



Accounting Policy

Reviewed on	2025/26, Term 6	Review frequency	Annual
Next review due	2026/27, Term 6	Template Yes / No	N
Owner	CFO	Approved by	Board of Trustees

History of Policy Changes

Date	Page	Change	Origin of Change
Jun 25		All wording in this policy has been taken from the "Academies Accounts Direction", which sets the accounting treatment for Academy Trusts	Annual Review
		Changed all references of "ESFA" to "DfE" following the subsumption of the ESFA's responsibilities to the DfE	
	7	Increased the capitalisation limit from £3,000 to £5,000 (this change will take effect for transactions from 1 September 2025)	
	8	Added a section in for "Investments" – this detailing the accounting treatment for the wholly owned trading subsidiary	
	9	Added a sentence to "Financial Assets" and "Financial Liabilities" stating that amounts due to and owed from the trading subsidiary will be held at face value less any impairment	
Jun 26		Changed all reference of "the Trust" to "HET"	Annual Review
	9	Updated dates used in the LGPS "critical accounting estimates and assumptions" section following the latest full actuarial valuation completed.	

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1. Introduction

Hamwic Education Trust (HET) believe that all pupils should receive a high quality, enriching, learning experience in a safe and inclusive environment, which promotes excellence through a broad curriculum that prepares them for their future and opens doors to a diverse array of opportunities as well as that all pupils and adults within HET flourish as individuals and together. This policy sets out the basis under which HET will prepare financial statements.

2. Scope

This policy is for all employees working within a HET school or establishment (which for ease of reference are referred to throughout this document as 'schools') or the HET Managed Service (MS) Team.

It does not apply to agency workers, consultants, self-employed contractors, volunteers or work experience students.

3. Definitions

- HR' in this policy, means Hamwic Education Trust HR.
- 'Local Governing Committee' in this policy means the Local Governing Committee of the school or the Trust Board in the case of a school where no Local Governing Committee is

present. Where a Governing Committee is not present in a school, or numbers are low, Governors from other schools/partnerships may be used.

- 'Manager' in this policy, is anyone as identified in the staffing structure with line management responsibilities.

4. Policy/Process

This document sets out the basis under which HET will prepare financial statements.

a) Basis of preparation of financial statements

The financial statements of HET, which is a public benefit entity under FRS 102, will be prepared under the historic 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 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006.

HET meets the definition of a public entity under FRS 102.

b) Fund accounting

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

Restricted fixed asset funds are resources, which are to be applied to specific capital purposes imposed by funders, where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education (DfE).

c) Going concern

The Trustees will 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 HET to continue as a going concern. The Trustees will make this assessment in respect of a period of at least one year from the date of approval for issue of the financial statements and will assess whether HET has adequate resources to continue in operational existence for the foreseeable future and whether there are any material uncertainties about HET's ability to continue as a going concern.

d) Income

All incoming resources will be recognised when HET has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

Grants will be 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 will be shown in the relevant fund on balance sheet. Where income is received in advance of



meeting any performance-related conditions, there is not unconditional entitlement to the income and its recognition will be deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income will be accrued.

General Annual Grant (GAG) will be recognised in full in the SOFA in the year for which it is receivable and any abatement in respect of the period will be deducted from income and recognised as a liability.

Capital grants will be recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants will be reflected in the balance in the restricted fixed asset fund. Capital grants will be recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Sponsorship income

Sponsorship income provided to HET which amounts to a donation will be recognised in the SOFA in the period in which it is receivable, where there are no performance-related conditions, where the receipt is probable and it can be measured reliably.

Donations

Donations will be recognised on a receivable basis, where there are no performance-related conditions, where the receipt is probable and the amount can be reliably measured.

Other income

Other income, including the hire of facilities, will be recognised in the period it is receivable and to the extent HET has provided the goods or services.

Transfer on conversion

Where assets and liabilities are received by HET on conversion to an academy, the transferred assets will be measured at fair value and recognised in the balance sheet at the point when the risk & rewards of ownership pass to HET. An equal amount of income will be recognised as a transfer on conversion within income from donations and capital grants to the net assets received.

Transfer of existing academies into HET

Where assets and liabilities are received on the transfer of an existing academy into HET, the transferred net assets will be measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to HET. An equal amount of income will be recognised for the transfer of an existing academy into HET within donations and capital grant income to the net assets acquired.

Donated goods, facilities and services

Goods donated for resale will be included at fair value, being the expected proceeds from sales less the expected costs of sale. If it is practical to assess the fair value at receipt, it will be recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock will be charged against 'Income from trading activities' and the proceeds will be recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they will not be recognised in the financial



statements until they are sold. This income will be recognised within 'Income from other trading activities'.

Donated fixed assets (excluding transfers on conversion/into HET)

Where the donated good is a fixed asset, it will be measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor will be used. The gain will be recognised as income from donations and a corresponding amount will be included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with HET's accounting policy.

e) Expenditure

Expenditure will be recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefit will be required in settlement and the amount of the obligation can be measured reliably. Expenditure will be classified by activity. The costs of each activity will be made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity will be allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity will be apportioned between those activities on a basis consistent with the use of resources. Central staff costs will be allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds

This will include all expenditure incurred by HET to raise funds for its charitable purposes and will include costs of all fundraising activities events and non-charitable trading.

Charitable activities

These will be costs incurred on HET's educational operations, including support costs and costs relating to the governance of HET apportioned to charitable activities.

All resources expended will be inclusive of irrecoverable VAT.

f) Tangible fixed assets and depreciation

Assets costing £5,000 or more will be capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets are acquired with the aid of specific grants, either from the government or from the private sector, they will be included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants will be credited to a restricted fixed asset fund in the SOFA and carried forward in the Balance Sheet. Depreciation on the relevant assets will be charged to the restricted fixed asset fund in the SOFA. Where tangible fixed assets are acquired with unrestricted funds, depreciation on such assets will be charged to the unrestricted fund.

Depreciation will be provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life, as follows:



- Freehold property – 50 years
- Leasehold property – 50 years
- Leasehold land – 125 years
- Motor vehicles – 5 years
- Fixtures and fittings – 5 years
- Computer equipment – 5 years

Assets in the course of construction will be included at cost. Depreciation on these assets will not be charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

A review for impairment of a fixed asset will be 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 will be recognised as impairments. Impairment losses will be recognised in the SOFA.

g) Liabilities

Liabilities will be recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities will be recognised at the amount that HET anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

h) Provisions

Provisions will be recognised when HET has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions will be measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision will be based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount will be recognised within interest payable and similar charges.

i) Leased assets

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

j) Investments

HET's shareholding in the wholly owned subsidiary, Hamwic Support Services Limited (HSS), is included in the Balance Sheet at the cost of the share capital owned less any impairment. There is no readily available market value and the cost of valuation exceeds the benefit derived.

k) Financial instruments

HET will only hold basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of HET and their measurement will be as follows:



Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments. Amounts due to HET's wholly owned subsidiary will be held at face value less any impairment.

Cash at bank

Cash at bank will be classified as a basic financial instrument and measured at face value.

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and will be measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there will be an obligation to deliver services rather than cash or other financial instrument. Amounts due to HET's wholly owned subsidiary will be held at face value less any impairment.

l) Taxation

HET 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, HET is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 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.

m) Pensions benefits

Retirement benefits to employees of HET will be provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated to spread the cost of pensions over employees' working lives with HET 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 based on quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of HET 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 credit 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 net income/(expenditure) are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the SOFA



and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses will be recognised immediately in other recognised gains and losses.

n) Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

HET makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the LGPS defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2025 will be used by the actuary in valuing the pensions liability at 31 August 2026. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

There are no other critical areas of judgement.