

The Active Learning Trust

Accounting Policies

For the period ended 31st August 2016

ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included in market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" 2015, the Academies Accounts Direction issued by the EFA, applicable accounting standards and the Companies Act 2013.

1.2 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the 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 the Department for Education 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 Department for Education.

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

1.3 Incoming resources

All incoming resources are included in the Statement of financial activities when the academy is legally entitled to the income and the amount can be quantified with reasonable accuracy.

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.

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 incoming 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 academy's policies.

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

1.4 Resources expended

All expenditures 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. Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities are costs incurred in the trust's educational operations.

Governance costs include the costs attributable to the trust's compliance with constitutional and statutory requirements, including audit, strategic management and trusts' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.5 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 the company to continue as a going concern, The trustees make this assessment in respect of the period from the inception of the academy to the date of approval of the financial statements.

1.6 Tangible fixed assets and depreciation

All individual assets costing more than £3,000 are capitalised.

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 are carried forward in the Balance sheet. 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's depreciation policy.

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 in the Statement of Financial Activities.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, over their expected useful lives on the following basis.

- L/Term Leasehold Property - over the period of the lease (generally 125 years)
- Motor vehicles 25% per annum
- Plant and machinery 25% per annum
- Fixtures and fittings 15% per annum
- Computer equipment 33.3% per annum

1.7 Taxation

The academy 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 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.

1.8 Pensions

Retirement benefits to employees of the academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). There 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.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employee's working lives with the academy 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. The TP is a multi-employer scheme and the academy 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 the academy 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 services costs and gains and losses on the 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 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.

1.9 Conversion to an academy trust

The conversion from state maintained schools into the 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 into the trust have been valued at their fair value, being a reasonable estimate of the current market value that the trustees would expect to pay in an open market for an equivalent item. The fair value is in accordance with the accounting policies set out for academy. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

The land and buildings are held on a 125 year lease from the Department for Education.

2.0 Trustee Expenses

Trustee expenses stated in the financial statements represent refunds by the Trust of legitimate payments made by trustees personally in order to carry out their duties as trustee.

Charity Commission guidance states:

Expenses are refunds by a charity of legitimate payments which a trustee has had to meet personally in order to carry out his or her trustee duties. Expense claims should normally be supported by bills or receipts, except where it is impractical to expect this, for example, where very small amounts are claimed.

Detail

Any reasonable costs that allow trustees to carry out their duties can be classed as legitimate expenses. So long as the charity only pays the trustee for the actual cost or expense, the payment is not taxable. The following are examples of expenses:

- the reasonable cost of travelling to and from trustee meetings, and on trustee business and events; this can include the cost of using public transport, taxi fares, and petrol allowances to the level permitted by HM Revenue & Customs (HMRC) before tax becomes payable
- reasonable refunds for the cost of meals taken while on charity business
- the reasonable cost of childcare, or care of other dependants (for example, an elderly parent) whilst attending trustee meetings
- the cost of postage and telephone calls on charity business
- the costs of a trustee's telephone rental and broadband subscription, so long as these are split to reflect the percentage of time relating to usage on behalf of the charity
- communication support: translating documents into Braille for a blind trustee, or into different languages; provision of alerting and listening devices, and other special aids for people with hearing impairment
- the costs of buying training materials and publications relevant to trusteeship
- providing special transport, equipment or facilities for a trustee with a disability
- cost of reasonable overnight accommodation and subsistence (including any essential care costs) while attending trustee meetings or other essential events such as voluntary sector conferences or specialist training courses

It is also worth noting that reimbursement of trustees for purchases they have personally and properly made on behalf of the charity are not counted as expenses and are accounted for as part of the charity's general expenditure.