This is 6% above national and 10% improvement against 2018.
- The school is in line with national for pupils achieving the higher level of attainment (20%).

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

(continued)

Maths

- 90% of the cohort have achieved the Expected Standard. 11% above the NA.
- Pupils judged as working at the higher level of attainment, those scoring 110+ equates to 45%, which is 18% above the national average.
- Average Scale Score is 107.0 compared to 105.0 nationally.

GPS

- **94%** of the cohort have achieved the Expected Standard. 16% above National.
- Pupils judged as working at the higher level of attainment, those scoring 110+ SEVA, equates to 55%, which is significantly above the NA of 36%.
- Average Scale Score is 110.0 compared to 106.0 nationally.

Progress Measures (Value added)

Reading

- Progress above national (**+1.51** of a scale point more progress per pupil on average).
- With an increase of +2.8 scale points against 2018 outcomes

Writing

- Progress is in line with national (**+0.31** of a scale point more progress per pupil on average).
- With an increase of +2.0 scale points against 2018 outcomes

Maths

- Progress significantly above national (**+1.61** of a scale point more progress per pupil on average).
- With an increase of +2.0 scale points against 2018 outcomes

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

(continued)

ATTENDANCE

2018-19 Attendance	Seva School %	National Average %	Seva School Persistent Absence (less than 90% attendance) %	National Average Persistent Absence (less than 90% attendance) %
Primary	95.86	95.8	5.86	8.7
Primary (excl. Reception)	95.94	95.8	5.42	8.7
Secondary	94.14	94.5	12.0	13.9

Behaviour

Behaviour is described as good in and around the school and in classes where pupils are engaged in positive learning. Their conduct is generally good but behaviours for learning will improve as teaching becomes more challenging and engaging. Go4schools is used well in secondary to note positive and negative behaviour traits, this needs to be adapted to ensure that primary can also use it. Primary use class dojos to award good conduct.

The school uses a well-established calendar of events to celebrate national events e.g Mother's day, major festivals of other faiths including Christmas and Diwali and Sikh festivals including Vaisakhi, Diwali, Bandi Chhor Divas and Gurburab.

Eden Road premises provide accommodation for Years R to 10. The premises have high quality specialist areas; Science, Catering, Art and ICT. A central and important feature of our school is the prayer hall which is used extensively by our school and the community it serves.

External partnerships

We have also commissioned the support of highly regarded external agencies to support financial accounting and HR/Recruitment. The school gains additional benefits from a range of Service Level Agreements with Professional Agencies to meet a wide range of needs among our students.

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

(continued)

Public benefit

Seva School is an all through Sikh Faith Free School providing education for children from 4 to 16, and strives to promote and support the advancement of education in the Coventry area. The school provides an extensive program of educational and recreational activity all designed to contribute to the overall education of our students in areas such as academic distinction, music, the arts and sports.

The School has maintained links with the local community and where possible aims to contribute to the benefit of the wider public by making available its Diwan Hall to the community free of charge over the weekend.

Seva School has worked in collaboration with a number of local schools i.e. Finham Park Multi Academy Trust and Sacred Heart Catholic Primary. The local authority has identified 'cluster groups' of its schools in Coventry with whom Seva can liaise and collaborate with in areas such as moderation and training.

The School has in place a Travel Plan with the aim to improve the journey to and from school for pupils, parents and school personnel by identifying safe, healthy and sustainable alternative ways of travelling, thereby minimising the number of trips made to and from school by car.

The School Travel Plan has helped the local council and community in

- o reducing congestion and pollution
- o Improve safety
- o Improve relationships with the local community
- o And to establish itself as an Eco friendly school

Going concern

After making appropriate enquiries, the Board of Governors has a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

(continued)

Financial review

The aim of the Trust is to ensure a functioning school that is financially viable during operation. Overall the trust has a net expenditure deficit for the year of £494,143, resulting in a deficit of £183,286 on restricted general funds and a deficit of £47,496 on unrestricted funds at the year end. Day to day working capital remains positive as the cash position of the Trust is similar to that reported in previous years.

In November 2018 Seva School were issued with a termination of funding notice by the then West Midlands Regional School Commissioner (RSC). The RSC judged Seva School as not having made sufficient improvement since the special measures Ofsted judgement in September 2016.

This resulted in a rebrokerage process commencing that would have led to Seva School joining a Multi Academy Trust. The Trust along with a Parent Group challenged the RSC's decision. Following retirement, a new RSC was appointed in January 2019 and in July 2019 the RSC revoked the Trust's termination notice.

This period created significant uncertainty for all key stakeholders involved with Seva as to the future of the school. One of the impacts being a falling pupil roll that was made worse with a low intake into Early Years as Coventry had a low birth rate for this particular year group. This resulted in a pupil number adjustment and a clawback payment of £126k back to the Education and Skills Funding Agency (ESFA), which has been fully accounted for in these accounts. The Trust has agreed with the ESFA that actual repayments will be spread over 12 months to support our cashflow and minimise impact.

Other pressures have included:

- £54k one off utilities bill relating to charges from the temporary premises that the school occupied.
- Staff leaving and increased sickness levels due to the uncertainty of the future of Seva School, which led to significant increase in supply staff expenditure
- Due to site expansion being put on hold, especially the development of on-site sports facilities, a continued annual pressure of £100k on the budget to provide Physical Education off-site as required by the curriculum.

Throughout this challenging year the Trust has remained committed and diligent in strategically supporting the SLT. The Trust and staff have maintained a business as usual approach in continuing to strive and provide a fantastic learning opportunity for all children.

The results of this are evident with Seva School achieving outstanding SATs results in Year 6 (Key Stage 2). The results are significantly higher than National Average and will place Seva School within the highest performing of Coventry Schools. Considering that we are one of the newest schools in Coventry, this is a fantastic achievement. Reconciliation of School Revenue Deficit with Extraordinary Expenses is as follows:

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

(continued)

DETAILS	AMOUNT
Revenue Funds balance as at 31 August 2019	
Unrestricted Funds Deficit	(47,496.00)
Restricted General Funds Deficit	(183,286.00)
Total Revenue Deficit	(230,782.00)
<u>One Off Extraordinary Expenses During the Year</u>	
- Light & Heat Bill for Previous Site (Tiverton Road Site)	53,770.16
Due to Uncertainty of School Future	
- Pupil Number Adjustment Clawback by ESFA	126,436.05
- Increase in Agency Cost as compared to Previous year	192,382.00
Total one-off expenses	372,588.21
Balance at 31 August 2019 excluding one off expenditure	141,806.21

Next Steps

The next steps for the Trust have already included identifying an appropriate Multi Academy Trust (MAT) who can move the school on to even greater success and who will share the same vision and Sikh faith ethos to that of Seva School. Joining a MAT will also reduce some operational costs such as ICT, Finance and HR through the use of central functions. We have already commenced the application process to be re-brokered with a MAT. The RSC will assess our application with a view to making a decision most likely around Spring 2020.

In the meantime, the key priority is to work with the Department for Education (DfE) who have agreed to start work on making the second building operational, along with the commencement of works to deliver the much-needed sports facilities to reduce the £100k financial pressure on the school budget. Collaborative working between SLT, Trustees, DfE and Architects has enabled us complete the feasibility stage ahead of schedule. This means we currently are on track in delivering the site expansion works.

The certainty of the future of Seva School, greater than national average Key Stage 2 results, predicted strong first cohort of GCSE's results and site expansion plans now well under way have already resulted in pupil roll increasing. The plan is for a strong marketing campaign to drive pupil numbers up, which in turn will increase income.

The Trust is now building in alternative income streams into the medium term financial strategy as the plan will be to hire out the sports facilities and diwan hall for community use after school hours and weekends. This all contributes to returning funds into a surplus.

Investment policy

All investments, whether short or long term, shall be with financial institutions approved by the Trustees and no investment, whether short or long term, may be of a speculative nature.

The Trust is currently developing a formal Investment Policy.

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

(continued)

Financial and risk management objectives and policies

The Trust has no exposure to trade debtors. The income for the Trust, for this reporting period has predominantly been funded from grants provided by the Education and Skills Funding Agency (ESFA) for the purposes of running and maintaining the school. The level of grant received will be dependent on pupil numbers and therefore the loss of pupil numbers is considered as a potentially serious risk in the Trust's risk register.

Reserves policy

The Trustees policy is to review the reserve levels of the school annually. The policy of the school is to carry forward a prudent level of available funds to meet the long term cyclical needs of renewal and any other unforeseen contingencies, plus a contribution towards future capital projects, subject to the constraint that the level of reserves does not exceed the level permitted by the ESFA. The deficit at the year end on restricted funds relates to the LGPS liability and the GAG clawback provision.

Future developments

The aim of the Trust is to focus on the permanent site of the all through Seva School and the secondary school phase continuing to expand.

Funds held as custodian

There are no funds being held on behalf of others by the Trust.

Provision of information to auditors

Each of the persons who are Trustees at the time when this Trustees report is approved has confirmed that:

- so far as that Trustees is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable company's auditors in connection with preparing their report and to establish that the charitable company's auditors are aware of that information.

The Trustees' Report was approved by order of the board of Governors, as the company directors, on 13 December 2019 and signed on its behalf by:

A S Basra
(Chair of Trustees)



SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the finance manager, 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 Sevak Education 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. The board of trustees has formally met 9 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
A S Basra, Chair of Trustees	8	9
M S Sahota, Trustee	4	9
A S Johal, Trustee	8	9
S Heer, Finance Sub Committee Chair	9	9
H Marwaha, Trustee	6	9
H Sandhu, Trustee	3	3
R Vig, Trustee	0	7

Review of value for money

As accounting officer, the finance manager has responsibility for ensuring that the company 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 company'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 appropriate. The accounting officer for the company has delivered improved value for money during the year by:

Money spent during the year on the resources and support services has been carefully evaluated and wherever applicable appropriate quotations have been obtained from different vendors in order to get competitive rates without compromising quality of service.

Internal controls have been implemented during the year which result in effective control on purchase and usage of resources in order to avoid any misuse of taxpayer resources received.

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 company 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 Sevak Education Trust Limited for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Capacity to handle risk

The board of trustees has reviewed the key risks to which the company is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the company's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 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 company'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 and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Amass BTC as internal auditor.

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

- Purchasing
- Bank

On an annual basis, the internal auditor reports to the board of trustees through the finance audit and buildings committee on the operation of the systems of control and on the discharge of the trustees' financial responsibilities.

Review of effectiveness

As accounting officer, the finance manager has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the company 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 audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Approved by order of the members of the board of Governors on 13 December 2019 and signed on their behalf by:

A S Basra
Chair of Trustees



R Saggu
Accounting Officer




SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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.



R. Saggu
Accounting Officer
Date: 13 December 2019

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SEVAK EDUCATION TRUST LIMITED

Opinion

We have audited the financial statements of Sevak Education Trust Limited (the 'charitable company') for the year ended 31 August 2019 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 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

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

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

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SEVAK EDUCATION TRUST LIMITED (CONTINUED)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Reference and Administrative Details, the Trustees' Report including the Strategic Report, and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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 company 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.

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SEVAK EDUCATION TRUST LIMITED (CONTINUED)

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the company 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 company'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 company or to cease operations, or have no realistic alternative but to do so.

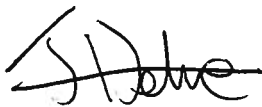
Auditors' responsibilities for the audit of the financial statements

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.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



James Delve (Senior Statutory Auditor)
for and on behalf of
Smith Cooper Audit Limited
Chartered Accountants and Statutory Auditors
St Helen's House
King Street
Derby
DE1 3EE

16 December 2019

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

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

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

This report is made solely to Sevak Education Trust Limited and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Sevak Education 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 Sevak Education Trust Limited and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Sevak Education Trust Limited's funding agreement with the Secretary of State for Education dated 22 October 2019 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

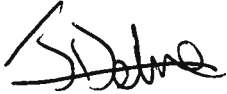
- Planned our assurance procedures including identifying key risks;
- Carried out a program of substantive testing, including review of the program of work and findings in relation to internal scrutiny;
- Undertook controls testing where considered appropriate;
- Concluded on the procedures undertaken.

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SEVAK
EDUCATION 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 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



James Delve

Smith Cooper Audit Limited
St Helen's House
King Street
Derby
DE1 3EE

Date: 13 December 2019

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	3	3,858	-	213,235	217,093	55,986
Charitable activities	4	-	2,885,604	-	2,885,604	2,766,217
Other trading activities	5	98,919	4,002	-	102,921	155,705
Investments	6	134	-	-	134	177
Total income		102,911	2,889,606	213,235	3,205,752	2,978,085
Expenditure on:						
Charitable activities	7	176,227	3,287,054	236,614	3,699,895	3,215,504
Total expenditure		176,227	3,287,054	236,614	3,699,895	3,215,504
Net expenditure		(73,316)	(397,448)	(23,379)	(494,143)	(237,419)
Transfers between funds	19	-	21,420	(21,420)	-	-
Net movement in funds before other recognised gains/(losses)		(73,316)	(376,028)	(44,799)	(494,143)	(237,419)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	24	-	(60,000)	-	(60,000)	45,000
Net movement in funds		(73,316)	(436,028)	(44,799)	(554,143)	(192,419)
Reconciliation of funds:						
Total funds brought forward		25,820	(18,258)	4,034,928	4,042,490	4,234,909
Net movement in funds		(73,316)	(436,028)	(44,799)	(554,143)	(192,419)
Total funds carried forward		(47,496)	(454,286)	3,990,129	3,488,347	4,042,490

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 30 to 53 form part of these financial statements.

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	14	11,072	17,286
Tangible assets	15	3,946,093	4,017,642
		<u>3,957,165</u>	<u>4,034,928</u>
Current assets			
Stocks	16	3,013	1,605
Debtors	17	133,694	119,797
Cash at bank and in hand		156,338	236,396
		<u>293,045</u>	<u>357,798</u>
Creditors: amounts falling due within one year	18	(490,863)	(216,236)
Net current liabilities / assets		<u>(197,818)</u>	<u>141,562</u>
Net assets excluding pension liability		<u>3,759,347</u>	<u>4,176,490</u>
Defined benefit pension scheme liability	24	(271,000)	(134,000)
Total net assets		<u><u>3,488,347</u></u>	<u><u>4,042,490</u></u>
Funds of the company			
Restricted funds:			
Fixed asset funds	19	3,990,129	4,034,928
Restricted income funds	19	(183,286)	115,742
Restricted funds excluding pension asset	19	3,806,843	4,150,670
Pension reserve	19	(271,000)	(134,000)
Total restricted funds	19	<u>3,535,843</u>	<u>4,016,670</u>
Unrestricted income funds	19	<u>(47,496)</u>	<u>25,820</u>
Total funds		<u><u>3,488,347</u></u>	<u><u>4,042,490</u></u>

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements on pages 26 to 53 were approved by the Trustees, and authorised for issue on 13 December 2019 and are signed on their behalf, by:

A S Basra
 (Chair of Trustees)



SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019

The notes on pages 30 to 53 form part of these financial statements.

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	21	(134,576)	13,633
Cash flows from investing activities	22	54,518	(18,196)
Change in cash and cash equivalents in the year		(80,058)	(4,563)
Cash and cash equivalents at the beginning of the year		236,396	240,959
Cash and cash equivalents at the end of the year	23	156,338	236,396

The notes on pages 30 to 53 form part of these financial statements

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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

Sevak Education Trust Limited constitutes a public benefit entity as defined by FRS 102.

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. At 31 August 2019 the Trust had a deficit of £47,496 on its restricted reserves and net current liabilities of £197,818. The reason for this position, and the steps being taken to ensure the Trust can continue to meet its liabilities are discussed in the financial review in the Trustee's Report. A significant amount of the liability relates to clawback of overpaid GAG and the ESFA have agreed for this to be repaid from future GAG payments over a 12 month period.

It is also anticipated that during 2020 the school will transfer into an existing multi-academy trust. Notwithstanding the fact that the Sevak Education Trust Limited will cease to operate as an independent legal trust, the financial statements have been prepared on a going concern basis as all assets and liabilities will be transferred at their value at that time. Therefore there is considered to be no difference between accounting for amounts on a going concern or break-up basis.

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.3 Income

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

• **Grants**

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

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

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

• **Donations**

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

• **Other income**

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

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.

• **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.5 Taxation

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

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

1.6 Intangible assets

Intangible assets costing £1000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

The estimated useful lives are as follows:

Amortisation is provided on the following basis:

Computer software	-	20-33% straight line
-------------------	---	----------------------

1.7 Tangible fixed assets

Assets costing £1000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.7 Tangible fixed assets (continued)

Long-term leasehold property	- 2% straight line
Computer equipment	- 20% straight line
Fixtures and fittings	- 20% straight line
Motor vehicles	- 20% straight line

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.

1.8 Stocks

School resources are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.9 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.

1.10 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.

1.11 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 company 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.

1.12 Financial instruments

The Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the company 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 17. Prepayments are not financial instruments. Amounts due to the company's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 18. 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. Amounts due to the company's wholly owned subsidiary are held at face value less any impairment.

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.13 Pensions

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

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

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

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

1.14 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the company 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.

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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

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

3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	3,858	-	3,858	1,985
Capital grants	-	213,235	213,235	54,001
	<u>3,858</u>	<u>213,235</u>	<u>217,093</u>	<u>55,986</u>
Total 2018	<u>1,247</u>	<u>54,739</u>	<u>55,986</u>	

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

4. Funding for the Academy Trust's educational operations

	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants			
General Annual Grant (GAG)	2,645,176	2,645,176	2,525,271
Start Up grants	-	-	127,000
Other DfE Group grants	240,428	240,428	100,719
	<u>2,885,604</u>	<u>2,885,604</u>	<u>2,752,990</u>
Other Government grants			
Local authority grants	-	-	8,227
	<u>-</u>	<u>-</u>	<u>8,227</u>
Other funding			
Other funding	-	-	5,000
	<u>-</u>	<u>-</u>	<u>5,000</u>
	<u>2,885,604</u>	<u>2,885,604</u>	<u>2,766,217</u>

5. Income from other trading activities

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Catering income	57,218	-	57,218	56,053
Trip income	34,443	-	34,443	15,270
Bus income	(6,317)	-	(6,317)	74,646
Other income	13,575	4,002	17,577	9,736
	<u>98,919</u>	<u>4,002</u>	<u>102,921</u>	<u>155,705</u>
Total 2018	<u>155,705</u>	<u>-</u>	<u>155,705</u>	

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Investment income	134	134	177

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Direct costs	2,186,753	-	145,263	2,332,016	1,776,297
Support costs	401,886	274,214	691,779	1,367,879	1,439,207
	<u>2,588,639</u>	<u>274,214</u>	<u>837,042</u>	<u>3,699,895</u>	<u>3,215,504</u>
Total 2018	<u>2,141,903</u>	<u>201,674</u>	<u>871,927</u>	<u>3,215,504</u>	

8. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £	Total funds 2018 £
Academy's educational operations	2,332,016	1,367,879	3,699,895	3,215,504
Total 2018	<u>1,776,297</u>	<u>1,439,207</u>	<u>3,215,504</u>	

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

8. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Academy's educational operations 2019 £	Total funds 2019 £	Total funds 2018 £
Pension cost	3,000	3,000	2,000
Staff costs	2,186,753	2,186,753	1,595,490
Teaching and educational supplies	141,338	141,338	172,619
Staff development	400	400	-
Computer costs	525	525	344
Recruitment costs	-	-	5,844
	<u>2,332,016</u>	<u>2,332,016</u>	<u>1,776,297</u>

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Academy's educational operations 2019 £	Total funds 2019 £	Total funds 2018 £
Staff costs	401,886	401,886	546,413
Depreciation	236,677	236,677	219,253
Educational supplies	21,885	21,885	41,724
Staff development	78,031	78,031	55,010
Repairs and premises maintenance	30,504	30,504	25,414
Cleaning	76,533	76,533	53,880
Rent and rates	14,393	14,393	16,172
Heat and Light	88,279	88,279	47,769
Catering	56,813	56,813	45,730
Legal and professional	167,330	167,330	87,955
Insurance	12,060	12,060	12,557
Transport	99,869	99,869	170,342
Bank interest and charges	550	550	421
Computer costs	2,203	2,203	35,026
Other support costs	80,929	80,929	80,702
Advertising and marketing	-	-	839
(Profit)/Loss on disposal of fixed assets	(63)	(63)	-
	<u>1,367,879</u>	<u>1,367,879</u>	<u>1,439,207</u>

9. Analysis of specific expenses

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000 Amount £	Reason
Unrecoverable debts	6,499	-	

The unrecoverable debts relate to diner money owed by pupils that have now left the school.

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

10. Net expenditure

Net expenditure for the year includes:

	2019 £	2018 £
Depreciation of tangible fixed assets	230,463	213,629
Amortisation of intangible assets	6,214	5,623
Fees paid to auditors for:		
- audit	8,000	8,000
- other services	4,500	4,500
	<u>243,177</u>	<u>231,752</u>

11. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	1,638,464	1,393,930
Social security costs	148,441	126,669
Pension costs	300,636	273,309
	<u>2,087,541</u>	<u>1,793,908</u>
Agency staff costs	501,098	308,716
Staff restructuring costs	-	39,279
	<u>2,588,639</u>	<u>2,141,903</u>

Staff restructuring costs comprise:

Severance payments	-	39,279
	<u>-</u>	<u>39,279</u>

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

11. Staff costs (continued)

b. Staff numbers

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

	2019	2018
	No.	No.
Teachers	27	25
Admin and support	33	28
Management	4	4
	64	57

c. Higher paid staff

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

	2019	2018
	No.	No.
In the band £60,001 - £70,000	-	1

d. Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of the employee benefits (including pension contributions) received by key management personnel for their services to the Academy Trust was £227,955 (2018: £153,392). Some members of the key management personnel are not employed by the Academy Trust and their costs are invoiced. During the year £74,400 was invoiced to the Trust in respect of consultancy services from key management personnel and is included in the legal and professional fees.

12. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2018 - £NIL).

During the year ended 31 August 2019, no Trustee expenses have been incurred (2018 - £1,272).

13. Trustees' and Officers' insurance

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

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

14. Intangible assets

	Computer software £
Cost	
At 1 September 2018	32,907
At 31 August 2019	<u>32,907</u>
Amortisation	
At 1 September 2018	15,621
Charge for the year	6,214
At 31 August 2019	<u>21,835</u>
Net book value	
At 31 August 2019	<u>11,072</u>
At 31 August 2018	<u>17,286</u>

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

15. Tangible fixed assets

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
Cost					
At 1 September 2018	3,870,406	332,092	364,068	34,660	4,601,226
Additions	-	44,427	120,224	-	164,651
Disposals	-	-	-	(28,685)	(28,685)
At 31 August 2019	<u>3,870,406</u>	<u>376,519</u>	<u>484,292</u>	<u>5,975</u>	<u>4,737,192</u>
Depreciation					
At 1 September 2018	198,679	176,448	180,729	27,728	583,584
Charge for the year	70,508	71,374	87,386	1,195	230,463
On disposals	-	-	-	(22,948)	(22,948)
At 31 August 2019	<u>269,187</u>	<u>247,822</u>	<u>268,115</u>	<u>5,975</u>	<u>791,099</u>
Net book value					
At 31 August 2019	<u>3,601,219</u>	<u>128,697</u>	<u>216,177</u>	<u>-</u>	<u>3,946,093</u>
At 31 August 2018	<u>3,671,727</u>	<u>155,644</u>	<u>183,339</u>	<u>6,932</u>	<u>4,017,642</u>

Included in long-term leasehold property is land totalling £345,000 (2018: £345,000).

16. Stocks

	2019 £	2018 £
School resources	<u>3,013</u>	<u>1,605</u>

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

17. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	-	499
Other debtors	95,232	68,234
Prepayments and accrued income	38,462	51,064
	<u>133,694</u>	<u>119,797</u>

18. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	234,948	85,612
Other taxation and social security	33,854	36,714
Other creditors	28,077	24,021
Accruals and deferred income	67,548	69,889
ESFA creditor: abatement of GAG	126,436	-
	<u>490,863</u>	<u>216,236</u>

	2019 £	2018 £
Deferred income at 1 September 2018	41,501	40,704
Resources deferred during the year	26,894	41,501
Amounts released from previous periods	(41,501)	(40,704)
	<u>26,894</u>	<u>41,501</u>

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

19. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General Funds	25,820	102,911	(176,227)	-	-	(47,496)
Restricted general funds						
Restricted Funds	115,742	2,889,606	(3,210,054)	21,420	-	(183,286)
Pension reserve	(134,000)	-	(77,000)	-	(60,000)	(271,000)
	<u>(18,258)</u>	<u>2,889,606</u>	<u>(3,287,054)</u>	<u>21,420</u>	<u>(60,000)</u>	<u>(454,286)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds	4,034,928	-	(236,614)	158,851	-	3,957,165
DfE capital grant	-	213,235	-	(180,271)	-	32,964
	<u>4,034,928</u>	<u>213,235</u>	<u>(236,614)</u>	<u>(21,420)</u>	<u>-</u>	<u>3,990,129</u>
Total Restricted funds	<u>4,016,670</u>	<u>3,102,841</u>	<u>(3,523,668)</u>	<u>-</u>	<u>(60,000)</u>	<u>3,535,843</u>
Total funds	<u>4,042,490</u>	<u>3,205,752</u>	<u>(3,699,895)</u>	<u>-</u>	<u>(60,000)</u>	<u>3,488,347</u>

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

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

Restricted general funds comprise of grants received from the Department for Education (DfE)/Education Skills Funding Agency (ESFA), Local Authorities and other grant providers and will only be used for the purposes that the grants were intended.

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

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

The Academy Trust is carrying a net deficit of £183,286 on restricted general funds (excluding pension reserve) plus unrestricted funds for the following reason:

The Academy Trust has fallen into deficit for the year following a reduction in pupil numbers and some one off items of expenditure. Full details of this are included in the financial review in the Trustees Report.

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

19. Statement of funds (continued)

The Academy Trust is taking the following action to return these funds to surplus:

Full details of the next steps and the recovery plan are included in the financial review in the Trustees Report.

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £	2018 £
Sevak Education Trust Limited	(230,782)	141,562
Restricted fixed asset fund	3,990,129	4,034,928
Pension reserve	(271,000)	(134,000)
Total	3,488,347	4,042,490

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 2019 £	Total 2018 £
Sevak Education Trust Limited	2,186,753	401,886	141,338	733,241	3,463,218	2,996,251

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

19. Statement of funds (continued)

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds	52,095	157,129	(183,404)	-	-	25,820
Restricted general funds						
Restricted Funds	108,008	2,766,955	(2,740,847)	(18,374)	-	115,742
Pension reserve	(107,000)	-	(72,000)	-	45,000	(134,000)
	<u>1,008</u>	<u>2,766,955</u>	<u>(2,812,847)</u>	<u>(18,374)</u>	<u>45,000</u>	<u>(18,258)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds	4,181,806	-	(219,253)	72,375	-	4,034,928
DfE capital grant	-	54,001	-	(54,001)	-	-
	<u>4,181,806</u>	<u>54,001</u>	<u>(219,253)</u>	<u>18,374</u>	<u>-</u>	<u>4,034,928</u>
Total Restricted funds	<u>4,182,814</u>	<u>2,820,956</u>	<u>(3,032,100)</u>	<u>-</u>	<u>45,000</u>	<u>4,016,670</u>
Total funds	<u><u>4,234,909</u></u>	<u><u>2,978,085</u></u>	<u><u>(3,215,504)</u></u>	<u><u>-</u></u>	<u><u>45,000</u></u>	<u><u>4,042,490</u></u>

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

20. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	3,946,093	3,946,093
Intangible fixed assets	-	-	11,072	11,072
Current assets	260,081	-	32,964	293,045
Creditors due within one year	(307,577)	(183,286)	-	(490,863)
Provisions for liabilities and charges	-	(271,000)	-	(271,000)
Total	(47,496)	(454,286)	3,990,129	3,488,347

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	4,017,642	4,017,642
Intangible fixed assets	-	-	17,286	17,286
Current assets	242,056	115,742	-	357,798
Creditors due within one year	(216,236)	-	-	(216,236)
Provisions for liabilities and charges	-	(134,000)	-	(134,000)
Total	25,820	(18,258)	4,034,928	4,042,490

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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

	2019 £	2018 £
Net expenditure for the year (as per Statement of Financial Activities)	(494,143)	(237,419)
Adjustments for:		
Amortisation	6,214	5,623
Depreciation	230,463	213,629
Capital grants from DfE and other capital income	(213,235)	(54,001)
Interest receivable	(134)	(177)
Defined benefit pension scheme cost less contributions payable	74,000	70,000
Defined benefit pension scheme finance cost	3,000	2,000
(Increase)/decrease in stocks	(1,408)	(367)
(Increase)/decrease in debtors	(13,897)	62,459
Increase/(decrease) in creditors	274,627	(48,114)
(Profit)/loss on disposal of fixed assets	(63)	-
Net cash (used in)/provided by operating activities	(134,576)	13,633

22. Cash flows from investing activities

	2019 £	2018 £
Dividends, interest and rents from investments	134	177
Purchase of intangible assets	-	(9,192)
Purchase of tangible fixed assets	(164,651)	(63,182)
Proceeds from the sale of tangible fixed assets	5,800	-
Capital grants from DfE Group	213,235	54,001
Net cash provided by/(used in) investing activities	54,518	(18,196)

23. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	156,338	236,396

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

24. Pension commitments

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

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

Contributions amounting to £27,797 were payable to the schemes at 31 August 2019 (2018 - £23,921) 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 and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

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

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS has been undertaken and employer contribution rates have been reassessed and will be payable from 1 September 2019 at 23.68%.

The employer's pension costs paid to TPS in the year amounted to £226,636 (2018 - £158,669).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

24. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £73,000 (2018 - £55,000), of which employer's contributions totalled £54,000 (2018 - £41,000) and employees' contributions totalled £ 19,000 (2018 - £9,000). The agreed contribution rates for future years are 22.5 per cent for employers and 5.5 to 12.5 per cent for employees.

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

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	3.65	3.8
Rate of increase for pensions in payment/inflation	2.15	2.3
Discount rate for scheme liabilities	1.9	2.7
Inflation assumption (CPI)	2.15	2.3

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

	2019	2018
	Years	Years
<i>Retiring today</i>		
Males	20.9	21.9
Females	23.2	24.4
<i>Retiring in 20 years</i>		
Males	22.6	24.1
Females	25.1	26.7

Sensitivity analysis

	2019	2018
	£000	£000
Discount rate +0.1%	473	262
Discount rate -0.1%	504	279
Mortality assumption - 1 year increase	505	279
Mortality assumption - 1 year decrease	472	262
CPI rate +0.1%	504	279
CPI rate -0.1%	473	261

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

24. Pension commitments (continued)

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

	At 31 August 2019	At 31 August 2018
	£	£
Equities	130,000	86,000
Gilts	21,000	10,000
Other bonds	8,000	5,000
Property	18,000	11,000
Cash and other liquid assets	8,000	5,000
Other	32,000	19,000
Total market value of assets	217,000	136,000

The actual return on scheme assets was £10,000 (2018 - £13,600).

The amounts recognised in the Statement of Financial Activities are as follows:

	2019	2018
	£	£
Current service cost	(121,000)	(111,000)
Past service cost	(7,000)	-
Interest cost	(3,000)	(2,000)
Total amount recognised in the Statement of Financial Activities	(131,000)	(113,000)

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

	2019	2018
	£	£
At 1 September	270,000	206,000
Current service cost	121,000	111,000
Interest cost	8,000	5,000
Employee contributions	19,000	14,000
Actuarial losses/(gains)	65,000	(48,000)
Benefits paid	(2,000)	(18,000)
Past service costs	7,000	-
At 31 August	488,000	270,000

SEVAK EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

24. Pension commitments (continued)

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

	2019	2018
	£	£
At 1 September	136,000	99,000
Interest income	5,000	3,000
Actuarial gains/(losses)	5,000	(3,000)
Employer contributions	54,000	41,000
Employee contributions	19,000	14,000
Benefits paid	(2,000)	(18,000)
At 31 August	217,000	136,000

25. Members' liability

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

26. Related party transactions

Owing to the nature of the Academy Trust's operations 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 AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

