

All Saints Schools Trust



ASST Accounting Policy 2023-24

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Background

The purpose of this policy and associated procedures is to ensure that All Saints Schools Trust ("the Trust") maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of the Trust's Funding Agreement with the Department for Education (DfE).

The policy covers the basis of accounting and preparation of financial statements.

This policy relates to all the Trust's academies. Adherence to the principles and procedures contained in this policy is mandatory for all staff.

This policy is designed to be consistent with:

- Companies Act 2006
- Accounting standards
- Charities SORP 2015;
- Academies Accounts Direction (ESFA).

This policy is to be read in conjunction with the main Trust Financial Regulation Policy and also to the Fixed Asset Policy.

Basis of Accounting and Preparation of Financial Statements

The financial statements will be prepared under the historical convention in accordance with applicable United Kingdom standards, the Charity Commission 'Statements of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2015'), the Academies Accounting Direction issued by the ESFA and the Companies Act 2006. A summary of the principal accounting policies that will be applied are set out below.

The Academy Trust accounts are produced and audited for the twelve-month accounting period ending on 31 August.

Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are 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.

Incoming Resources

All incoming resources are recognised when the academy 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 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.

The General Annual Grant (GAG) from the ESFA, which is intended to meet recurrent costs, is recognised in full in the year for which it is receivable and any unspent amount is reflected in the relevant funds on the balance sheet. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Other grants from government agencies are recognised in the period in which they are receivable to the extent the conditions of funding have been met. 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.

Capital grants are recognised as voluntary income on a receivable basis to the extent that there is an entitlement.

- 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 is certainty of receipt and it is measurable.
- Donations - are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.
- Other Income – also including the hire of facilities, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of service.
- Donated Goods, Facilities and Services

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

- Interest Receivable - is included in the Statement of Financial Activities on a receivable basis and is stated inclusive of related tax credits.

Resources Expended

All expenditure is recognised in the period in which a liability is incurred and has 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 on the academy trust's educational operations.
- Governance costs - include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £2,500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. There is a separate Fixed Asset Policy that details procedures with regard to assets within the Trust.

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 the 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.

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 Statement of Financial Activities.

Other assets and investments

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

The Trust does not hold any investments at the current time – the accounting policy will be determined when the need arises.

Stock – utilities stock will be valued at cost; unsold uniform stocks are valued at the lower of cost or net realisable value.

Any software licences that extend beyond one year and have been capitalised as fixed with be classified as ‘intangible’ rather than ‘tangible’.

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of 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 or services it must provide.

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.

Related party transactions

Any transactions involving a trustee, de-facto trustee, or other related party must always be regarded as material transactions, potentially meaning further disclosures. This are to comply with the regulations contained in the Financial Trust Handbook 2023.

The terms and conditions of any related party transactions must be disclosed. A related party transaction should not be described as ‘at arm’s length’ unless this can be substantiated.

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 General Funds are resources subject to specific restrictions imposed by funders or donors and include grants from ESFA and DfE.

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.

In accordance with FRS102 SORP (2015) one-sided funds transfers are prohibited. This approach rules out one-sided transfers as a mechanism for dealing with the acquisition of, or transfer to, trusts to and from another charity. Relevant acquisition or merger accounting will be used in such circumstances.

Loans between funds are not permitted. Transfers between funds and can only be made where the purposes of the trusts are sufficiently similar to allow such payments.

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 a 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. TPS is a multi-employer scheme and the Academy 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 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 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 gains and losses on settlements and curtailments. They are included as part of staff costs.

Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until 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.

Review of Policy

The policy will be reviewed annually in line with the Academies Accounts Direction or sooner if warranted by internal or external events or changes. The trust board must approve all changes.

All Saints Schools Trust and its Local Governing Bodies are committed to ensuring consistency of treatment and fairness, and will abide by all relevant equality legislation.