



**THIS POLICY COVERS ALL ACADEMIES/SCHOOLS WITHIN
ARDEN MULTI-ACADEMY TRUST**

Name of Policy	Accounting Policy	
Lead	Martin Murphy, CEO	
Trustee Committee	Audit & Risk Committee	
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Amendments	Audit & Risk committee – 15/7/2020 (minor amendments made by CFO)	
	Audit & Risk Committee – 04/12/2024 (minor amendments made by CFO)	
	Audit & Risk Committee – 03/12/2025 (minor amendments made by CFO)	



1. Aims

These accounting policies aim to set out the principles, bases, conventions and rules by which transactions and items are recognised, measured and presented in the Trust's accounts.

2. Legislation and statutory requirements

The Department for Education (DfE) requires academy trusts to prepare their financial statements according to UK Generally Accepted Accounting Practice (UK GAAP) and this assumption must be disclosed in the notes to the annual accounts under the heading of 'accounting policies'.

The accounting policies have also been written in line with the requirements of:

- The Academy Trust Handbook
- The [Academies Accounts Direction](#)

The Academies Accounts Direction is based the Charities Statement of Recommended Practice, Financial Reporting Standards and other relevant guidance to academy trusts. It supplements the Academy Trust Handbook ("the Handbook") and has the same status in that it derives from requirements set out in academy trusts' funding agreements with the Secretary of State for Education.

A summary of the principal accounting policies, which are applied consistently, except where noted, is set out below.

3. Roles and responsibilities

Academy trustees

The Board of Trustees is required to approve the Trust's accounting policies, which are incorporated within the annual report and accounts.

As per the Academies Accounts Direction, the trustees also review these policies regularly, and only implement new policies where:

- This is required by Financial Reporting Standards or
- This is judged to provide reliable and more appropriate and relevant information about the effect of transactions, other events or conditions that affect the financial position, performance or cash flow of the Trust.

The Board of Trustees ensures that the Trust's accounting policies are being applied consistently across the academies within the Trust.

4. Basis of preparation

The financial statements are prepared under the accruals convention using historical cost as the basis for asset evaluation.

In accordance with requirements, the financial statements reflect that the trust is a public benefit entity and contain a balance sheet, a statement of financial activities and explanatory notes. The accounts are prepared and audited in line with:

- Financial Reporting Standard
- The current regulations and requirements of the DfE, including the Academies Accounts Direction
- The Charities Statement of Recommended Practice

➤ Applicable charity and company law

The trustees are required to ensure that the Trust's accounts are prepared in compliance with the Companies Act. A departure from any of these basic accounting principles will require disclosure notes in the accounts together with the reasons for the departure.

The Accounting Officer is responsible for ensuring that all reasonable controls are in place.

Overall, the accounts must always give a true and fair view. This will be determined by the appointed auditors.

5. Accruals concept

All income and expenditure for the period to which the accounts relate are included in those accounts.

At year end, a de-minimis of £100 is applied for both sundry creditors and sundry debtors.

Where an individual invoice or receipt is less than £100 then no provision is made. This is to minimise the number of sundry transactions.

In preparation for year-end an exercise is completed to ensure all invoices and debts are settled to minimise the necessity for provisions.

6. Liabilities

Liabilities are shown in the balance sheet where goods or services have been received but the payment has not been made during that period. Subject to the de-minimis value agreed, the value is that identified on the order or invoice or other contractual documentation.

7. Provisions

Provisions are shown in the balance sheet for obligations such as pension contributions, tax liabilities or other payments to similar funds or bodies where the payment has been deferred.

8. Financial instruments

The Trust only holds basic financial instruments as defined in FRS 102.

The financial assets and financial liabilities of the Trust are as follows:

- Cash at bank, including all current and deposit accounts belonging to the Trust
- Cash in hand, including any petty cash interest and monies not yet banked
- Financial debtors, including all monies owing to the Trust
- Financial liabilities, including all current commitments of the Trust in terms of unpaid invoices and debts

9. Historical cost convention

The revenue, costs, and any assets bought by the trust are recognised in the accounts at the original cost regardless of present value except for Land and Buildings when revaluations are available.

10. Going concern

The accounts are prepared on the assumption that the Trust will continue to function in the future and is therefore a going concern.

The trustees will assess if 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 the assessment in respect of a period of one year from the date of the approval of the financial statements. If no such material uncertainties apply, then this will be stated.

11. Consistency

The trustees have agreed on suitable accounting policies for depreciation of business assets, foreign exchange translation and accounting for stock valuation. These are applied consistently across the Trust and over comparative financial years.

12. Prudence

The accounts are prepared prudently. This means that only realised transactions are included in the income and expenditure statements. For example, income is included only where it is either received or its receipt is certain and applicable within the period.

Debts are considered and only written off in accordance with DfE regulations.

13. Netting off

Items are not netted off in the accounts. The accounting system identifies all transactions and the financial procedures require that income and expenditure are fully recorded and not subject to netting off.

14. Accounting treatment of income

All income is on a receivable basis.

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants receivable are included in the statement of financial activities (SOFA) on a receivable basis. Any 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 accrued and included in creditors as deferred income. Where entitlement occurs before the income is received, the income is accrued.

Specific references are made for the receipt of the general annual grant (GAG), capital grants and any other grants with specific conditions.

Donations to the Trust are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured (where there are no performance-related conditions).

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 sheet in Restricted funds – Fixed Asset Fund.

Sponsorship income (if applicable) provided to the Trust which amounts to a donation is recognised in the SOFA in the period in which it is receivable where there is certainty of receipt and the amount can be reliably measured (where there are no performance-related conditions).

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'. Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Trust's accounting policies.

Leasehold property transferred to the Trust from the local authority at little or no consideration will be revalued at fair value in accordance with FRS 102. This value will be recognised as incoming resources in the Statement of Financial Activities and will be included in the appropriate fixed assets category and depreciated over the life of the lease.

Other income, including lettings, wraparound and catering income, is recognised in the period it is receivable and to the extent the Trust has provided the goods or services.

15. Accounting treatment of resources expended

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, or 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 and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources.

Central staff and other costs are allocated on the basis of pupil numbers.

Where identified, costs incurred centrally on behalf of the academies of the trust are recharged for their proportion of those costs. The basis of proportion is determined for each type of cost incurred.

Where the expenditure is shared between more than 1 school within the trust, the cost is apportioned on a basis consistent with the use of those resources.

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.

Resources are recorded net of VAT, with the exception of business costs where VAT is identified as irrecoverable. They are classified under headings that aggregate all costs relating to that activity.

16. Accounting for fixed assets

Assets received on conversion or on transfer of an existing academy are valued at fair value and recognised in the balance sheet at the date of transfer.

Donated fixed assets are measured at fair value on the date of receipt.

Tangible fixed assets valued at £1,000 (£250 for computer equipment) or greater are capitalised as tangible fixed assets and are carried at cost, net of depreciation. The value of assets is included in the balance sheet at cost and depreciated over their expected useful economic life.

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. Where there are specific conditions attached to the funding requiring the continued use of the asset, 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 the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Intangible fixed assets costing £1,000 or greater are capitalised and recognised at cost and depreciated over their expected useful life.

17. Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Long leasehold land and buildings – 50 years or as long as the lease, whichever is shorter
- Leasehold improvements – 20 years
- Fixtures and equipment – 4 years
- Plant and machinery – 10 years
- Computer equipment and software – 3 years
- Motor vehicles – 5 years
- Building fittings – 20 years

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.

18. Leased assets

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

19. Investments

The accounting policy for investments is determined when the need arises. Should an investment become possible, then the trust determines the minimum risk options available to protect public monies.

The Trust does not hold any investments at the current time.

20. Reserves policy

The Trust has a separate Reserves policy which is available on the Arden MAT website

21. Stock

Uniform shop stocks are assessed and valued as at the last day of the financial year.

22. Taxation

The Trust meets the definition of a charitable company for UK corporation tax purposes.

The Trust is, by definition, exempt from taxation in respect of income, capital gains and corporation taxes on the provision and understanding that all income and other gains are applied exclusively for educational purposes.

23. Pension benefits

The Trust holds two types of pension benefits for its employees.

The two schemes 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 Trust.

The LGPS is a multi-funded employer 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 credit 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 the costs of the scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities 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 are recognised immediately in other recognised gains and losses.

The TPS is 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 quadrennial valuations using a prospective unit credit method. The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

24. Fund accounting

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education.

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 funders where the asset acquired or created is held for a specific purpose.

25. Critical areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation has been used by the actuary in valuing the pensions. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

26. Monitoring arrangements

The Board of Trustees is responsible for the implementation of these policies. These policies are reviewed by the Board of Trustees every year.

27. Links with other policies

These accounting policies are linked to the:

- Charging and Remissions Policy
- Procurement and Competitive Tendering Policy
- Investment Policy
- Gifts and Hospitality Policy
- Fixed Asset policy
- Reserves policy