

GIPPESWYK COMMUNITY EDUCATIONAL TRUST

This Policy has been adopted and approved by Gippeswyk Community Educational Trust and is to be used by all members of the Trust.

ACCOUNTING POLICIES	
Approved by GCET	06/03/2018
Date of next Review	Autumn Term 2020-2021 <i>(Two Yearly Even Years)</i>
Responsible Officer	Trust CFO – Mrs T Goodchild
Policy Number	TF8

Accounting Policies

Period from 1 September 2017 to 31 August 2018

Basis of accounting

The financial statements of the Gippeswyk Community Educational 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Gippeswyk Community Educational Trust (formerly Copleston High School) constitutes a public benefit entity as defined by FRS 102. The financial statements are prepared in sterling which is the functional currency of the Academy Trust and rounded to the nearest pound.

Incoming resources

All incoming resources are recognised when Gippeswyk Community Educational Trust (GCET) has entitlement to the funds, certainty of receipt 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 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.

Donations

Donations are recognised on a receivable basis where there is certainty of receipt 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 the service.

Donated Services and Gifts in Kind

The value of donated services and 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 academy trust's policies.

Resources expended

All expenditure is recognised in the period in which a liability is incurred and has been 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.

All resources expended are inclusive of irrecoverable VAT.

Costs of generating funds

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

Charitable activities

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

Trustee and Governance costs

These include the costs attributable to GCET's compliance with constitutional and statutory requirements, including audit, strategic management, Trustee and Governors' meetings and reimbursed expenses.

Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of GCET at the discretion of the Trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency and Suffolk County Council, where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education and Skills Funding Agency.

Fixed assets

Assets costing £5,000 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 their 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.

Assets transferred at inception have been included at the estimated depreciated replacement cost.

Depreciation on fixed 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 GCET's depreciation policy.

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.

Depreciation/Amortisation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold property	2% straight line
Furniture & equipment	10% straight line
Computer equipment	33.3% straight line
Plant & machinery	20% straight line
Minibuses	20% straight line
Software	33.3% straight line

Stocks

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

Operating lease agreements

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

Pension costs

Retirement benefits to employees of GCET 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 GCET.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with GCET 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. As stated in Note 17, the TPS is a multi-employer scheme and GCET 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.

The LGPS is a funded scheme and the assets are held separately from those of GCET 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.

Going concern

The 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 GCET 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.

Taxation

GCET 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, GCET 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.

Conversion to academy trust and then Multi Academy trust

The conversion from a state maintained school to an Academy Trust and then Multi Academy Trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from the Copleston High School to the Academy Trust and then Multi academy Trust have been valued at their estimated depreciated replacement cost, being a reasonable estimate of the current market value that the Trustees would expect to pay in an open market for an equivalent item. Their estimated depreciated replacement cost is in accordance with the accounting policies set out for Gippeswyk Community Educational Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.