

Registered number: 08267703

**SEVAK EDUCATION TRUST LIMITED**

**(A Company Limited by Guarantee)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2017**

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

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**SEVAK EDUCATION TRUST LIMITED**  
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**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**Members**

A S Basra  
N Ball (appointed 24 July 2017)  
D Grewal  
H Bansal

**Trustees**

A S Basra, Trustee  
M S Sahota, Trustee  
N Ball, Chair (appointed 27 April 2017)  
A S Johal, Trustee (appointed 27 April 2017)  
A D'Onofrio, Trustee (appointed 27 April 2017)  
M Dhali, Trustee (appointed 27 April 2017, resigned 1 September 2017)  
S Heer, Finance Sub Committee Chair (appointed 27 April 2017)  
H Marwaha, Trustee (appointed 27 April 2017)  
A Sahota, Trustee (appointed 27 April 2017)  
H Sandhu, Trustee (appointed 27 April 2017)  
R Vig, Trustee (appointed 27 April 2017)  
S Pooni, Trustee (resigned 19 September 2016)  
B Claire, Trustee (resigned 7 November 2016)  
M Martin, Trustee (resigned 6 April 2017)  
T Dhesi, Trustee (resigned 27 April 2017)  
D Grewal, Trustee (resigned 27 April 2017)  
T Singh, Trustee (resigned 27 April 2017)

**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**

N Chandla (Appointed Apr 2017), Executive Principal  
M Morgan, Head of Primary  
K Atkar, Deputy Secondary Head  
P Hammond (Resigned Oct 2016), Executive Principal

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**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**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**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

The Trustees' Report, incorporating a strategic report, serves the purposes of both a Governors' report and a Directors' report under company law.

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 2017. 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 2016 to 2017 issued by ESFA, 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.

**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.

**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.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**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.

**ORGANISATIONAL STRUCTURE**

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

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

**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.

**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 15 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 this 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 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 worse result in payments not being made. All reporting requirements are communicated in advance by the ESFA so the Governors have advance notice and can monitor progress.

Another operational risk would be the school receiving an unfavourable Ofsted report. In September 2016 the school was placed in special measures following an Ofsted Inspection and during the course of the period to August 2017 two monitoring visits by HMI were completed. During this period parents were kept fully informed of the process and outcomes of monitoring and the relevant action taken by the school to meet HMI Recommendations. The school has taken every opportunity to seek external support and guidance during the period of special measures.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**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 with 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.

**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
- 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

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

Strategic priorities for 2016/2017

- Improve leadership management and governance at all levels through the school
- Levels of Achievement are raised for all pupils including those with educational needs
- Teaching and Learning – The quality of teaching, learning and assessment across the curriculum to be improved by regular reliable and effective assessment of attainment and progress of pupils and a structured programme of continuing professional development
- Ensure the highest priority is assigned to all matters of safeguarding

Key priorities for this year are contained in our school development plan (2016/2017) and annex documents relating to monitoring visit.

Achievement and performance

Towards the end of the accounting phase the school expanded its classroom capacity on the Eden Road site by the addition of 5 classrooms for Secondary pupils as the Secondary department expands annually.

Pupils on roll during the academic year ended August 2017 encompassed in the primary department pupils in Years R to Year 5 (total number 418) and the Secondary department pupils in Year 7 and 8 (total number 127). The total number of pupils on roll reached 545. New Year 7 pupils numbered 69.

During the accounting phase, administrative offices have been re-organised to provide improved working conditions for staff and library provision has been extended so that there are two separate libraries for primary and secondary pupils that also provide quiet study areas. There is a dedicated support room for specialist staff to work with small groups of pupils who require interventions.

External improvements resulted in better play facilities for pupils and more efficient use of space for car parking.

Extensive improvements were made to the outdoor learning area for Foundation Stage, with an improved range of large play equipment, to provide more stimulating activities for young children.

Achievement and Outcomes 2016/17

KS1 – Attainment 2016/17 (Actual)

- Reading: 61% of pupils attained the expected level or above which was 14% below the national average, 2% of pupils performed above national expectations
- Writing: 79% of pupils attained the expected level or above which is 11% above the national average, 23% of pupils performed above national expectations
- Maths: 81% of the group that left EYFS as emerging in maths attained the national standard at the end Of KS1 this was 6% above the national average, 5% of pupils performed above national expectations

KS1 – Progress 2016/17 – Value Added (Steps of Progress)

All pupils in Years 1-5 (227)

Reading 23% made 6 or more steps

Writing 22% made 6 or more steps

Maths 21% made 6 or amore steps

There is no attainment data for the end of KS2 because there was not a Year 6.



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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

Secondary

**Year 7 Attainment**

Above Expectations – English 43%, Maths 61%, Science 69%

Below Expectations - English 36%, Maths 33%, Science 16%

**Year 8 Attainment**

Above Expectations - 55%, Maths 57%, Science 89%

Below Expectations - English 24%, Maths 35%, Science 3%

Attainment based on internal school assessment, is measured on age related expectations for the end of the year of study for pupils in Years 7 & 8.

**Year 7 Progress**

Above Expectations – English 42%, Maths 43%, Science 60%

Below Expectations – English 24%, Maths 28%, Science 18%

Progress is measured from each pupil starting point at the beginning of Year 7

**Year 8 Progress**

Above Expectations - English 37%, Maths 32%, Science 45%

Below Expectations – English 50%, Maths 45%, Science 34%

Attendance

Whole school attendance for compulsory age children is 95.81%, above national average.

Behaviour

Behaviour is described as good in and around the school and outstanding in classes where pupils are well engaged in positive learning.

The school uses a well established calendar of events to celebrate national event days 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.

Phase two development

Pupil numbers in Year 7 were 69 and in Year 8 were 63 totalling 132.

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

Eden Road premises provide accommodation for Years R to 8. 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 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 have a strong partnership with Guru Nanak Sikh Academy in Hayes and Khalsa Primary School in Slough and other primary and secondary schools in the Local Authority where we work in collaboration to achieve the identified priorities.

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.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

We continue to review our staffing structure and facilities in the light of our school's growth to ensure a quality provision of secured for all.

The strategic and key priorities for the coming year and actions are documented in the SDP September 2016/2017

**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

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.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**REVIEW OF ACTIVITIES**

The aim of the Trust was to ensure a functioning school that is financially viable during operation. Overall whilst the trust has made a net surplus of £631,683 in the year, £479,719 relates to restricted fixed assets, which include depreciation on the school buildings. Day to day working capital remains positive as the cash position of the trust is similar to that reported in previous years after taking account of VAT owed to the ESFA at 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 (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.

**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 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.

**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.

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. The school worked effectively throughout the year to follow its carefully structured action plan which was presented to the DfE. Two monitoring visits carried out by HMI have noted improvements at many levels within the school and most notably safeguarding arrangements which now meet fully all requirements and improved leadership and management. The current focus on the school is to closely assess pupils progress and attainment to monitor and improve further teaching and learning and to provide staff with continuing high quality professional development. Advantage has been taken of consultants advice regarding improving provision in English in Primary. The school has an arrangement for ongoing consultancy covering all areas of its development plan.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**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 18 December 2017 and signed on its behalf by:

*Namer Ball*

**N Ball**  
**Chair of Trustees**

**SEVAK EDUCATION TRUST LIMITED**  
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**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	3	6
M S Sahota, Trustee	3	6
N Ball, Chair	3	3
A S Johal, Trustee	3	3
A D'Onofrio, Trustee	3	3
M Dhasi, Trustee	2	3
S Heer, Finance Sub Committee Chair	3	3
H Marwaha, Trustee	2	3
A Sahota, Trustee	2	3
H Sandhu, Trustee	2	3
R Vig, Trustee	3	3
S Pooni, Trustee	0	1
B Claire, Trustee	1	1
M Martin, Trustee	3	3
T Dhesi, Trustee	2	3
D Grewal, Trustee	3	3
T Singh, Trustee	3	3

**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.

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

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**GOVERNANCE STATEMENT (continued)**

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 2016 to 31 August 2017 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 2016 to 31 August 2017 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 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 S Heer, 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. In particular the checks carried out in the current period included:

- Payroll review
- Bank reconciliation review

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

**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 18 December 17 and signed on their behalf, by:

**SEVAK EDUCATION TRUST LIMITED**  
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**GOVERNANCE STATEMENT (continued)**

*Namer R Ball*

**N Ball**  
**Chair of Trustees**

*N Chandla*

**N Chandla**  
**Accounting Officer**

**SEVAK EDUCATION TRUST LIMITED**  
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**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 and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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 2016.

I was not accounting officer for the whole period under review although I have not received a 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 whole period.

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.



**N Chandla**  
**Accounting Officer**

18 December 2017



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

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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 and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 18 December 17 and signed on its behalf by:

*Nama R Ball*

**N Ball**  
**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**

**OPINION**

We have audited the financial statements of Sevak Education Trust Limited (the 'academy') for the year ended 31 August 2017 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, 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 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2017 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 2016 to 2017 issued by the Education and Skills Funding Agency.

**BASIS FOR OPINION**

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

**CONCLUSIONS RELATING TO GOING CONCERN**

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

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

**OTHER INFORMATION**

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

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

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

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 including the Strategic Report for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report has been prepared in accordance with applicable legal requirements.

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

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

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

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

**RESPONSIBILITIES OF TRUSTEES**

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

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

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

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

**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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

*Smith Cooper Limited*

James Delve (Senior Statutory Auditor)  
for and on behalf of  
**Smith Cooper Limited**  
Chartered Accountants and Statutory Auditors  
St Helen's House  
King Street  
Derby  
DE1 3EE  
Date: 21 December 2017

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

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

In accordance with the terms of our engagement letter dated 12 Sept 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, 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 2016 to 31 August 2017 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 the 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 the 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 May 2014, and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO SEVAK  
EDUCATION TRUST LIMITED AND THE EDUCATION AND SKILLS 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 2016 to 31 August 2017 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: *21 December 2017*

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

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	2,673	-	647,555	650,228	6,799
Charitable activities	5	-	2,353,712	-	2,353,712	1,768,554
Other trading activities	3	169,819	-	-	169,819	76,391
Investments	4	318	-	-	318	655
<b>TOTAL INCOME</b>		<b>172,810</b>	<b>2,353,712</b>	<b>647,555</b>	<b>3,174,077</b>	<b>1,852,399</b>
<b>EXPENDITURE ON:</b>						
Charitable activities		167,927	2,222,891	200,576	2,591,394	2,056,974
<b>TOTAL EXPENDITURE</b>	6	<b>167,927</b>	<b>2,222,891</b>	<b>200,576</b>	<b>2,591,394</b>	<b>2,056,974</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	19	4,883	130,821	446,979	582,683	(204,575)
		-	(32,740)	32,740	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		4,883	98,081	479,719	582,683	(204,575)
Actuarial gains/(losses) on defined benefit pension schemes	23	-	49,000	-	49,000	(65,000)
<b>NET MOVEMENT IN FUNDS</b>		<b>4,883</b>	<b>147,081</b>	<b>479,719</b>	<b>631,683</b>	<b>(269,575)</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		47,212	(146,073)	3,702,087	3,603,226	3,872,801
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>52,095</b>	<b>1,008</b>	<b>4,181,806</b>	<b>4,234,909</b>	<b>3,603,226</b>

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

**BALANCE SHEET**  
**AS AT 31 AUGUST 2017**

	Note	£	2017 £	£	2016 £
<b>FIXED ASSETS</b>					
Intangible assets	13		13,717		18,728
Tangible assets	14		4,168,089		3,683,359
			<u>4,181,806</u>		<u>3,702,087</u>
<b>CURRENT ASSETS</b>					
Stocks	15	1,238		1,410	
Debtors	16	182,256		160,670	
Cash at bank and in hand		240,959		612,338	
		<u>424,453</u>		<u>774,418</u>	
<b>CREDITORS: amounts falling due within one year</b>	17	(264,350)		(277,417)	
<b>NET CURRENT ASSETS</b>			<u>160,103</u>		<u>497,001</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>4,341,909</u>		<u>4,199,088</u>
Provisions for Liabilities	18		-		(491,862)
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			<u>4,341,909</u>		<u>3,707,226</u>
Defined benefit pension scheme liability	23		(107,000)		(104,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u>4,234,909</u>		<u>3,603,226</u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds	19	108,008		(42,073)	
Restricted fixed asset funds	19	4,181,806		3,702,087	
Restricted income funds excluding pension liability		4,289,814		3,660,014	
Pension reserve		(107,000)		(104,000)	
Total restricted income funds			<u>4,182,814</u>		<u>3,556,014</u>
Unrestricted income funds	19		52,095		47,212
<b>TOTAL FUNDS</b>			<u>4,234,909</u>		<u>3,603,226</u>



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

**BALANCE SHEET (continued)**  
**AS AT 31 AUGUST 2017**

The financial statements on pages 21 to 43 were approved by the Trustees, and authorised for issue, on 18/12/17 and are signed on their behalf, by:



**N Ball**  
**Chair of Trustees**



**N Chandla**  
**Accounting Officer**

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

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	21	<u>304,652</u>	<u>390,191</u>
<b>Cash flows from investing activities:</b>			
Interest received		318	655
Purchase of tangible fixed assets		<u>(676,349)</u>	<u>(7,097)</u>
<b>Net cash used in investing activities</b>		<u>(676,031)</u>	<u>(6,442)</u>
<b>Change in cash and cash equivalents in the year</b>		<u>(371,379)</u>	383,749
Cash and cash equivalents brought forward		<u>612,338</u>	<u>228,589</u>
<b>Cash and cash equivalents carried forward</b>		<u><u>240,959</u></u>	<u><u>612,338</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**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 2016 to 2017 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 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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. 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 receipt is probable 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 2017**

**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.

Expenditure on charitable activities are costs incurred on the academy's educational operations, including support costs and those costs relating to the governance of the academy appointed 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 and Skills 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 on intangible fixed assets at rates calculated to write off the cost of each asset, less their estimated residual value, over their expected useful lives on the following bases:

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 2017**

**1. ACCOUNTING POLICIES (continued)**

**1.7 Tangible fixed assets and depreciation**

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

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

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.

**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 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.

**1.10 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. ACCOUNTING POLICIES (continued)**

**1.11 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.

**1.12 Liabilities and provisions**

Liabilities and provisions 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. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.13 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.

**1.14 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, 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 2017**

**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.

**1.15 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 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 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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 ESFA clawback provision related to a clawback of General Annual Grant (GAG) funding in the prior year, by the ESFA, as a result of a shortfall in pupil numbers upon which the original GAG funding was based. This was clawed back during the year. See Note 18.

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**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	2,673	-	-	2,673	6,799
Capital grants	-	-	647,555	647,555	-
	<u>2,673</u>	<u>-</u>	<u>647,555</u>	<u>650,228</u>	<u>6,799</u>
<i>Total 2016</i>	<u>-</u>	<u>6,799</u>	<u>-</u>	<u>6,799</u>	

**3. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Catering income	43,518	43,518	17,668
Trip income	25,853	25,853	5,331
Bus income	93,281	93,281	52,337
Other income	7,166	7,166	1,055
Subtotal	<u>169,818</u>	<u>169,818</u>	<u>76,391</u>
Other other trading activities	1	1	-
	<u>169,819</u>	<u>169,819</u>	<u>76,391</u>
<i>Total 2016</i>	<u>76,391</u>	<u>76,391</u>	

**4. INVESTMENT INCOME**

	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest received	318	318	655
<i>Total 2016</i>	<u>655</u>	<u>655</u>	



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

	Restricted funds 2017 £	Total funds 2017 £	As restated Total funds 2016 £
<b>DfE/ESFA grants</b>			
GAG	2,000,038	2,000,038	1,409,600
Start Up Grants	154,000	154,000	243,500
Other Grants	128,264	128,264	111,529
	<u>2,282,302</u>	<u>2,282,302</u>	<u>1,764,629</u>
<b>Other government grants</b>			
Local Authority Grants	71,410	71,410	3,925
	<u>71,410</u>	<u>71,410</u>	<u>3,925</u>
	<u>2,353,712</u>	<u>2,353,712</u>	<u>1,768,554</u>
<i>Total 2016</i>	<u>1,768,554</u>	<u>1,768,554</u>	

**6. EXPENDITURE**

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
<b>Staff costs:</b>					
Direct costs	1,367,591	-	2,000	1,369,591	745,041
Support costs	295,502	-	-	295,502	374,331
<b>Other costs:</b>					
Direct costs	-	-	91,873	91,873	128,313
Support costs	-	88,861	745,567	834,428	809,289
	<u>1,663,093</u>	<u>88,861</u>	<u>839,440</u>	<u>2,591,394</u>	<u>2,056,974</u>
<i>Total 2016</i>	<u>1,132,174</u>	<u>85,233</u>	<u>839,567</u>	<u>2,056,974</u>	

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**7. ANALYSIS OF EXPENDITURE BY ACTIVITIES**

	Activities undertaken directly 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
Staff costs	1,369,591	295,502	1,665,093	1,119,372
Other costs	91,873	834,428	926,301	937,602
<b>Total 2017</b>	<b>1,461,464</b>	<b>1,129,930</b>	<b>2,591,394</b>	<b>2,056,974</b>
<i>Total 2016</i>	-	-	-	

**Analysis of direct costs**

	Staff costs £	Other costs £	Total 2017 £	Total 2016 £
Pension income	2,000	-	2,000	-
Teaching and educational supplies	-	86,009	86,009	87,204
Staff development	-	249	249	-
Computer costs	-	123	123	-
Recruitment costs	-	5,492	5,492	26,540
Redundancy	-	-	-	14,569
Wages and salaries	1,175,708	-	1,175,708	633,508
National insurance	77,999	-	77,999	38,074
Pension cost	113,884	-	113,884	73,459
	<b>1,369,591</b>	<b>91,873</b>	<b>1,461,464</b>	<b>873,354</b>
<i>At 31 August 2016</i>	745,041	128,313	873,354	

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**7. ANALYSIS OF EXPENDITURE BY ACTIVITIES (continued)**

**Analysis of support costs**

	Staff costs £	Other costs £	Total 2017 £	Total 2016 £
Staff costs	295,502	-	295,502	374,331
Depreciation	-	196,630	196,630	176,391
Educational supplies	-	41,610	41,610	20,859
Staff development	-	28,913	28,913	19,820
Repairs and premises maintenance	-	10,504	10,504	10,196
Cleaning	-	29,365	29,365	20,517
Rent and rates	-	8,068	8,068	20,283
Heat and Light	-	40,924	40,924	34,237
Catering	-	73,423	73,423	61,607
Legal and professional	-	129,895	129,895	211,513
Insurance	-	23,930	23,930	20,456
Transport	-	150,770	150,770	104,534
Bank interest and charges	-	780	780	157
Computer costs	-	13,973	13,973	26,669
Other support costs	-	81,767	81,767	75,064
Advertising and marketing	-	3,876	3,876	6,986
	<u>295,502</u>	<u>834,428</u>	<u>1,129,930</u>	<u>1,183,620</u>
<i>At 31 August 2016</i>	<u>374,331</u>	<u>809,289</u>	<u>1,183,620</u>	

**8. EXPENDITURE - ANALYSIS OF SPECIFIC EXPENSES**

During the year there were no individual transactions exceeding £5,000 falling under the following headings:

- Ex-gratia/compensation payments
- Gifts made by the trust
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

Net income/(expenditure) for the period includes:

	2017 £	2016 £
Amortisation of intangible assets	5,011	4,987
Depreciation on tangible fixed assets	196,630	171,404
Fees payable to auditor for; - audit	<u>8,000</u>	<u>8,000</u>

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**9. STAFF COSTS**

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	922,381	795,549
Social security costs	91,219	55,169
Operating costs of defined benefit pension schemes	185,702	125,605
	<u>1,199,302</u>	<u>976,323</u>
Supply teacher costs	462,091	143,050
Staff restructuring costs	1,700	12,801
	<u>1,663,093</u>	<u>1,132,174</u>
Staff restructuring costs comprise:		
Severance payments	<u>1,700</u>	<u>12,801</u>

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs is one non-statutory/non-contractual severance payments totalling £1,700 (2016: £12,801).

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

	2017 No.	2016 No.
Teachers	21	14
Admin and support	11	20
Management	4	1
	<u>36</u>	<u>35</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	1	0
In the band £70,001 - £80,000	1	1

The above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2017, pension contributions for these staff members amounted to £24,157 (2016: £12,659).

**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 £197,816 (2016: £55,654).

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**10. TRUSTEES' REMUNERATION AND EXPENSES**

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:

		2017	2016
		£	£
J Kaur	Remuneration	Nil	10,000-15,000
	Pension contributions paid	Nil	0-5,000

During the year ended 31 August 2017, expenses totalling £1,496 (2016 - £102) were reimbursed to 1 Trustee (2016 - 1).

**11. 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 2017 was £598 (2016 - £608).

**12. OTHER FINANCE COSTS**

	2017	2016
	£	£
Interest on pension scheme liabilities	2,000	-

**13. INTANGIBLE FIXED ASSETS**

	Computer Software £
<b>Cost</b>	
At 1 September 2016 and 31 August 2017	23,715
<b>Amortisation</b>	
At 1 September 2016	4,987
Charge for the year	5,011
At 31 August 2017	9,998
<b>Carrying amount</b>	
At 31 August 2017	13,717
At 31 August 2016	18,728

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**14. TANGIBLE FIXED ASSETS**

	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>					
At 1 September 2016	3,296,173	34,660	280,183	250,679	3,861,695
Additions	562,528	-	36,571	77,250	676,349
At 31 August 2017	<u>3,858,701</u>	<u>34,660</u>	<u>316,754</u>	<u>327,929</u>	<u>4,538,044</u>
<b>Depreciation</b>					
At 1 September 2016	59,023	13,864	55,642	49,807	178,336
Charge for the year	69,204	6,932	56,088	59,395	191,619
At 31 August 2017	<u>128,227</u>	<u>20,796</u>	<u>111,730</u>	<u>109,202</u>	<u>369,955</u>
<b>Net book value</b>					
At 31 August 2017	<u>3,730,474</u>	<u>13,864</u>	<u>205,024</u>	<u>218,727</u>	<u>4,168,089</u>
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>

Included in long-term leasehold property is freehold land at valuation £345,000 (2016: £345,000).

**15. STOCKS**

	2017 £	2016 £
School resources	<u>1,238</u>	<u>1,410</u>

**16. DEBTORS**

	2017 £	2016 £
Other debtors	146,848	125,250
Prepayments	35,408	35,420
	<u>182,256</u>	<u>160,670</u>

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

	2017 £	2016 £
Trade creditors	155,326	52,389
Other taxation and social security	23,588	18,605
Other creditors	19,412	17,854
Accruals and deferred income	66,024	188,569
	<u>264,350</u>	<u>277,417</u>
	2017 £	2016 £
<b>Deferred income</b>		
Deferred income at 1 September 2016	114,206	29,831
Resources deferred during the year	40,704	114,206
Amounts released from previous years	(114,206)	(29,831)
Deferred income at 31 August 2017	<u>40,704</u>	<u>114,206</u>

At the balance sheet date the trust was holding funds received in advance from the ESFA for the autumn term 2017.

**18. PROVISIONS**

	Clawback provision £
At 1 September 2016	
Repaid to the ESFA	491,862 (491,862)
At 31 August 2017	<u>-</u>
<b>Clawback provision</b>	

The clawback provision related to an anticipated clawback of General Annual Grant (GAG) funding, by the ESFA, as a result of a shortfall in pupil numbers upon which the original GAG funding was based. The ESFA have confirmed they do not anticipate further clawback relating to the GAG for the year ended 31 August 2017.

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**19. STATEMENT OF FUNDS**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
<b>Unrestricted funds</b>						
General funds	47,212	172,810	(167,927)	-	-	52,095
<b>Restricted funds</b>						
Restricted Funds	(42,073)	2,353,712	(2,170,891)	(32,740)	-	108,008
Pension reserve	(104,000)	-	(52,000)	-	49,000	(107,000)
	(146,073)	2,353,712	(2,222,891)	(32,740)	49,000	1,008
<b>Restricted fixed asset funds</b>						
Restricted Fixed Asset Funds	3,702,087	647,555	(200,576)	32,740	-	4,181,806
Total restricted funds	3,556,014	3,001,267	(2,423,467)	-	49,000	4,182,814
Total of funds	3,603,226	3,174,077	(2,591,394)	-	49,000	4,234,909

**STATEMENT OF FUNDS - PRIOR YEAR**

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
<b>Unrestricted funds</b>						
General funds	29,758	77,046	(59,592)	-	-	47,212
	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)



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**19. STATEMENT OF FUNDS (continued)**

**Restricted fixed asset funds**

Restricted Fixed Asset Funds	3,843,653	925	(171,404)	28,913	-	3,702,087
	<u>3,843,653</u>	<u>925</u>	<u>(171,404)</u>	<u>28,913</u>	<u>-</u>	<u>3,702,087</u>
Total restricted funds	<u>3,843,043</u>	<u>1,775,353</u>	<u>(1,997,382)</u>	<u>-</u>	<u>(65,000)</u>	<u>3,556,014</u>
Total of funds	<u>3,872,801</u>	<u>1,852,399</u>	<u>(2,056,974)</u>	<u>-</u>	<u>(65,000)</u>	<u>3,603,226</u>

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 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 held for a specific purpose.

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

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Intangible fixed assets	-	-	13,717	13,717
Tangible fixed assets	-	-	4,168,089	4,168,089
Current assets	316,445	108,008	-	424,453
Creditors due within one year	(264,350)	-	-	(264,350)
Provisions for liabilities and charges	-	(107,000)	-	(107,000)
	<u>52,095</u>	<u>1,008</u>	<u>4,181,806</u>	<u>4,234,909</u>

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Intangible fixed assets	-	-	18,728	18,728
Tangible fixed assets	-	-	3,683,359	3,683,359
Current assets	47,212	727,205	-	774,417
Creditors due within one year	-	(277,417)	-	(277,417)
Provisions for liabilities and charges	-	(595,861)	-	(595,861)
	<u>47,212</u>	<u>(146,073)</u>	<u>3,702,087</u>	<u>3,603,226</u>

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

	2017 £	2016 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	582,683	(204,575)
<b>Adjustment for:</b>		
Depreciation charges	191,619	171,404
Amortisation charges	5,011	4,987
Dividends, interest and rents from investments	(318)	(655)
Decrease/(increase) in stocks	172	(1,410)
(Increase)/decrease in debtors	(21,587)	1,262,412
Decrease in creditors	(13,066)	(1,202,932)
Defined benefit pension scheme cost less contributions payable	50,000	26,000
Defined benefit pension scheme finance cost	2,000	-
Increase/(Decrease) in provisions	(491,862)	334,960
<b>Net cash provided by operating activities</b>	<b>304,652</b>	<b>390,191</b>

**22. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2017 £	2016 £
Cash in hand	240,959	612,338
Total	240,959	612,338

**23. 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 31 March 2012 and of the LGPS 31 March 2016.

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.

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**23. PENSION COMMITMENTS (continued)**

**Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. 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 is currently underway based on April 2016 data, 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 £115,260 (2016 - £73,459).

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 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 2017 was £30,000 (2016 - £37,000), of which employer's contributions totalled £21,000 (2016 - £24,000) and employees' contributions totalled £9,000 (2016 - £13,000). The agreed contribution rates for future years are 16.4% 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:

	2017	2016
Discount rate for scheme liabilities	2.60 %	2.20 %
Rate of increase in salaries	4.20 %	3.75 %
Rate of increase for pensions in payment / inflation	2.70 %	2.00 %

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**23. PENSION COMMITMENTS (continued)**

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

	2017	2016
Retiring today		
Males	21.8	23.1
Females	24.3	25.8
Retiring in 20 years		
Males	24.0	25.3
Females	26.6	28.1

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	63,000	38,000
Government bonds	7,000	5,000
Other bonds	4,000	6,000
Property	7,000	5,000
Cash and other liquid assets	5,000	4,000
Other	13,000	7,000
<b>Total market value of assets</b>	<b>99,000</b>	<b>65,000</b>

The actual return on scheme assets was £13,000 (2016 - £7,000).

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

	2017 £	2016 £
Current service cost	(71,000)	(50,000)
Interest cost	(2,000)	-
<b>Total</b>	<b>(73,000)</b>	<b>(50,000)</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**23. PENSION COMMITMENTS (continued)**

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

	2017 £	2016 £
Opening defined benefit obligation	169,000	34,000
Current service cost	71,000	50,000
Interest cost	4,000	2,000
Employee contributions	9,000	13,000
Actuarial (gains)/losses	(44,000)	70,000
Benefits paid	(3,000)	-
	<hr/>	<hr/>
Closing defined benefit obligation	<u>206,000</u>	<u>169,000</u>

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

	2017 £	2016 £
Opening fair value of scheme assets	65,000	21,000
Interest income	2,000	2,000
Actuarial losses	5,000	5,000
Employer contributions	21,000	24,000
Employee contributions	9,000	13,000
Benefits paid	(3,000)	-
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Closing fair value of scheme assets	<u>99,000</u>	<u>65,000</u>

**24. 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.

During the year purchases totalling £99 were made from Asian Languages Support Group, a company where the accounting officers spouse has a business interest. There were no amounts outstanding at the yearend.

During the year purchases totalling £125 were made from Grangehurst Primary School, a school where a Trustee is governor. There were no amounts outstanding at the yearend.

At the yearend there was £544 owed to a Trustee in relation to reimbursed expenses.

**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.