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POLICY No F1	ACCOUNTING POLICIES
STATUS/DATE OF THIS VERSION	Reviewed by Finance & Audit Committee 2nd October 2025
APPROVED BY	
RATIFIED BY	
REVIEW	September 2026

Basis of preparation - The financial statements will be prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction and the Companies Act 2006. A summary of the principal accounting policies, which will be applied consistently, except where noted, is set out below.

Going Concern – The Academies Accounts Direction requires academy trustees to produce a statement on the academy trust's ability to continue to operate as a going concern, including disclosure of any financial uncertainties facing it. The requirement derives from Financial Reporting Council's Guidance on Going Concern which states what should happen when a business does not prepare accounts on a going concern basis or when there are material uncertainties casting significant doubt upon its ability to continue to adopt the going concern basis of accounting. Provided this is the case, it is not necessary for assets to be valued on an impaired basis (because it is thought that the business is going to be wound up). By making this judgement, the academy trust justifies deferring recognition of certain expenses (such as payments required to pay down a pension deficit) until a later period when the academy trust will, presumably, still be operational. The threshold for departing from the going concern basis of accounting is very high, as there are often alternatives to winding up. However, it should be emphasised that the decision as to whether the accounts should be prepared on a going concern basis is a matter for the academy trustees. They prepare the accounts and then present them to the auditors who may, or may not, concur.

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.
- 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 Trust/School 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 will be recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the School 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 depreciation policies below.
- Other income will be recognised in the period it is receivable.

All expenditure will be recognised in the period in which a liability is incurred and will be classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings, they will be 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 will be allocated based on the spread of staff costs.

- 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 Trust/School's educational operations.
- Governance Costs will include the costs attributable to compliance with constitutional and statutory requirements, including audit, Trustee and Governors' meetings and reimbursed expenses.
- Resources will be recorded net of VAT, except for business costs where VAT is irrecoverable. They will be classified under headings that aggregate all costs relating to that activity.

Accounting for fixed assets -
Assets or groups of assets costing £5,000 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 to reduce the fund over the useful economic life of the related asset on a basis consistent with the depreciation policies (see below).

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 on a straight-line basis over its expected useful lives, as follows:
Freehold buildings 2%
Land 0%
Fixtures, fittings and equipment 25%
ICT equipment (except servers) 33%
Servers 10%
Motor Vehicles 10%
Longer life fixtures and fittings 10%
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.

Leased Assets
Rentals under operating and finance leases will be charged on a straight-line basis over the lease term.

Investments

See Reserves and Investment Policy

Stock

Stocks will be valued at cost.

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.

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 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 based on quinquennial valuations using a prospective benefit method. As stated in Note 27, 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 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 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 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. The expected return on assets and the interest cost will be shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses will be 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 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 and include grants from the Education and Skills Funding Agency.