

ACCOUNTING POLICY



WHERE LEARNING IS UNSTOPPABLE AND ASPIRATIONS HAVE NO LIMITS

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Trust Address: Halifax Primary School
Prince of Wales Drive
Ipswich
IP2 8PY

Registered in England and Wales, Company Number: 10650092

Accounting Policies

For the period ended 31st August 2018

1.1. Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included in market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" 2015, the Academies Accounts Direction issued by the EFA, applicable accounting standards and the Companies Act 2013. The Academy Trust Accounts are produced and audited for the twelve month accounting period ending 31st August 2017.

1.2. Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the objects of the 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 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 Department for Education.

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

1.3. Recognition of Incoming resources

All incoming resources are included in the Statement of Financial Activities (SOFA) on a receivable basis.

- Grants are included in the 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 are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.
- Sponsorship income provided to the Academy which amounts to a donation will be recognised in the SOFA in the period in which it is receivable. Any sponsorship money received with no restriction on its use will be credited to the unrestricted fund in the SOFA.
- Donated services and gifts in kind; the value of donated services and gifts in kind provided to the academy trust will be recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. An equivalent amount will be included as expenditure under the relevant heading in the SOFA, except where the gift in kind is a fixed asset in which case the amount will be included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's policies.
- Other income, including catering income and fees for breakfast clubs etc. will be recognised in the period it is receivable.

1.4. Resources expended

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

- Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.
- Charitable activities are costs incurred in the trust's educational operations.
- Governance costs include the costs attributable to the trust's compliance with constitutional and statutory requirements, including audit, strategic management and trust's meetings and reimbursed expenses.
- Resources will be recorded net of VAT with the exception of business costs where VAT is irrecoverable. They will be classified under headings that aggregate all costs relating to the activity.

1.5. Going concern

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

1.6. Accounting for fixed assets and depreciation

All individual assets costing more than £1,000 are capitalised and will be 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 are carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the SOFA to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy's depreciation policy.

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 in the Statement of Financial Activities.

Depreciation will be provided on tangible fixed assets other than freehold land at rates calculated to write off the cost of fixed assets on a straight line basis over its expected useful lives on the following basis. Buildings under construction will only be depreciated once completed.

- L/Term Leasehold Property - over the period of the lease (generally 125 years)
- Land 2% straight line 50 years and consider revaluation
- Motor vehicles 40% year 1 then 10% per annum straight line
- Fixtures, fittings and equipment 20% per annum straight line
- ICT equipment 20% per annum straight line

1.7. Taxation

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

1.8. Pensions

Retirement benefits to employees of the academy are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). There are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme (SERPS), and the assets are held separately from those of the academy.

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

The LGPS is a funded scheme and the assets are held separately from those of the academy 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 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 services costs and gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the SOFA if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

1.9. Conversion to an academy trust

The conversion from state maintained schools into the trust involved the transfer of identifiable assets and liabilities and the operation of the school as a gifted asset and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion into the trust have been valued at their fair value, being a reasonable estimate of the current market value that the trustees would expect to pay in an open market for an equivalent item. The fair value is in accordance with the accounting policies set out for the academy. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the SOFA and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

The land and buildings are held on a 125 year lease from the Department for Education.

2.1. Investments

The Academy does not currently hold any investments

The Academy holds its cash balances within a business current account and a 32 day notice account with its main bank. This provider is subject to periodic tenders and is restricted to UK regulated and registered high street banks.