ACCOUNTING POLICY

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Approved By	Hamwic Trust Board of Directors
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ACCOUNTING POLICY

This document sets out the basis under which the Trust will prepare financial statements.

For the purpose of this document the Trust refers to the Hamwic Trust and all Multi Academy Trusts (MATs).

Basis of preparation of financial statements
The financial statements will be prepared under the historic cost convention, with the exception of investments which are included at market value. Financial statements will be prepared in accordance with the Statement of Recommended Practice (SORP), the Academies Accounts Direction, applicable accounting standards and the Companies Act 2016.

Fund accounting
Unrestricted income funds represent those resources which may be used towards meeting any of the charitable 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 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 Department for Education (DfE).

Going concern
The trustees will 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 will 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 will be included in the Statement of Financial Activities (SOFA) when the Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants receivable
Grants will be included in the 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 fund on balance sheet. When 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 Grants (GAG) will be recognised in full in the year for which it is receivable and any unspent amount will be reflected as a balance in the restricted fund.

Capital grants will be recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant will be reflected in the balance in the restricted fixed asset fund.

Sponsorship income
Sponsorship income provided to the Trust which amounts to a donation will be recognised in the SOFA in the period in which it is receivable, where there is certainty of receipt and it is measureable.

Donated services and gifts in kind
The value of donated services and gifts in kind provided to the 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 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 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 this policy.

Donations
Donations will be 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, will be recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of service.

Resources expended
Expenditure will be 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 will be allocated on a basis consistent with the use of resources, with central staff 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
Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities
Charitable activities are costs incurred in the Trust's educational operations.

Governance costs
Governance costs include the costs attributable to the Trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

All resources expended will be inclusive of irrecoverable VAT.

Tangible fixed assets and depreciation
Assets costing £3,000 or more will be 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 will be credited to a restricted fixed asset fund in the SOFA and will be 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 Trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets will be charged to the unrestricted fund.

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 life, as follows:
- Freehold property – 50 years
- Motor vehicles – 5 years
- Fixtures and fittings – 5 years
- Computer equipment – 5 years

A review for impairment of a fixed asset will be carried out if events or changed 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 will be recognised as impairments. Impairment losses will be recognised in the SOFA.

Operating leases
Rentals under operating leases will be charged to the SOFA on a 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
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 us 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 quinquennial valuations using a prospective benefit method. 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 will be 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 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 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.

Conversion to an academy trust
As a multi-academy trust, new schools join the trust from time to time.

The conversion from a state maintained school to an academy trust involves the transfer of identifiable assets and liabilities and the operation of the school for £Nil consideration and will be accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion will be 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 amounts will be recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the SOFA and analysed under unrestricted funds, restricted funds, restricted general funds and restricted fixed asset funds.