

**SEVAK EDUCATION TRUST LIMITED**  
**(A Company Limited by Guarantee)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**SEVAK EDUCATION TRUST LIMITED**  
**(A Company Limited by Guarantee)**

**CONTENTS**

	Page
<b>Reference and Administrative Details</b>	1 - 2
<b>Trustees' Report</b>	3 - 10
<b>Governance Statement</b>	11 - 12
<b>Statement on Regularity, Propriety and Compliance</b>	13
<b>Statement of Trustees' Responsibilities</b>	14
<b>Independent Auditors' Report on the Financial Statements</b>	15 - 16
<b>Independent Auditors' Assurance Report on Regularity</b>	17 - 18
<b>Statement of Financial Activities Incorporating Income and Expenditure Account</b>	19
<b>Balance Sheet</b>	20 - 21
<b>Statement of Cash Flows</b>	22
<b>Notes to the Financial Statements</b>	23 - 41

**SEVAK EDUCATION TRUST LIMITED**  
**(A Company Limited by Guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**Members**

A S Basra  
T S Dhesi  
D Grewal  
M D Martin  
T Singh

**Trustees**

A S Basra, Trustee  
B Claire, Trustee  
T S Dhesi, Trustee  
D Grewal, Trustee  
M D Martin, Chair  
M S Sahota, Finance Sub Committee Chair  
T Singh, Trustee  
A S Johal, Trustee (appointed 9 February 2016)  
J Kaur, Trustee (resigned 17 May 2016)  
D E Kershaw, Trustee (resigned 22 July 2016)  
S Pooni, Trustee (appointed 9 February 2016, resigned 19 September 2016)  
J T Teago, Trustee (resigned 27 July 2016)

H Sandhu (Associate Trustee)  
**Company registered number**

08267703

**Company name**

Sevak Education Trust Limited

**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**

Principal, P Hammond (resigned 31 July 2016)  
Business Manager, J Koepf (resigned 31 October 2016)  
Acting Interim Principal, J Morgan

**SEVAK EDUCATION TRUST LIMITED**  
**(A Company Limited by Guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**Advisers (continued)**

**Independent auditors**

Smith Cooper 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 2016**

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Sevak Education Trust (the school) for the period ended 31 August 2016. The Governors confirm that the Annual report and financial statements of the school comply with the current statutory requirements, the requirements of the school's governing document and 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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

**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 of 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 base on the teachings of Guru Nanak, 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 £1, for the debts and liabilities contracted before they ceased to be a member.

**METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS**

The management of the school is the responsibility of the Governors who are elected and co-opted under the terms of the Trust deed.

Any Governor 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 AND PROCEDURES 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.

**SEVAK EDUCATION TRUST LIMITED**  
**(A Company Limited by Guarantee)**

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL**

The governors 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 due for review in 2017>

**ORGANISATIONAL STRUCTURE**

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

**SEVAK EDUCATION TRUST LIMITED**  
**(A Company Limited by Guarantee)**

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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 Governors . 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 is in preparation and will be reviewed by governors in the coming business year.

**Strategic and Reputational Risks:**

The major risk for the Governors 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. Overall there is a shortfall of pupil places in the Coventry area. A waiting list of 40 pupils exists for places in the Primary department.

**Operational Risks**

A major operational risk has been identified as the loss of key personnel. In order to mitigate the risk, the Governors 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 Governors 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 Funding Agency (EFA). It is vital that the reporting mechanism deadlines are adhered to as this would at best delay the payments and at worse result in payments not being made. All reporting requirements are communicated in advance by the EFA so the Governors have advance notice and can check on progress.

Another operational risk would be the school receiving an unfavourable Ofsted report. Mitigation would take the form of focused communication with parents via face to face opportunities in order to quickly inform parents of the facts and deal with aspects of the report that may require future action by the school. Use of external strategic education partners to advise.

**Compliance Risks**

Data protection has been highlighted as a potential risk. In order to mitigate against the risk of data protection issues the ICT services are supported by an external contractor who is helping the school develop safe and secure systems.

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.

**GOVERNORS' INDEMNITIES**

Indemnity insurance for Governors 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 2016**

#### **OBJECTS 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, 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.

#### **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, weekend and preschool 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
- A longer school day that aims to give academic, moral, social and physical inspiration daily
- An extended day with precatch up sessions and two twilight sessions that offer Sikh Studies and extra curricular activities.
- Personal study time to allow pupils to do homework in a stable school environment
- 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
- 'Math in Focus' used through all Key Stages
- Challenges are set that have to be completed 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
- Preclassroom catch ups for those who are finding areas of the curriculum challenging
- Saturday enrichment and extracurricular offerings for all pupils
- Extensive focus on the wellbeing of all children within the school

##### **Strategic priorities for 2015/2016**

- Achievement, securing outstanding outcomes
- Teaching and Learning – all teaching is good and outstanding
- Behaviour and Safety – Policy and practice is outstanding
- Leadership Management – Is judged as outstanding

Key priorities for this year are contained in our school development plan (2015/2016).



**SEVAK EDUCATION TRUST LIMITED**  
**(A Company Limited by Guarantee)**

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

Achievement and performance

During the accounting phase the school successfully moved and opened on their new site in Eden Road, in September 2015. The high profile PR and Marketing strategy was successful as demonstrated by the September 2015 admission numbers and the Secondary element of the 4-16 school opened in September 2015, when the first cohort of Year 7 pupils joined the school (57 Pupils) resourced and staffed following the English baccalaureate curriculum model.

Pupils on roll during the academic year ended August 2016 encompassed in the primary department pupils in Years R to Year 5 and the Secondary department pupils in Year 7 and 8. The total number of pupils on roll reached 279. New Year 7 pupils numbered 57.

During the accounting phase Overbury contractors were engaged to undertake some internal remodelling during the summer of 2015 in preparation for September. The project involved creating new classrooms for the extra intake in Reception, Year 5 and Year 7 as well as creating a discreet area for work with small groups and one to one learning support

Thomas Vale were contracted to complete external works that will complete in term 2 of the academic year. This work includes the resurfacing of the playground, creation of an EYFS outdoor learning area and a MUGA (multi use games area). External lighting will also be added to the car park. During the year a greenfield area of one acre was purchased from the local authority in Coventry to augment the school's outdoor play area

Achievement and Outcomes 2015/16

**KS1 – Attainment 2015/16 (Actual)**

- Reading: 88% of pupils attained the expected level or above which was 14% above the national average
- Writing: 83% of pupils attained the expected level or above which is 18% above the national average
- Maths: 89% of the group that left EYFS as emerging in maths attained the national standard at the end of KS1 this was 53% above the national average

**KS1 – Progress 2015/16 – Value Added (Steps of Progress)**

All pupils in Years 1-4 (174)  
Reading 62% made 6 or more steps  
Writing 65% made 6 or more steps  
Maths 56% made 6 or more steps

**Prior attainment of pupils at KS2 (Prior KS2)**

Our year 3 intake; prior attainment is above the national average point score at KS1. School average point score is 17.1 against a national of 16.3

Secondary

**Year 7**

**KS3** Reading 84% (+2 sub levels or more)/ average progress = 2.4 sub levels  
Writing 90% (+ 2 sub levels or more) average progress = 2.7 sub levels  
Maths 86% (+ 2 sub levels or more) average progress + 2.6 sub levels

Attendance

Whole school attendance for compulsory age children is 96.48% significantly above national average.

Behaviour

Behaviour is described as good and outstanding.

The school developed a calendar of events to celebrate international/national event days e.g Mother's day,

**SEVAK EDUCATION TRUST LIMITED**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

Father's day, World Book day. They also celebrated faith festivals to include Vaisakhi, Easter, Christmas, Diwali, Bandi Chhor Divas and Gurburab.

Phase two development

Pupil numbers in Year 7 were 57.

All primary year groups (Years Reception to 4) are full with significant waiting lists.

Phase two buildings at Eden Road provide excellent facilities to support T&L for primary and Secondary pupils, these include high quality specialist areas; Science, Catering, Art, ICT and DT . A central and important feature of our school is the prayer hall which is used extensively by our school and the community it serves.

A unique feature of our school is the ECO school travel plan. School has set and achieved its target of providing transport for up to 65% of the school population. The aim of our travel plan is to reduce congestion and pollution, improve safety for all, improve relationships with the local community and to achieve outstanding pupil punctuality.

**External Partnership**

As a new school we have prioritised making long term robust partnerships with other schools and agencies to ensure our rapid expansion year on year is supported by best practice. We are beginning to work closely with a number of Primary, Secondary Schools and the Local Authority to support us on a range of priorities including T&L, H&S, HR and Recruitment. We have also commissioned the support of highly regarded external agencies to support financial accounting and HR/Recruitment.

The school has planned for rapid expansion from September 2016 with a review of staffing and facilities completed to ensure a quality provision is secured for all.

The strategic and key priorities for the coming year and actions are documented in the SDP September 2015/2016.

**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 Prayer Hall to the community free of charge over the weekend

Seva School has worked in partnership with other local schools, i.e. Finham Park Primary and Whitley Academy, especially in its first year of operation to call upon the expertise of well-established local schools. 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. Further afield Seva has collaborated with the Falcons School, Leicester.

The School has in place a School Travel Plan with a pupil take up of approximately 64%. The aim of the Travel plan is 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

## **SEVAK EDUCATION TRUST LIMITED**

**(A Company Limited by Guarantee)**

### **TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2016**

The pupils of Seva School have undertaken various fundraising activities including collection of gifts for donations at local hospitals and to the Food Bank.

The School has partnered with local business for enrichment and sports activities, as well as Catering and Cleaning functions are provided by local suppliers.

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 NonTeaching 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.

#### **GOING CONCERN**

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy 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.

#### **REVIEW OF ACTIVITIES**

The aim of the Trust was to ensure a functioning school was available to opening and it would be financially viable during operation. Overall whilst the trust has made a net deficit of £269,575 in the year £171,404 relates to depreciation on the school buildings and £91,000 is the movement on the local government pension scheme liability. With positive working capital movements the cash position of the trust has increased by £383,749 as compared to the previous year end.

#### **INVESTMENT POLICY AND PERFORMANCE**

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.

#### **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 Funding Agency (EFA) 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.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The major risk for the Governors 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. Overall there is a shortfall of pupil places in the Coventry area which means that school places are currently at a premium. A sensitivity analysis is also carried out to show the impact of lower than expected pupil numbers so expenditure plans can be adjusted accordingly.

#### **RESERVES POLICY**

The Governors' 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

**SEVAK EDUCATION TRUST LIMITED**  
**(A Company Limited by Guarantee)**

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

level of reserves does not exceed the level permitted by the EFA. 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 opening.

It is hoped that the success of the school will enable it to become a positive example for free schools and would be used as a building block towards the possible setting up of other Sikh faith free schools by the Trust in other parts of the country.

The outcome of an Ofsted inspection 21-22nd September was that the school was placed in Special Measures. Although somewhat disappointed the Trust, in the intervening time, has devised an Action Plan which has been presented to DfE. The Trust with the support of its stakeholders, staff and parents confidently expects to be quickly out of this judgement. The new leadership model has made significant inroads into addressing all the points made by inspectors.

Amongst the Trust's aspirations since the original application for Seva school has been to offer 3 and 4 year old provision. To this end an expression of interest has been made to the local authority and a meeting has taken place with their Early Years' department who have visited the school.

**FUNDS HELD AS CUSTODIAN**

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

**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.

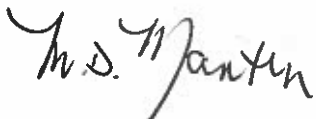
**PROVISION OF INFORMATION TO AUDITORS**

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

- so far as that Governor is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Governor has taken all the steps that ought to have been taken as a Governor 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.

This report was approved by order of the members of the governing body on  
and signed on its behalf by:

21st December, 2016



**M D Martin, Trustee**  
**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 Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between 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 and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 6 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, Trustee	6	6
B Claire, Trustee	2	6
T S Dhesi, Trustee	5	6
D Grewal, Trustee	5	6
M D Martin, Chair	5	6
M S Sahota, Finance Sub Committee Chair	1	6
T Singh, Trustee	6	6
A S Johal, Trustee	3	3
J Kaur, Trustee	3	4
D E Kershaw, Trustee	4	5
S Pooni, Trustee	2	3
J T Teago, Trustee	4	5

**REVIEW OF VALUE FOR MONEY**

As Accounting Officer, the Principal has responsibility for ensuring that the academy 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 academy'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 academy has delivered improved value for money during the year by:

**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy 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 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

The board of trustees has reviewed the key risks to which the academy 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 academy's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of

## SEVAK EDUCATION TRUST LIMITED

(A Company Limited by Guarantee)

### GOVERNANCE STATEMENT (continued)

approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

### THE RISK AND CONTROL FRAMEWORK

The academy'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 not to appoint an internal auditor. However, the Trustees have appointed M Sahota, a Trustee, as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On an annual basis, the RO reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

During the year the academy carried out an internal high level review of cash handling focused on travel plan income.

### REVIEW OF EFFECTIVENESS

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

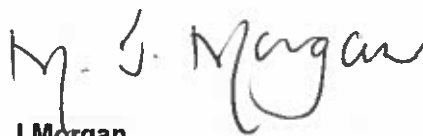
- the work of the Responsible Officer;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 21 December 2016 and signed on their behalf, by:



**M D Martin**  
Chair of Trustees



**J Morgan**  
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 academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

I was not accounting officer for the period under review and have not received any formal handover from the previous accounting officer. As such this statement is made based purely on the information of which I am aware, which is clearly not the level of information I would have obtained had I been the accounting officer during the period.

Notwithstanding the above I confirm that to the best of my knowledge 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 EFA.



**J Morgan**  
**Accounting Officer**

Date: 21 December 2016

## SEVAK EDUCATION TRUST LIMITED

(A Company Limited by Guarantee)

### STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2016

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

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

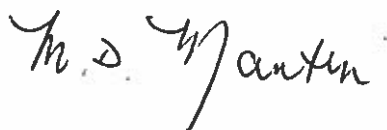
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 21 December 2016 and signed on its behalf by:



**M D Martin**  
Chair of Trustees



## **SEVAK EDUCATION TRUST LIMITED**

**(A Company Limited by Guarantee)**

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

We have audited the financial statements of Sevak Education Trust Limited for the year ended 31 August 2016 which comprise the Statement of Financial Activities Incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes. 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the charitable company's members, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. 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 opinion we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

The Trustees have elected for the financial statements to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditors under section 144 of the Charities Act 2011 and report to you in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 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 2015 to 2016 issued by the Education Funding Agency.

**SEVAK EDUCATION TRUST LIMITED**  
(A Company Limited by Guarantee)

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

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Report is inconsistent in any material respect with the financial statements; or
- the academy has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

Smith Cooper Limited

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

Date: 23 December 2016

James Delve

Smith Cooper Limited are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

## **SEVAK EDUCATION TRUST LIMITED**

**(A Company Limited by Guarantee)**

### **INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO SEVAK EDUCATION TRUST LIMITED AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 6 Jan 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, 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 2015 to 31 August 2016 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 EFA 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 the EFA 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 the EFA, 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 AUDITORS**

The accounting officer is responsible, under the requirements of Sevak Education Trust Limited's funding agreement with the Secretary of State for Education dated May 2014, and the Academies Financial Handbook extant from 1 September 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

**SEVAK EDUCATION TRUST LIMITED**  
**(A Company Limited by Guarantee)**

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO SEVAK  
EDUCATION TRUST LIMITED AND THE EDUCATION FUNDING AGENCY (continued)**

**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Smith Cooper Limited*

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

Date: *23 December 2016*

**SEVAK EDUCATION TRUST LIMITED**  
**(A Company Limited by Guarantee)**

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	-	6,799	-	6,799	1,445,117
Charitable activities	5	-	1,767,629	925	1,768,554	3,238,932
Other trading activities	3	76,391	-	-	76,391	29,036
Investments	4	655	-	-	655	1,722
<b>TOTAL INCOME</b>		<b>77,046</b>	<b>1,774,428</b>	<b>925</b>	<b>1,852,399</b>	<b>4,714,807</b>
<b>EXPENDITURE ON:</b>						
Charitable activities		59,592	1,825,978	171,404	2,056,974	1,035,749
<b>TOTAL EXPENDITURE</b>	8	<b>59,592</b>	<b>1,825,978</b>	<b>171,404</b>	<b>2,056,974</b>	<b>1,035,749</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	20	17,454	(51,550)	(170,479)	(204,575)	3,679,058
		-	(28,913)	28,913	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		17,454	(80,463)	(141,566)	(204,575)	3,679,058
Actuarial losses on defined benefit pension schemes	24	-	(65,000)	-	(65,000)	(3,000)
<b>NET MOVEMENT IN FUNDS</b>		<b>17,454</b>	<b>(145,463)</b>	<b>(141,566)</b>	<b>(269,575)</b>	<b>3,676,058</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		29,758	(610)	3,843,653	3,872,801	196,743
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>47,212</b>	<b>(146,073)</b>	<b>3,702,087</b>	<b>3,603,226</b>	<b>3,872,801</b>

**SEVAK EDUCATION TRUST LIMITED**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 08267703**

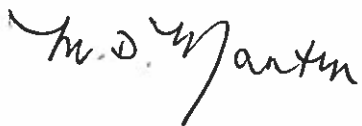
**BALANCE SHEET**  
**AS AT 31 AUGUST 2016**

	Note	£	2016 £	£	As restated 2015 £
<b>FIXED ASSETS</b>					
Intangible assets	14		18,728		23,540
Tangible assets	15		3,683,359		3,847,841
			<u>3,702,087</u>		<u>3,871,381</u>
<b>CURRENT ASSETS</b>					
Stocks	16	1,410		-	
Debtors	17	160,670		1,423,082	
Cash at bank and in hand		612,338		228,589	
			<u>774,418</u>	<u>1,651,671</u>	
<b>CREDITORS: amounts falling due within one year</b>	18		<u>(277,417)</u>	<u>(1,480,349)</u>	
<b>NET CURRENT ASSETS</b>			<u>497,001</u>		<u>171,322</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>4,199,088</u>		<u>4,042,703</u>
Provisions for Liabilities	19		<u>(491,862)</u>		<u>(156,902)</u>
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			<u>3,707,226</u>		<u>3,885,801</u>
Defined benefit pension scheme liability	24		<u>(104,000)</u>		<u>(13,000)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u>3,603,226</u>		<u>3,872,801</u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds	20	(42,073)		12,390	
Restricted fixed asset funds	20		3,702,087	3,843,653	
Restricted income funds excluding pension liability		3,660,014		3,856,043	
Pension reserve		(104,000)		(13,000)	
Total restricted income funds			<u>3,556,014</u>	<u>3,843,043</u>	
Unrestricted income funds	20		47,212	29,758	
<b>TOTAL FUNDS</b>			<u>3,603,226</u>	<u>3,872,801</u>	

**SEVAK EDUCATION TRUST LIMITED**  
**(A Company Limited by Guarantee)**

**BALANCE SHEET (continued)**  
**AS AT 31 AUGUST 2016**

The financial statements were approved by the Trustees, and authorised for issue, on 21 December 2016 and are signed on their behalf, by:

A handwritten signature in black ink, appearing to read 'M D Martin', written in a cursive style.

**M D Martin**  
**Chair of Trustees**

The notes on pages 23 to 41 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 2016**

	Note	2016 £	As restated 2015 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	22	<u>390,191</u>	<u>3,658,627</u>
<b>Cash flows from investing activities:</b>			
Interest received		655	1,722
Purchase of tangible fixed assets		<u>(7,097)</u>	<u>(3,628,593)</u>
<b>Net cash used in investing activities</b>		<u>(6,442)</u>	<u>(3,626,871)</u>
<b>Change in cash and cash equivalents in the year</b>		<b>383,749</b>	<b>31,756</b>
Cash and cash equivalents brought forward		<u>228,589</u>	<u>196,833</u>
<b>Cash and cash equivalents carried forward</b>		<u><u>612,338</u></u>	<u><u>228,589</u></u>



## SEVAK EDUCATION TRUST LIMITED

(A Company Limited by Guarantee)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

#### 1. ACCOUNTING POLICIES

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

##### 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 2015 to 2016 issued by EFA, 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 and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

##### 1.3 Income

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of Financial Activities Incorporating Income and Expenditure Account 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 Incorporating Income and Expenditure Account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

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

**SEVAK EDUCATION TRUST LIMITED**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**1. ACCOUNTING POLICIES (continued)**

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

**1.5 Fund accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 and include grants from the Education Funding Agency.

**1.6 Intangible fixed assets and amortisation**

Intangible assets costing ££1,000 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 at the following rates:

Computer software	-	20-33% Straight Line
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**SEVAK EDUCATION TRUST LIMITED**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**1. ACCOUNTING POLICIES (continued)**

**1.7 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised;

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 Incorporating Income and Expenditure Account 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 Incorporating Income and Expenditure Account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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 Incorporating Income and Expenditure Account.

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

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

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

**1.8 Stocks**

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

**1.9 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the Bank.

**1.10 Taxation**

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

**SEVAK EDUCATION TRUST LIMITED**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**1. ACCOUNTING POLICIES (continued)**

**1.11 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.

**1.12 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.

**1.13 Liabilities and provisions**

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

**1.14 Provisions**

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

**1.15 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

## SEVAK EDUCATION TRUST LIMITED

(A Company Limited by Guarantee)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

#### 1. ACCOUNTING POLICIES (continued)

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account 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

#### 1.16 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and judgements:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 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 Sunday, March 31, 2013 has been used by the actuary in valuing the pensions liability at Wednesday, August 31, 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The EFA clawback provision relates to an anticipated clawback of General Annual Grant (GAG) funding, by the EFA, as a result of a shortfall in pupil numbers upon which the original GAG funding was based. Any changes in pupil numbers, will impact on the carrying amount of the clawback provision. The present value of the EFA clawback provision is detailed in note 18.

**SEVAK EDUCATION TRUST LIMITED**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**2. DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	-	6,799	-	6,799	38,273
Donated fixed assets by EFA	-	-	-	-	1,406,844
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and capital grants	-	6,799	-	6,799	1,445,117
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

In 2015, of the total income from donations and capital grants, £nil was to unrestricted funds and £1,445,118 was to restricted funds.

**3. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Catering income	17,668	17,668	2,233
Trip income	5,332	5,332	9,315
Bus income	52,337	52,337	9,236
Other income	1,054	1,054	8,252
	<hr/>	<hr/>	<hr/>
	76,391	76,391	29,036
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

In 2015, of the total income from other trading activities, £29,036 was to unrestricted funds and £nil was to restricted funds.

**4. INVESTMENT INCOME**

	Unrestricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest received	655	655	722
Expected return on pension scheme assets	-	-	1,000
	<hr/>	<hr/>	<hr/>
	655	655	1,722
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

In 2015, of the total investment income, £722 was to unrestricted funds and £1,000 was to restricted funds.

**SEVAK EDUCATION TRUST LIMITED**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	<b>Restricted funds 2016 £</b>	<b>Total funds 2016 £</b>	<b>Total funds 2015 £</b>
<b>DfE/EFA grants</b>			
GAG	1,464,213	1,464,213	684,858
Capital Grants	925	925	1,081,100
Start Up Grants	243,500	243,500	168,751
Local Authority Grants	3,000	3,000	1,202,050
Catering Income	56,916	56,916	102,173
	<u>1,768,554</u>	<u>1,768,554</u>	<u>3,238,932</u>

In 2015, of the total income from charitable activities, £nil was to unrestricted funds and £3,238,932 was to restricted funds.

**6. DIRECT COSTS**

	<b>Staff costs £</b>	<b>Other costs £</b>	<b>Total 2016 £</b>	<b>Total 2015 £</b>
Teaching and educational supplies	-	87,204	87,204	36,532
Staff development	-	-	-	23
Computer costs	-	-	-	2,067
Other costs	-	-	-	198
Recruitment costs	-	26,540	26,540	33,027
Redundancy	-	14,569	14,569	-
Wages and salaries	633,508	-	633,508	329,760
National insurance	38,074	-	38,074	17,927
Pension cost	73,459	-	73,459	24,305
	<u>745,041</u>	<u>128,313</u>	<u>873,354</u>	<u>443,839</u>

In As restated 2015, the academy incurred the following Direct costs:

£371,992 in respect of Staff costs

£71,847 in respect of Other costs

**SEVAK EDUCATION TRUST LIMITED**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**7. SUPPORT COSTS**

	Staff costs	Other costs	Total	Total
	2016	2016	2016	2015
	£	£	£	£
Depreciation	-	4,987	4,987	-
Educational supplies	-	20,859	20,859	5,521
Staff development	-	19,820	19,820	4,995
Repairs and premises maintenance	-	10,196	10,196	6,628
Cleaning	-	20,517	20,517	7,298
Rent and rates	-	20,283	20,283	57,909
Heat and Light	-	34,237	34,237	9,000
Catering	-	61,607	61,607	56,657
Legal and professional fees	-	211,513	211,513	72,713
Insurance	-	20,456	20,456	6,961
Transport	-	104,534	104,534	44,482
Bank interest and charges	-	157	157	193
Computer costs	-	26,669	26,669	49,114
Governance costs	-	75,064	75,064	58,475
Advertising and marketing	-	6,986	6,986	5,495
Wages and salaries	305,090	-	305,090	154,252
National insurance	17,095	-	17,095	6,145
Pension cost	52,146	-	52,146	39,141
Depreciation	-	171,404	171,404	6,932
	<b>374,331</b>	<b>809,289</b>	<b>1,183,620</b>	<b>591,911</b>

During the year ended 31 August 2016, the academy incurred the following Governance costs:

£NIL (2015 - £nil) included within the table above in respect of Staff costs.

£55,229 (2015 - £48,770) included within the table above in respect of Governance costs.

In 2015, the academy incurred the following Support costs:

£199,538 in respect of Staff costs

£392,373 in respect of Other costs

**8. EXPENDITURE**

	Staff costs	Premises	Other costs	Total	Total
	2016	2016	2016	2016	2015
	£	£	£	£	£
Staff costs:					
Direct costs	745,041	-	-	745,041	371,992
Support costs	374,331	-	-	374,331	199,538
Other costs:					
Direct costs	12,802	-	115,511	128,313	71,847
Support costs	-	85,233	724,056	809,289	343,603
	<b>1,132,174</b>	<b>85,233</b>	<b>839,567</b>	<b>2,056,974</b>	<b>986,980</b>

In 2016, of the total expenditure, £NIL (2015 - £nil) was to unrestricted funds and £1,901,017 (2015 - £1,035,750) was to restricted funds.



**SEVAK EDUCATION TRUST LIMITED**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**9. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2016 was £608 (2015 - £548).

**10. NET INCOMING RESOURCES/(RESOURCES EXPENDED)**

This is stated after charging:

	2016	2015
	£	£
Amortisation of tangible fixed assets	4,987	-
Depreciation of tangible fixed assets:		
- owned by the charity	171,404	6,932
Auditors remuneration	8,000	8,000
	<u>184,391</u>	<u>14,932</u>

**SEVAK EDUCATION TRUST LIMITED**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**11. STAFF COSTS**

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	938,599	484,012
Social security costs	55,169	24,073
Operating costs of defined benefit pension schemes	125,605	63,447
	<u>1,119,373</u>	<u>571,532</u>
Staff restructuring costs	12,801	-
	<u><u>1,132,174</u></u>	<u><u>571,532</u></u>

Staff restructuring costs comprise:

Severance payments	<u>12,801</u>	<u>-</u>
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The average number of persons employed by the academy during the year was as follows:

	2016 No.	2015 No.
Teachers	14	8
Admin and support	20	15
Management	1	1
	<u>35</u>	<u>24</u>

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

	2016 No.	2015 No.
In the band £70,001 - £80,000	1	0

The above employee participated in the Teachers' Pension Scheme, During the period ended 31 August 2016, pension contributions for these staff members amounted to £12,659.

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs is one non-statutory/non-contractual severance payments totalling £12,802 (2015: £nil).

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £55,654.

**SEVAK EDUCATION TRUST LIMITED**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**12. TRUSTEES' REMUNERATION AND EXPENSES**

During the year retirement benefits were accruing to no Trustees (2015 - 1) in respect of defined benefit pension schemes.

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees, The value of Trustees' remuneration and other benefits was as follows:

		2016 £	2015 £
J Kaur	Remuneration	10,000-15,000	15,000-20,000
	Pension contributions paid	0-5,000	0-5,000

During the year ended 31 August 2016, expenses totalling £102 (2015 - £1,770) were reimbursed to 1 Trustee

**13. OTHER FINANCE INCOME**

	2016 £	2015 £
Interest income on pension scheme assets	-	1,000

**14. INTANGIBLE FIXED ASSETS**

	Computer Software £
<b>Cost</b>	
At 1 September 2015	23,540
Additions	175
At 31 August 2016	<u>23,715</u>
<b>Amortisation</b>	
At 1 September 2015	-
Charge for the year	4,987
At 31 August 2016	<u>4,987</u>
<b>Carrying amount</b>	
At 31 August 2016	<u>18,728</u>
At 31 August 2015	<u>23,540</u>

**SEVAK EDUCATION TRUST LIMITED**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**15. TANGIBLE FIXED ASSETS**

	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>					
At 1 September 2015	3,296,173	34,660	277,235	246,705	3,854,773
Additions	-	-	2,948	3,974	6,922
At 31 August 2016	<u>3,296,173</u>	<u>34,660</u>	<u>280,183</u>	<u>250,679</u>	<u>3,861,695</u>
<b>Depreciation</b>					
At 1 September 2015	-	6,932	-	-	6,932
Charge for the year	59,023	6,932	55,642	49,807	171,404
At 31 August 2016	<u>59,023</u>	<u>13,864</u>	<u>55,642</u>	<u>49,807</u>	<u>178,336</u>
<b>Net book value</b>					
At 31 August 2016	<u>3,237,150</u>	<u>20,796</u>	<u>224,541</u>	<u>200,872</u>	<u>3,683,359</u>
At 31 August 2015	<u>3,296,173</u>	<u>27,728</u>	<u>277,235</u>	<u>246,705</u>	<u>3,847,841</u>

Included in land and buildings is freehold land at valuation of £345,000 (2015 - £345,000)

The trusts transactions relating to land and buildings included:

The acquisition of the long-term lease on the existing school land, buildings and other assets which was donated to the trust at a value of £1,406,845 including £345,000 in respect of land.

**16. STOCKS**

	2016 £	2015 £
School resources	<u>1,410</u>	<u>-</u>

**17. DEBTORS**

	2016 £	2015 £
Capital grant accrued income	-	1,311,930
Other debtors	125,250	94,966
Prepayments	35,420	16,186
	<u>160,670</u>	<u>1,423,082</u>

**SEVAK EDUCATION TRUST LIMITED**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**18. CREDITORS: Amounts falling due within one year**

	2016 £	2015 £
Trade creditors	52,389	212,575
Other taxation and social security	18,605	146,026
Other creditors	17,854	11,664
Accruals and deferred income	188,569	1,110,084
	<u>277,417</u>	<u>1,480,349</u>
	2016 £	2015 £
<b>Deferred income</b>		
Deferred income at 1 September 2015	29,831	-
Resources deferred during the year	114,206	29,831
Amounts released from previous years	(29,831)	-
Deferred income at 31 August 2016	<u>114,206</u>	<u>29,831</u>

At the balance sheet date the trust was holding funds received in advance from the EFA for the autumn term 2016.

**19. PROVISIONS**

	Clawback provision £
At 1 September 2015	156,902
Additions	334,960
At 31 August 2016	<u>491,862</u>
<b>Clawback provision</b>	

The clawback provision relates to an anticipated clawback of General Annual Grant (GAG) funding, by the EFA, as a result of a shortfall in pupil numbers upon which the original GAG funding was based.

**SEVAK EDUCATION TRUST LIMITED**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**20. STATEMENT OF FUNDS**

	Brought Forward As restated £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
General funds	29,758	77,046	(59,592)	-	-	47,212
<b>Restricted funds</b>						
Restricted funds	12,390	1,774,428	(1,799,978)	(28,913)	-	(42,073)
Pension reserve	(13,000)	-	(26,000)	-	(65,000)	(104,000)
	(610)	1,774,428	(1,825,978)	(28,913)	(65,000)	(146,073)
<b>Restricted fixed asset funds</b>						
Restricted fixed asset funds	3,843,653	925	(171,404)	28,913	-	3,702,087
Total restricted funds	3,843,043	1,775,353	(1,997,382)	-	(65,000)	3,556,014
Total of funds	3,872,801	1,852,399	(2,056,974)	-	(65,000)	3,603,226

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

Unrestricted income funds represent those 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 Funding Agency (EFA), 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/EFA where the asset acquired or created is held for a specific purpose.

The academy is carrying a net deficit of £0 on restricted general funds (excluding pension reserve) plus unrestricted funds for the following reason.

Due to the clawback provision in place and the provision for staff redundancy and restructuring costs.

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

[give brief details.]

**SEVAK EDUCATION TRUST LIMITED**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**21. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	As restated Total funds 2015 £
Intangible fixed assets	-	-	18,728	18,728	3,871,381
Tangible fixed assets	-	-	3,683,359	3,683,359	-
Current assets	47,212	727,205	-	774,417	1,651,671
Creditors due within one year	-	(277,417)	-	(277,417)	(1,480,349)
Provisions for liabilities and charges	-	(595,861)	-	(595,861)	(169,903)
	<u>47,212</u>	<u>(146,073)</u>	<u>3,702,087</u>	<u>3,603,226</u>	<u>3,872,801</u>

**22. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2016 £	2015 £
Net (expenditure)/income for the year (as per Statement of financial activities)	(204,575)	3,679,058
<b>Adjustment for:</b>		
Depreciation charges	171,404	6,932
Amortisation charges	4,987	-
Dividends, interest and rents from investments	(655)	(1,722)
Increase in stocks	(1,410)	-
Decrease/(increase) in debtors	1,262,412	(1,281,626)
(Decrease)/increase in creditors	(1,202,932)	1,089,083
Increase in LGPS Liability	91,000	13,000
Increase in provisions	334,960	156,902
Actuarial gains/(losses)	(65,000)	(3,000)
<b>Net cash provided by operating activities</b>	<u>390,191</u>	<u>3,658,627</u>

**23. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2016 £	2015 £
Cash in hand	612,338	228,589
<b>Total</b>	<u>612,338</u>	<u>228,589</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**24. PENSION COMMITMENTS**

The academy's employees belong to two principal pension schemes: the Teacher's 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 Pension Schemes.

The latest actuarial valuation of the TPS related to the period ended Saturday, March 31, 2012 and of the LGPS Sunday, March 31, 2013.

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

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, 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**

Not less than every four years 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 (currently 14.1%)
- 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%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £73,459 (2015 - £24,305).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website ([www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has



**SEVAK EDUCATION TRUST LIMITED**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**24. PENSION COMMITMENTS (continued)**

accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £37,000 (2015 - £20,000), of which employer's contributions totalled £24,000 (2015 - £14,000) and employees' contributions totalled £13,000 (2015 - £6,000). The agreed contribution rates for future years are 12.1% for employers and 5.8% 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:

	<b>2016</b>	<b>2015</b>
Discount rate for scheme liabilities	<b>2.20 %</b>	4.00 %
Rate of increase in salaries	<b>3.75 %</b>	4.15 %
Rate of increase for pensions in payment / inflation	<b>2.00 %</b>	2.40 %

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

	<b>2016</b>	<b>2015</b>
Retiring today		
Males	<b>23.1</b>	23.0
Females	<b>25.8</b>	25.2
Retiring in 20 years		
Males	<b>25.3</b>	25.6
Females	<b>28.1</b>	28.0

**SEVAK EDUCATION TRUST LIMITED**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**24. PENSION COMMITMENTS (continued)**

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	38,000	12,000
Government bonds	5,000	2,000
Other bonds	6,000	2,000
Property	5,000	2,000
Cash/liquidity	4,000	1,000
Other	7,000	2,000
<b>Total market value of assets</b>	<b>65,000</b>	<b>21,000</b>

The actual return on scheme assets was £7,000 (2015 - £1,000).

The amounts recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account are as follows:

	2016 £	2015 £
Current service cost (net of employee contributions)	(50,000)	(25,000)
Net interest cost	-	1,000
<b>Total</b>	<b>(50,000)</b>	<b>(24,000)</b>

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

	2016 £	2015 £
Opening defined benefit obligation	34,000	-
Current service cost	50,000	25,000
Interest cost	2,000	6,000
Actuarial losses	70,000	3,000
Benefits paid	13,000	-
<b>Closing defined benefit obligation</b>	<b>169,000</b>	<b>34,000</b>

**SEVAK EDUCATION TRUST LIMITED**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**24. PENSION COMMITMENTS (continued)**

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

	2016 £	2015 £
Opening fair value of scheme assets	21,000	-
Upon conversion	-	1,000
Interest income	2,000	-
Actuarial gains and (losses)	5,000	-
Contributions by employer	24,000	14,000
Contributions by employees	13,000	6,000
	<hr/>	<hr/>
Closing fair value of scheme assets	<b>65,000</b>	<b>21,000</b>
	<hr/> <hr/>	<hr/> <hr/>

**25. RELATED PARTY TRANSACTIONS**

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures.

No related party transactions took place in the period of account.

**26. MEMBERS' LIABILITY**

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

**27. FIRST TIME ADOPTION OF FRS 102**

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

The policies applied under the academy's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.