

Registered number: 08267703

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

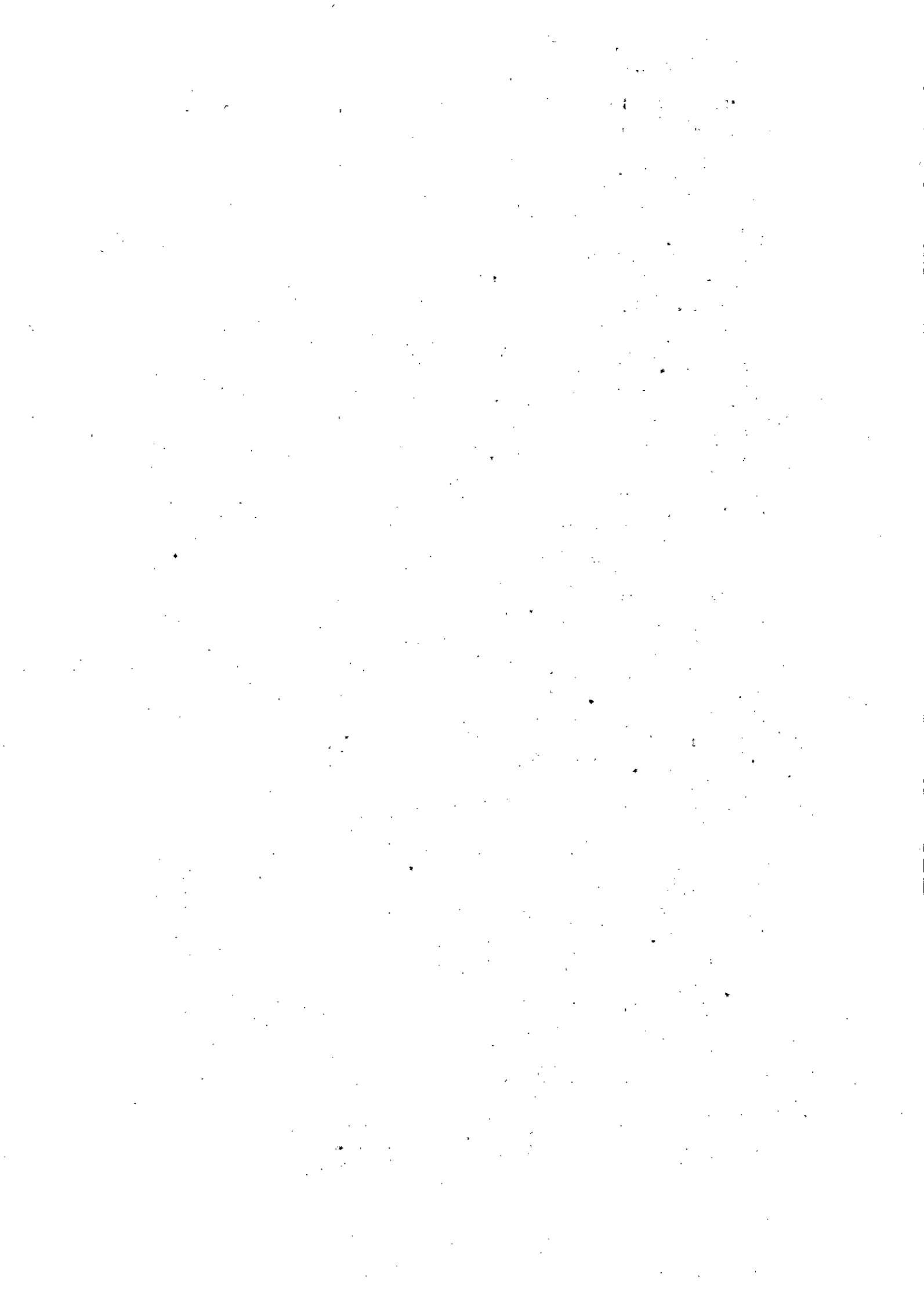
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2014**



**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 OF THE ACADEMY, ITS TRUSTEES AND ADVISERS  
FOR THE PERIOD ENDED 31 AUGUST 2014**

**Trustees**

A S Basra, Trustee  
B Claire, Trustee (appointed 1 September 2014)  
T S Dhesi, Trustee  
D Grewal, Trustee  
J S Kalirai, Trustee (appointed 21 October 2014)  
H S Mann, Trustee (appointed 1 September 2014)  
V Marrs-Williams, Parent Governor (appointed 21 October 2014)  
M D Martin, Chair (appointed 25 February 2014)  
M S Sahota, Finance Sub Committee Chair (appointed 1 September 2014)  
T Singh, Trustee  
J Bening, Trustee (resigned 1 September 2014)  
P K Bharath, Trustee (resigned 1 September 2014)  
S S bitter, Trustee (appointed 25 February 2014, resigned 1 September 2014)  
S Kaur, Trustee (resigned 1 September 2014)  
M S Mawaha, Trustee (resigned 1 September 2014)

**Company registered number**

08267703

**Registered office**

75 Harold Road  
Coventry  
West Midlands  
CV2 5LB

**Principal operating office**

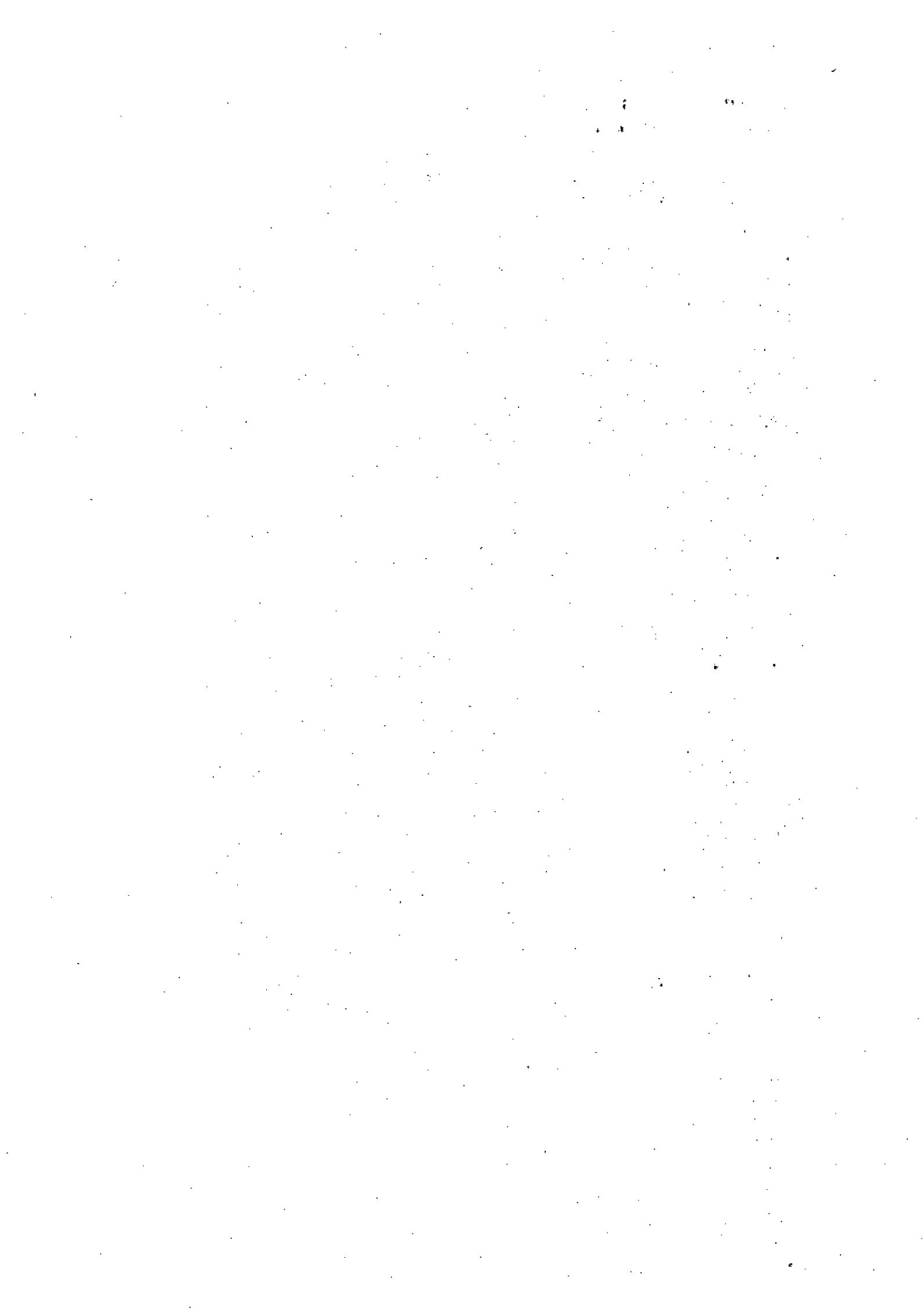
Seva School  
Tiverton Road  
Wyken  
Coventry  
CV2 3DN

**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



**SEVAK EDUCATION TRUST LIMITED**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS  
FOR THE PERIOD ENDED 31 AUGUST 2014**

**Administrative details (continued)**

**Solicitors**

Michelmores LLP  
48 Chancery Lane  
London  
WC2A 1JF





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

**TRUSTEES' REPORT**  
**FOR THE PERIOD ENDED 31 AUGUST 2014**

The Governors (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 2014. 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 provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

This was during the school's preopening phase.

**Structure, governance and management**

**a. 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 3.

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

**b. 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.

**c. ORGANISATIONAL STRUCTURE**

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



**SEVAK EDUCATION TRUST LIMITED**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2014**

A financial handbook has been produced to establish levels of delegation to committees and to individual senior managers.

**d. 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 once the school has formally opened.

A risk register will be produced and passed to the Governors for their review. The Risk Register will assess the likelihood and impact of risks to the organisation and helps identify the major risks to which the organisation is exposed.

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.

Operational Risks

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

A further operational risk is the reporting requirements for Grants receivable. The majority of the income generated is through one source of funding, the Education Funding Agency (EFA). It is vital that the reporting mechanism deadlines are adhered to as this would at best delay the payments and at worse result in payments not being made. All reporting requirements are communicated in advance by the EFA so the Governors have advance notice and can check on progress.

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

**f. GOVERNORS' INDEMNITIES**

During the period ended 31 August 2014 there were no qualifying third party indemnity provisions.

Objectives and Activities

**a. OBJECTS AND AIMS**

Sevak Education Trust's ultimate aim is to educate children from ages 4 to 16 at an all through a 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.



**SEVAK EDUCATION TRUST LIMITED**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2014**

**b. OBJECTIVES, STRATEGIES AND ACTIVITIES**

The primary education element of Seva School was opened in September 2014, following final approval of the Secretary of State.

In September 2014 the school intake was 128 pupils out of a potential capacity of 175 in the first year of primary opening on a temporary site. The numbers have been growing steadily and in the last internal school census (May 2015) there were 160 pupils.

**c. PUBLIC BENEFIT**

The principle activities that have been undertaken for the period covered in this accounting report have been pre opening focused on:

- 1) Site Readiness
- 2) Recruitment of Primary Head and SLT
- 3) Marketing to attract pupils on opening in September 2014

These activities relate to providing an education under the Governments Academy Free School programme. All the activities that have taken place were to ensure that the Seva free school opened in September 2014 that was financially viable in terms of the number of pupils.

The trust governors have complied with their duty to have due regard to the guidance on public benefit as published by the Charity Commission.

**Achievements and performance**

**a. GOING CONCERN**

During the accounting phase the focus had been on the preopening element of the primary school on the readiness of a premises and marketing activities. These were mitigated by an EFA building and project plan.

After making appropriate enquiries, the governing body has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the on going concern basis in preparing the financial statements.

**b. REVIEW OF ACTIVITIES**

The aim of the Trust was to ensure a functioning school was available to opening and it would be financially viable during operation.

**c. INVESTMENT POLICY AND PERFORMANCE**

Although no formal investment policy was in place during the pre-opening year, the Trust aim to adopt an investment policy whereby all investments will require the approval of the Trustees.

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.

During the pre-opening year there were no investments being held.



**SEVAK EDUCATION TRUST LIMITED**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2014**

**Financial review**

**a. 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 solely been funded from a grant provided by the Education Funding Agency (EFA) for the purposes of setting up the Seva School.

Moving forward over 99% of the Trust income will be funded through grant from the EFA for the purposes of running and maintaining the school. The level of grant received will be dependent on pupil numbers and therefore the loss of pupil numbers is considered as a potentially serious risk in the Trust's risk register.

**b. 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.

**c. 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 EFA.

**Plans for the future**

**FUTURE DEVELOPMENTS**

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

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

**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





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

**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2014**

**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.

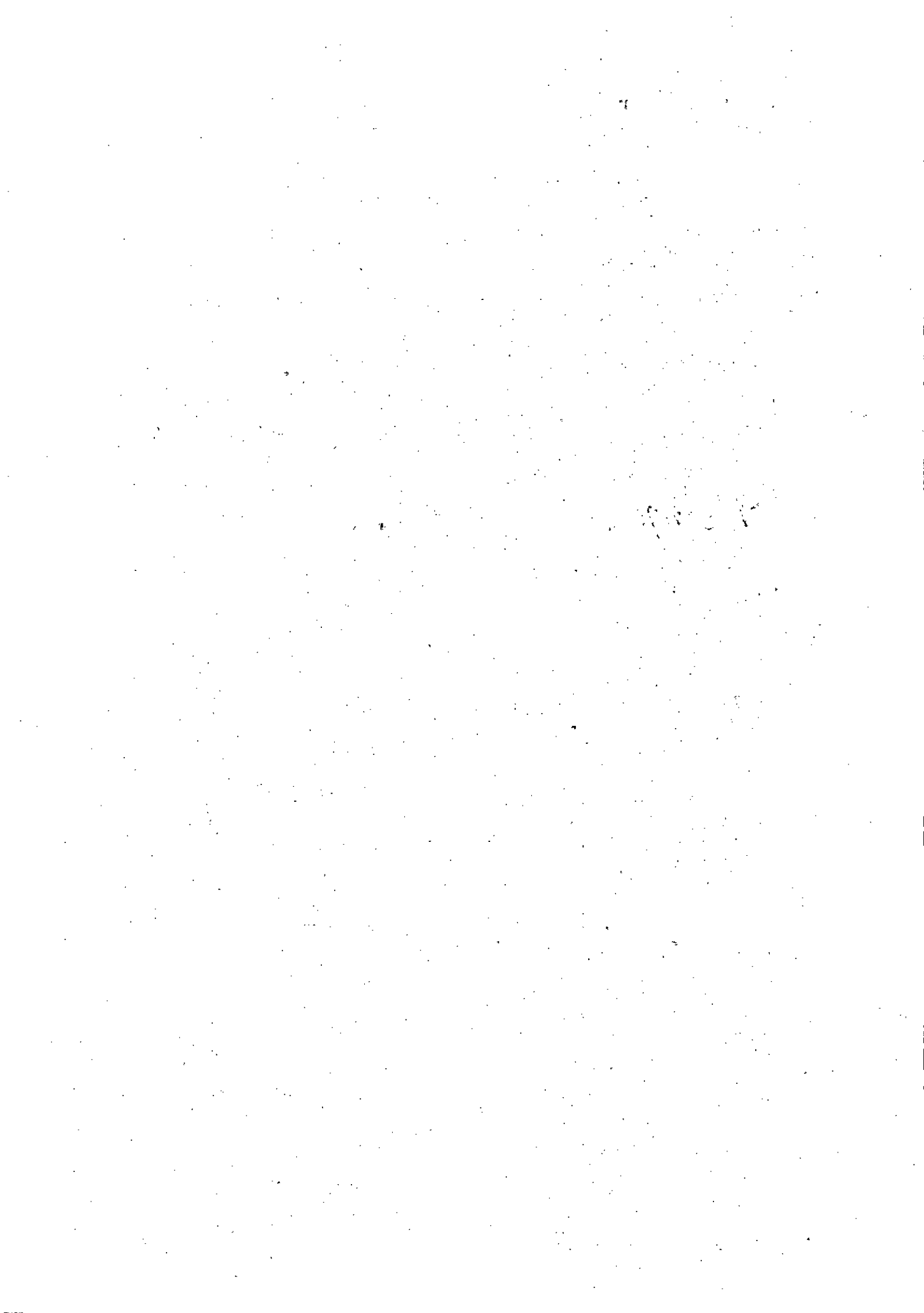
This report was approved by order of the members of the governing body on *10<sup>th</sup> July 2015* and signed on its behalf by:



**M D Martin, Trustee**  
**Chair of Trustees**



**Trustee**



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

**GOVERNANCE STATEMENT**

**SCOPE OF RESPONSIBILITY**

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

Subsequent to the accounting period, 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 Governors' report and in the Governors' responsibilities statement. The governing body had not fully formed during the preopening phase as Seva School was not open.

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. During the pre-opening phase there was no formal system of internal control in place as it was not practical to implement one. Subsequent to the period end, a system of internal control has been in place.

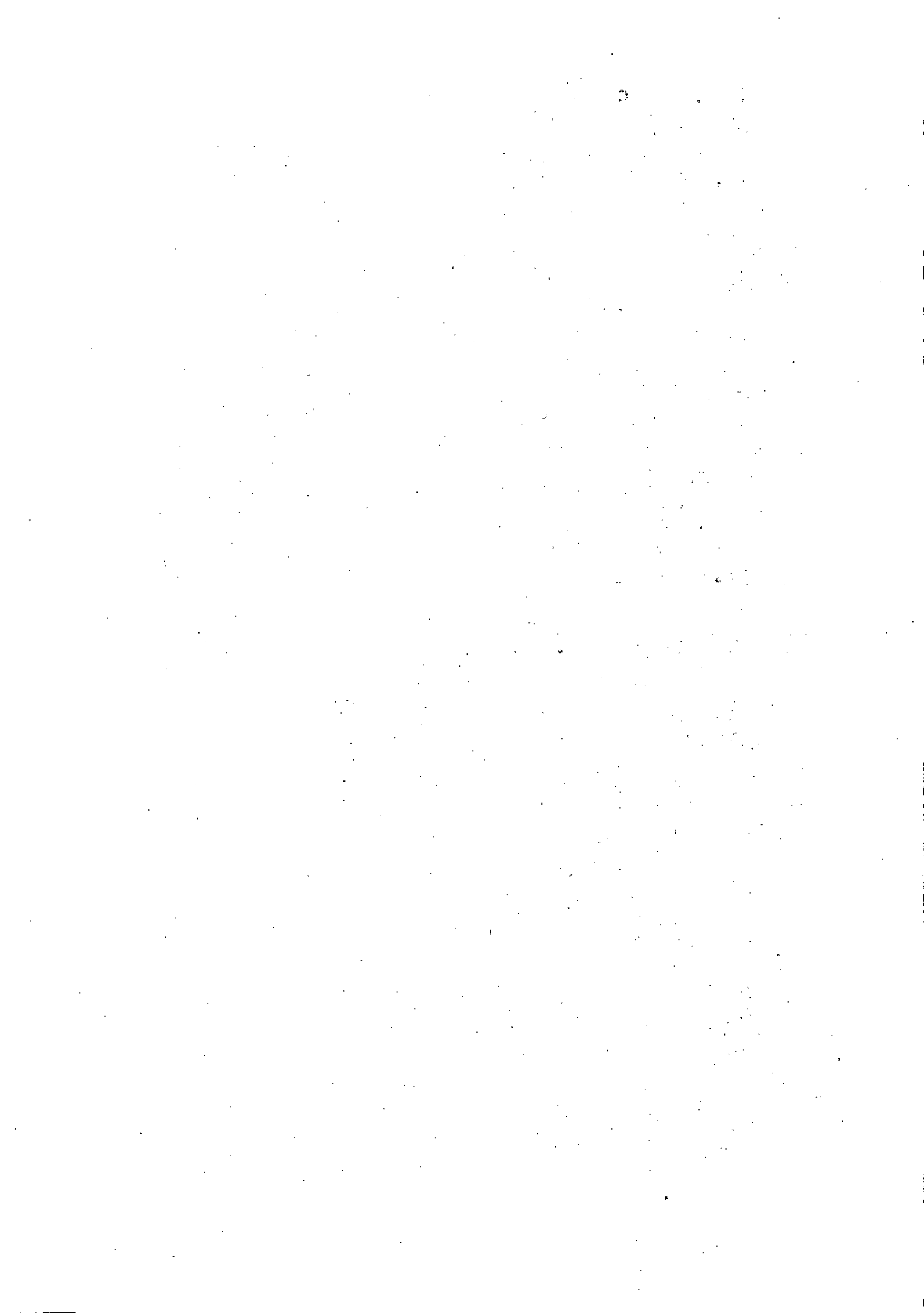
**CAPACITY TO HANDLE RISK**

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 now a formal ongoing process for identifying, evaluating and managing the academy's significant risks, although we acknowledge that this was not in place during the period. This process will be regularly reviewed by the board of trustees.

**THE RISK AND CONTROL FRAMEWORK**

The academy's system of internal financial control will be 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 will include:

- 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.



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

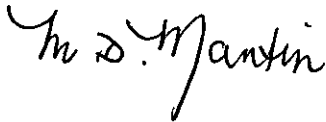
During the financial reporting period of pre-opening internal controls were based on the trusts account.

**REVIEW OF EFFECTIVENESS**

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

- 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.

Approved by order of the members of the board of trustees on <sup>10th July 2015</sup> and signed on its behalf, by:



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



**Trustee**



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

For the year ending 31 August 2014 I was neither the Accounting Officer nor a trustee. During the year I cannot confirm the Trust implemented an adequate system of internal control, governance and maintained adequate accounting records. Therefore I am unable to obtain all the information and explanations that I consider necessary for the purpose of my opinion.

I confirm that since my appointment in June 2015, accounting records are being maintained and policies and procedures are being implemented in order to comply with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook.



**P Hammond**  
**Accounting Officer**

Date: 10/7/15





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

**TRUSTEES' RESPONSIBILITIES STATEMENT  
FOR THE PERIOD ENDED 31 AUGUST 2014**

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

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

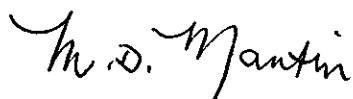
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material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

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

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

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

Approved by order of the members of the board of trustees on *10th July 2015* and signed on its behalf by:



**M D Martin**  
Chair of Trustees



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

**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF SEVAK EDUCATION TRUST LIMITED**

We have audited the financial statements of Sevak Education Trust Limited for the period ended 31 August 2014 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the Education 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 opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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



**SEVAK EDUCATION TRUST LIMITED**  
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**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF SEVAK EDUCATION TRUST LIMITED**

**BASIS FOR QUALIFIED OPINION ON FINANCIAL STATEMENTS**

During the year ended 31 August 2014 the Trust failed to maintain adequate accounting records and was not compliant with some of the requirements of the Academies Financial Handbook 2014 and the Trust's funding agreement with the Secretary of State for Education dated May 2014.

As a result of the matters referred to above, the audit evidence available to us was limited because we were unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement.

Specifically our scope was limited in respect of:

- (i) the completeness of expenditure;
- (ii) the completeness of income regarding activities for generating funds;
- (iii) the completeness of some disclosures; and
- (iv) the existence of any unrecorded assets or liabilities.

Whilst we have been unable to obtain sufficient appropriate audit evidence on which to base our opinion, we conclude that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive.

**QUALIFIED OPINION ON FINANCIAL STATEMENTS**

Except for the matters described in the Basis for Qualified Opinion paragraph, in our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the period 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 and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

Notwithstanding our basis for a qualified opinion on the financial statements, in our opinion the information given in the Trustees' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.



**SEVAK EDUCATION TRUST LIMITED**  
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**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF SEVAK EDUCATION TRUST LIMITED**

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

In respect of the limitation of our work, as described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether proper accounting records had been maintained.

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

- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

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:





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

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

In accordance with the terms of our engagement letter dated 6 May 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, 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 period 1 November 2013 to 31 August 2014 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 EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Sevak Education Trust Limited and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Sevak Education Trust Limited and EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF SEVAK EDUCATION TRUST LIMITED'S ACCOUNTING OFFICER AND THE REPORTING 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 2013, 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 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 November 2013 to 31 August 2014 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 2013 to 2014 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

**BASIS FOR MODIFIED CONCLUSION**

As reported in our Independent Auditors' Report, during the year ending 31 August 2014 the Trust failed to maintain adequate accounting records. As such the audit evidence available to us was also limited in respect of our regularity work.



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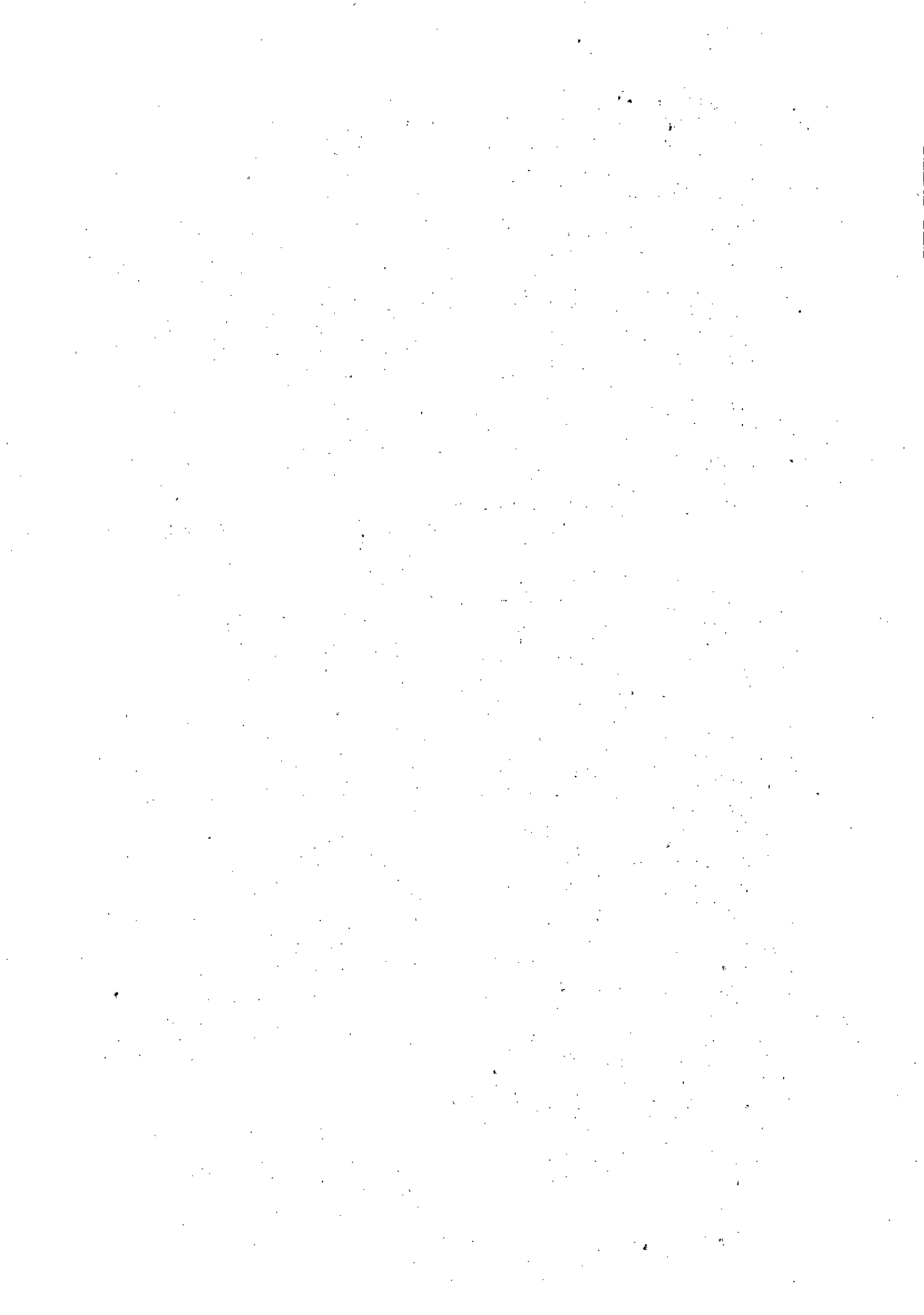
**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO SEVAK  
EDUCATION TRUST LIMITED AND THE EDUCATION FUNDING AGENCY (continued)**

**CONCLUSION**

Notwithstanding the limitation of scope described above, 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 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**  
Chartered Accountants and Statutory Auditors  
St Helen's House  
King Street  
Derby  
DE1 3EE

Date:



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

**STATEMENT OF FINANCIAL ACTIVITIES**  
**(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)**  
**FOR THE PERIOD ENDED 31 AUGUST 2014**

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds:					
Voluntary income	2	-	8,934	8,934	-
Investment income	3	222	-	222	1
Incoming resources from charitable activities	4	-	489,390	489,390	95,000
<b>TOTAL INCOMING RESOURCES</b>		<b>222</b>	<b>498,324</b>	<b>498,546</b>	<b>95,001</b>
<b>RESOURCES EXPENDED</b>					
Charitable activities		-	266,372	266,372	-
Governance costs	6	-	4,700	4,700	-
<b>TOTAL RESOURCES EXPENDED</b>	9	<b>-</b>	<b>271,072</b>	<b>271,072</b>	<b>-</b>
<b>MOVEMENT IN TOTAL FUNDS FOR THE YEAR - NET INCOME FOR THE PERIOD</b>		<b>222</b>	<b>227,252</b>	<b>227,474</b>	<b>95,001</b>
Total funds at 1 November 2013		-	95,001	95,001	-
<b>TOTAL FUNDS AT 31 AUGUST 2014</b>		<b>222</b>	<b>322,253</b>	<b>322,475</b>	<b>95,001</b>

All activities relate to continuing operations.

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

The notes on pages 20 to 32 form part of these financial statements.

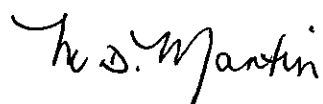


**SEVAK EDUCATION TRUST LIMITED**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 08267703**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2014**

	Note	£	31 August 2014 £	£	31 October 2013 £
<b>FIXED ASSETS</b>					
Tangible assets	14		286,380		-
<b>CURRENT ASSETS</b>					
Debtors	15	78,101		-	
Cash at bank		291,834		95,001	
			<u>369,935</u>	<u>95,001</u>	
<b>CREDITORS: amounts falling due within one year</b>	16	<b>(333,840)</b>			
			<u>36,095</u>		95,001
<b>NET CURRENT ASSETS</b>			<u>322,475</u>		<u>95,001</u>
<b>NET ASSETS</b>			<u><u>322,475</u></u>		<u><u>95,001</u></u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted funds	17		322,253		95,001
Unrestricted funds	17		222		-
			<u>322,475</u>		<u>95,001</u>
<b>TOTAL FUNDS</b>			<u><u>322,475</u></u>		<u><u>95,001</u></u>

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



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



**Trustee**

The notes on pages 20 to 32 form part of these financial statements.





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

**CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED 31 AUGUST 2014**

	Note	2014 £	2013 £
Net cash flow from operating activities	19	483,213	95,001
Capital expenditure and financial investment	20	(286,380)	-
<b>INCREASE IN CASH IN THE PERIOD</b>		<u>196,833</u>	<u>95,001</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**  
**FOR THE PERIOD ENDED 31 AUGUST 2014**

	2014 £	2013 £
Increase in cash in the period	<u>196,833</u>	<u>95,001</u>
<b>MOVEMENT IN NET FUNDS IN THE PERIOD</b>	<u>196,833</u>	<u>95,001</u>
Net funds at 1 November 2013	<u>95,001</u>	-
<b>NET FUNDS AT 31 AUGUST 2014</b>	<u>291,834</u>	<u>95,001</u>

The notes on pages 20 to 32 form part of these financial statements.



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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2014**

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006.

**1.2 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 funders where the asset acquired or created is held for a specific purpose.

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

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

**1.3 Incoming resources**

All incoming resources are included in the Statement of Financial Activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of 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 year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable 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.

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.



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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2014**

**1. ACCOUNTING POLICIES (continued)**

**1.4 Resources expended**

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Charitable activities are costs incurred in the academy's educational operations.

Governance costs include the costs attributable to the academy's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

**1.5 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 one year from the date of approval of the financial statements.

**1.6 Tangible fixed assets and depreciation**

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

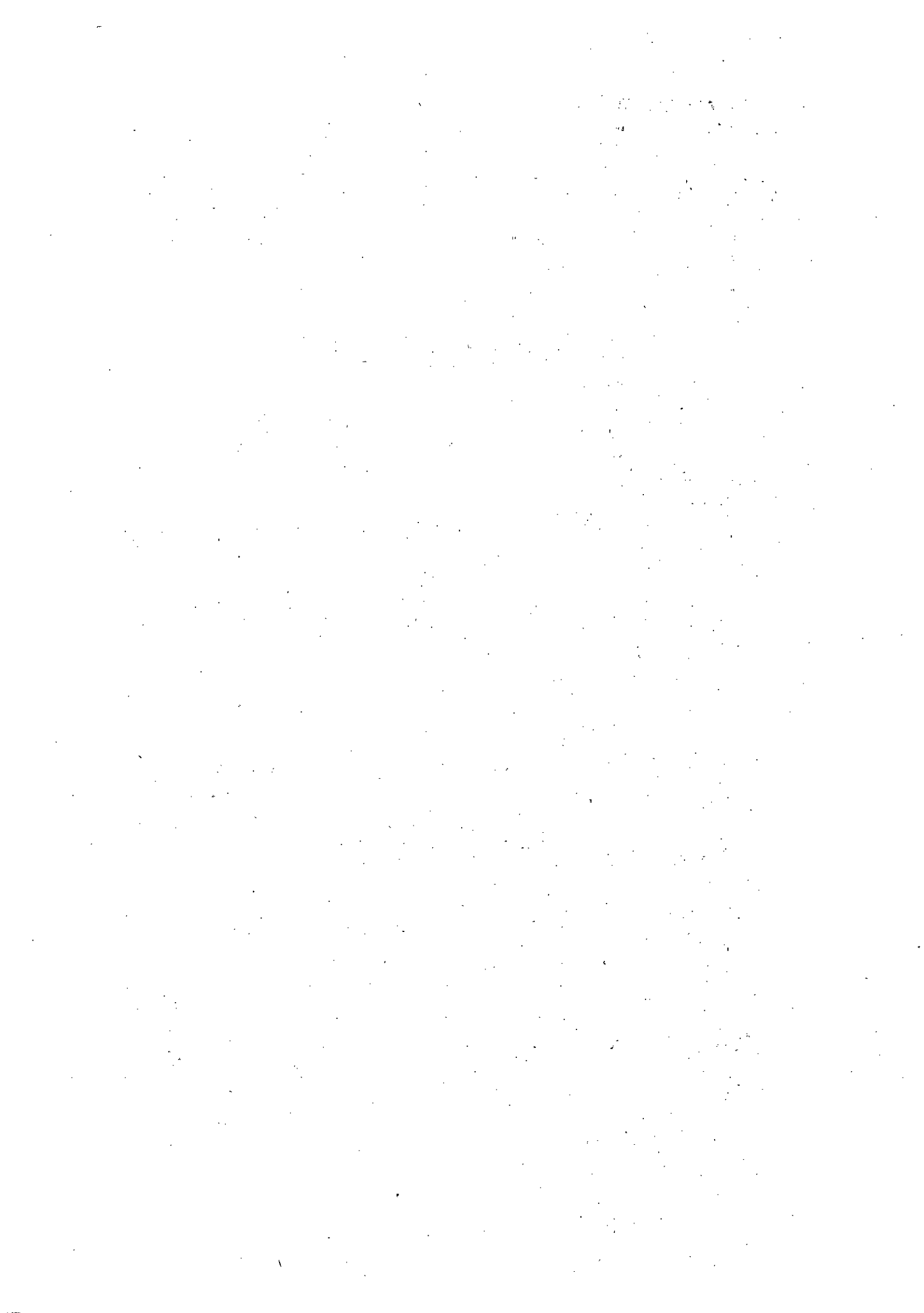
Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and are carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

The policy with respect to impairment reviews of fixed assets 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 impairment losses within the Statement of Financial Activities.

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

Tangible fixed assets are stated at cost less depreciation. 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:

Plant and machinery	-	20% straight line
Assets under construction	-	No depreciation provided until the asset is available for use



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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2014**

**1. ACCOUNTING POLICIES (continued)**

**1.7 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.

**1.8 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 22, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

During the period there were no members of staff who were part of the Local Government Pension Scheme (LGPS).





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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2014**

**2. VOLUNTARY INCOME**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Donations	-	8,934	8,934	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**3. INVESTMENT INCOME**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Bank interest received	222	-	222	1
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Funding for Academy's educational operations	-	489,390	489,390	95,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
<b>DfE/EFA revenue grants</b>				
Start up grants	-	489,390	489,390	95,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>



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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2014**

**5. EXPENDITURE BY CHARITABLE ACTIVITY**

**SUMMARY BY FUND TYPE**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Staff costs	-	35,649	35,649	-
Other costs	-	230,723	230,723	-
	<u>-</u>	<u>266,372</u>	<u>266,372</u>	<u>-</u>
	<u>-</u>	<u>266,372</u>	<u>266,372</u>	<u>-</u>

**6. GOVERNANCE COSTS**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Governance Auditors' remuneration	-	3,050	3,050	-
Governance Auditors' non audit costs	-	1,650	1,650	-
	<u>-</u>	<u>4,700</u>	<u>4,700</u>	<u>-</u>
	<u>-</u>	<u>4,700</u>	<u>4,700</u>	<u>-</u>

**7. DIRECT COSTS**

	Staff costs £	Other costs £	Total 2014 £	Total 2013 £
Teaching and educational supplies	-	31,075	31,075	-
Recruitment costs	-	6,934	6,934	-
Wages and salaries	27,857	-	27,857	-
Pension cost	3,131	-	3,131	-
	<u>30,988</u>	<u>38,009</u>	<u>68,997</u>	<u>-</u>
	<u>30,988</u>	<u>38,009</u>	<u>68,997</u>	<u>-</u>



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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2014**

**8. SUPPORT COSTS**

	Staff costs £	Other costs £	Total 2014 £	Total 2013 £
Repairs and premises maintenance	-	2,551	2,551	-
Rent and rates	-	7,523	7,523	-
Legal and professional fees	-	146,075	146,075	-
Insurance	-	7,496	7,496	-
Transport	-	1,771	1,771	-
Computer costs	-	3,828	3,828	-
Other support costs	-	5,315	5,315	-
Advertising and marketing	-	18,155	18,155	-
Wages and salaries	4,661	-	4,661	-
	<u>4,661</u>	<u>192,714</u>	<u>197,375</u>	<u>-</u>

**9. RESOURCES EXPENDED**

	Staff costs 2014 £	Other costs 2014 £	Total 2014 £	Total 2013 £
Academy's educational operations - staff	30,988	-	30,988	-
Academy's educational operations - other	-	38,009	38,009	-
Support costs - staff	4,661	-	4,661	-
Other allocated support costs	-	192,714	192,714	-
<b>Charitable activities</b>	<u>35,649</u>	<u>230,723</u>	<u>266,372</u>	<u>-</u>
<b>Governance</b>	<u>-</u>	<u>4,700</u>	<u>4,700</u>	<u>-</u>
	<u>35,649</u>	<u>235,423</u>	<u>271,072</u>	<u>-</u>

**10. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES**

	Activities undertaken directly 2014 £	Support costs 2014 £	Total 2014 £	Total 2013 £
Staff costs	30,988	4,661	35,649	-
Other costs	38,009	192,714	230,723	-
<b>Total</b>	<u>68,997</u>	<u>197,375</u>	<u>266,372</u>	<u>-</u>



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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2014**

**11. NET INCOMING RESOURCES**

This is stated after charging:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Auditors' remuneration	<b>3,050</b>	-

**12. STAFF**

**a. Staff costs**

Staff costs were as follows:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>32,518</b>	-
Other pension costs	<b>3,131</b>	-
	<b>35,649</b>	-

**b. Staff numbers**

The average number of persons employed by the academy during the period expressed as full time equivalents was as follows:

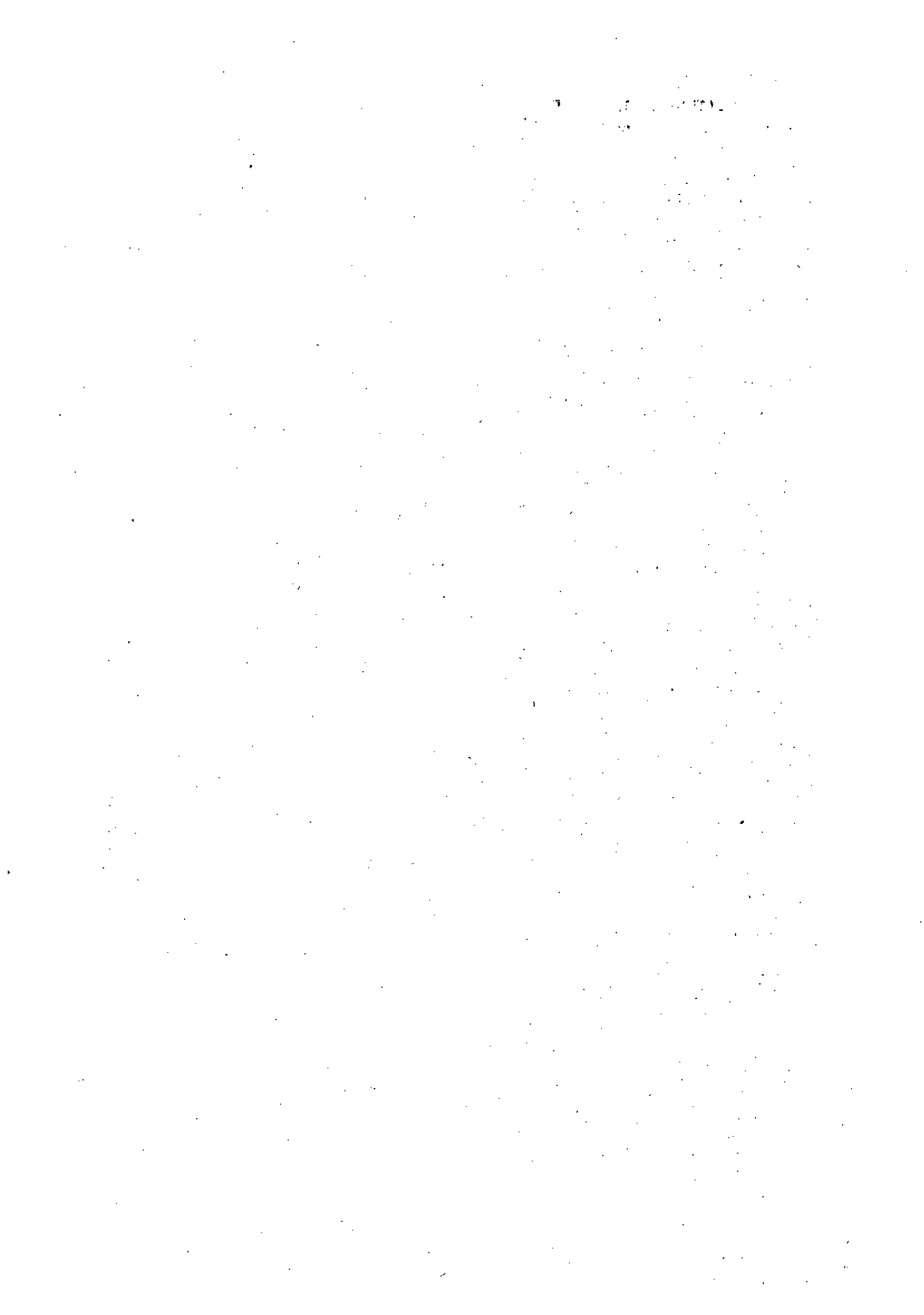
	<b>2014</b>	<b>2013</b>
	<b>No.</b>	<b>No.</b>
	<b>1</b>	<b>0</b>

**c. Higher paid staff**

No employee received remuneration amounting to more than £60,000 in either period.

**13. TRUSTEES' AND OFFICERS' INSURANCE**

During the period ended 31 August 2014 there were no qualifying third party indemnity provisions due to this being the pre-opening phase.





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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2014**

**14. TANGIBLE FIXED ASSETS**

	Plant and machinery £	Asset under construction £	Total £
<b>Cost</b>			
At 1 November 2013	-	-	-
Additions	34,660	251,720	286,380
At 31 August 2014	<u>34,660</u>	<u>251,720</u>	<u>286,380</u>
<b>Depreciation</b>			
At 1 November 2013 and 31 August 2014	-	-	-
<b>Net book value</b>			
At 31 August 2014	<u>34,660</u>	<u>251,720</u>	<u>286,380</u>
At 31 October 2013	<u>-</u>	<u>-</u>	<u>-</u>

**15. DEBTORS**

	31 August 2014 £	31 October 2013 £
Other debtors	69,699	-
Prepayments and accrued income	8,402	-
	<u>78,101</u>	<u>-</u>

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

	31 August 2014 £	31 October 2013 £
Trade creditors	319,593	-
Other creditors	8,547	-
Accruals and deferred income	5,700	-
	<u>333,840</u>	<u>-</u>

**17. STATEMENT OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Carried Forward £
<b>Unrestricted funds</b>				
General funds	-	222	-	222



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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2014**

**Restricted funds**

General Annual Grant (GAG)	95,001	498,324	(271,072)	322,253
Total of funds	<u>95,001</u>	<u>498,546</u>	<u>(271,072)</u>	<u>322,475</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 funds comprise of grants received from the Department for Education/Education Funding Agency, Local Authorities and other grant providers and will only be used for the purposes that the grants were intended.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

**SUMMARY OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Carried Forward £
General funds	-	222	-	222
Restricted funds	95,001	498,324	(271,072)	322,253
	<u>95,001</u>	<u>498,546</u>	<u>(271,072)</u>	<u>322,475</u>

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

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	286,380	286,380	-
Current assets	222	369,713	369,935	95,001
Creditors due within one year	-	(333,840)	(333,840)	-
	<u>222</u>	<u>322,253</u>	<u>322,475</u>	<u>95,001</u>



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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2014**

**19. NET CASH FLOW FROM OPERATING ACTIVITIES**

	Continuing £	Discontinued £	2014 Total £	2013 £
Net incoming resources before revaluations	227,474	-	227,474	95,001
Increase in debtors	(78,101)	-	(78,101)	-
Increase in creditors	333,840	-	333,840	-
<b>Net cash inflow from operations</b>			<u>483,213</u>	<u>95,001</u>

**20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2014 £	2013 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	<u>(286,380)</u>	<u>-</u>

**21. ANALYSIS OF CHANGES IN NET FUNDS**

	1 November 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	95,001	196,833	-	291,834
<b>Net funds</b>	<u>95,001</u>	<u>196,833</u>	<u>-</u>	<u>291,834</u>



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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2014**

**22. 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, both are defined benefit schemes.

During the period, there were no members of staff who were part of the LGPS.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2014 and of the LGPS 31 March 2013.

Contributions amounting to £5,574 were payable to the scheme at 31 August 2014 (2013 - £NIL) and are included within creditors.

**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.

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

**Valuation of the Teachers' Pension Scheme**

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 for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

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





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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2014**

**22. PENSION COMMITMENTS (continued)**

**Teachers' Pension Scheme Changes**

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in from April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.



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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2014**

**23. RELATED PARTY TRANSACTIONS**

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

During the period the Trustees paid for expenses on behalf of the Trust totalling £8,834 (2013: £nil). The Trustees have confirmed these will not be reimbursed and for this reason have been treated as donations.

