CHANGE Schools Partnership

Accounting Policy

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Statement of Accounting Policy

Basis of Preparation

The financial statements of the Trust, which is a public benefit entity under FRS102, will be prepared under the historical convention in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102) , the Accounting and Reporting by Charities : Statements of Recommended Practice applicable to charities preparing accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (charities SORP (FRS102), the Academies Accounting Direction 2020 to 2021 issued by the EFA, the Charities Act 2011 and the Companies Act 2006.

A summary of the principal accounting policies, that will be applied, are set out below.

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 at least one year from the date of authorisation for issue of the financial statements and have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Incoming Resources

All incoming resources are recognised when the Trust has entitlement to the funds, the receipt is probable 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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

  General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the year is deducted from income and recognise as a liability.

  Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grant are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

- Donations

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

- Other Income

  Other income, 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 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 Trust's Accounting Policy.

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 main 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 costs are allocated on a basis as set out by the Board. Currently this is on a per pupil basis.

- Charitable Activities

  These are costs incurred on the Trust's educational operations, including support costs and costs relating to the governance of the Trust apportioned to charitable activities.

- Expenditure on Raising Funds

  This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

  All resources expended are inclusive of irrecoverable VAT.

Interest Receivable

Interest on funds held on deposit is included when receivable and the amount can be reliably measured by the Trust; this is normally upon notification of interest paid or payable by the institution with whom it is held.

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.

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. 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.

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

Long Leasehold Buildings	30 – 60 years
Leasehold improvements	30 – 60 years
Fixtures, Fittings and Equipment	10% straight line
ICT Equipment	20% straight line

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 charges 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.

Stock

Stocks are valued at the lower of cost or net realisable value after making due allowance for obsolete and slow moving stock.

Debtors

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

Cash at the bank and in hand

Cash at the bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account**.**

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 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.

Leased Assets

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

Financial Instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 18 and 19. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

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 Benefits

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.

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 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 quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi- employer 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 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 scheme introductions, benefit charges, 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 is recognised in other gains and losses.

Actuarial gains and losses are recognised immediately in other gains and losses.

Redundancy costs

Redundancy costs and termination payments are charged to the income statement in the year in which an irrevocable commitment is made to incur the costs

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 of all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education Funding Agency/Department for Education.

Investment income, gains and losses are allocated to the appropriate fund.

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 Board of Trustees must approve all changes.

CHANGE Schools Partnership Trust and its Board of Trustees are committed to ensuring consistency of treatment and fairness, and will abide by all relevant equality legislation.