



Mission Statement

"A Caring Christian Family Where We Grow Together"

ACCOUNTING POLICY

Effective Date: 01/04/2017

Review Date: June 2025 Biennial

Review Date	Signed Head Teacher	Signed Director RCSAT
24/07/2018	<i>J L. J. J. J.</i>	<i>P. B. B. B.</i>
20/09/2019	<i>J L. J. J. J.</i>	<i>P. B. B. B.</i>
10/03/2021	<i>J M. B. B. B.</i>	<i>P. B. B. B.</i>
01/05/2023	<i>J M. B. B. B.</i>	<i>P. B. B. B.</i>

Persons Responsible for Policy:	Executive Headteacher RCSAT
Approval Date	01/04/2017
Signed:	Director RCSAT
Signed:	Executive Headteacher RCSAT



1. Accounting policies

- 1.1. The Rural Church Schools Academy Trust (RCSAT) is a charitable company.
- 1.2. A summary of the principle accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

2. Basis of preparation

- 2.1. The accounts of the academy trust, which is a public benefit entity under FRS 102, have been 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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.
- 2.2. The RCSAT meets the definition of a public benefit entity under FRS 102.
- 2.3. Academy trusts are required by the Education Funding Agency to report annually to 31 August.

3. Going Concern

- 3.1. The Board of Trustees 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 charitable company to continue as a going concern.
- 3.2. The Board of Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts 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.
- 3.3. As a result, they continue to adopt the going concern basis of accounting in preparing the accounts.

4. Conversion to an academy trust

- 4.1. The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.
- 4.2. The assets and liabilities transferred on conversion from the predecessor schools to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items.
- 4.3. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.



5. Income

- 5.1. 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.

6. Grants receivable

- 6.1. 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.
- 6.2. 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.
- 6.3. Where entitlement occurs before income is received, the income is accrued.
- 6.4. General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.
- 6.5. Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants 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.

7. Sponsorship income

- 7.1. Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance related conditions), where the receipt is probable and it can be measured reliably.

8. Donations

- 8.1. 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.

9. Other income

- 9.1. Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

10. Donated goods, facilities and services

- 10.1. 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'.
- 10.2. 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'.
- 10.3. 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'.

11. Donated fixed assets

- 11.1. Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is 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 academy trust's accounting policies.

12. Expenditure

- 12.1. 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.
- 12.2. 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.
- 12.3. Direct costs attributable to a single activity are allocated directly to that activity.
- 12.4. 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.
- 12.5. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.
- 12.6. All resources expended are inclusive of irrecoverable VAT.

13. Expenditure on raising funds

- 13.1. 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.

14. Charitable activities

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

15. Governance costs

- 15.1. These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management, Board of Trustees' meetings and reimbursed expenses.

16. Tangible fixed assets and depreciation

- 16.1. Assets costing £1000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.
- 16.2. 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.
- 16.3. Where there are specific conditions attached to the funding that require 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.
- 16.4. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities.
- 16.5. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.
- 16.6. Depreciation is 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/reducing balance] basis over its expected useful life, as follows:

- 16.6.1. Land and buildings Straight line over the life of the lease
- 16.6.2. Computer equipment Straight line over 3 years
- 16.6.3. Fixtures, fittings & equipment Straight line over 5 years
- 16.7. 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.
- 16.8. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments.
- 16.9. Impairment losses are recognised in the statement of financial activities.

17. Liabilities

- 17.1. Liabilities are recognised when there is an obligation at the balance sheet date as a result of a 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.
- 17.2. Liabilities are recognised at the amount that the academy 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.

18. Leasing and hire purchase commitments

- 18.1. Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

19. Financial instruments

- 19.1. The RCSAT 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:

19.1.1. Financial assets

- 19.1.1.1. Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.
- 19.1.1.2. Cash at bank is classified as a basic financial instrument and is measured at face value.

19.1.2. Financial liabilities

- 19.1.2.1. Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.
- 19.1.2.2. 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.

20. Taxation

- 20.1. The RCSAT 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.
- 20.2. 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.

21. Pensions benefits

- 21.1. 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 and the assets are held separately from those of the academy trust.
- 21.2. 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.
- 21.3. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method.
- 21.4. The 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 are recognised in the period to which they relate.
- 21.5. The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds.
- 21.6. 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.
- 21.7. 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 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.
- 21.8. 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.
- 21.9. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

22. Fund accounting

- 22.1. 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 Board of Trustees.
- 22.2. 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.
- 22.3. Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the [Education and Skills Funding Agency/Department For Education]

23. Critical accounting estimates and areas of judgement

Accounting 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.