
ACCOUNTING POLICY



RÆDWALD
T · R · U · S · T

RATIFIED BY THE TRUST BOARD IN:
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ACCOUNTING POLICY

Person responsible for this policy:	Angela Ransby
Policy author:	Debbie Spencer
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CEO Signature:	Angela Ransby
Trust Board Signature:	Roger Fern

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1. Basis of Preparation

The financial statements will be 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 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006. A summary of the principal accounting policies, which will be applied consistently, except where noted, is set out below. Raedwald Trust constitutes a public benefit entity as defined by FRS 102.

2. Going Concern

The trust board will assess whether the use of the “going concern principle” is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The trustees will make the assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements 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.

3. Recognition of Incoming Resources

These will be on a receivable basis.

Grants Receivable will be 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 will be shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition will be deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income will be accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities incorporating Income and Expenditure Account in the year 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 when there is entitlement 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.

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 Academy Trust's policies.

Other income, including catering income and fees will be recognised in the period it is receivable.

4. Resources Expended

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, support costs which are not attributable to a single activity & central staff costs are apportioned between those activities on a basis consistent with proportion of income received for place funding & high needs top up funding.

Costs of generating funds - These will be costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities – These will be costs incurred on the Academy Trust's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

Governance Costs will include the costs attributable to the trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustee/local governing body 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 that activity.

5. Accounting for Fixed Assets

Assets costing £1,000 or more will be capitalised as tangible fixed assets and will be carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets are acquired with the aid of specific grants, either from the government or from the private sector, they will be included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants will be credited to a restricted fixed asset fund in the SOFA and carried forward in the Balance Sheet. Depreciation on such assets will be 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.

6. Depreciation

Depreciation will be provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset, less their estimated residual value, over its expected useful lives, as follows:

Freehold buildings	- 2% straight line
Leasehold land	- over the term of the lease being 125 years
Leasehold property	- at various terms between 35 & 50 years straight line
Fixtures, fittings and equipment	- 10% to 20% straight line
ICT equipment	- 10 to 33% straight line
Motor Vehicles	- 10% straight line

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

A review for impairment of a fixed asset will be 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 incorporating Income & Expenditure Account.

7. Leased Assets

Rentals under operating leases will be charged on a straight line basis over the lease term.

8. Investments

The Academy does not hold any investments at the current time. The investment policy was approved by the trust board in September 2016.

9. Stock

Stock will be valued at lower of cost or net realisable value after making due allowance for obsolete & slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

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.

11. Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

12. 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, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), 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 prospective unit credit method. The 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 in the period to which they relate.

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 will be obtained at least triennially and will be updated at each balance sheet date. The amounts charged to operating surplus will be the current service costs and the cost of scheme introductions, benefit changes and gains and losses on settlements and curtailments. They will be 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 until vesting occurs. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities incorporating Income and Expenditure Account 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. Actuarial gains and losses will be recognised immediately in other gains and losses.

13. Redundancy and termination payments

Redundancy and termination costs are recognised as an expense in the Statement of Financial Activities and a liability on the Balance Sheet immediately at the point the Academy Trust is demonstrably committed to either: terminate the employment of an employee or group of employees before normal retirement date; or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy. The Trust is considered to be demonstrably committed only when it has a detailed formal plan for the termination and is without realistic possibility of withdrawal from the plan.

14. 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.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education & Skills Funding Agency or other 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 and include grants from the Department for Education.

This Policy was reviewed by the Trust Board and must be signed by the Chair of Trust Board and Chief Executive Officer.