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Education & Skills
Funding Agency

Guidance

Declare or seek approval for related party transactions: summary guidance

Updated 26 September 2019

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The [Academies Financial Handbook](#) sets out reporting and approval requirements for academy trusts in advance of transacting with a related party.

1. Declaring related party transactions

Academy trusts must declare their intention to enter into a new agreement before confirming the transaction with a related party supplier. This includes agreements being renewed with a related party supplier.

Academy trusts do not need to declare income transactions with related parties. For expenditure related party transactions with a new supplier, academy trusts must confirm whether they have previously received a donation from the related party.

In line with paragraph [5.42](#) of the Academies Financial Handbook, salaries and other payments made by an academy trust to a related party under a contract of employment, through the academy trust's payroll, are not in scope of this reporting requirement.

Academy trusts must continue to report all related party transactions, regardless of value, in their annual financial statements as set out in the [Academies Accounts Direction](#).

2. Seeking approval for related party transactions

Academy trusts must seek prior approval from ESFA when:

- a single proposed contract or agreement with a related party exceeds £20,000
- a proposed contract or agreement of any value means the total value of contracts or agreements with the same related party exceeds £20,000 in a financial year

A series of intended transactions with the same supplier can be submitted as a single request for approval, as long as sufficient detail about each transaction is included in the evidence provided.

3. What is a related party transaction?

This reporting requirement does not change the scope of what is deemed a related party transaction.

Related parties include persons and entities with control or significant influence over the academy trust and members of the same group of companies.

You can find a full definition in the:

- [Financial Reporting Standard 102, section 33](#)
- [Charities SORP \(FRS 102\), section 9.15 and appendix 1](#)
- [Academies Accounts Direction](#)

You can read about the principles applying to related party transactions in the [Academies Financial Handbook section 5.34 to 5.58](#).

4. Preparing to complete the online form

Academy trusts must declare or seek approval for related party transactions using the [online form](#).

You need to have all your information and documents ready before starting, as it's not possible to complete part of the form and return to it. The [checklist](#) sets out the type of evidence you may need to provide when seeking approval for a related party transaction.

You need to [register for an IDAMS account](#) to use the form and to approve other users.

5. Do you have any questions?

Contact us using the [ESFA enquiries form](#) selecting “related party transactions” as the type of query.

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