



The Castle Partnership Trust

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The Castle School

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Accounting Policy

Date: February 2021

CEO & Accounting Officer: Sarah Watson
Headteacher at The Castle School: James Lamb
Headteacher at Court Fields School: Polly Matthews
Headteacher at Wellesley Park Primary: Carly Wilkins
Headteacher at IKB Primary: Richard Healey

Due for review: Spring Term 2022

INVESTMENTS

Principles

- A. To help ensure adequate cash balances are maintained in the current account to cover day-to-day working capital requirements
- B. To help ensure there is no risk of loss in the capital value of any cash funds invested
- C. To protect the capital value of any invested funds against inflation
- D. To optimise returns on invested funds

Detail

1. Cash flow and account balances will be regularly monitored to ensure that immediate financial commitments can be met (payroll and payment runs) and that the current account has adequate balances to meet forthcoming commitments. In practice, a working balance of between £100,000 and £750,000 is likely to be maintained in the current account.
2. There is no overdraft facility allowed.
3. Funds surplus to immediate cash requirements are identified and transferred to Fixed Term Deposit/High Interest Accounts to optimise interest. Where the cash flow identifies a base level of cash funds that will be surplus to requirements these may be invested with an A-rated investment account.
4. Periodically (quarterly) interest rates are reviewed and compared with other investment opportunities.
5. Funds will only be invested in deposit accounts with minimum risk and easily accessible deposit accounts based on medium to long term forecast and financial planning and the risk spread between two or more banks. Funds can be invested for up to 12 months. Investments of 12 months or longer or alternative investments proposals would need prior approval from the Business Committee.
6. Any change in Policy requires the approval of the Board of Directors.

CAPITALISATION AND DEPRECIATION

Capitalisation and the Fixed Asset Register

Tangible fixed assets are included in the financial statements at cost. Assets costing less than £5000 are written off in the year of acquisition. Items with a unit value below £5000 will still be included in the asset register if the collective order value exceeds £5000.

A Fixed Asset Register is maintained and reconciled to the financial statements of the Trust. Assets excluded from the Fixed Asset Register are Current Assets and Stock. Current Assets include cash and bank balances which are controlled through reconciliation to control accounts on a regular basis. Stock includes School Uniform.

Attractive and portable Items of equipment that fall below the capitalisation limit of £5000 are recorded on the Equipment Inventory.

Assets costing £5000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation. 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) and depreciation is charged to the fund over the expected useful economic life of the related assets.

Depreciation

The depreciation will be calculated on an annual basis for preparation of the year end accounts.

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 Business Committee will discuss these items on an individual basis.

Depreciation has been provided at the following annual rates in order to reduce each asset to its estimated residual value at the end of its estimated useful life. No depreciation is charged in the year of acquisition.

ASSET GROUP	DEPRECIATION METHOD
Land	0.8% (125 yrs) Straight line
Buildings	2% (50 yrs) Straight line
Furniture and Equipment	10% (10 yrs) Straight line with nil residual value
Computer Equipment and Software	33% (3 yrs) Straight line with nil residual value
Assets Under Construction	Not depreciated until the asset is brought into use.
Motor Vehicles / Minibuses	20% (5 yrs) Straight line with nil residual value.

YEAR END ACCOUNTING ADJUSTMENTS

Year end adjustments to account for expenditure and income in the correct financial year will be carried out for transactions of £300 or more by way of accruals and prepayments. This level, while not material in the Trust's financial accounts, can be of significance to cost centres in the management accounts.

RESERVES

Academies are expected to hold contingency reserves from their annual School Budget Share funding or other income.

The Trust's policy is to spend its School Budget Share funding first, before spending its unrestricted funds in order to minimize the risk of accumulating restricted funds which were, historically, subject to clawback.

The policy of the Trust is also to carry forward a prudent level of resources designed to meet the long-term cyclical needs of renewal and any other unforeseen contingencies, subject to the constraint that the level of resources does not exceed the level permitted by the ESFA (currently no limit has been set). The targeted amount of reserves the Trust would be expecting to hold would be one month's annual grant funding, ie 8.3% of GAG.