



The Wythenshawe Catholic Academy Trust

Journeying together with Jesus Christ, we learn to love and love to learn.

WCAT ACCOUNTING POLICY



Saint Paul's Catholic High School

St Elizabeth's Catholic Primary School

St Anthony's Catholic Primary School

SS John Fisher & Thomas More Catholic Primary School

Document Management	
Title	Accounting Policy
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Purpose	The purpose of this policy is to set out Trust's accounting policies and procedures to ensure it complies with UK Accounting Standards, Companies House and ESFA requirements.
Author	SFO, The Wythenshawe Catholic Academy Trust
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This policy will be published on the Trust's website in the Governance section under Finance Policies

Schools within The Wythenshawe Catholic Academy Trust:

- Saint Paul's Catholic High School
- St Anthony's Catholic Primary School
- SS John Fisher and Thomas More Catholic Primary School
- St Elizabeth's Catholic Primary School

CONTENTS

Section	Page
1 Purpose of this policy	4
2 Going Concern	4
3 Recognition of incoming resources	4
4 Resources expended	4
Cost of generating funds	4
Cost of Charitable Activities	5
Cost of Governance	5
5 Accounting for Fixed Assets	5
6 Depreciation	5
7 Longer life Fixed Assets	5
8 Leased Assets	5
9 Taxation	6
10 Pensions Benefits	6
11 Fund Accounting	6

1 **Purpose**

- 1.1 The Trust's financial statements are 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 issued by the ESFA and the Companies Act 2006.

2 **Going Concern**

- 2.1 The Directors of the Trust will assess whether the use of the "going concern principle" is appropriate, that is; 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 Directors will make the assessment in respect of a period of one year from the date of the approval of the financial statements.

3 **Recognition of incoming resources**

- 3.1 Grants receivable will be included in the Accounts 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.
- 3.2 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.
- 3.3 Donations are also recognised in the Accounts on a receivable basis where there is certainty of receipt and the amount can be reliably measured.
- 3.4 Sponsorship income provided to the Academy which amounts to a donation will be recognised in the Accounts 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.
- 3.5 The value of donated services and gifts in kind provided to the Academy will be recognised at their open market value in the period in which they are receivable as incoming resources where the benefit to the Academy can be reliably measured.
- 3.6 An equivalent amount will be included as expenditure under the relevant heading in the Accounts 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.
- 3.7 Other income will be recognised in the period it is receivable.

4 **Resources expended**

- 4.1 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.

4.2 **Costs of generating funds**

- 4.2.1 These will be costs incurred in attracting voluntary income and those incurred in trading activities that raise funds.

4.3 **Charitable activities**

4.3.1 These will be costs incurred on the Academy's educational operations.

4.4 **Governance Costs**

4.4.1 These costs will include the costs attributable to the Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Governor's meetings and reimbursed expenses.

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

5 **Accounting for fixed assets -**

5.1 Donated assets will be recorded as incoming resources if their open market value, at receipt, exceeds £1,000.

5.2 Assets costing £1,000 or more (where there will be capitalised as tangible fixed assets and will be carried at cost, net of depreciation and any provision for impairment).

5.3 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 Accounts and carried forward in the Balance Sheet.

5.4 Depreciation on such assets will be charged to the restricted fixed asset fund in the Accounts 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 (Section 6)

6 **Depreciation**

6.1 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:-

- a) Freehold buildings – 50 years
- b) Land - no depreciation
- c) Fixtures, fittings and equipment – 7 years
- d) ICT equipment - 3 years
- e) Motor Vehicles – 5 years

7 **Longer life fixtures and fittings**

7.1 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.

7.2 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.

8 **Leased Assets**

- 8.1 Rentals under operating leases will be charged on a straight line basis over the lease term.

9 **Taxation**

- 9.1 The Trust passes 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.

10 **Pensions Benefits**

- 10.1 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, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Trust.
- 10.2 The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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.
- 10.3 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 recognised as they are paid each year.
- 10.4 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.
- 10.5 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 Accounts 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.
- 10.6 Actuarial gains and losses will be recognised immediately in other gains and losses.
- 10.7 The amounts to be included in the Accounts as a Pension Deficit Liabilities is determined by the LGPS actuary on request of the Trust. Such request should be made by the SFO in July each year for each of the individual Academies.

11 **Fund Accounting**

- 11.1 Unrestricted income funds are those resources which may be used towards meeting any of the charitable objects of the Trust at the discretion of the governors.
- 11.2 Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the ESFA or other funders where the asset acquired or created is held for a specific purpose.
- 11.3 Restricted general funds comprise all other restricted funds received and include grants from the ESFA.

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