



Statement of Accounting Policies

Date of Review: June 2019
Approved by: Trust Board
Next Review Date: June 2022
Policy Author: Director of Finance

Basis of Preparation

The financial statements are prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Statement of Recommended Practice: Accounting and Reporting by Charities, the Academies Accounts Direction issued by the ESFA, and the Companies Act 2006.

The principal accounting policies, which are applied consistently, are set out below.

Going Concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

This assessment will be carried out and recorded in the minutes of the Autumn Term each year.

Incoming Resources

All incoming resources are recognised when the Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

- **Grants receivable**

Grants are included in the Statement of Financial Activities ("SOFA") on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

- **Donations**

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

- **Other income**

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

- **Donated services and gifts in kind**

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

Resources Expended

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

- **Costs of generating funds**

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

- **Charitable activities**

These are costs incurred on the Trust's educational operations.

- **Governance costs**

These include the costs attributable to the Trust's compliance with constitutional and statutory requirements, including audit, strategic management, meetings of Trustees and Governors, and reimbursed expenses.

Tangible Fixed Assets

Assets costing £1,000 or more individually or as a group 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 SOFA and carried forward in the Balance Sheet.

Depreciation on such assets is charged to the restricted fixed asset fund in the SOFA 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.

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 lives, as follows:

- Long leasehold buildings and improvements 10 – 125 years
- Fixtures, fittings and equipment 5 years
- ICT equipment 3 years
- Motor Vehicles 5 years

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

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 SOFA.

Leased Assets

Rentals under operating leases are charged on straight line basis over the lease term.

Taxation

The 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 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.

Pensions Benefits

Retirement benefits to employees of the 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 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 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. The TPS is a multi employer scheme and the Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the 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 method, 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 current service costs, gains and losses on settlements and curtailments

are charged to operating surplus, as part of staff costs. Past service costs are recognised immediately in the SOFA if the benefits have vested or, if the benefits have not vested immediately, they are recognised over the period until vesting occurs. The net amount of interest calculated on the scheme assets and future obligations is also recognised in the SOFA.

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

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 Trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Skills Funding Agency and the Department for Education where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education Skills Funding Agency.

Treatment of New Schools Joining the Trust

The transfer of a new school into the Trust typically involves the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and is accounted for under the acquisition accounting method.

The assets transferred are valued at their depreciated replacement value, being a reasonable estimate of what the school could expect to pay for a similar provision, calculated in accordance with the Trust's accounting policies. The amounts are recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as a gift or as net expenditure in other resources expended from the SOFA and analysed under unrestricted, restricted general and restricted fixed asset funds.