THE BLESSED CHRISTOPHER WHARTON
CATHOLIC ACADEMY TRUST

Registered Office:
St. Joseph's Catholic Primary School
Queens Road
Keighley
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GENERAL FINANCIAL PRINCIPLES

The full Blessed Christopher Wharton Trust Board met on 18th May 2017 and agreed the revised General Financial Principles for all schools in the Blessed Christopher Wharton Academy Trust.

1. Taking one year with the next, an individual academy should achieve a year-end position of financial balance or better.

2. An individual academy may only plan for a year end deficit with the permission of the trust board, and must have a plan in place to return to financial balance or better by the end of the next financial year, or sooner. Exceptionally, the Trust Board may approve a deficit plan for more than one year, running consecutively, provided that the academy presents a plan to reduce the deficit in each successive year, and to return the school to financial balance or better by the end of the third year after a deficit plan is first approved.

3. Where a deficit arises during the year, the academy must immediately put a deficit recovery plan in place to return the academy to financial balance or better either before the end of that same financial year, but no later than the end of the financial year immediately following the year in which the deficit arose. The Chair of the Trust Board and the finance committee of the trust, via the Finance Director, must be notified immediately that a deficit arises.

4. As a general rule, an academy's in-year recurrent expenditure can only be funded from in-year recurrent income; recurrent expenditure should only be funded from reserves carried forward from a previous year in exceptional circumstances, and then only with the agreement of the trust board decided on a case by case basis (i.e. because that surplus may be required to balance off a deficit elsewhere in the trust when preparing the consolidated financial position and accounts).

5. The Trust has an overriding responsibility to hold and use any surplus centrally in order to prevent the trust as a whole going into deficit or being unable to pay its creditors. An individual academy should not have a cumulated surplus which exceeds 5% of its total in year revenue income (excluding capital income). Revenue income includes DFE income, LA income and income raised from school activities. Allowances will be made for schools that inherit funds on conversion such as school fund bank accounts and LA surplus balances. A written action plan for the use of surplus funds over 5% for a future project or to balance the budget over the next three years must be submitted to the Trust Board via the Director of Finance. Any surplus beyond this agreed limit without a written plan of use may be held in reserve by the trust.

6. Surplus and Deficit means Income less expenses taking into account all accruals, deferred income, accrued income and prepayments (but excluding depreciation which is a reduction to the Fixed Asset Fund). In the Financial statements the surplus is referred to as the balances on the restricted and unrestricted general funds as shown in the Balance Sheet and related notes to the accounts.

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7. Capital projects – see Matrix of Responsibilities.

8. In exceptional circumstances and with the approval of the Trust Board, schools in surplus may be required to transfer money to a school with cash flow difficulties. This money should be viewed as a temporary loan to be returned when circumstances permit. In the event that the money cannot be repaid, point 5 above applies.