

## Academies accounts direction 2014 to 2015 (SORP 2005)

The Academies Accounts Direction 2014 to 2015 provides guidance for academy trusts to use when preparing their annual reports and financial statements for accounting periods ending on 31 August 2015. It also supports auditors with their audit of the financial statements.

There are two Accounts Directions in place for the period ended 31 August 2015 – one based on the Charities **SORP 2005** for established trusts and one based on the Charities SORP FRS 102 effective 1 January 2015 (referred to as **SORP 2015**) for the newest trusts.

For the avoidance of doubt:

- this Accounts Direction is based on SORP 2005 and must be used by **all academy trusts** except those whose date of incorporation falls on or after 1 January 2015. Trusts using this Accounts Direction therefore include all trusts that have previously prepared financial statements and new trusts that have not previously prepared financial statements but were incorporated before 1 January 2015
- new academy trusts incorporated on or after 1 January 2015 must use the Academies Accounts Direction 2014 to 2015 based on SORP 2015

The requirements for academy trusts are to:

- prepare an annual report and financial statements to 31 August 2015, unless the trust is extending its first accounting period to 31 August 2016
- have these accounts audited by an independent auditor
- submit the audited accounts to EFA by 31 December 2015
- file the accounts with the Companies Registrar as required under the Companies Act 2006
- arrange an independent review of regularity and include a reporting accountant's report on regularity as part of the accounts

### What has changed in this edition?

The main changes in the Accounts Direction for 2014 to 2015 are as follows:

#### Audit

- There has been clarification that auditors should inform NAO and EFA if they are issuing a qualified audit report or a modified regularity opinion to the academy trust, after discussing this with the trustees.
- There has been an amendment to the auditor's report within the model accounts (Coketown) to clarify that it should be addressed to the members of the academy trust.

#### Governance

- There has been clarification that the Accounts Direction applies to all types of academy trust with a funding agreement with the Secretary of State for Education.
- There has been confirmation that the method of submitting the accounts and auditor's management letter to EFA should be through Document Exchange.
- The governance statement re-emphasises that academy trusts must carry out a governance review in their first year and should also be doing this annually as a matter of best practice.
- A new section about value for money has been introduced into the governance statement. This replaces the requirement for trusts to publish separate value for money statements, which are withdrawn from the year ended 31 August 2015.

## Financial reporting

- The Coketown disclosure note for donations has been split between fixed asset donations and other donations.
- Coketown has illustrated how loans and creditors due after more than one year should be disclosed.
- The list of funding streams that comprise General Annual Grant (GAG) for the purposes of calculating amounts carried forward at year end has been updated.
- Individual disclosure of non-contractual severance payments should now be made on an individual basis regardless of value.
- There has been clarification that the disclosure of trustee remuneration includes employer pension contributions.
- There has been clarification that if a multi-academy trust's (MAT's) funding agreement applies the GAG carry over restriction at the overall trust level, rather than at the individual academy level, then the carry over note need only report at the overall trust level.
- A new section on connected charities has been introduced
- The section on accounting for buildings has been revised including additional guidance on buildings occupied by church academies, based on the substance of the arrangement rather than on its legal form.
- A new section on accounting for academy combinations and dissolutions has been introduced
- A new section on accounting for agency arrangements has been introduced.
- A new section on accounting for risk protection arrangements has been introduced.

This is a summary of the Accounts Direction which has been published by the Education Funding Agency (EFA) as the agent of the Secretary of State for Education. The Department for Education (DfE) has ultimate responsibility and accountability for the financial framework for academy trusts, which it describes in the Academies Financial Handbook. The Accounts Direction supplements the handbook and has the same status as the handbook in that it derives from requirements set out in academy trusts' funding agreements with the Secretary of State for Education.

## Contact us:

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