



Diocese of Chelmsford Vine Schools Trust

# Accounting Policy

## 2021-2024

### v2.1

This policy is a mandatory policy for all Vine Schools and must be implemented with no amendments.

**“I am the vine; you are the branches.  
If you remain in me and I in you, you will bear much fruit”  
(John 15:5)**

# Accounting Policy

|                        |                               |
|------------------------|-------------------------------|
| The Vine Schools Trust |                               |
| Approved by:           | The Vine Schools Trust        |
| Signature:             | Tim Rose (Chairman)           |
| Date:                  | 4 <sup>th</sup> February 2021 |

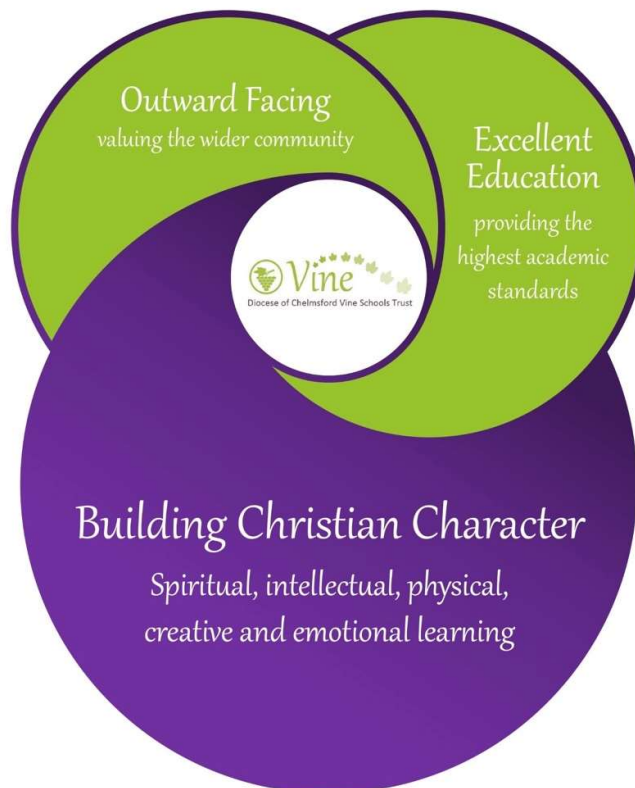
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| Policy Reference: | F006                |
| Version No:       | v2.1 – January 2021 |
| Next review date: | Spring 2024         |



Diocese of Chelmsford Vine Schools Trust

## Vision & Values

**V** Valuing every person  
**I** Inspiring great teaching  
**N** Nurturing academic excellence and Christian Character  
**E** Excelling, unlocking great potential



## Key Change Log (v2.0 to v2.1)

| Page | Section | Details                                 |
|------|---------|---|
| 6    | 1.1     | SORP 2015 replaced by SORP 2019         |
| 6    | 1.3.2.1 | Updated                                 |
| 7    | 1.3.4.1 | Expanded to provide additional examples |
| 7    | 1.3.8   | New subsection - Investments            |
| 9    | 1.10.1  | Expanded to provide clarity             |

# Contents

- 1. Statement of Accounting Policy .....6**
  - 1.1 Basis of Preparation .....6
  - 1.2 Going Concern .....6
  - 1.3 Incoming Resources .....6
  - 1.4 Resources Expended .....7
  - 1.5 Fund accounting .....8
  - 1.6 Tangible Fixed Assets .....8
  - 1.7 Leased Assets .....9
  - 1.8 Stock .....9
  - 1.9 Taxation .....9
  - 1.10 Pensions Benefits .....9
- 2. Review of Policy .....10**
  - 2.1 Review Schedule .....10

# 1. Statement of Accounting Policy

## 1.1. Basis of Preparation

- 1.1.1. The financial statements of the academy trust, which is a public benefit entity under FRS 102, will be prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Statement of Recommended Practice applicable to charities (SORP 2019), the Academies Accounts Direction issued by ESFA, the Charities Act 2011 and the Companies Act 2006.
- 1.1.2. The Diocese of Chelmsford Vine Schools Trust constitutes a public benefit entity as defined by FRS 102.
- 1.1.3. Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK Generally Accepted Accounting Practice (GAAP). Consequently, the Trustees have amended certain historic accounting policies to comply with FRS 102 and SORP 2019.
- 1.1.4. A summary of the principal accounting policies that will be applied are set out below.

## 1.2. Going Concern

- 1.2.1. 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 one year from the date of approval of the financial statements.

## 1.3. Incoming Resources

All incoming resources are recognised when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

### 1.3.1. Grants Receivable

- 1.3.1.1 Grants are included in the Statement of Financial Activities (SOFA) 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 entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued. The General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected on the balance sheet in the Restricted General Fund. Capital Grants are recognised when receivable and 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 the Restricted Fixed Asset Fund.

### 1.3.2 Sponsorship Income

- 1.3.2.1 Sponsorship income provided to the academy trust, which amounts to a donation, is recognised in the Statement of Financial Activities (SOFA) in the period in which it is receivable, where there is certainty of receipt and it is measurable. Any sponsorship money received with no restriction on its use will be credited to the unrestricted fund in the SOFA.

### 1.3.3 Donations

1.3.3.1 Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

#### 1.3.4 Other Income

1.3.4.1 Other income, including the hire of facilities, catering income and fees for out of school care is recognised in the period it is receivable and to the extent the goods have been provided or on completion of service.

#### 1.3.5 Donated Services and Gifts in Kind

1.3.5.1 The value of donated gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust 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 academy trust's policies

#### 1.3.6 Donation in Kind – Facilities

1.3.6.1 Having considered the full factual matrix under which the Academy Trust is occupying the land (including buildings), for its academy schools, the Directors have considered that a donation in kind corresponding to the Facilities Rental Charge should be included in the accounts each year, equivalent to 1/50<sup>th</sup> of the insurance rebuild values of the academy schools. Furthermore, a value in use should be considered as being two time that value.

#### 1.3.7 Interest Receivable

1.3.7.1 Interest receivable is included in the Statement of Financial Activities (SOFA) on a receivable basis and is stated inclusive of related tax credits.

#### 1.3.8 Investments

1.3.8.1 The Academy Trust does not hold any investments at the current time. The Accounting Policy will be determined when the need arises.

### 1.4 Resources Expended

All expenditure is recognised in the period in which the liability is incurred and has classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been 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 are allocated based on the spread of staff costs.

#### 1.4.1 Costs of Generating Funds

1.4.1.1 These are costs incurred in attracting voluntary income and those incurred in trading activities that raise funds.

#### 1.4.2 Charitable Activities

1.4.2.1 These are costs incurred on the Academy Trust's educational operations.

#### 1.4.3 Governance Costs

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

#### 1.4.4 Facilities Rental Charge

1.4.4.1 The Academy Trust Company occupies land (including buildings) which is owned by its Trustees in the case of Latchingdon Church of England Primary School and the Chelmsford Diocesan Board of Finance in the case of the other academy schools. The Company's Trustees are the providers of the academies on the same basis as when the academies were maintained schools. The Academy Trust Company occupies the land (and buildings) under a licence to occupy which requires a period of not less than two years to terminate the occupation of the land (including buildings).

1.4.4.2 Having considered the factual matrix under which the Academy Trust is occupying the land the Directors have considered that a rent expense should be included in the accounts each year, equivalent to 1/50th of the insurance rebuild values of its academy schools.

All resources expended are inclusive of irrecoverable VAT.

### 1.5 Fund accounting

1.5.1 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 Directors.

1.5.2 Restricted General funds are resources subject to specific restrictions imposed by funders or donors, and include grants from the Education Skills & Funding Agency and Department for Education.

1.5.3 Restricted Fixed Assets Funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency and the Department for Education and the Local Authority where the asset acquired or created is held for a specific purpose.

1.5.4 Transfers are made between the restricted fixed asset fund and the restricted general fund to the extent that fixed asset additions during the period are not covered by capital grants received, or vice versa to the extent that capital grants received are used to cover revenue expenditure.

### 1.6 Tangible Fixed Assets

1.6.1 Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

1.6.2 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 the expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet.

1.6.3 Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy.

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

1.6.4.1 Freehold Buildings 50 years



|  |           |
|--|-----------|
| 1.6.4.2 Long Leasehold Buildings         | 125 years |
| 1.6.4.3 Fixtures, Fittings and Equipment | 7 years   |
| 1.6.4.4 ICT Equipment                    | 5 years   |
| 1.6.4.5 Motor Vehicles                   | 5 years   |

- 1.6.5 Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.
- 1.6.6 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.

## 1.7 Leased Assets

- 1.7.1 Rentals under operating leased are charged on straight line basis over the term

## 1.8 Stock

- 1.8.1 Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

## 1.9 Taxation

- 1.9.1 The academy 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 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.

## 1.10 Pensions Benefits

- 1.10.1 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, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the academy trust.
- 1.10.2 The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy 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 quinquennial valuations using a prospective benefit method. TPS is a multi-employer scheme and the academy 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.
- 1.10.3 The LGPS is a funded 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 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 settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities 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 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.

## 2 Review of Policy

### 2.1 Review Schedule

- 2.1.1 The policy will be reviewed every three years or sooner if warranted by internal or external events or changes. The Board of Trustees must approve all changes.