



Status: FINAL

Review Date: 27th June 2018

Delegation: Resources Committee

Approval Date: 9th July 2018

Delegation: Board of Directors

Review Period: Annually

ACCOUNTING POLICIES 2018 - 2019

1 INTRODUCTION

- 1.1 Ralph Sadleir School is an Academy and a company limited by guarantee registered in England and Wales under number 08663956.
- 1.2 This document comprises:
 - VAT Policy.
 - Investment Policy.
 - Reserves Policy
 - Best Value Policy
 - Fixed Asset Policy.
 - Depreciation Policy.
- 1.3 The policies will be reviewed every three years and/or in light of any changes in legislation by the Resources Committee and any changes recommended by them to the BoD for approval.
- 1.4 Related policies/handbooks:
 - Schedule of Financial Delegation.
 - Academy Financial Handbook
 - Master Funding Agreement
 - HMRC VAT Guidance
 - HMRC Managing Public Money

2 VAT POLICY

- 2.1 Value Added Tax (VAT) is a tax on the sale of goods and services. The tax is administered by Her Majesty's Revenue and Customs (HMRC). VAT on purchases is known as input tax with VAT on sales known as output tax.
- 2.2 Ralph Sadleir School is VAT registered number 173 0059 31 from 1st October 2013 and has elected to submit the Academy claims on a monthly basis to ease cash flow.
- 2.3 The School as an Academy is publicly funded and provided free education to pupils aged 9 to 13 years and therefore the supplies of education are outside the scope for VAT.
- 2.4 As a charity the Academy qualifies for certain zero ratings reliefs as described in the VAT guidance for charities and not-for-profit organisations issued by HMRC. Where conditions are met, the Academy will provide suppliers with a certificate of eligibility in order to qualify for the relief. Examples of the types of supply that may qualify for relief are:

- The construction of a new building intended solely for use for a relevant charitable purpose.
 - Aids and facilities for the disabled.
- 2.5 All transactions must be assigned to one of the following VAT categories:
- Outside the scope / non-business – no VAT
 - Standard rate – 20%
 - Lower rate – 5%
 - Zero rate – VATable, but at 0%
 - Exempt – no VAT
- 2.6 The Academy is required to ensure all its' business transactions fall within one of the above VAT categories. At the end of each month a VAT transaction report will be reviewed by the School Business Manager and Finance Assistant to ensure that all transactions have been coded correctly. If a transaction has been mis-coded this will be rectified before the submission of the VAT return to HMRC.
- 2.7 VAT registered traders who supply the Academy with goods and services are required to provide original tax invoices. Statements or photocopies of VAT invoices or receipts are not acceptable
- 2.8 Where goods and services are supplied by traders who are not registered for VAT, no VAT will be charged; therefore no VAT can be recovered. In these cases the expenditure will be given an "outside the scope" VAT indicator.
- 2.9 If there are two or more rates of vat on the invoices then an equivalent number of entries into the accounts payable system will be required, each with the appropriate VAT indicator. The total VAT input to the accounting system will always equal the total VAT shown on the invoice.
- 2.10 VAT cannot be recovered on proforma invoices, and payment will be coded "outside of scope". On receipt of the tax invoice, the original transaction on the proforma invoice will be cancelled and the new invoice input.
- 2.11 When school staff acts as Agents when making purchases for which reimbursement is required, they must go through the appropriate authorisation channels before reimbursement payment is made to staff. All supporting documentation is filed with the relevant petty cash/invoice document. The maximum payment will be £50. Petty cash reimbursements above £50 will only be made in exception circumstances and with the authorisation of the School Business Manager.
- 2.12 For petty cash reimbursements from a retailer, a receipt will be acceptable providing that it includes all the details required on a simplified tax invoice which must be:
- Date of issue.
 - Name, address and VAT number of retailer.
 - Description of the goods and services.
 - Amount payable including VAT.
 - The gross amount payable at each rate of tax.

- 2.13 The Academy will charge VAT on all taxable sales made through its delegated budget i.e. adult school meals.
- 2.14 Where the Academy provides goods and services which are liable to VAT they are required to provide a tax invoice to the customer.
- 2.15 All documentation is held in the School Business Manager's office (apart from invoices and petty cash documentation which is held in the School Office).
- 2.16 The Academy recognises that the management of VAT is very complex and for this reason guidance and oversight will be sought from the Academy Financial Handbook, the Academy's Accountants and Auditors and the Responsible Officer.
- 2.17 Detailed information regarding the rules for charging and reclaiming VAT can be obtained from the HMRC website www.hmrc.gov.uk/vat/index.htm or via the HMRC VAT helpline 0300 200 3700.
- 2.18 The Governor's Resources Committee will monitor the School's compliance with current VAT legislation via the School's Auditors and Responsible Officer Audit Reports.

3 INVESTMENT POLICY

3.1 Principles

- 3.1.1 Academy aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the academy aims to invest surplus cash funds to optimise returns, but ensuring the investments are such that there is no risk to the loss of these cash funds.

3.2 Purposes

- 3.2.1 To ensure adequate cash balances are maintained in the current account to cover day-to-day working capital requirements.
- 3.2.2 To ensure there is no risk of loss in the capital value of any cash funds invested.
- 3.2.3 To protect the capital value of any invested funds against inflation.
- 3.2.4 To optimise returns on invested funds.

3.3 Guidelines

- 3.3.1 Regular cash flows are to be prepared and monitored to ensure there are adequate liquid funds to meet all payroll related commitments and outstanding supply creditors that are due for payment.
- 3.3.2 Where the cash flows identifies a base level of cash funds that will be surplus to requirements these may be invested only in interest bearing accounts with Nat West Bank and/or Barclays Bank.
- 3.3.3 On maturity of investment, the School Business Manager will review the interest rates being achieved and will compare with the other investment opportunities that comply with the parameters of this policy.

3.4 Instructions

3.4.1 Before instructions are placed, sanction from the Headteacher will be gained and the Resources Committee informed in a timely manner.

3.4.2 Any documentation will be signed in accordance with the Bank Signatory Mandate.

4. RESERVES POLICY

4.1. Parameters

4.1.1. This Policy establishes a framework within which decisions will be made regarding the level of reserves held by the Academy and the purposes for which they will be maintained and used. There are a number of constraints placed upon academies in terms of financial management, one being the inability to borrow funds. Therefore it is prudent to consider how the Academy will manage its cash, liquid assets and debt.

4.2. Reserves

4.2.1. The Academy will maintain an adequate level of uncommitted reserves to provide a working balance to cushion the impact of uneven cash flow and provide a contingency to cushion the impact of unexpected events.

4.2.2. The uncommitted reserves balance will be continually reviewed and a projection on future balances will be made at key points during the financial year.

4.2.3. In accounting for the Local Government Pension Scheme (LGPS) the Academy recognises that there is a pension fund deficit which will be dealt with by an increase in the employer's pension contribution over a period of years. The Academy is currently part of the Hertfordshire County Council Pooled Local Government Pension Scheme.

5. BEST VALUE POLICY

5.1. Principles

5.1.1. The Accounting Officer (Headteacher) accepts that they are responsible and accountable for ensuring that Ralph Sadleir Multi Academy Trust delivers good value in the use of public resources. We are aware of the guide of Academy Value for Money statements published by the Education and Skills Funding Agency (ESFA) and understand that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

5.2. What is Best Value?

5.2.1. The Academy will apply the four principles of best value:

- Challenge – Is the Academy's performance high enough? Why and how is a service provided? Do we still need it? Can it be delivered differently? What do parents want?

- Compare – How does the Academy’s pupil performance and financial performance compare with all academies? How does it compare with Local Authority (LA) schools? How does it compare with similar size academies and LA schools?
- Consult – How does the school see the views of stakeholders about the services the school provides?
- Complete – How does the school secure efficient services? Are services of appropriate quality and economic?

5.3. Management Approach

5.3.1. The governors and academy managers will apply the principles of best value when making decisions about:

- The allocations of resources to best promote the aims and values of the Academy.
- The targeting of resources to best improves standards and the quality of provision.
- The uses of resources to best support the various educational needs of all pupils.

5.3.2. The governors and academy managers will:

- Make comparisons with other/similar academies and LA schools using data provided by the LA, Government and other education agencies.
- Challenge proposals, examining them for effectiveness, efficiency and cost.
- Require suppliers to compete on the grounds of cost, and quality/suitability of services and products.
- Consult individuals and organisations on quality and suitability of service we provide to parents and pupils, and services we receive from providers/

5.3.3. The governors and academy managers will ensure that time and resources are not wasted to make minor savings. This will apply in particular to:

- Staffing – governors and academy managers will deploy staff to provide best value in terms of quality of teaching, quality of learning, adult/pupil ratio and curriculum management.
- Use of premises – governors and academy managers will consider the allocation and use of teaching areas, support areas and communal areas to provide best environment for teaching and learning, for support services, and for communal access to central resources e.g. the library.
- Use of resources – governors and academy managers will deploy equipment, materials and services to provide pupils and staff with resources which support quality of teaching and quality of learning.
- Teaching and Learning – governors and academy managers will review the quality of curriculum provision and quality of teaching, to provide parents and pupils with:

- A curriculum which meets the requirements of the National Curriculum and the needs of pupils.
- Teaching which builds on previous learning and has high expectations of pupil achievement.
- Purchasing – governors and academy managers will develop procedures for assessing need, and obtaining goods and services which provide ‘best value’ in terms of suitability, efficiency, time and cost. Measures already in place include:
 - Competitive tendering procedures.
 - Procedures for Benchmarking quotes against Industry standards and peer group costs are in place to ensure quoted prices are appropriate to the work content.
 - Procedures for accepting ‘best value’ quotes, which are not necessarily the cheapest e.g. suitability for purpose and quality of workmanship.
 - Procedures which minimise office time by the purchase of goods or services under £1,000 direct from known, reliable suppliers and educational purchase consortiums e.g. Hertfordshire Business Supplies, Crest Purchase Consortium.
- Pupils’ Welfare – governors and academy managers will review the quality of the school environment and the academy ethos, in order to provide a supportive environment conducive to learning and recreation.
- Health & Safety – governors and academy managers will review the quality of the school environment and equipment, carrying out risk assessments where appropriate, in order to provide a safe working environment for pupils, staff and visitors.

5.4. Publishing of Best Value Statement

5.4.1. This policy will form part of the annual Best Value Statement. Governors will review together with the end of year audited accounts. The Accounting Officer (Headteacher) will sign and date the statement and it will be submitted to the Education and Skills Funding Agency (ESFA) and published on the academy website annually by 31st December.

6. FIXED ASSET POLICY

6.1. Parameters

- 6.1.1. International Accounting Standard (IAS) 16 defines Fixed Assets as “assets whose future economic benefit is probable to flow into the entity, whose cost can be measured reliably”.
- 6.1.2. The purpose of this Fixed Asset Policy is to ensure that the Academy’s balance sheet correctly reflects the assets and liabilities of Ralph Sadleir School, part of the Ralph Sadleir Multi Academy Trust (RSMAT).
- 6.1.3. The policy defines the treatment of Non-Current, Current, Tangible and Intangible Fixed Assets. Procedures are attached as annexes to the policy.

6.1.4. The Policy is written in accordance with Accounting Standard FRS15 Tangible Fixed Assets.

6.1.5. The Fixed Asset Register is maintained by the Academy Asset Register Co-ordinator and ICT Manager, and checked by the Academy Business Manager.

6.2. Fixed Asset Register

6.2.1. The Fixed Asset Register consists of a list of items (or specific group of items purchased within the accounting period) valued over £1,000 considered to have a life longer than the financial year they were purchased in.

6.2.2. Capitalised assets are not necessarily bought on one order; so long as a group of items is purchased within the same accounting period they can be capitalised.

6.2.3. Fixed assets are categorised as follows:

- Land and Buildings
- Plant and Machinery
- Furniture and Equipment
- Computer Equipment and Software
- Assets under Construction

6.2.4. Current Assets and Stock are excluded from the Register. Current assets include debtors, bank and cash balances which are controlled through reconciliations to control accounts on a regular basis. Stock includes uniform.

6.2.5. The appropriate accounting transactions are processed for all capitalised assets and recorded on the Register. Transactions will be recorded within the Fixed Asset Fund account in addition to the transaction to the Balance Sheet.

6.2.6. All items that have been included on the Register will be security marked, where practicable, as the property of the academy and have an asset number and barcode.

6.2.7. Physical counts are undertaken against the Fixed Asset Register annually for Furniture and Equipment and ICT Equipment and the evidence presented to the Resources Committee.

6.2.8. Discrepancies between the physical count and the registers are investigated promptly by the Academy Asset Register Co-ordinator and the ICT Manager. Any discrepancies over the value of £1000 are reported to the Resources Committee.

6.2.9. All disposals of assets are recorded in the Register and the appropriate transactions recorded through the Fixed Assets Fund account.

6.2.10. All working papers for the purchase of Assets, including invoices, are kept electronically on Sage.

6.2.11. Items of equipment that fall below the £1,000 capitalisation limit, such as digital cameras will be recorded on the Equipment Inventory.

6.3. Fixed Asset Disposal

6.3.1. The Headteacher will be responsible to authorise all write offs and disposal of surplus stocks and equipment up to the value of £1000.

6.3.2. For stock and equipment above this value the Resources Committee should authorise the write off and disposal of the item(s).

- 6.3.3. All items for disposal above £1000 should be subject to competitive quotation.
- 6.3.4. Items for which the school is funded through the general annual grant may be sold, where these are considered surplus to educational needs and where disposal does not interfere with the efficient running of the school.
- 6.3.5. All items for disposal over the value of £1,000 will be reported to the Resources Committee.
- 6.3.6. Any such disposal should be made at the best obtainable price and the funds should be deposited in the school's account.
- 6.3.7. Any property that was acquired at cost, net of VAT, is liable to a VAT charge on the proceeds from its sale/disposal, (no matter how small or how long after the original purchase).
- 6.3.8. Reasonable steps should be taken to ensure the best return on items sold off, or if given away, that all persons interested in the item have an opportunity to express their interest (e.g. by advertising items for sale publicly).
- 6.3.9. The disposal of equipment should be recorded, with reason for disposal, who has authority to declare the item disposable, the method of disposal and, where appropriate, sale proceeds.
- 6.3.10. Thefts should be reported to the Headteacher and, where appropriate, the Insurance Company and the Police.






7. DEPRECIATION POLICY

- 7.1. Fixed assets will be depreciated to reflect the recoverable amount in the financial statements, over the useful life of the asset.
- 7.2. The depreciation will be calculated on an annual basis for preparation of the year end accounts.
- 7.3. A budget can be set within the Fixed Asset Fund to provide an indicative charge for depreciation for the year to the Fixed Asset Fund Account.
- 7.4. Groups of assets will use the same method of depreciation. There may very occasionally be an asset that does not completely fit into one of the categories below and the Resources Committee will discuss these items on an individual basis.
- 7.5. The expected useful life of all assets will be assessed prior to depreciation calculations and recorded in the Fixed Asset Register.
- 7.6. The method and percentage depreciation to be charged is as follows:

ASSET GROUP	DEPRECIATION METHOD [BELOW ARE EXAMPLES]
Long leasehold property	0.8% Straight line (125 Years Lease)
Buildings and Building modifications	0.8 % Straight line
Plant and Machinery	10% Straight line with nil residual value(10Years)
Furniture and Fittings	10% Straight line with nil residual value (10Years)
Computer Equipment and other Equipment	33% Straight line with nil residual value(3 years)
Motor Vehicles	10% Straight line with nil residual value (10 Years)
Assets Under Construction	These are not depreciated until the asset is brought into use.

8. POLICY REVIEW

8.1. This policy was reviewed and adopted by the Resources Committee.

Governance	Chair Person / Headteacher	Signature	Date
Resources & Audit Committee	Mr D Spong		14 th October 2015
Resources & Audit Committee	Mr D Spong		14 th October 2016
Resources Committee	Mr D Spong		11 th October 2017
Resources Committee	Mr D Spong		27 th June 2018
Board of Directors	Mr D Spong		9 th July 2018

Reviewable annually in July 2019