



ACT Multi Academy Trust – Accounting Policy 2025/26

Effective from: 1 September 2025

Next Review: September 2026

Owner: CFO

Approval Body: Trust Board

Review Cycle: Annually

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1. Aims

This policy sets out the principles, conventions, and rules for recognising, measuring, and presenting transactions and balances in the Trust’s accounts, ensuring compliance with:

- Academy Trust Handbook 2025 (DfE)
- Academies Accounts Direction 2024–25
- Charities SORP (FRS 102, 2019/2026)
- Companies Act 2006
- HM Treasury’s Managing Public Money
- Trust Funding Agreement and Articles of Association

The policy aims to:

- Ensure financial statements present a true and fair view.
- Support effective stewardship of public funds.
- Provide clear guidance for all staff involved in financial management.

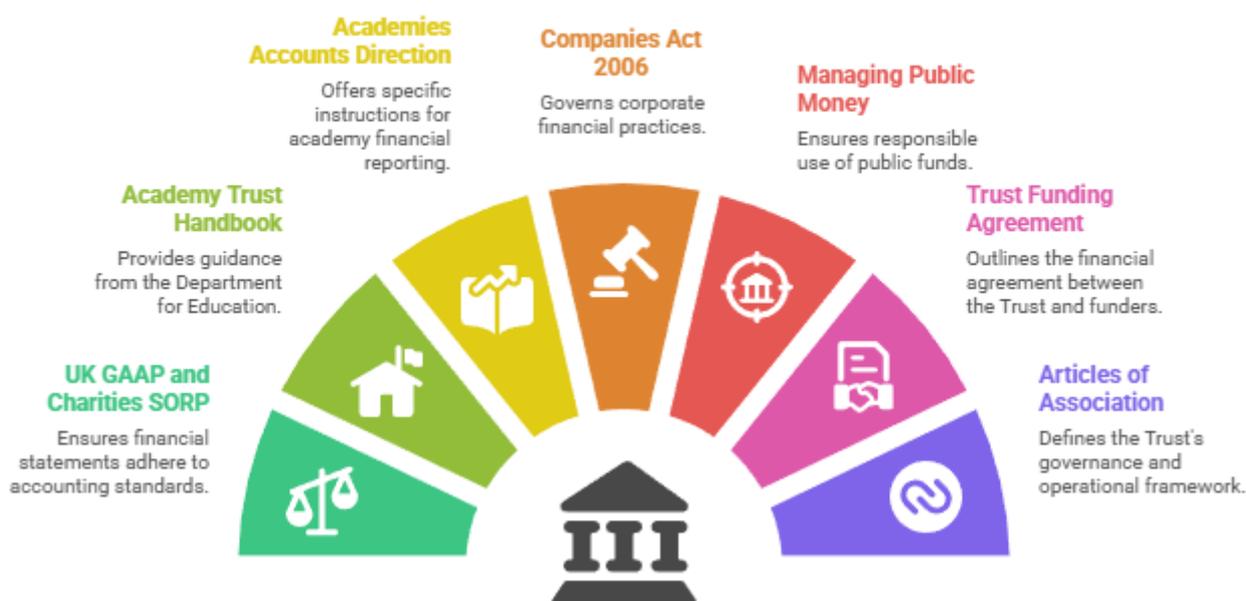
2. Legislative and Statutory Framework

The Trust’s financial statements are prepared in accordance with:

- UK GAAP and Charities SORP (FRS 102, 2019; 2026 update for periods after 1 January 2026)
- Academy Trust Handbook 2025 (DfE)
- Academies Accounts Direction 2024–25
- Companies Act 2006
- HM Treasury’s Managing Public Money
- Trust Funding Agreement and Articles of Association

The policy is reviewed annually and updated for any changes in legislation, DfE guidance, or sector best practice.

Foundations of Financial Compliance



3. Roles and Responsibilities

- **Trust Board:**
 - Approves the accounting policy and ensures compliance across all academies.
 - Oversees financial governance and receives regular reports on financial performance, compliance, and risk.
 - Approves the annual budget, financial statements, and key financial policies.
- **Audit & Risk Committee:**
 - Oversees internal scrutiny, risk management, and compliance with cyber and fraud controls.
 - Reviews internal and external audit findings and ensures actions are completed.
- **Accounting Officer (CEO):**
 - Personally responsible for regularity, propriety, value for money, and compliance.
 - Signs the annual statement of regularity, propriety, and compliance.
 - Ensures all staff are aware of and comply with this policy.
- **Chief Financial Officer (CFO):**
 - Ensures robust financial controls, accurate reporting, and staff training.
 - Maintains the accounting records and prepares management accounts, budgets, and statutory returns.
 - Ensures compliance with all relevant legislation and guidance.
- **School Business Managers/Finance Staff:**
 - Implement the policy at school level.
 - Maintain accurate records, process transactions, and support budget holders.

4. Basis of Preparation

- Financial statements are prepared under the accruals convention and historical cost, except where fair value is required by FRS 102.
- The Trust is a public benefit entity.

- Accounts include a Statement of Financial Activities (SOFA), balance sheet, cash flow statement, and explanatory notes.
- Any departure from these principles must be disclosed and justified in the accounts.
- The Trust’s financial year runs from 1 September to 31 August.
- The accounts are prepared and audited in line with FRS 102, the Academies Accounts Direction, Charities SORP, and applicable charity and company law.
- The accounting officer is responsible for ensuring all reasonable controls are in place.

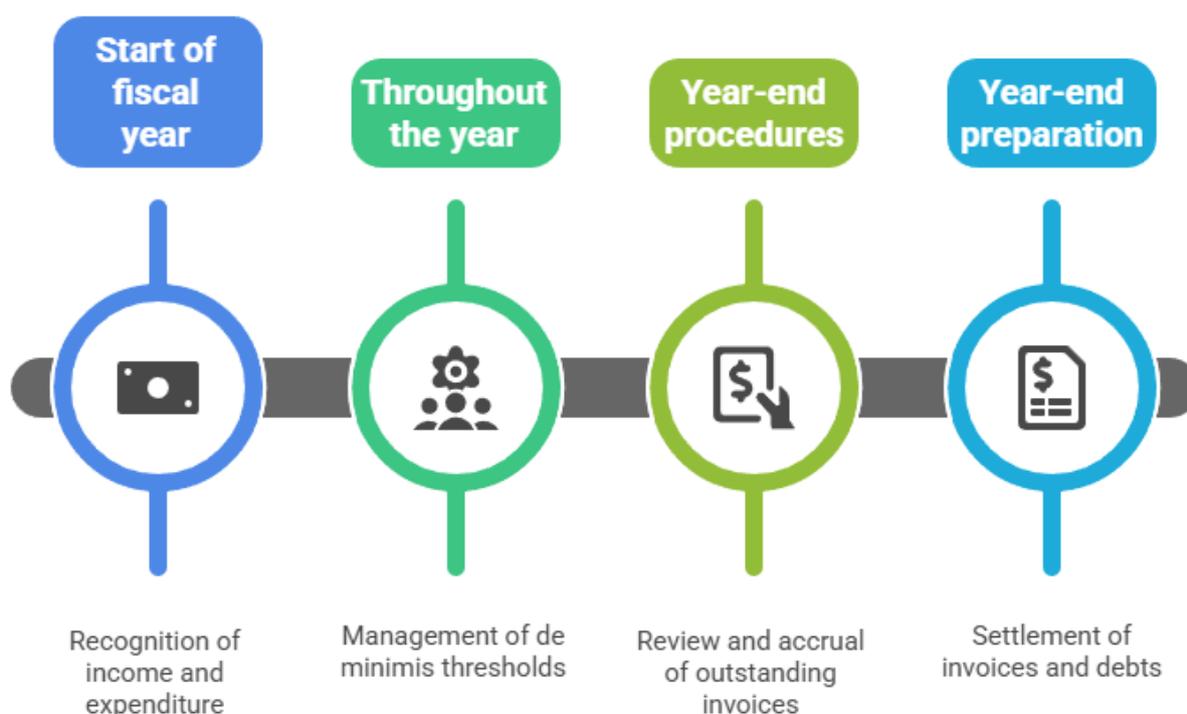
ACT Multi Academy Trust Financial Reporting Framework



5. Accruals Concept

- All income and expenditure are recognised in the period to which they relate, regardless of when cash is received or paid.
- **De minimis thresholds:**
 - £1,000 for sundry creditors and debtors.
 - Transactions below £100 are not accrued to minimise administrative burden.
- **Year-end procedures:**
 - All outstanding invoices and debts are reviewed and accrued as necessary.
 - Provisions are made for known liabilities and obligations.
- In preparation for year-end, an exercise is completed to ensure all invoices and debts are settled to minimise the necessity for provisions.

Key Financial Procedures Timeline for 2025/26



6. Liabilities and Provisions

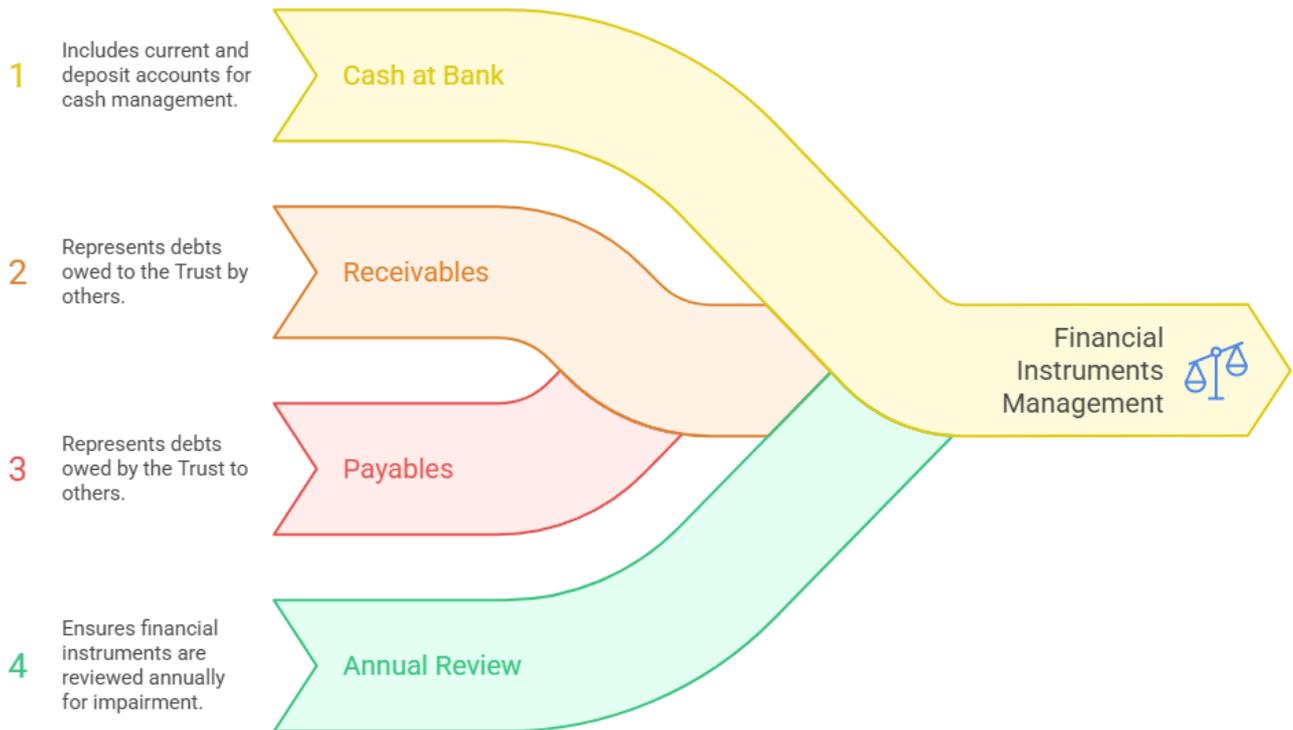
- **Liabilities:**
 - Recognised when goods/services are received but unpaid at year-end.
 - Value is based on order, invoice, or contractual documentation.
- **Provisions:**
 - Made for obligations such as pensions, tax, or deferred payments.
 - Reviewed annually and adjusted as necessary.
 - Examples: pension deficit contributions, legal claims, restructuring costs.

7. Financial Instruments

- The Trust holds only basic financial instruments as defined by FRS 102:
 - Cash at bank and in hand (including all current and deposit accounts).

- Receivables (debtors).
- Payables (creditors).
- No complex financial instruments (e.g., derivatives) are held.
- All financial instruments are reviewed annually for impairment.

Basic Financial Instruments



8. Going Concern

- Trustees assess going concern annually, considering at least 12 months from the approval date of the financial statements.
- The assessment includes review of budgets, forecasts, reserves, and cash flow.
- Any material uncertainties are disclosed in the accounts.
- The Trust Board receives a formal going concern assessment as part of the annual accounts process.

9. Consistency and Prudence

- Accounting policies are applied consistently across the Trust and over time.
- Only realised income is recognised; debts are written off in line with ESFA regulations.
- Estimates and judgements are made prudently, ensuring assets and income are not overstated and liabilities and expenses are not understated.

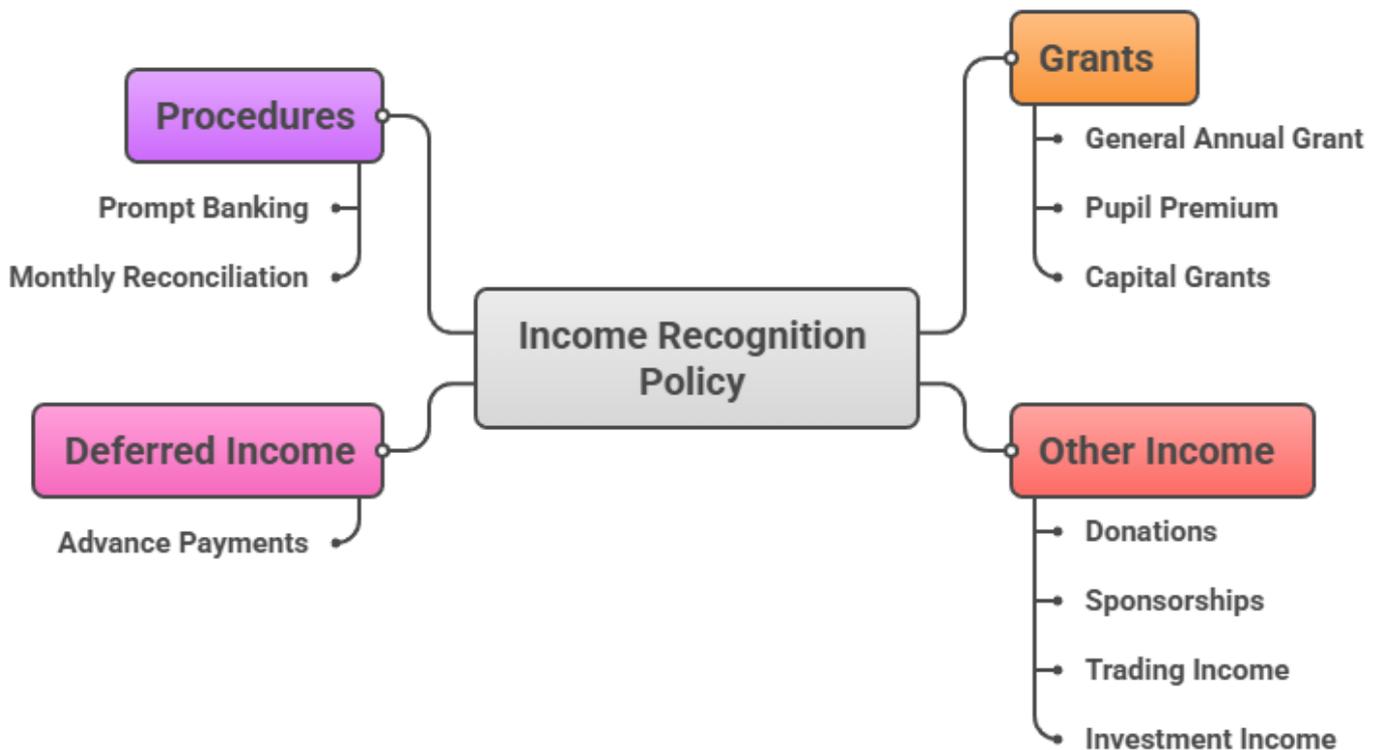
10. Netting Off

- Income and expenditure are not netted off; all transactions are recorded gross.
- Transfers between funds are shown separately in the accounts.

11. Income Recognition

- **Grants:**
 - General Annual Grant (GAG), Pupil Premium, and other ESFA/DfE grants are recognised on a receivable basis.
 - Capital grants are recognised in full when entitlement is established, not deferred over the asset's life.
 - Conditions attached to grants are reviewed to determine timing of recognition.
 - Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund.
- **Other Income:**
 - Donations and sponsorships are recognised when receivable, provided there are no performance conditions.
 - Trading income (e.g., lettings, catering, uniform sales) is recognised when earned.
 - Income from investments is recognised when receivable.
- **Deferred Income:**
 - Recognised where income is received in advance of entitlement.
- **Procedures:**
 - All income is banked promptly and recorded in the accounting system.
 - Income streams are reconciled monthly.

Income Recognition Policy of ACT Multi Academy Trust



12. Expenditure Recognition

- Expenditure is recognised when goods/services are received.
- **Categories:**
 - Teaching and educational support.
 - Premises and facilities.

- Governance and administration.
- Fundraising and trading.
- **VAT:**
 - Costs are shown net of VAT, unless irrecoverable.
- **Shared Costs:**
 - Apportioned on a reasonable basis (e.g., by pupil numbers, usage).
 - Central staff are allocated based on time spent; specific support costs are charged to the beneficiary school.
- **Authorisation:**
 - All expenditure is authorised in line with the Scheme of Delegation.
 - Purchase orders are raised for all goods/services, except where impractical (e.g., utilities).
- **Large Activities:**
 - Activities such as exhibitions or shows are given a discrete cost centre for both income and expenditure to enable a trading account to be extracted for monitoring purposes.

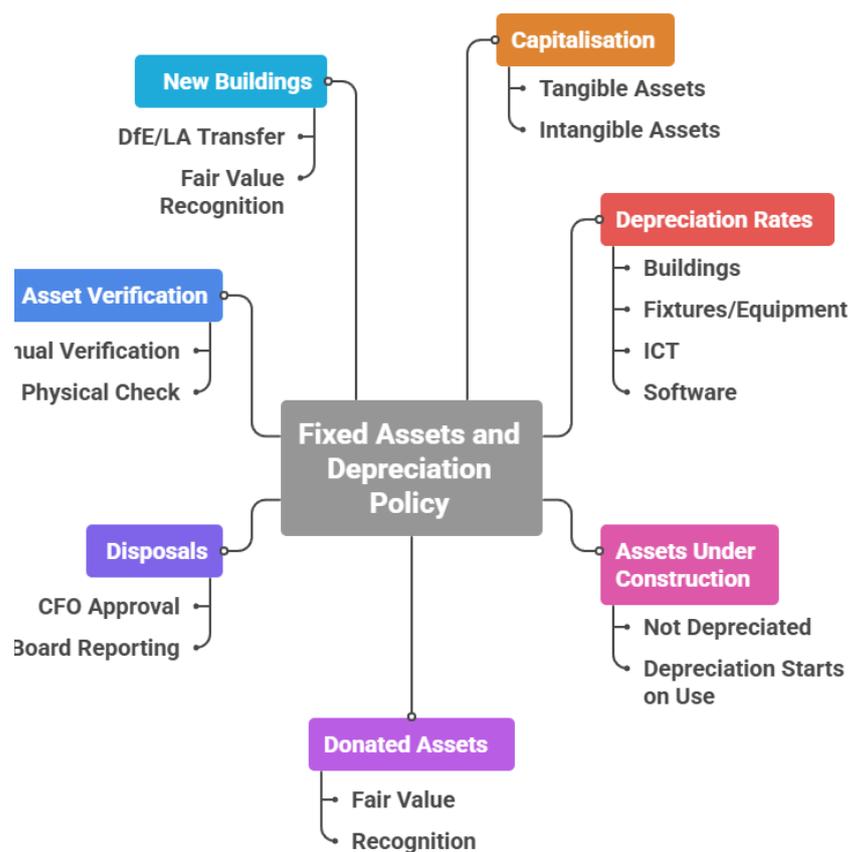
Expenditure Recognition

Characteristic	Recognition	Categories	VAT	Shared Costs	Authorisation	Purchase Orders	Large Activities
Description	When goods/services are received	Teaching, premises, governance, fundraising	Net of VAT, unless irrecoverable	Apportioned reasonably; central staff allocated by time	In line with Scheme of Delegation	Raised for all goods/services, except impractical	Discrete cost centre for monitoring

13. Fixed Assets and Depreciation

- **Capitalisation:**
 - Tangible and intangible assets over £1,000 are capitalised.
 - Asset register maintained and reviewed annually.
- **Depreciation Rates:**
 - Freehold/leasehold buildings: 50 years (or lease term if shorter).
 - Fixtures/equipment: 7 years.
 - ICT: 3 years.
 - Software: 5 years.
- **Assets Under Construction:**
 - Not depreciated until brought into use.
- **Donated Assets:**
 - Recognised at fair value.
- **Disposals:**
 - Approved by CFO and reported to the Board.
 - Proceeds accounted for and assets removed from register.
- **Asset Verification:**
 - Physical verification of assets at least annually.
- **New Buildings:**
 - Buildings constructed by DfE or LA and transferred to the Trust are recognised at fair value on transfer; depreciation starts from the point of control.

Fixed Assets and Depreciation Policy



14. Leased Assets

- **Operating Leases:**
 - Rentals charged on a straight-line basis over the lease term.
- **Finance Leases:**
 - Accounted for in line with FRS 102 and Academies Accounts Direction.
 - Disclosures made as required.
- **Approval:**
 - All leases approved in line with the Scheme of Delegation and, where required, with ESFA consent.

15. Investments

- The Trust does not currently hold investments.
- If investments are acquired:
 - Only low-risk, ethical investments are permitted.
 - Approval required from the Trust Board.
 - Investments reviewed at least annually.
 - Compliance with Managing Public Money and DfE guidance.

16. Reserves Policy

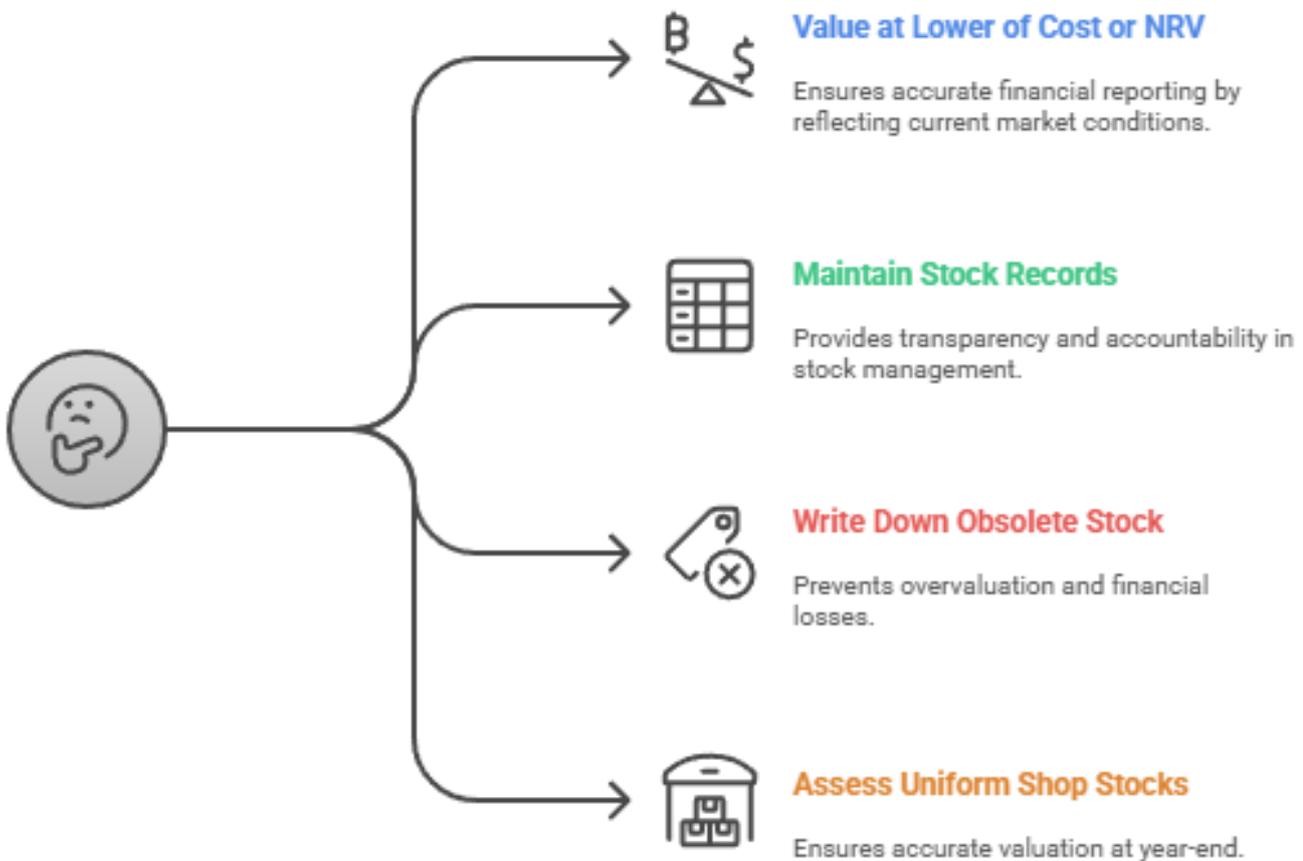
- Trustees review reserves annually, aiming for a prudent level (e.g., sufficient to cover one month's committed expenditure).

- **Calculation:**
 - Based on risk assessment, cash flow needs, and future commitments.
 - The Trust is currently building reserves to a target of £980000 for five schools.
- **Monitoring:**
 - Reserves reported in management accounts and annual report.
- **Use of Reserves:**
 - Any planned use of reserves requires Board approval.

17. Stock

- Stocks (e.g., catering, uniforms) are valued at year-end at the lower of cost or net realisable value.
- Stock records maintained and reconciled at least termly.
- Obsolete or slow-moving stock is written down or written off as appropriate.
- Catering stocks are the property of the individual school or supplier as applicable.
- Uniform shop stocks are assessed and valued as at the last day of the financial year.

How should stocks be valued and managed?



18. Taxation

- The Trust is a charitable company and exempt from UK corporation tax on income/gains applied for charitable purposes.
 - VAT returns are prepared and submitted in accordance with HMRC requirements.
 - Any non-charitable trading is reviewed to ensure compliance with tax regulations.
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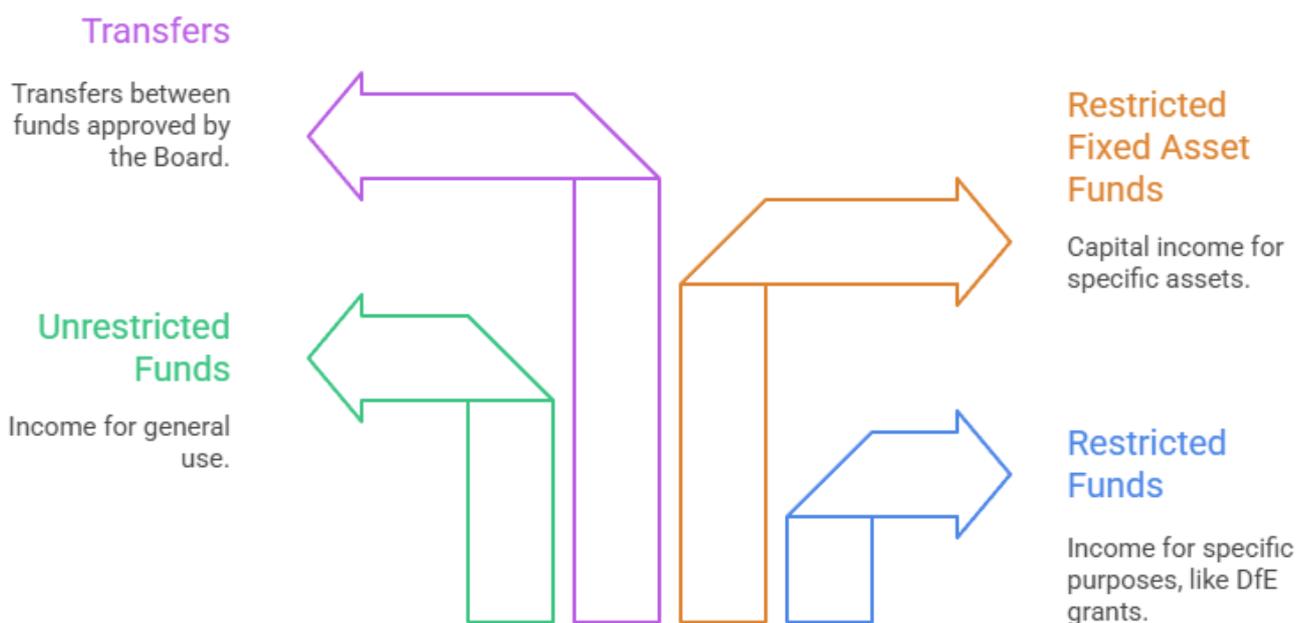
19. Pension Benefits

- The Trust participates in the Teachers' Pension Scheme (TPS) and Local Government Pension Scheme (LGPS).
 - **TPS:**
 - Unfunded, defined benefit scheme; accounted for as a defined contribution scheme.
 - **LGPS:**
 - Funded, defined benefit scheme; assets and liabilities recognised in the accounts.
 - Actuarial valuations obtained annually.
 - **Disclosures:**
 - Full pension disclosures included in the annual accounts.
 - The Trust is liable for the LGPS deficit payment based on the annual actuarial value.
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20. Fund Accounting

- **Restricted Funds:**
 - Income for specific purposes (e.g., DfE grants).
- **Unrestricted Funds:**
 - Income for general use.
- **Restricted Fixed Asset Funds:**
 - Capital income for specific assets.
- **Transfers:**
 - Transfers between funds are approved by the Board and disclosed in the accounts.
- **Monitoring:**
 - Fund balances reviewed monthly and reported to the Board.

How should income be allocated among funds?



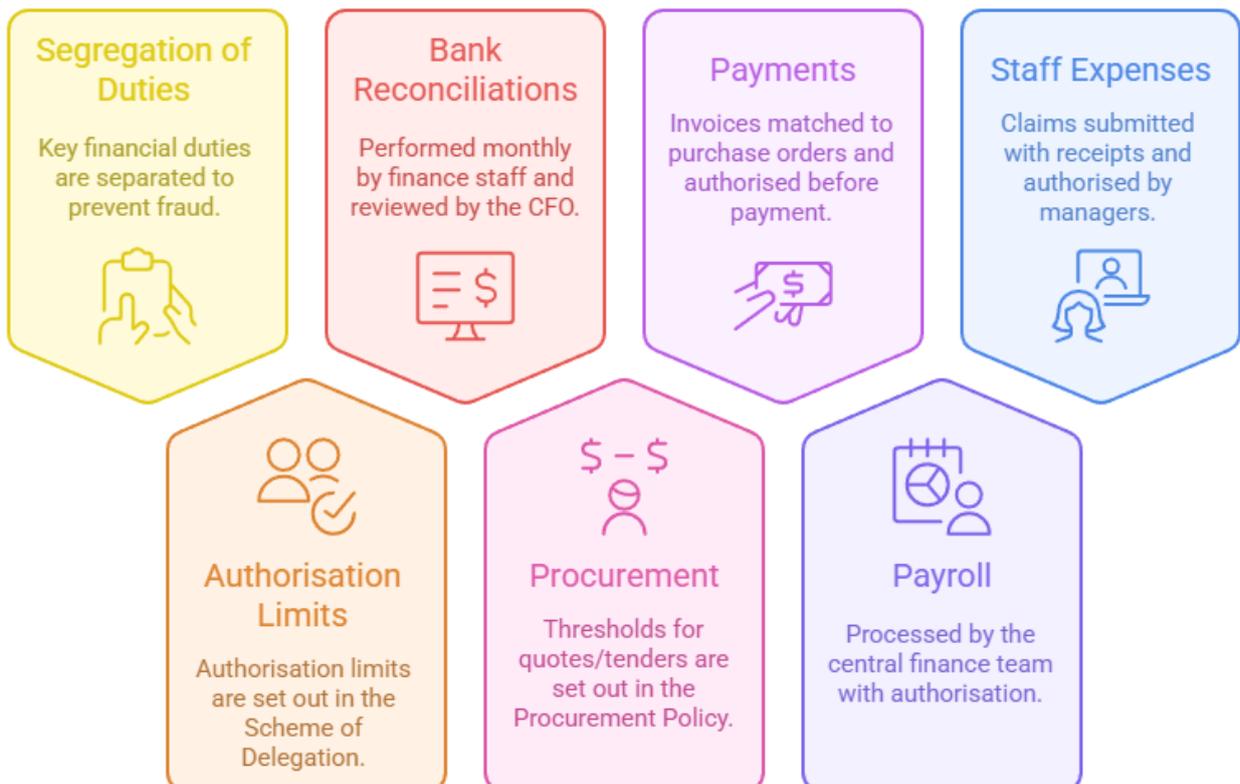
21. Critical Judgements and Estimates

- Trustees disclose key areas of judgement (e.g., asset valuations, provisions, pension assumptions).
- Estimates are reviewed annually and adjusted as necessary.
- Significant judgements are documented and disclosed in the accounts.

22. Internal Controls

- **Segregation of Duties:**
 - Key financial duties (e.g., authorisation, processing, reconciliation) are separated to prevent fraud.
- **Authorisation Limits:**
 - Set out in the Scheme of Delegation.
- **Bank Reconciliations:**
 - Performed monthly by finance staff and reviewed by the CFO.
- **Procurement:**
 - Thresholds for quotes/tenders set out in the Procurement Policy.
 - All purchases require appropriate authorisation.
- **Payments:**
 - Invoices matched to purchase orders and authorised before payment.
 - Payments made by BACS or cheque, with dual authorisation.
- **Payroll:**
 - Processed by the central finance team.
 - Changes to payroll (e.g., starters, leavers, pay changes) authorised by the Headteacher and CFO.
 - Payroll reconciled monthly to the general ledger.
- **Staff Expenses:**
 - Claims submitted with receipts, authorised by line manager and CFO.
 - Expenses policy followed at all times.

Financial Controls



23. Fraud, Cyber, and Whistleblowing

- **Fraud Response:**
 - All suspected fraud is reported to the CFO and Accounting Officer.
 - Serious incidents reported to the ESFA in line with DfE guidance.
 - Fraud response plan in place.
- **Cyber Security:**
 - Cyber risk included in the Trust’s risk register and reviewed termly.
 - Cyber insurance coverage reviewed annually.
 - Incident response plan maintained and aligned with DfE guidance.
 - All incidents logged, investigated, and reported as required.
- **Whistleblowing:**
 - Staff can report concerns confidentially via the Whistleblowing Policy.
 - All reports are investigated and outcomes reported to the Board.

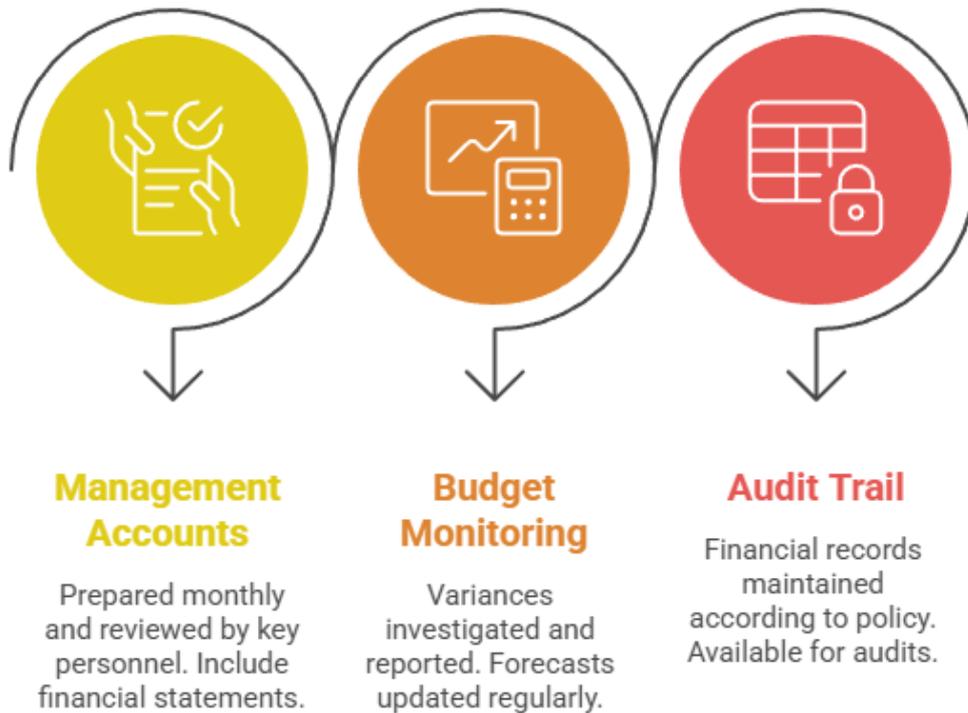
Trust Security Measures

Measure	Reporting	External Reporting	Planning	Insurance
Fraud Response	Reported to CFO and Accounting Officer	Serious incidents reported to ESFA	Fraud response plan in place	
Cyber Security	Incidents logged, investigated, reported	Incident response aligned with DfE	Cyber risk in risk register, reviewed termly	Cyber insurance coverage reviewed annually
Whistleblowing	Reports investigated, outcomes reported to Board	Staff report concerns via policy		

24. Monitoring and Reporting

- **Management Accounts:**
 - Prepared monthly and reviewed by the CFO, CEO, and Trust Board.
 - Include income/expenditure, balance sheet, cash flow, and fund balances.
- **Budget Monitoring:**
 - Variances investigated and reported to the Board.
 - Forecasts updated termly.
- **Audit Trail:**
 - All financial records maintained in accordance with the Trust’s retention policy.
 - Records available for internal and external audit.

Financial Management



25. Internal Scrutiny and Audit

- **Internal Scrutiny:**
 - Programme directed by the Audit & Risk Committee, informed by the risk register.
 - Regular review of controls to safeguard against fraud, theft, and cybercrime.
 - Findings reported to the Board and actions tracked to completion.
- **External Audit:**
 - Annual audit of financial statements by an independent auditor.
 - Audit findings reported to the Board and published in the annual report.

Balancing Internal and External Oversight



26. Sustainability and Climate Action

- The Trust will develop and publish a climate action plan by the end of the 2025/26 academic year, in line with DfE guidance.
 - A senior leader is appointed to oversee sustainability initiatives.
 - Environmental impact considered in procurement and asset management decisions.
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27. Linked Policies

- Financial Regulations and Scheme of Delegation
 - Procurement Policy
 - Charging and Remissions Policy
 - Investment Policy
 - Gifts and Hospitality Policy
 - Fraud Policy
 - Cyber Security Policy
 - Whistleblowing Policy
 - Staff Expenses Policy
 - Risk Management Policy
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28. Review and Approval

- This policy is reviewed annually by the CFO and Audit & Risk Committee.
- Any changes are approved by the Trust Board.
- The policy is communicated to all relevant staff and published on the Trust's intranet.