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National College for
Teaching & Leadership

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Guidance

Initial teacher training providers annual accounts return guidance

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1. Introduction

All initial teacher training (ITT) providers (except those who receive funding for postgraduate professional development only) must complete annual accounts.

You should keep proper accounting records and preparation of accounts:

- consistent with our requirements
- as set out in the financial memorandum / grant funding agreement
- in accordance with generally accepted accounting principles (UK and IFRS)

2. Submission of accounts

The requirement to submit audited annual accounts is in accordance with the requirements of part 1 of the financial memorandum and section 21 of the grant funding agreement.

> You should submit the completed audited accounts template and the audit grant return form by 31 December to financial.monitoring@education.gsi.gov.uk.

Please submit them in:

- the excel format, so we can automatically upload the important data
- PDF format, so we can authenticate the signatures

A responsible officer, known as the accounting officer, must be set up (see the financial memorandum / grant funding agreement). They should submit the completed document to the auditors. For tracking purposes, you must record the date you send the accounts to the auditors.

You should send any external auditors' report (management letter) that are not attached to the accounts with the audited financial statements, if they contain recommendations and/or a management response.

It is your responsibility to ensure you submit signed and certified accounts to the National College for Teaching and Leadership (NCTL) by the submission deadline. You can't make amendments to the signed off accounts, except in exceptional circumstances. We would consider any failure to meet this deadline in the overall context of your activity. This may result in review of your accreditation status. If you think you might not meet the deadline please contact us as soon as possible.

2.1 Higher education institutions (HEIs), HEI-led or academy-led providers (mainstream ITT providers)

HEIs and academies only need to complete the audit grant return. You don't need to complete the annual accounts template.

2.2 Non HEI-led providers (mainstream school-centred initial teacher training providers (SCITTs))

Non HEI-led providers need to complete and return both the accounts template and the audit grant return.

The audit grant return for the academic year is blank for SCITTs. There is no pre-population of data from the audit grant return across to the annual accounts as you are responsible to us for the proper stewardship of the funds paid to you.

3. Completing the annual accounts template

Select your provider name from the drop down menu within the first tab. This will show the corresponding provider ID number(s) and will filter the information through to all pages within the workbook.

SCITT providers need to complete the:

- contact information
- statement of governing body responsibility
- report of the auditors
- statements of income and expenditure, and financial position
- notes headed mainstream

You should start work on the accounts template after completing the audit grant return. You'll then be able to use the audit grant return figures to help compile your annual accounts.

You should complete all figures included in the accounts on an accruals basis. [1]

Please ensure that:

- all details have been entered on the contact information sheet
- the statement of governing body responsibility has been dated
- the chair of the governing body and the accounting officer have both signed the statements of income and expenditure and financial position
- the auditors have signed and dated their report

The accounting officer should ensure:

- financial transactions are accurately recorded
- full supporting documentation is retained

a full audit trail is prepared including lead schedules and a full reconciliation

- regularity, propriety and value for money
- the funds have been spent for the purposes intended

3.1 Note 2: NCTL income analysis

This first section is only for NCTL income received via the payment profile. All other NCTL funding should be shown as a separate entry on the statement of income and expenditure under other NCTL funding.

After completing the audit grant report, you need to enter information in the Note 2: NCTL income analysis tab. Please note that this is accrued income and should only comprise income and adjustments that relate to the year of account.

Any holdback that has been adjusted in-year through the payment profile should be included in this section.

The next 2 holdback sections are to record any holdback adjustments that relate to the year of account that will be adjusted after the year-end. They have not been shown on the payment profile for the year. You should add all adjustments we notify you of concerning the year of account that are received during the period of accounts preparation, or are otherwise anticipated. You should record:

- monies to be recovered from you as a negative entry to reduce overall NCTL income
- additional monies to be paid by us as positive values, to add to the total income, eg in respect of shortfall in bursary payment by us

There is a further line to allow entry of any other holdback adjustment that are not included in the template. Several ITT providers were invoiced for employment based initial teacher training (EBITT) holdback recovery rather than receiving a recovery via the payment profile. You should record any invoiced EBITT holdback recoveries in this section.

The final 2 sections relate to adjustments that will be made on the basis of any balances of ring-fenced funds identified in the annual grant return.

Identifying all of the funding streams in this way may make the format look more complex but it should:

- improve the clarity of the audit trail
- help providers and NCTL reduce the scope for error

3.2 Statement of income and expenditure

You should aggregate into the appropriate headings any:

- payment profile funding
- holdbacks
- annual grant return adjustments identified in Note 2 by funding line

You can also add any other NCTL funding or recovery. You should identify this in a numbered note to the accounts.

Other NCTL funding relates to any monies received from us that are not included on Note 2. These should be detailed in a note to the accounts.

Other income: public funds should include:

- funding from any other public sector body
- any interest, profit or other return to the provider arising from its use of

NCTL grant (this should be applied for the same purposes for which NCTL recurrent grant may be used)

- School Direct salaried income, including any free school meal uplift even though the funds are received from NCTL via the Education Funding Agency (EFA)

You should record any income from self-funded trainees on EBITT schemes in the line Other income: non-public funds. This should be detailed in the notes.

You should include any completed training for which funding has been provided within the year of account in the deferred income lines on the statement of income and expenditure, and statement of financial position pages.

Please note that the staff costs figures should be consistent with the entries at note 3.

In previous years, providers have mainly written off capital spend to the statement of income and expenditure in the year of acquisition. Some providers who capitalised their assets had difficulty in completing the statement of financial position. You can now add fixed assets on the statement of financial position. You should continue to record the majority of your purchases from capital funds as inventory items, but add any that are capitalised in the line for depreciation.

As income recorded for bursary payment will have been adjusted for any holdback, recovery or additional payment due, the adjusted income figure should equal the sum due to trainees for the year of account. Bursary payment to trainees will equal the total training bursary income due for the year outlined in the income section.

3.3 Statement of financial position

Within the statement of financial position for fixed assets (any proportion funded by NCTL capital grant, if any), there is line on the statement of income and expenditure for depreciation. These lines are for providers who have capitalised assets. You should expand the accounting policies note accordingly to note the terms of depreciation. You should record capital funding on the inventory for smaller items below the capitalisation threshold.

You must retain capital expenditure detail in the asset register and/or inventory list. Relevant disposals information should be recorded at note 4 to the accounts.

Bursary funding has been identified separately on the income analysis note and the statement of income and expenditure. You should include any amount to be recovered outstanding at 31 July (as shown on the annual grant return) in the cash balance on the statement of financial position. This should be recorded in the designated NCTL bursary creditor line. Any additional monies owed should be recorded in the designated NCTL bursary debtor line.

Any funding that has been provided within the year of account for training you have completed should be added to the deferred income lines on the statement of income and expenditure and statement of financial position. This should ensure that the reserves figures are not inflated artificially by committed spend.

The surplus/deficit carried forward to the next year identified on the statement of income and expenditure should match exactly both the net assets total and the reserve total funds figure shown on the statement of financial position. If your accounts are submitted with a discrepancy showing, you need to include a numbered note to the accounts to explain the difference in full.

3.4 Notes to the accounts

Mainstream notes should be added as required.

Note 2 has been addressed under the separate heading above.

Note 3 is attached as a separate schedule to accommodate the tabular format.

The 2 totals should agree and in turn should equal the figure entered on the statement of income and expenditure.

4. General accounting principles

Your governing body (or equivalent) is responsible for the preparation of audited annual financial statements. In doing so it must adhere to best accounting practice, unless we impose any specific requirements.

You should prepare the audited annual financial statements on the basis that you will continue in operational existence for the foreseeable future. In particular, the statement of financial position is prepared on the assumption that there is no intention or necessity to liquidate or to curtail significantly your scale of operation. If there is any question with regards to future viability, you must:

- inform us as a matter of urgency
- indicate on the accounts the going concern status in the accounting policies note

The statement of income and expenditure, and statement of financial position are prepared on the basis that revenue and costs are recognised when earned or incurred, not when money is received or paid. Revenue and costs are matched so far as a relationship can be established or justifiably assumed, and dealt with in the statement of income and expenditure of the period to which revenue and costs are recognised.

The annual accounts should provide us with accurate information on you and your funds. They should enable us to gain a full and proper appreciation of:

- your financial transactions during the period
- the position of the funds at the period end

5. Contact

If you have any specific queries please contact:

Financial monitoring
Email
financial.monitoring@education.gsi.gov.uk

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1. Under accruals accounting arrangements you should record transactions in the accounts for the period to which they relate. This may or may not be the same period as that in which payments are made (or sums received). It ensures that expenditure and income is matched to the correct accounting period on the basis of when the expenditure was incurred (or income due) and not when it was paid (or received).

   Some organisations operate a cash accounting system in-year for making payments and collecting receipts. They'll account for expenditure when payments are made and credit receipts to the account when they're received, regardless of when sums are due. They then make the necessary accounting adjustments for accruals and prepayments at the year end and at other fixed points when they're required to give details of their financial position.