

Company Registration No. 07416734 (England and Wales)

THE GURU NANAK SIKH ACADEMY LIMITED
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2018



THE GURU NANAK SIKH ACADEMY LIMITED

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THE GURU NANAK SIKH ACADEMY LIMITED

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Mr G S Ahluwalia
Mr J Khangura
Dr L Banerji

Directors

Mr M Baxter (Appointed 14 October 2017 and retired 21 September 2018)
Dr S S Gakhal (Resigned 13 October 2017)
Mrs G Sidhu
Ms J Chadwick (Retired 21 September 2018)
Mr J Sidhu
Mr K Chana (Resigned 13 October 2017)
Mr P Ryerson
Dr P Bhullar
Mr R Sandhu
Mr S Singh Nahal (Resigned 13 October 2017)
Mr A Thakur - Chair (Appointed 14 October 2017)
Dr P Afzal (Appointed 14 October 2017)
Mr G Ahluwalia (Appointed 14 October 2017)
Mr A Ghakal (Appointed 14 October 2017)
Ms R MacDonald (Appointed 14 October 2017 and retired 21 September 2018)
Mr K Mann (Appointed 14 October 2017)
Ms M Mendhir (Appointed 14 October 2017)
Mr R Sandhu (Appointed 14 October 2017)

The Guru Nanak Sikh Multi Academy Trust Governing Body

Mr A Thakur - Chair
Mr A Ghakal - Vice Chair
Dr P Bhullar
Mrs G Sidhu
Mr J Sidhu
Mrs M Mendhir
Mr K Mann
Dr P Afzal
Mr R Sandhu
Mr P Ryerson

Members of the Audit Committee

Mr A Thakur - Chair
Mr P Ryerson
Mr A Ghakal

Members of the Finance & Personnel Committee

Mr A Ghakal - Chair
Dr P Bhullar
Mr J Sidhu
Mrs M Mendhir
Mr K Mann

Company secretary

G Sidhu

Company registration number

07416734 (England and Wales)

THE GURU NANAK SIKH ACADEMY LIMITED

REFERENCE AND ADMINISTRATIVE DETAILS

Principal address	Springfield Road Hayes London UB4 0LT	
Registered office	Springfield Road Hayes London UB4 0LT	
Academies operated Guru Nanak Sikh Academy Nanaksar Primary School	Location Springfield Road, Hayes, UB4 0LT Springfield Road, Hayes, UB4 0LT	Executive Principal R Sandhu R Sandhu
Independent auditor	Alliotts Friary Court 13-21 High Street Guildford Surrey GU1 3DL	
Bankers	Lloyds TSB Bank 1st Floor, Princess House 1 Suffolk Lane London EC4R 0AX Metro Bank One Southampton Row London WC1B 5HA ICICI Bank UK Plc 45 South Road Southall London UB1 1SW	
Insurance Brokers	RPA DFE Insurance Topmarks Claim	

THE GURU NANAK SIKH ACADEMY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

The directors present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The MAT operates two primary schools and one secondary school. Its schools have a combined pupil capacity of 1580 (excluding sixth form) and had a roll of 1554 in the school census in October 2018.

Structure, governance and management

Constitution

The Guru Nanak Sikh Academy Ltd is a company limited by guarantee and registered at Companies House under registration number 07416734 (England and Wales). The Academy is an exempt charity and is entitled to the same exemptions from UK corporation tax as registered charities.

The directors of The Guru Nanak Sikh Academy Limited are the directors of the charitable company for the purposes of company law.

The Guru Nanak Sikh Academy Limited became a multi-academy trust (MAT) on 29 August 2013 and the constituent academy schools are The Guru Nanak Sikh Academy and The Nanaksar Primary School, a free school which opened in September 2013.

The Academy is governed by its Memorandum and Articles of Association as amended in its governing documents to accommodate the formation of a multi academy trust structure in August 2013. The directors of the Academy Trust, appointed in accordance with the articles, are the charity trustees and are also the directors of the charitable company for the purposes of company law. The directors are legally responsible for the governance and management of the Academy. The directors (trustees) also appoint governors at local academy level to ensure governance and management structures are supported.

As part of the Academy's on-going improvement and growth strategy, the structure of the multi academy trust is evolving with changes to its constituent member on the Board of Directors and delegation of management to the Local Governing Body of Guru Nanak Sikh Academy and Nanaksar Primary School.

Details of the directors who served during the year are included in the Reference and Administrative Details on pages 3-4.

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.

Directors' indemnities

In accordance with the Companies Act 2006 and as per the Articles of Association, the Trust has protected the Directors against any claims arising during the course of the Academy Trust business. The Academy Trust has purchased Employer's Liability, Third Party Public Liability and Professional Indemnity from the Education and Skills Funding Agency under the Risk Protection Arrangement with unlimited liability. The risk protection arrangement is effective from 1 September 201 to 31 August 2018 and is renewed annually.

Directors may benefit from any indemnity insurance purchased at the Academy's expense to cover the liability of the Directors which by virtue of law would otherwise attach to them in respect of any negligence, default or breach of duty of which they may be guilty in relation to the Academy. Provided that any such insurance shall not extend to any claim arising from any act or omission which Directors knew to be in breach of trust or breach of duty or which was committed by the Directors in reckless disregard to whether it was a breach of trust or breach of duty or not, and provided also that any such insurance shall not extend to the costs of any unsuccessful defense to a criminal prosecution brought against the Directors in their capacity as Directors of the Academy.

THE GURU NANAK SIKH ACADEMY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Method of recruitment and appointment or election of directors

The Strategic Board appointed all Directors based upon the contribution that they can make to the development and future success of the Guru Nanak Sikh Academy Trust. The directors represent all relevant stakeholder groups including parents, staff and sponsor. Directors are assessed by a panel for their personal qualities, specific skills and expertise they can provide.

All directors give of their time freely and receive no remuneration other than reasonable expenses, except those directors who are employees of the Guru Nanak Sikh Academy Trust.

Policies and procedures adopted for the induction and training of directors

New directors are inducted into the workings of the academy trust with provision of appropriate documentation relating to the areas of board policies and procedures as well as the mission and ethos of the academy trust. The induction period that includes 'show round' allows new directors to fully understand how the organisation operates and the various committees which are used to assist in governance of the academy trust.

External training and internal programmes are made available for directors who wish to develop a more detailed understanding of their role and the work of the Board of Directors and the committees.

Organisational structure

The Guru Nanak Sikh Academy Ltd supports all its academies through an experienced Board of Directors who are responsible for identifying and establishing strategies and policies and for ensuring that these are implemented throughout the organisation. To assist with this work the directors have established appropriate committees for each School: Finance & Personnel Committee, Standards and Curriculum Committee and an Audit Committee were established in the beginning of the previous academic year in accordance with the requirement of the Education and Skills Funding Agency (ESFA) funding agreement.

The terms of reference and remit of the various committees are reviewed and agreed by the Board of Directors on an annual basis. In addition to the terms of reference, the Board of Directors have a delegated scheme of authority for effective and efficient decision making for the governors of the Local Governing Bodies (LGB). Academies within the trust are further supported by senior management teams who provide the Academy improvement and corporate services.

Provided that the Academy maintains a majority of appointed LGB members, LGBs can request to appoint additional elected staff members. These LGB members are recruited via an advertised process and a skills audit and have had a clear and comprehensive training schedule. LGB members are appointed for a four year period, except that this time limit does not apply to the Executive Principal. LGB members can be re-appointed after the four year period subject to the eligibility of the members at the time of re-appointment.

They include Staff Governors and include both teaching and support staff who may be elected by staff and parents of students attending the School. The Executive Principal acts as an Ex-Officio Governor.

The Terms of Reference for each Committee and Declaration of Pecuniary Interests are conducted at each of the Full Governing Body meetings of the Academic Year.

The working pattern of the Trust Board is designed to mirror that of the LGBs which in itself is matched to the Academy's School Development cycle. This provides both synergy and strategic leverage which will become increasingly important as the Trust matures.

The Board of Directors meets at least three times per year to monitor closely the academic progress of the previously underperforming school within the academy trust, as required by Ofsted and the Department for Education (DfE).

THE GURU NANAK SIKH ACADEMY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Organisational structure

The role of the Governing Bodies is to:

- ensure compliance with legal requirements;
- establish and maintain effective internal controls;
- ensure the management of all resources;
- support the academy in responding to the needs of parents and the community.

The Board is the strategic body for the Academies, setting strategic direction and holding senior staff to account for the success of the academy trust and the schools within it. It establishes an overall framework for the governance of the Academies and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. But most importantly, it is responsible for setting general policy, adopting an annual School Development Plan and the consolidated budget. Governors monitor the School by use of budgets and strategic development plans and make major decisions about the direction of the Schools, capital expenditure and senior staff appointment.

The timing of full Directors' meetings sits within a comprehensive schedule of meetings to review reports and minutes discussed by the LGB in the first instance. The pattern of meetings for the academic year 2017/2018 has been scheduled.

The Committee meetings take place between three to six times per year. Standard meetings allow for all necessary business to be conducted, including budget setting and monitoring.

There are three Committees which include the Audit, Finance & Personnel and Standards & Curriculum Committee.

1. The Audit Committee - In accordance with the requirements of the ESFA for multi-academy trusts, an Audit Committee was established in September 2014. Its terms of reference and membership have been proposed and will be formally approved by the Board of Directors.

2. The Finance & Personnel Committee meets at least 3 times per year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements, receiving reports from the Responsible Officer/internal audit and drafting the annual budget including setting staffing levels. They review the staffing plan and structure and consider the provision for teaching staff appraisal and appraisal for support staff. The Committee also considers the issue of staff continuing professional education policy for teaching and non-teaching staff as well as recruitment issues.

3. The Standards & Curriculum Committee meets at least 3 times per year to evaluate the Trust's impact on all the schools and to consider the deployment of its resources and monitor the budget. It also plans the sharing of good practice and undertakes shared training and development, to discuss and influence the CPD programme for the senior leadership team.

The Board will identify the need for other committees on an on-going basis that may be beneficial to the development of the academy.

THE GURU NANAK SIKH ACADEMY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Arrangements for setting pay and remuneration of key management personnel

Senior leaders are appointed according to the leadership and management requirements of the school's and their skill sets. The Strategic Board of Directors has to approve the pay policy, including the remuneration of senior leaders. Senior leaders are paid in accordance with the leadership scales as outlined in the School Teachers Pay and Conditions of Service document. Pay is determined by the Performance Management Process.

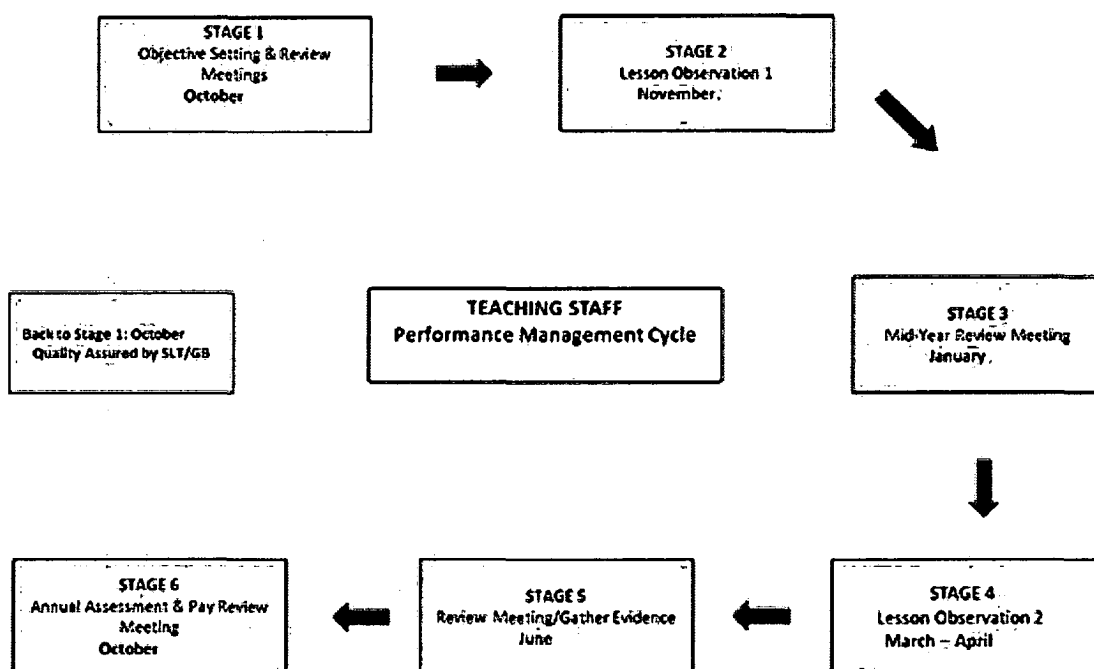
The performance management process will run for twelve months from October to September for teachers and from November to October for the Principal.

Teachers who are employed on a fixed term contract of less than one year, will have their performance managed in accordance with the principles underpinning the provisions of this policy. The length of the cycle will be determined by the duration of their contract.

Where a teacher starts their employment at the Academy part-way through a cycle, the Principal or, in the case where the teacher is the Principal, the governing body shall determine the length of the first cycle for that teacher, with a view to bringing his/her cycle into line with the cycle for other teachers at the academy trust as soon as possible.

Where a teacher transfers to a new post within the academy trust part-way through a cycle, the Principal or, in the case where the teacher is the Principal, the governing body shall determine whether the cycle shall begin again and whether to change the reviewer.

The performance management cycle for academic year 2017 to 2018:



THE GURU NANAK SIKH ACADEMY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	3
Full-time equivalent employee number	3.00

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	3
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	2,650
Total pay bill	7,513,644
Percentage of the total pay bill spent on facility time	-

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	-
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Related parties and other connected charities and organisations

The academy trust has actively worked with the following organisations during the year organising fund raising event for the Garib Niwaj School in Delhi.

Guru Nanak Sikh Academy Limited (GNSA) as a company limited by guarantee does not consider Nanaksar Thath Isher Darbar Trust (NTID) to be part of its schools' structure but recognises that NTID was originally the sponsor in the establishment of GNSA. NTID has no organisation and management control over Guru Nanak Sikh Academy Limited except insofar as the school land and buildings used by GNSA are held under a leasing agreement with NTID with a term of 125 years from 2010. In addition, the land where the Nanaksar Primary School is situated is leased from NTID under a 125 year lease agreement.

Objectives and activities

Objects and aims

Vision Statement of the Multi Academy Trust

"To provide an outstanding learning environment that challenges all of us to achieve our full potential and continually to share our knowledge and skills with the local and global community."

Values

The values of Guru Nanak Sikh Multi Academies Trust are encapsulated by the SHARE acronym. These values are at the heart of everything we do in our schools and they describe the qualities our students and staff value most - Service to others, Humility, Achievement, Respect and Equality.

THE GURU NANAK SIKH ACADEMY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Objectives, strategies and activities

Our Objectives

- To build a strong community based on the principles of Sikhism (honesty, hard work and service to others).
- To provide quality education that is broad, balanced and relevant to the needs of pupils within a modern society.
- To enable all pupils to achieve their potential through the highest standards of teaching and learning.
- To develop each pupil's self-esteem, confidence and independence with consideration for others and the concept of Sewa.
- To strengthen bonds between home, community and school, providing a preparation for each pupil's entry into the wider community.
- To be committed to encouraging every member of our community to invest in life-long learning and personal development.

The main activities of our schools are concerned with:

- Providing a broad and balanced education for all our pupils;
- Raising standards and achievement so that we are above local and national average in all fields;
- Providing a quality of Teaching and Learning for all our pupils;
- Providing value for money for the funds expended;
- Compliance with statutory requirements;
- Conducting each school's business with the highest standards of integrity, probity and openness;
- Maintaining a Sikh ethos of hard work and service to others.

The Strategic Board of Directors monitors and evaluates the progress of the schools through their respective School Development Plans. The Board ensures that adequate funding, reflecting the priorities of the SDPs is allocated to each school and that there is sufficient funding to ensure material resources are adequately and safely maintained. In accordance with our charitable status, we will continue to recruit our pupils from deprived wards and neighbourhoods without reference to aptitude or ability.

Pupils benefit from the quality of education provided as evidenced in the strong pupil progress and standards of achievement year on year. They become independent learners able to address challenge and difficulty to achieve successfully. Pupils are prepared to become active citizens and play their part in public and civil life through participation in activities such as School Council and undertaking responsible roles as prefects and ambassadors for the schools. Pupils are made aware of British values and how to uphold them as responsible citizens. They are aware of both their local community and wider horizons revealed through educational visits as far afield as Switzerland.

Parents are regarded as partners in learning and this is maximised through the creation of strong home school partnerships for learning.

All staff has the opportunity to further develop through working collaboratively with others to enhance their own expertise. There is a strong element of professional development for unqualified teachers through the Assessment only route.

Governors both challenge and support through their role as critical friends.

THE GURU NANAK SIKH ACADEMY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Public benefit

The directors have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

Admissions

GNSA Reception Year (primary) and Year 7 (secondary) are oversubscribed. The Board determine their Admissions criteria and the Local Authority administers the offer of places on their behalf. The Governing Body delegate the admissions process to a panel of three governors who are responsible for fairly allocating school places strictly according to the published criteria. Each year group is full.

Nanaksar primary school which is limited with admissions intake is still a very popular school with a demand on school places once the new school is built.

Both schools are compliant with the Admissions and Appeals Codes and accompanying legislation.

THE GURU NANAK SIKH ACADEMY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Strategic report

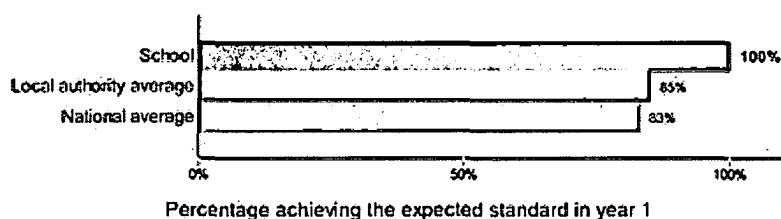
Achievements and performance

The following data highlights the high academic achievements of the Academy across all Schools within the MAT.

GNSA Primary has achieved the following results

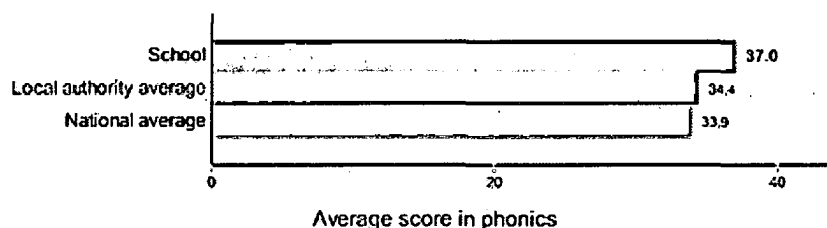
Percentage achieving the expected standard in phonics

Number of pupils = 88



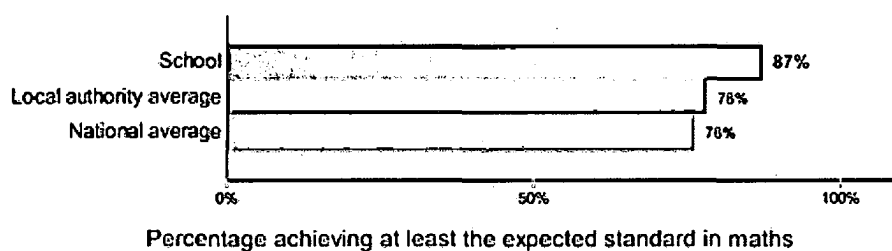
Phonics average score

Number of pupils = 88



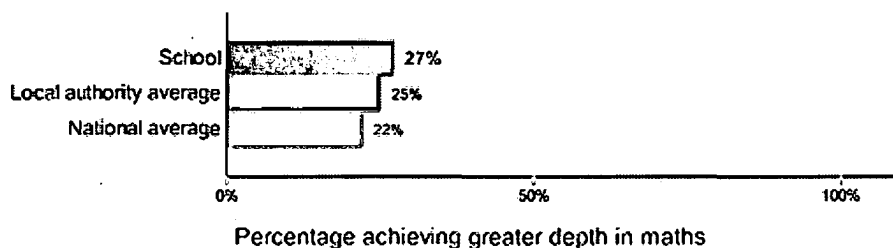
Percentage achieving at least the expected standard in maths

Number of pupils = 67



Percentage achieving greater depth in maths

Number of pupils = 67



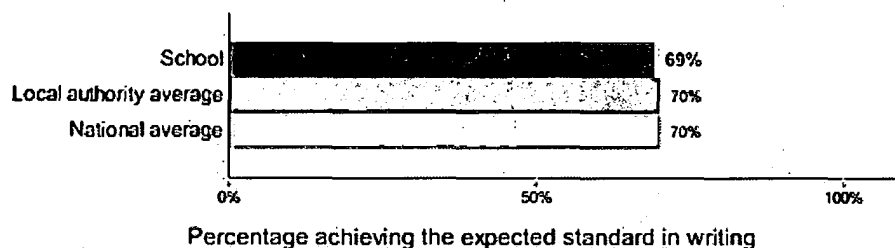
THE GURU NANAK SIKH ACADEMY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

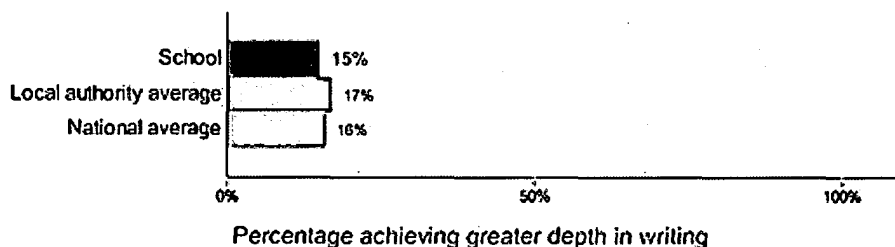
Percentage achieving at least the expected standard in writing

Number of pupils = 67



Percentage achieving greater depth in writing

Number of pupils = 67

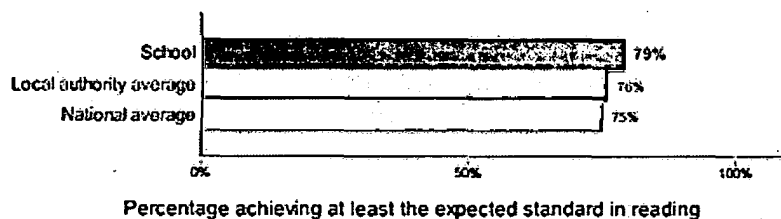


Key performance indicators

KS1 Data

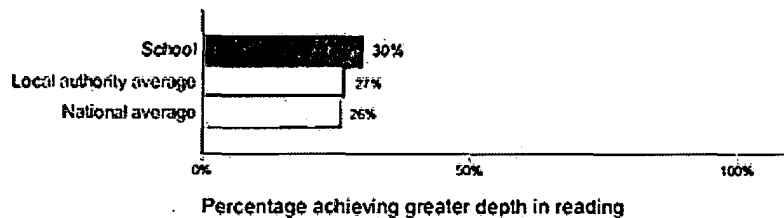
Percentage achieving at least the expected standard in reading

Number of pupils = 67



Percentage achieving greater depth in reading

Number of pupils = 67



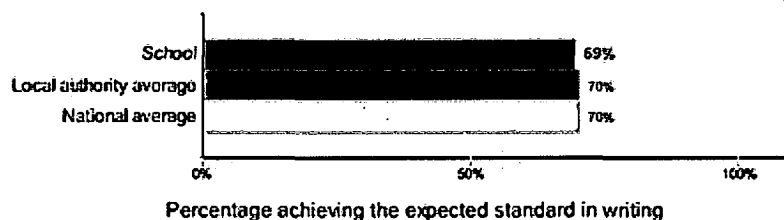
THE GURU NANAK SIKH ACADEMY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

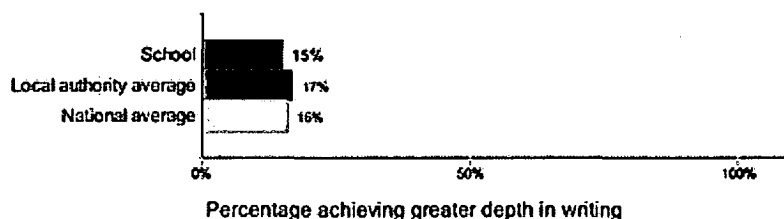
Percentage achieving at least the expected standard in writing

Number of pupils = 67



Percentage achieving greater depth in writing

Number of pupils = 67



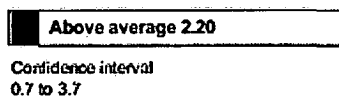
KS2 Data

Progress in reading, writing and maths

Reading

Number of pupils = 63

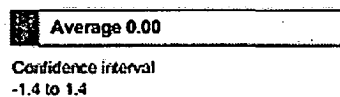
Pupils with adjusted scores = 0



Writing

Number of pupils = 63

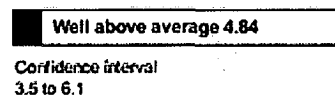
Pupils with adjusted scores = 1



Maths

Number of pupils = 63

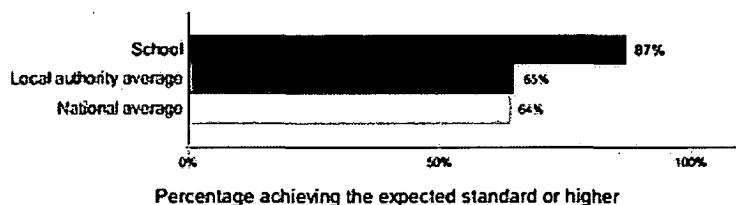
Pupils with adjusted scores = 0



Reading, writing and maths combined

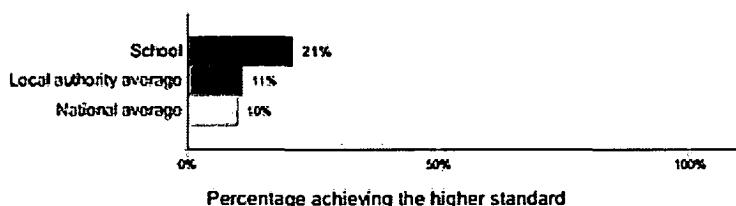
Percentage of pupils achieving the expected standard or higher

Number of pupils = 63



Percentage of pupils achieving the higher standard

Number of pupils = 63



THE GURU NANAK SIKH ACADEMY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

KS4 Progress Data

Progress 8

School

Pupils in Progress 8 cohort = 176

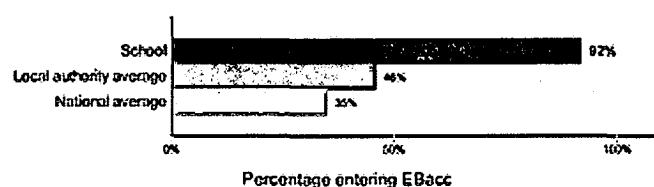
Pupils with adjusted scores = 0

Well above average 0.62

Confidence Interval
0.43 to 0.81

Percentage entering the English Baccalaureate

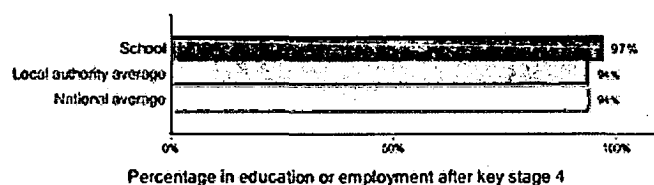
Number of pupils = 180



Percentage staying in education or entering employment after key stage 4

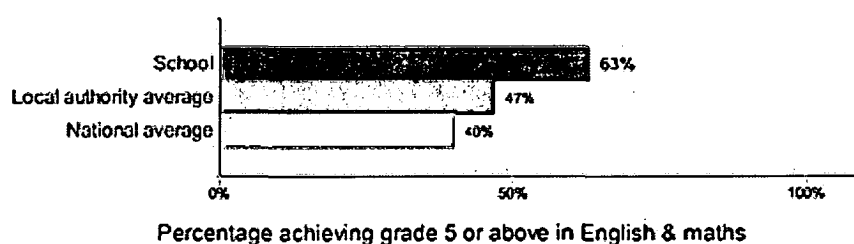
This is provisional data for 2016/2017.

Number of pupils = 176



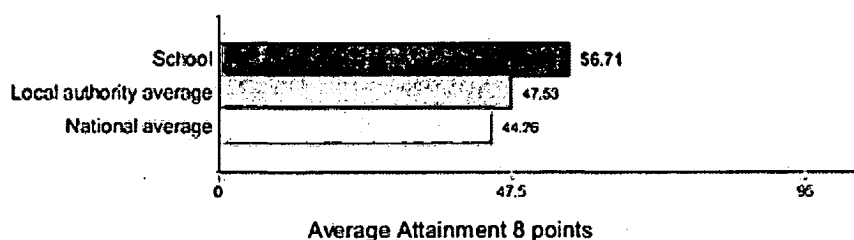
Percentage achieving grade 5 or above in English and maths

Number of pupils = 180



Attainment 8

Number of pupils = 180



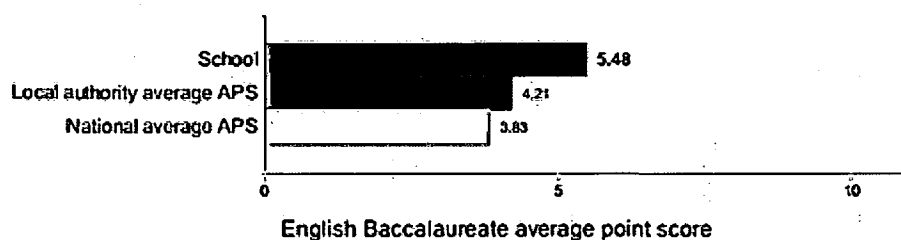
THE GURU NANAK SIKH ACADEMY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

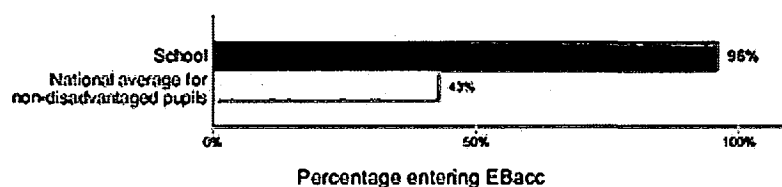
English Baccalaureate average point score

Number of pupils = 180



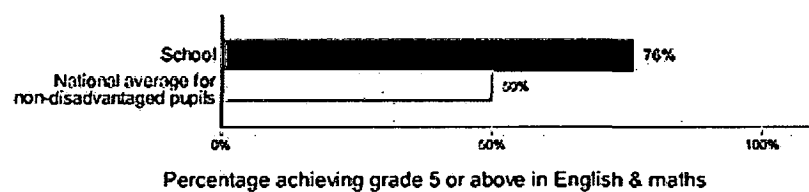
Percentage of disadvantaged pupils entering the English Baccalaureate

Number of disadvantaged pupils = 25



Percentage of disadvantaged pupils achieving grade 5 or above in English and maths

Number of disadvantaged pupils = 25



THE GURU NANAK SIKH ACADEMY LIMITED

DIRECTORS' REPORT (CONTINUED)

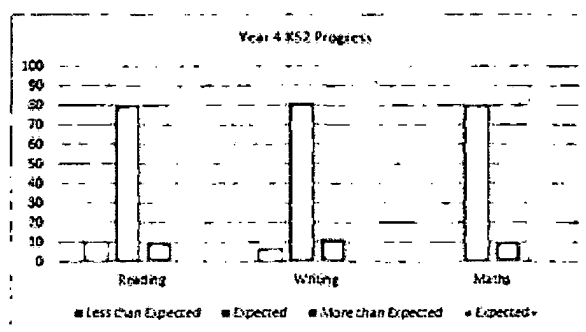
FOR THE YEAR ENDED 31 AUGUST 2018

Nanaksar Primary School

KS2 Progress Measure – Year 4

	Reading						Writing						Maths					
YEAR 4 COHORT Progress Measure	Cohort 105	Male 50	Female 55	PP 10	At 15	SEND 3	Cohort 105	Male 50	Female 55	PP 10	At 15	SEND 3	Cohort 105	Male 50	Female 55	PP 10	At 15	SEND 3
Less than Expected	10%	12%	7%	0	0	0	7%	10%	4%	0	6%	0	10%	8%	11%	10%	6%	0
	(10)	(6)	(4)				(7)	(5)	(2)		(4)		(10)	(4)	(6)	(1)	(1)	
Expected Progress	80%	78%	84%	80%	94%	100%	81%	78%	83%	90%	69%	100%	80%	86%	74%	90%	94%	100%
	(85)	(39)	(46)	(8)	(15)	(3)	(85)	(39)	(46)	(9)	(11)	(3)	(84)	(63)	(41)	(9)	(15)	(3)
More than Expected	10%	10%	9%	20%	6%	0	12%	12%	13%	10%	25%	0	10%	6%	15%	0	0	0
	(10)	(5)	(5)	(2)	(4)		(13)	(6)	(7)	(1)	(4)		(11)	(3)	(8)			
Expected +	90%	88%	93%	100%	100%	100%	93%	90%	96%	100%	94%	100%	90%	92%	89%	90%	94%	100%
	(95)	(44)	(51)	(10)	(16)	(3)	(93)	(45)	(53)	(10)	(15)	(3)	(95)	(46)	(49)	(9)	(15)	(3)

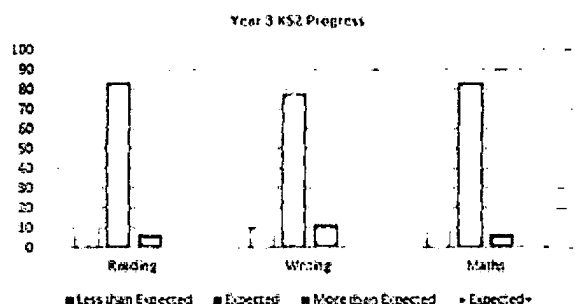
YEAR 4 TOTAL (%)	Reading	Writing	Maths
Less than Expected	10	7	10
Expected Progress	80	81	80
More than Expected	10	12	10
Expected +	90%	93%	90%



KS2 Progress Measure – Year 3

	Reading						Writing						Maths					
YEAR 3 COHORT Progress Measure	Cohort 92	Male 44	Female 48	PP 7	At 15	SEND 1	Cohort 92	Male 44	Female 48	PP 7	At 15	SEND 1	Cohort 92	Male 44	Female 48	PP 7	At 15	SEND 1
Less than Expected	9%	9%	9%	29%	7%	0	10%	7%	13%	0	13%	0	10%	13%	7%	29%	13%	0
	(8)	(4)	(4)	(2)	(1)		(9)	(3)	(6)		(2)		(9)	(6)	(3)	(2)	(2)	
Expected Progress	84%	82%	87%	71%	93%	100%	78%	76%	80%	100%	80%	100%	83%	83%	84%	71%	87%	100%
	(78)	(36)	(42)	(5)	(10)	(1)	(72)	(35)	(59)	(7)	(12)	(1)	(77)	(36)	(41)	(5)	(13)	(1)
More than Expected	7%	9%	4%	0	0	0	12%	17%	7%	0	7%	0	7%	4%	9%	0	0	0
	(6)	(4)	(2)				(11)	(8)	(5)		(1)		(6)	(2)	(4)			
Expected +	91%	91%	93%	71%	93%	100%	90%	93%	87%	100%	87%	100%	90%	87%	93%	71%	87%	100%
	(84)	(42)	(42)	(5)	(14)	(1)	(83)	(43)	(40)	(7)	(13)	(1)	(83)	(40)	(43)	(5)	(13)	(1)

YEAR 3 TOTAL (%)	Reading	Writing	Maths
Less than Expected	9	10	10
Expected Progress	84	78	83
More than Expected	7	12	7
Expected +	91%	90%	90%



Going concern

After making appropriate enquiries, the board of directors has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the board of directors continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

THE GURU NANAK SIKH ACADEMY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Financial review

The majority of the Academy Trust's income is derived from the Education and Skills Funding Agency (ESFA) in the form of recurrent General Annual Grant (GAG) and capital grants, the use of which is restricted to particular purposes. The grants received during the period and the associated expenditure is shown as restricted funds in the Statement of Financial Activities.

As at 31 August 2018 the net book value of fixed assets was £6.8 million with net current assets of over £1.8 million.

Total funding received from the ESFA amounted to £8.7 million for the academic year 2017/18.

The pension liability relating to the Local Government Pension Fund – Defined Benefit Scheme for support non-teaching staff was £1.7 million as at 31 August 2018. The results for the period are shown in the attached financial statements.

The key financial policies adopted and reviewed during the period included the risk register and risk assessment, financial policies on tendering, fraud, gifts and hospitality. Delegated financial management are set up within the academy trust's scheme of delegation and financial policies.

Central support services are in the process of development covering mainly the areas of finance, IT, catering, human resources and risk management. These services will continue to be developed further in future to maximise the economy of scale to secure best value for money for the academy trust.

Reserves policy

The academy trust's aim is to use the allocated funding each year for the full benefit of our current pupils that is consistent with the ESFA requirement for a balanced budget. However, it will be necessary to carry forward some reserves and accumulate a prudent level of restricted and unrestricted reserves to manage any unforeseen events:

- Working capital reserve of approximately £500K a month for salary and creditors payments to cushion unexpected cash flow reduction and timing differences of income received;
- Unforeseen operational costs of £10K that may not be budgeted;
- Emergency reserve of £20K for unexpected maintenance arising from potential adverse weather condition.

The academy trust's current level of free reserves held (being the unrestricted income funds) of £775k is sufficient for the needs of the schools and the balance of the reserves will be set aside for future development of a sixth form centre.

The Board of Directors is committed in developing and maintaining its building and IT infrastructure to support the pupils learning environment with modern technology to maximise pupil achievement. However future financial cost pressure will reduce the level of financial reserves as these reserves are drawn down in the medium term.

Total academy trust funds are £6,857,590. Restricted funds include a fixed asset fund of £6,776,547 that can only be realised by disposing of tangible fixed assets.

The pension reserve relates to a deficit on the local government pension scheme which is currently £1,730,000. This is not an immediate liability and is not due to crystallise in the near future.

The balance of restricted general funds plus the balance on unrestricted funds provide a net surplus of £1,811,043.

THE GURU NANAK SIKH ACADEMY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

There are initial plans to develop and grow the use of technology across the MAT in line with developing real life skills needed which will mean an investment of resources to accommodate this.

- Plan to build a purpose built vocational block exclusively for the sixth form cohort next year. The school reserve accounts and match funding initiatives will be considered as one of the options for this purpose. Provisions to increase space and facilities for a larger cohort would need to be planned and implemented for the near future.
- Plans to review existing halls and to use them for better learning spaces by incorporating a lecture seating area.
- Development of a video editing suite consisting of a fully functioning soundproof room. This will allow students & the Academy to create media rich resources for teaching and learning as well as for marketing aspects
- Purpose build lecture theatre for our Post 16 students by building on external grounds within courtyard areas.
- Remodelling the astro pitch to convert it to a 4G pitch to allow multi sports to be played.
- Upgrades to existing interactive classroom displays in line with end of life equipment.
- ICT hardware and software replacement program across the MAT.
- Implementation of mobile learning solutions for each phase integrated with Google.

Investment policy

Investments of the academy trust are primarily aimed at maximising cash return by investing surplus cash balances on fixed interest rate deposit to generate cash income with low risk rather than to obtain capital income that has a higher risk profile.

The academy trust may periodically hold expected large cash balances which may not be required for immediate operational use due to the funding cycle of grants received and payments made to suppliers.

The amount of investment will be based on a fixed sum monetary value instead of a percentage of surplus cash balances that provide more certainty in budgeting income received from investment. The period of investment shall be on a short term basis, and cannot exceed twelve months duration to ensure high liquidity as the funds are expended for the benefit of pupils' education.

Principal risks and uncertainties

Risk is the uncertainty surrounding an event and their outcomes that may have significant impact either enhancing or inhibiting any areas of the academy trust's operations.

The system of internal control incorporates risk management and therefore the board of directors have a primary role to play in the management of risk within the organisation. The directors can influence significantly whether the culture of the academy trust is risk averse or risk taker on decisions making and is also responsible for determining which types of risk are acceptable in any given experience. The academy trust needs to strengthen its system of internal financial controls and plans are in progress to achieve this without delay. The board of directors set the standards and expectations for all staff with respect to conduct and probity. The directors will also determine the risk appetite and exposure for the academy trust. The board of directors has approved the academy trust's risk profile or exposure.

The academy trust has adopted a formal risk management process to assess business risks and to implement risk management strategies. This process involves identifying the types of risk the academy trust faces, scoring and prioritising the risks in terms of their potential operational and financial impact, assessing the likelihood of occurrence and identifying means of mitigating the risks. Where risk cannot be eliminated or reduced to sufficiently acceptable levels the directors have ensured that adequate insurance cover has been provided.

THE GURU NANAK SIKH ACADEMY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The risk management system consists of a set of policies, procedures and register of risk, approved by the relevant committee listed below. These are implemented by the senior leadership team to facilitate an effective and efficient operating environment and therefore enabling the academy trust to respond to a variety of operational, financial, reputation and commercial risks.

- Policies and Procedures – use of ESFA Financial Account Handbook.
- Strategic Planning and Budgeting – setting objectives, action plans, and resources allocation.
- Financial Management Policy - detailing the information of the financial activities of the academy trust.
- Risk Management Plan – listing of potential risks that are identified i.e. Funding uncertainties impacting on financial risk, child protection and student welfare, health and safety risk and commercial risk faced by the Schools. Use of risk profile assessment matrix to assist in the development of risk management and reviewed annually by the board of directors.

The principal risks and uncertainties facing the academy trust are as follows:

Financial - the academy trust and the individual schools have considerable reliance on continued government funding through the ESFA. In the last year 88% of the income was ultimately government funded and whilst this level is expected to continue, there is no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the academy trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The directors will continue to review practices and will ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the academy trust is dependent on implementing rapid and sustained educational achievement in its schools and continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk the board of directors ensures that teaching staff are focused on student success and achievement in all the schools and use their work to strengthen each school's leadership and build long-term capacity.

Safeguarding and child protection - the board of directors continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health and safety, and discipline.

Staffing - the success of the academy trust is reliant on the quality of its staff. Development, retention and succession planning is part of the training that will be developed and implemented.

Fraud and mismanagement of funds - the academy trust has put a policy in place to include, inter alia, a Responsible Officer to carry out checks on financial systems and records and for internal audit checks as required by the Academy Financial Handbook. All financial staff are encouraged to attend training courses to keep them up to date with the changing requirement of the ESFA funding agreement.

Uncertainty in pupil enrolment - The decisional confirmation of ESFA funding on additional intake of pupil for future years hinder the long term planning strategy of the direction of the academy trust.

THE GURU NANAK SIKH ACADEMY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Plans for future periods

The academy trust will plan for a modest growth in pupil number to meet the current demand of school places and continue with the development of NPS to satisfy parent demand. This will be in the context of:

- Building a strong community based on the Sikh religion;
- Providing quality education that is broad, balanced and relevant to the needs of pupils within a modern society;
- Enable all pupils to achieve their potential through the highest standards of teaching and learning;
- Developing each pupil's self-esteem, confidence and independence with consideration for others and the concept of Sewa;
- Strengthening bonds between home, community and school;
- Providing a preparation for each pupil's entry into the wider community;
- Committing to encourage every member of our community to invest in life-long learning and personal development.

The Academy Trust has recently reviewed and changed its governance structure in order to look at the future and wider objectives of each of the schools incorporating growth of the Nanaksar school.

There are initial plans to develop and grow the use of technology across the MAT in line with developing real life skills needed which will mean an investment of resources to accommodate this.

There are still ongoing reviews on how to accommodate the needs of the growing sixth form intake, Directors and SLT are in discussion to plan a purpose built vocational block exclusively for the sixth form cohort next year. The school reserve accounts and match funding initiatives will be considered as one of the options for this purpose.

This has seen the largest intake of sixth form students in year 12 and 70-80 sixth form pupils are expected to join the Academy's sixth form for next year, which in total will result in a cohort of 180-190 pupils. Provisions to increase space and facilities for a larger cohort would need to be planned and implemented for the next academic year.

There are plans to review existing learning spaces to ensure best use is made for them to support teaching and learning across the Academy.

The creation of a video editing suite and soundproof rooming to allow students to partake in media studies and events.

Development of better learning spaces across the MAT for example building a lecture type area within the existing halls and resurfacing the sports pitches.

Funds held as custodian trustee on behalf of others

The academy trust collected fund from primary school pupils to invest in a Saver Account. The monies collected were banked into the academy trust's Lloyds bank account opened specifically for this purpose. A cheque in favour of Hillingdon Council for an equivalent amount that was collected and banked by the academy trust will then be remitted to Hillingdon Council. The bank account has an outstanding credit balance of £66 as at 31 August 2018 for money and interest received in the saving account.

THE GURU NANAK SIKH ACADEMY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Auditor

In so far as the directors are aware:

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

The directors' report, incorporating a strategic report, was approved by order of the board of directors, as the company directors, on ~~18 Dec 2018~~ and signed on its behalf by:



Mr A Thakur - Chair

THE GURU NANAK SIKH ACADEMY LIMITED

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

Scope of responsibility

As directors we acknowledge we have overall responsibility for ensuring that The Guru Nanak Sikh Academy 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 directors has delegated the day-to-day responsibility to the Executive 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 The Guru Nanak Sikh Academy Limited and the Secretary of State for Education. They are also responsible for reporting to the board of directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The board of directors has formally met 5 times during the year. Attendance during the year at meetings of the board of directors was as follows:

Directors	Meetings attended	Out of possible
Mr M Baxter (Appointed 14 October 2017 and retired 21 September 2018)	5	5
Dr S S Gakhal (Resigned 13 October 2017)	0	0
Mrs G Sidhu	5	5
Ms J Chadwick (Retired 21 September 2018)	5	5
Mr J Sidhu	4	5
Mr K Chana (Resigned 13 October 2017)	0	0
Mr P Ryerson	4	5
Dr P Bhullar	5	5
Mr R Sandhu	5	5
Mr S Singh Nahal (Resigned 13 October 2017)	0	0
Mr A Thakur - Chair (Appointed 14 October 2017)	5	5
Dr P Afzal (Appointed 14 October 2017)	0	0
Mr G Ahluwalia (Appointed 14 October 2017)	0	0
Mr A Ghakal (Appointed 14 October 2017)	4	5
Ms R MacDonald (Appointed 14 October 2017 and retired 21 September 2018)	0	0
Mr K Mann (Appointed 14 October 2017)	4	5
Ms M Mendhir (Appointed 14 October 2017)	5	5
Mr R Sandhu (Appointed 14 October 2017)	0	0

Standards and Curriculum committee

Attendance at meetings in the year was as follows:

Directors	Meetings attended	Out of possible
Mrs G Sidhu	3	3
Ms J Chadwick (Retired 21 September 2018)	3	3
Mr J Sidhu	3	3
Mr A Thakur - Chair (Appointed 14 October 2017)	3	3
Mr R Sandhu (Appointed 14 October 2017)	1	3

THE GURU NANAK SIKH ACADEMY LIMITED

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The **joint finance and audit committee** is a sub-committee of the main board of directors. Its purpose is to:

- update financial policies;
- monitor actual expenditure against predictions, budget variance;
- complete separation of NTID and GNSA accounting systems;
- setting up of a SLA between NTID and GNSA;
- monitor of the budget to ensure a contingency as opposed to a deficit;
- introduce a cashless system of catering;
- monitor budgets and benchmarking to reduce staffing cost without compromising teaching quality;
- approve expenditure between £2,000-£10,000.

Attendance at meetings in the year was as follows:

Directors	Meetings attended	Out of possible
Mr M Baxter (Appointed 14 October 2017 and retired 21 September 2018)	4	4
Dr P Bhullar	4	4
Mr A Ghakal (Appointed 14 October 2017)	3	4
Ms M Mendhir (Appointed 14 October 2017)	3	4

Review of value for money

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

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

Improving Educational Performance and Result

taking a range of measures to increase the educational standard and levels of attainment for all pupils achieving significantly higher grade than those achieved nationally;

increasing the quality of teaching across the Academy Trust by ensuring teachers set challenging target for pupils in English, Science and Mathematics;

ensuring teachers provide feedback to pupils that motivate their learning experience with the involvement of parent in the pupils education;

provide wider use of mobile IT devices to further improve and accelerate the pupils education and learning experiences.

THE GURU NANAK SIKH ACADEMY LIMITED

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Governance and Policies

Governance provide strong consideration and challenges over purchasing, contracts and services to achieve value for money;

- strengthening of financial procedures resulting in greater accountability by management and review of purchasing and procurement policies;

- regular budget monitoring to identify overspend and underspend;

- bank balances are carefully monitored and excessive cash balances are invested in interest bearing deposit.

Risk Management

the Academy Trust has opted into the Risk Protection Arrangement (RPA) scheme achieving significant saving for insurance cover cost without adverse risk implications giving unlimited liability cover for Employer's, Third Party Public and Professional Indemnity.

Effective Purchasing

contracts were reviewed and renegotiated to ensure the best value for money including entering into longer term contracts to deliver reduced costs;

various purchasing option both on-line internet and direct buying through supplier to achieve best value for money.

Income Generation

- continue to explore activities to generate income from letting out the school premises and facilities;

- develop teacher placement programmes that has generated additional income;

- surplus money are managed and invested in interest bearing account to obtain interest income;

- successful bidding for capital improvement fund to upgrade the fencing of the Academy Trust ground increasing the security environment and safety of pupils.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Guru Nanak Sikh Academy Limited for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The board of directors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of directors.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of directors;

- 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 GURU NANAK SIKH ACADEMY LIMITED

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The board of directors has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However the directors have appointed Mr Sandhu, as the Accounting Officer, and Mr Ahmed, as Business and Finance Director of the Guru Nanak Sikh Academy Limited, to perform a review of financial compliance.

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

- Review of payroll and purchasing systems,
- Review of cash management and budgetary processes,
- Review of risk assessment and governance.

On a termly basis, the reviewer reports to the board of directors through the joint finance and audit committee on the operation of the systems of control and on the discharge of the financial responsibilities of the board of directors.

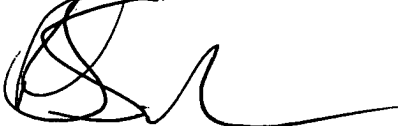
Review of effectiveness

As accounting officer the Executive 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 external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust 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 external auditor and ESFA and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of directors on 18 DEC 2018 and signed on its behalf by:



Mr R Sandhu



Mr A Thakur - Chair

THE GURU NANAK SIKH ACADEMY LIMITED

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2018

As accounting officer of The Guru Nanak Sikh Academy Limited I have considered my responsibility to notify the academy trust board of directors and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2017.

I confirm that I and the academy trust's board of directors 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 2017.

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 directors and ESFA.

Mr R Sandhu
Accounting Officer



18 Dec 2018

THE GURU NANAK SIKH ACADEMY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2018

The directors (who also act as trustees for The Guru Nanak Sikh Academy Limited) are responsible for preparing the directors' report and the accounts in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under company law the directors must not approve the accounts 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 accounts, the directors are required to:

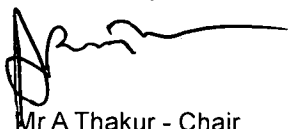
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The directors 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 accounts 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 directors 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 that grants received from ESFA/DfE have been applied for the purposes intended.

The directors 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the board of directors on 18 DEC 2018 and signed on its behalf by:



Mr A Thakur - Chair

THE GURU NANAK SIKH ACADEMY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GURU NANAK SIKH ACADEMY LIMITED

FOR THE YEAR ENDED 31 AUGUST 2018

Opinion

We have audited the accounts of The Guru Nanak Sikh Academy Limited for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018.

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 'Auditor's responsibilities for the audit of the accounts' section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC'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 directors' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the directors have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the academy trust'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 accounts are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

THE GURU NANAK SIKH ACADEMY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GURU NANAK SIKH ACADEMY LIMITED (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Opinions 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 directors' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the directors' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report, including the incorporated 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 accounts are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the directors are responsible for assessing the academy trust'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 directors either intend to liquidate the charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.


THE GURU NANAK SIKH ACADEMY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GURU NANAK SIKH ACADEMY LIMITED (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Use of our report

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



Stephen Meredith BA FCA DChA (Senior Statutory Auditor)
for and on behalf of Alliotts

18 December 2018

Chartered Accountants
Statutory Auditor

Friary Court
13-21 High Street
Guildford
Surrey
GU1 3DL

THE GURU NANAK SIKH ACADEMY LIMITED

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE GURU NANAK SIKH ACADEMY LIMITED AND THE EDUCATION & SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter dated 9 November 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Guru Nanak Sikh Academy Limited during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of The Guru Nanak Sikh Academy Limited's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Guru Nanak Sikh Academy Limited's funding agreement with the Secretary of State for Education dated 29 August 2013 and the Academies Financial Handbook, extant from 1 September 2017, 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 2017 to 2018. 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 September 2017 to 31 August 2018 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 2017 to 2018 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

THE GURU NANAK SIKH ACADEMY LIMITED

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE GURU NANAK SIKH ACADEMY LIMITED AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

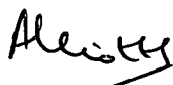
FOR THE YEAR ENDED 31 AUGUST 2018

The work undertaken to draw to our conclusion includes:

- Analytical review of the academy trust's general activities to ensure that they are within the academy trust's framework of authorities,
- Consideration of the evidence supporting the accounting officer's statement on regularity, propriety and compliance,
- Review of the general control environment for the Academy trust on financial statements and on regularity,
- Sample testing of expenditure transactions to ensure the activity is permissible within the Academy trusts framework of authority,
- Confirmation that a sample of expenditure has been appropriately authorised in accordance with the Academy trust's delegated authorities,
- Formal representations obtained from the Board of Directors and the accounting officer acknowledging the responsibilities including disclosing all non compliance with laws and regulations specific to the authorising framework,
- Confirmation that any extra contractual payments such as severance and compensation payments have been appropriately authorised,
- Review of credit card expenditure for any indication of personal use by staff, Chief Executive or Directors,
- Review of specific terms of grant funding within the funding agreement,
- Review of related party transactions for connections with the Chief Executive or Directors,
- Review of income received in accordance with the activities permitted within the Academy trust's charitable objectives.

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 period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant

Alliotts

Dated: 18 December 2018

THE GURU NANAK SIKH ACADEMY LIMITED

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds £	Restricted funds: General £ Fixed asset £	Total 2018 £	Total 2017 £
Income and endowments from:					
Donations and capital grants	3	2,683	8,850	108,212	119,745
Charitable activities:					
- Funding for educational operations	4	296,921	8,950,234	-	9,247,155
Other trading activities	5	13,923	-	-	13,923
Investments	6	6,570	-	-	6,570
Total		<u>320,097</u>	<u>8,959,084</u>	<u>108,212</u>	<u>9,387,393</u>
Expenditure on:					
Charitable activities:					
- Educational operations	9	326,370	9,066,808	209,769	9,602,947
Total	7	<u>326,370</u>	<u>9,066,808</u>	<u>209,769</u>	<u>9,602,947</u>
Net expenditure		(6,273)	(107,724)	(101,557)	(215,554)
Transfers between funds	18	-	(257,588)	257,588	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	20	-	701,000	-	701,000
Net movement in funds		(6,273)	335,688	156,031	485,446
Reconciliation of funds					
Total funds brought forward		781,566	(1,029,938)	6,620,516	6,372,144
Total funds carried forward		<u>775,293</u>	<u>(694,250)</u>	<u>6,776,547</u>	<u>6,857,590</u>

THE GURU NANAK SIKH ACADEMY LIMITED

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

Comparative year information Year ended 31 August 2017		Unrestricted Funds	Restricted funds: General Fixed asset		Total 2017
	Notes	£	£	£	£
Income and endowments from:					
Donations and capital grants	3	332	-	38,872	39,204
Charitable activities:					
- Funding for educational operations	4	306,024	8,609,113	-	8,915,137
Other trading activities	5	12,198	-	-	12,198
Investments	6	15,783	-	-	15,783
Total		<u>334,337</u>	<u>8,609,113</u>	<u>38,872</u>	<u>8,982,322</u>
Expenditure on:					
Charitable activities:					
- Educational operations	9	344,169	8,620,858	179,055	9,144,082
Total	7	<u>344,169</u>	<u>8,620,858</u>	<u>179,055</u>	<u>9,144,082</u>
Net expenditure		(9,832)	(11,745)	(140,183)	(161,760)
Transfers between funds	18	-	(198,981)	198,981	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	20	-	706,000	-	706,000
Net movement in funds		(9,832)	495,274	58,798	544,240
Reconciliation of funds					
Total funds brought forward		791,398	(1,525,212)	6,561,718	5,827,904
Total funds carried forward		<u>781,566</u>	<u>(1,029,938)</u>	<u>6,620,516</u>	<u>6,372,144</u>

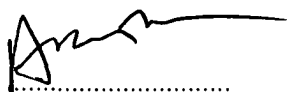
THE GURU NANAK SIKH ACADEMY LIMITED

BALANCE SHEET

AS AT 31 AUGUST 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	13		6,765,470		6,620,516
Current assets					
Stocks	14	923		1,243	
Debtors	15	204,419		168,673	
Cash at bank and in hand		2,312,177		2,746,428	
		<u>2,517,519</u>		<u>2,916,344</u>	
Current liabilities					
Creditors: amounts falling due within one year	16	(695,399)		(1,065,716)	
Net current assets			<u>1,822,120</u>		<u>1,850,628</u>
Net assets excluding pension liability			<u>8,587,590</u>		<u>8,471,144</u>
Defined benefit pension scheme liability	20		(1,730,000)		(2,099,000)
Net assets			<u><u>6,857,590</u></u>		<u><u>6,372,144</u></u>
Funds of the academy trust:					
Restricted funds	18				
- Fixed asset funds			6,776,547		6,620,516
- Restricted income funds			1,035,750		1,069,062
- Pension reserve			(1,730,000)		(2,099,000)
Total restricted funds			<u>6,082,297</u>		<u>5,590,578</u>
Unrestricted income funds	18		<u>775,293</u>		<u>781,566</u>
Total funds			<u><u>6,857,590</u></u>		<u><u>6,372,144</u></u>

The accounts on pages 32 to 56 were approved by the directors and authorised for issue on 18 DEC 2019 and are signed on their behalf by:



Mr A Thakur - Chair

Company Number 07416734

THE GURU NANAK SIKH ACADEMY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Net cash (used in)/provided by operating activities	21		(192,082)		741,626
Cash flows from investing activities					
Dividends, interest and rents from investments		6,570		15,783	
Capital grants from DfE Group		105,985		38,872	
Purchase of tangible fixed assets		(354,724)		(237,853)	
Net cash used in investing activities			(242,169)		(183,198)
Net (decrease)/increase in cash and cash equivalents in the reporting period			(434,251)		558,428
Cash and cash equivalents at beginning of the year			2,746,428		2,188,000
Cash and cash equivalents at end of the year			<u>2,312,177</u>		<u>2,746,428</u>

THE GURU NANAK SIKH ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

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

1.1 Basis of preparation

The accounts 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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

The directors assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts 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 accounts.

1.3 Income

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

Grants

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

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

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

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

THE GURU NANAK SIKH ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

Other income

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

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

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 are allocated on the portion of the asset's use.

All expenditure is net of VAT.

Expenditure on raising funds

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

Charitable activities

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

1.5 Tangible fixed assets and depreciation

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on 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 trust's depreciation policy. 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 each asset on a straight-line basis over its expected useful life, as follows:

Land and buildings	2 - 10% on cost
Computer equipment	25% on cost
Fixtures, fittings & equipment	25% on cost
Motor vehicles	25% on cost

THE GURU NANAK SIKH ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

The school playing fields were acquired under a 125 year lease on a peppercorn basis from the London Borough of Hillingdon and have been capitalised under long leasehold property based on a Governor's valuation as at 1 November 2010. The land and buildings at the Nanaksar Primary School were acquired under an initial three year licensing agreement with the Nanaksar Thath Isher Darbar Trust at a peppercorn rent and this was extended to a 125 year lease during the year. The land and buildings have been included based on a valuation commissioned by the EFA and undertaken by Mouchel dated 31st March 2014.

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

1.6 Liabilities

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

1.7 Leased assets

Rentals payable under operating leases are charged against income on a straight-line basis over the period of the lease.

1.8 Financial instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows.

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.9 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

THE GURU NANAK SIKH ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

1.10 Taxation

The academy trust 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 trust 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.

1.11 Pensions benefits

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

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

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

1.12 Fund accounting

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

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 with restrictions imposed by the funder/donor and include grants from the Education and Skills Funding Agency/Department for Education.

THE GURU NANAK SIKH ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, 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 pension liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Capital grants	-	117,062	117,062	38,872
Other donations	2,683	-	2,683	332
	<u>2,683</u>	<u>117,062</u>	<u>119,745</u>	<u>39,204</u>

THE GURU NANAK SIKH ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
DfE / ESFA grants				
General annual grant (GAG)	-	7,991,507	7,991,507	7,676,685
Start up grants	-	-	-	70,500
Other DfE group grants	-	683,989	683,989	435,381
	-	8,675,496	8,675,496	8,182,566
Other government grants				
Local authority grants	-	154,252	154,252	270,736
Special educational projects	-	1,000	1,000	50,751
	-	155,252	155,252	321,487
Other funding				
Other incoming resources	296,921	119,486	416,407	411,084
Total funding	296,921	8,950,234	9,247,155	8,915,137

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Catering income	7,292	-	7,292	12,198
Sale of equipment and materials	6,631	-	6,631	-
	13,923	-	13,923	12,198

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Short term deposits	6,570	-	6,570	15,783

THE GURU NANAK SIKH ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

7 Expenditure

	Staff costs £	Non Pay Expenditure Premises £	Other £	Total 2018 £	Total 2017 £
Academy's educational operations					
- Direct costs	6,245,349	209,769	367,193	6,822,311	6,873,369
- Allocated support costs	1,524,340	538,422	717,874	2,780,636	2,270,713
	<u>7,769,689</u>	<u>748,191</u>	<u>1,085,067</u>	<u>9,602,947</u>	<u>9,144,082</u>

Net income/(expenditure) for the year includes:

	2018 £	2017 £
Fees payable to auditor for:		
- Audit	11,400	11,200
- Other services	7,400	7,200
Operating lease rentals	99,566	99,566
Depreciation of tangible fixed assets	209,769	179,055
Net interest on defined benefit pension liability	56,000	55,000
	<u>56,000</u>	<u>55,000</u>

8 Central services

No central services were provided by the academy trust to its academies during the year and no central charges arose.

9 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Direct costs				
Educational operations	-	6,822,311	6,822,311	6,873,369
Support costs				
Educational operations	326,370	2,454,266	2,780,636	2,270,713
	<u>326,370</u>	<u>9,276,577</u>	<u>9,602,947</u>	<u>9,144,082</u>

	2018 £	2017 £
Analysis of support costs		
Support staff costs	1,524,340	1,180,409
Technology costs	42,610	33,557
Premises costs	538,422	537,755
Other support costs	620,902	512,937
Governance costs	54,362	6,055
	<u>2,780,636</u>	<u>2,270,713</u>

THE GURU NANAK SIKH ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

10 Staff

Staff costs

Staff costs during the year were:

	2018 £	2017 £
Wages and salaries	5,713,682	5,283,191
Social security costs	573,395	515,732
Pension costs	1,226,567	1,128,492
Staff costs	7,513,644	6,927,415
Agency staff costs	202,318	416,913
Staff development and other staff costs	53,727	59,785
Total staff expenditure	7,769,689	7,404,113

Staff numbers

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

	2018 Number	2017 Number
Teachers	92	84
Administration and support	108	109
Management	11	11
	211	204

Higher paid staff

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

	2018 Number	2017 Number
£60,001 - £70,000	5	1
£70,001 - £80,000	-	1
£80,001 - £90,000	1	-
£170,001 - £180,000	1	1

Key management personnel

The key management personnel of the academy trust comprise the directors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £1,061,144 (2017: £1,111,410).

THE GURU NANAK SIKH ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

11 Directors' remuneration and expenses

The principal and other staff directors only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as directors. Other directors did not receive any payments, other than expenses, from the academy trust in respect of their role as directors. During the year, travel and subsistence payments of £1,405 were paid (2017: £nil) to 3 (2017: no) governors.

The value of directors' remuneration and other benefits was as follows:

R Sandhu (Principal)	
Remuneration	£170,000 - £175,000 (2017: £170,000 - £175,000)
Employer's pension contributions	£nil (2017: £10,000 - £15,000)
P Bhullar (Teacher)	
Remuneration	£25,000 - £30,000 (2017: £25,000 - £30,000)
Employer's pension contributions	£0 - £5,000 (2017: £0 - £5,000)
G Sidhu (Teacher)	
Remuneration	£40,000 - 45,000 (2017: £35,000 - £40,000)
Employer's pension contributions	£5,000 - £10,000 (2017: £5,000 - £10,000)
J Sidhu (Assistant Principal)	
Remuneration	£55,000 - 60,000 (2017: £55,000 - 60,000)
Employer's pension contributions	£5,000 - £10,000 (2017: £5,000 - £10,000)

Other related party transactions involving the directors are set out within the related parties note.

12 Directors and officers insurance

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

THE GURU NANAK SIKH ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

13 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 September 2017	6,775,237	235,817	159,183	2,833	7,173,070
Additions	172,300	99,162	83,262	-	354,724
At 31 August 2018	6,947,537	334,979	242,445	2,833	7,527,794
Depreciation					
At 1 September 2017	311,051	152,452	87,635	1,416	552,554
Charge for the year	84,371	69,385	55,305	709	209,770
At 31 August 2018	395,422	221,837	142,940	2,125	762,324
Net book value					
At 31 August 2018	6,552,115	113,142	99,505	708	6,765,470
At 31 August 2017	6,464,186	83,365	71,548	1,417	6,620,516

THE GURU NANAK SIKH ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

13 Tangible fixed assets

(Continued)

In 2011 the academy trust signed a 125 year lease agreement for playing fields, at a peppercorn rent, with the London Borough of Hillingdon. The cost included above is based on a governors' valuation.

The academy trust also signed an initial 3 year lease with the Nanaksar Thath Isher Darbar Trust, a registered charity and connected party, for the academy trust's land and buildings at a peppercorn rent. During the year an agreement for a 125 year lease has been entered into. This freehold land and academy trust buildings are owned by the Trust, and therefore have not been transferred to the academy trust. Both the Trust and The Secretary of State for Education have registered legal charges over the property.

14	Stocks	2018 £	2017 £
	Catering stock	923	1,243
		<u>923</u>	<u>1,243</u>
15	Debtors	2018 £	2017 £
	Trade debtors	14,064	12,076
	VAT recoverable	79,544	50,539
	Other debtors	9,770	50,065
	Prepayments and accrued income	101,041	55,993
		<u>204,419</u>	<u>168,673</u>
16	Creditors: amounts falling due within one year	2018 £	2017 £
	Trade creditors	284,160	99,948
	Other taxation and social security	151,564	137,329
	ESFA creditors	3,015	545,047
	Other creditors	20,806	9,353
	Accruals and deferred income	235,854	274,039
		<u>695,399</u>	<u>1,065,716</u>

THE GURU NANAK SIKH ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

17	Deferred income	2018 £	2017 £
	Deferred income is included within:		
	Creditors due within one year	209,211	225,685
	Deferred income at 1 September 2017	225,685	212,149
	Released from previous years	(225,685)	(212,149)
	Resources deferred in the year	209,211	225,685
	Deferred income at 31 August 2018	209,211	225,685

At the balance sheet date the academy trust was holding funds received in advance from ESFA and DfE, such as rates relief and pupil premium.

18	Funds	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
	Restricted general funds					
	General Annual Grant (GAG)	1,069,062	7,991,507	(7,767,231)	(257,588)	1,035,750
	Other DfE / ESFA grants	-	692,839	(692,839)	-	-
	Other government grants	-	155,252	(155,252)	-	-
	Other restricted funds	-	119,486	(119,486)	-	-
	Pension reserve	(2,099,000)	-	(332,000)	701,000	(1,730,000)
		(1,029,938)	8,959,084	(9,066,808)	443,412	(694,250)
	Restricted fixed asset funds					
	Transfer on conversion	5,984,320	-	(62,040)	-	5,922,280
	DfE group capital grants	610,894	108,212	(147,729)	-	571,377
	Capital expenditure from GAG	25,302	-	-	257,588	282,890
		6,620,516	108,212	(209,769)	257,588	6,776,547
	Total restricted funds	5,590,578	9,067,296	(9,276,577)	701,000	6,082,297
	Unrestricted funds					
	General funds	781,566	320,097	(326,370)	-	775,293
	Total funds	6,372,144	9,387,393	(9,602,947)	701,000	6,857,590

THE GURU NANAK SIKH ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

18 Funds

(Continued)

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

General Annual Grant: This fund is for the purpose of running the academy trust in accordance with the Funding Agreement with the Secretary of State and along guidelines as set out in the Academies Financial Handbook.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

Other DfE/ESFA grants: This fund has also arisen from funding received from the Department for Education and the Education and Skills Funding Agency for the furtherance of the academy trust's activities that are not funded through the General Annual Grant.

Other government grants: This fund has also arisen from funding received for the furtherance of the academy trust's activities that are not funded through the General Annual Grant.

Other restricted fund: This restricted fund has arisen from other income that the academy trust has received. The monies have to be used for the benefit of the academy trust but there are no restrictions on when these monies can be spent.

Pension reserve: This liability has arisen from the Local Government Pension Scheme, which was inherited by the academy trust on conversion. See note 20 for further details on this liability.

Restricted fixed asset funds: These funds have arisen from fixed assets inherited upon conversion and from the subsequent purchases of new assets for use by the academy trust. All assets held are specifically for the use of the academy trust.

Unrestricted funds: These have arisen from activities carried out by the academy trust for raising funds and are unrelated to any form of government assistance and therefore the academy trust can choose to spend it however it chooses.

THE GURU NANAK SIKH ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

18 Funds

(Continued)

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

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant (GAG)	844,543	7,676,685	(7,418,430)	(33,736)	1,069,062
Start up grants	-	70,500	(70,500)	-	-
Other DfE / ESFA grants	-	435,381	(435,381)	-	-
Other government grants	-	321,487	(321,487)	-	-
Other restricted funds	165,245	105,060	(105,060)	(165,245)	-
Pension reserve	(2,535,000)	-	(270,000)	706,000	(2,099,000)
	<u>(1,525,212)</u>	<u>8,609,113</u>	<u>(8,620,858)</u>	<u>507,019</u>	<u>(1,029,938)</u>
Restricted fixed asset funds					
Transfer on conversion	6,046,360	-	(62,040)	-	5,984,320
DfE group capital grants	515,358	38,872	(108,581)	165,245	610,894
Capital expenditure from GAG	-	-	(8,434)	33,736	25,302
	<u>6,561,718</u>	<u>38,872</u>	<u>(179,055)</u>	<u>198,981</u>	<u>6,620,516</u>
Total restricted funds	<u>5,036,506</u>	<u>8,647,985</u>	<u>(8,799,913)</u>	<u>706,000</u>	<u>5,590,578</u>
Unrestricted funds					
General funds	<u>791,398</u>	<u>334,337</u>	<u>(344,169)</u>	<u>-</u>	<u>781,566</u>
Total funds	<u>5,827,904</u>	<u>8,982,322</u>	<u>(9,144,082)</u>	<u>706,000</u>	<u>6,372,144</u>

THE GURU NANAK SIKH ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

18 Funds

(Continued)

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	844,543	15,668,192	(15,185,661)	(291,324)	1,035,750
Start up grants	-	70,500	(70,500)	-	-
Other DfE / ESFA grants	-	1,128,220	(1,128,220)	-	-
Other government grants	-	476,739	(476,739)	-	-
Other restricted funds	165,245	224,546	(224,546)	(165,245)	-
Pension reserve	(2,535,000)	-	(602,000)	1,407,000	(1,730,000)
	<u>(1,525,212)</u>	<u>17,568,197</u>	<u>(17,687,666)</u>	<u>950,431</u>	<u>(694,250)</u>
Restricted fixed asset funds					
Transfer on conversion	6,046,360	-	(124,080)	-	5,922,280
DfE group capital grants	515,358	147,084	(256,310)	165,245	571,377
Capital expenditure from GAG	-	-	(8,434)	291,324	282,890
	<u>6,561,718</u>	<u>147,084</u>	<u>(388,824)</u>	<u>456,569</u>	<u>6,776,547</u>
Total restricted funds	<u>5,036,506</u>	<u>17,715,281</u>	<u>(18,076,490)</u>	<u>1,407,000</u>	<u>6,082,297</u>
Unrestricted funds					
General funds	<u>791,398</u>	<u>654,434</u>	<u>(670,539)</u>	<u>-</u>	<u>775,293</u>
Total funds	<u>5,827,904</u>	<u>18,369,715</u>	<u>(18,747,029)</u>	<u>1,407,000</u>	<u>6,857,590</u>

Total funds analysis by academy

	2018 £	2017 £
Fund balances at 31 August 2018 were allocated as follows:		
Guru Nanak Sikh Academy	916,577	1,100,653
Nanaksar Primary School	894,466	749,975
Total before fixed assets fund and pension reserve	<u>1,811,043</u>	<u>1,850,628</u>
Restricted fixed asset fund	6,776,547	6,620,516
Pension reserve	(1,730,000)	(2,099,000)
Total funds	<u>6,857,590</u>	<u>6,372,144</u>

THE GURU NANAK SIKH ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

18 Funds

(Continued)

Total cost analysis by academy

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	2018	2017
	£	£	£	£	£	£
Guru Nanak Sikh Academy	5,650,650	980,261	132,405	1,260,239	8,023,555	7,649,782
Nanaksar Primary School	762,148	70,148	10,016	195,311	1,037,623	1,045,247
	<u>6,412,798</u>	<u>1,050,409</u>	<u>142,421</u>	<u>1,455,550</u>	<u>9,061,178</u>	<u>8,695,029</u>

19 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	6,765,470	6,765,470
Current assets	775,293	1,731,149	11,077	2,517,519
Creditors falling due within one year	-	(695,399)	-	(695,399)
Defined benefit pension liability	-	(1,730,000)	-	(1,730,000)
Total net assets	<u>775,293</u>	<u>(694,250)</u>	<u>6,776,547</u>	<u>6,857,590</u>

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	6,620,516	6,620,516
Current assets	781,566	2,134,778	-	2,916,344
Creditors falling due within one year	-	(1,065,716)	-	(1,065,716)
Defined benefit pension liability	-	(2,099,000)	-	(2,099,000)
Total net assets	<u>781,566</u>	<u>(1,029,938)</u>	<u>6,620,516</u>	<u>6,372,144</u>

THE GURU NANAK SIKH ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

20 Pension and similar obligations

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

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 2012 and that of the LGPS related to the period ended 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' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS 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 the TPS in the period amounted to £620,022 (2017: £581,279).

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

THE GURU NANAK SIKH ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

20 Pension and similar obligations

(Continued)

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 20.4 to 22.4% for employers and 5.5 to 12.5% 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.

Total contributions made	2018 £	2017 £
Employer's contributions	348,000	325,000
Employees' contributions	95,000	92,000
Total contributions	443,000	417,000

Principal actuarial assumptions	2018 %	2017 %
Rate of increase in salaries	2.7	2.8
Rate of increase for pensions in payment/inflation	2.3	2.4
Discount rate for scheme liabilities	2.8	2.5
Inflation assumption (CPI)	2.4	2.1

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

	2018 Years	2017 Years
Retiring today		
- Males	22.6	22.6
- Females	24.6	24.6
Retiring in 20 years		
- Males	24.0	24.0
- Females	26.5	26.5

THE GURU NANAK SIKH ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

20 Pension and similar obligations

(Continued)

Scheme liabilities would have been affected by changes in assumptions as follows:

	2018	2017
	£	£
Discount rate + 0.1%	(164,000)	(156,000)
Discount rate - 0.1%	164,000	156,000
Mortality assumption + 1 year	153,000	131,000
Mortality assumption - 1 year	(153,000)	(131,000)
CPI rate + 0.1%	127,000	116,000
CPI rate - 0.1%	(127,000)	(116,000)

The academy trust's share of the assets in the scheme

	2018	2017
	Fair value	Fair value
	£	£
Equities	1,875,000	2,033,000
Bonds	1,072,000	787,000
Cash	421,000	66,000
Property	459,000	393,000
Total market value of assets	3,827,000	3,279,000

The actual return on scheme assets was £138,000 (2017: £(521,000)).

Amount recognised in the Statement of Financial Activities

	2018	2017
	£	£
Current service cost	624,000	540,000
Interest income	(87,000)	(76,000)
Interest cost	143,000	131,000
Total operating charge	680,000	595,000

Changes in the present value of defined benefit obligations

	2018	2017
	£	£
At 1 September 2017	5,378,000	5,956,000
Current service cost	624,000	540,000
Interest cost	143,000	131,000
Employee contributions	95,000	92,000
Actuarial gain	(650,000)	(1,303,000)
Benefits paid	(33,000)	(38,000)
At 31 August 2018	5,557,000	5,378,000

THE GURU NANAK SIKH ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

20 Pension and similar obligations	(Continued)	
Changes in the fair value of the academy trust's share of scheme assets	2018	2017
	£	£
At 1 September 2017	3,279,000	3,421,000
Interest income	87,000	76,000
Actuarial (gain)/loss	51,000	(597,000)
Employer contributions	348,000	325,000
Employee contributions	95,000	92,000
Benefits paid	(33,000)	(38,000)
At 31 August 2018	<u>3,827,000</u>	<u>3,279,000</u>
21 Reconciliation of net expenditure to net cash flow from operating activities	2018	2017
	£	£
Net expenditure for the reporting period (as per the Statement of Financial Activities)	(215,554)	(161,760)
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(117,062)	(38,872)
Investment income receivable	(6,570)	(15,783)
Defined benefit pension costs less contributions payable	276,000	215,000
Defined benefit pension net finance cost	56,000	55,000
Depreciation of tangible fixed assets	209,769	179,055
Decrease/(increase) in stocks	320	(138)
(Increase)/decrease in debtors	(24,668)	262,486
(Decrease)/increase in creditors	(370,317)	246,638
Net cash (used in)/provided by operating activities	<u>(192,082)</u>	<u>741,626</u>
22 Commitments under operating leases		
At 31 August 2018 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:		
	2018	2017
	£	£
Amounts due within one year	11,709	11,709
Amounts due in two and five years	32,198	43,907
	<u>43,907</u>	<u>55,616</u>

THE GURU NANAK SIKH ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

23 Capital commitments

	2018 £	2017 £
Expenditure contracted for but not provided in the accounts	16,541	-

24 Related party transactions

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

The academy trust has been occupying property at Springfield Road, Hayes, Middlesex UB4 0LT which is owned by the Nanaksar Thath Isher Darbar Trust at peppercorn rent under a 125 year lease. In previous years, the academy trust invoiced the Nanaksar Thath Isher Darbar Trust for the reclaim of past costs paid to/on behalf of the Nanaksar Thath Isher Darbar Trust of £205,148 and the Trust has invoiced Guru Nanak Sikh Academy for costs totalling £107,751, leaving a balance of £97,397 outstanding. A repayment plan was agreed in 2016 and £47,731 has been received in the year, leaving no balance due at the year end.

In entering into these transactions, the academy trust has complied with the requirements of the Academies Financial Handbook 2018.

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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.