Education
Funding
Agency

March 2015 accounts return

For academy trusts that did not prepare audited accounts as at 31 August 2014 or have opened academies between 1 September 2014 and 31 March 2015

March 2015

Contents

Part 1: Introduction

This guide explains to academy trusts how to complete and submit their March 2015 accounts return to the Education Funding Agency (EFA). You should complete the March accounts return if your academy trust falls into one of the following categories:

- Academy trusts that did not prepare audited accounts at 31 August 2014 and that have academies open at 31 March 2015.
- Academy trusts that did prepare audited accounts at 31 August 2014 but have opened academies between 1 September 2014 and 31 March 2015. The return should only cover those academies that opened in that period. This will typically only apply to multi-academy trusts (MATs) but will also apply to single academy trusts (SATs) that were incorporated but had not opened an academy at 31 August 2014.

It is important to note that the above definition does not include existing open academies transferring between trusts. Such academies would not normally need to complete a March 2015 accounts return.

If the transferring academy was formerly part of a trust preparing 31 August 2014 accounts, its activities for twelve months will have been included in that trust's August 2014 accounts return. To include it in the receiving trust's March return would mean the financial performance for that academy for more than a year would be included incorrectly in EFA's consolidated accounts.

All references to transfers of open academies have therefore been excluded from the March return.

In the unlikely circumstances that an open academy transfers from a trust not preparing 31 August 2014 accounts, or an academy opening after 31 August 2014 has transferred between trusts before 31 March 2015, the trusts concerned should contact EFA for further guidance.

You should read this guide in conjunction with the March 2015 accounts return template (referred to in this document as the March return or the return) and the Academies Accounts Direction 2013 to 2014.

Rationale for the accounts return

The Office for National Statistics (ONS) considers academy trusts to be public bodies under the control of the Department for Education (DfE). Consequently, we are required by HM Treasury (HMT) to include the financial performance and position of academy trusts' in EFA's consolidated accounts, the higher level consolidated accounts of the DfE and ultimately those of the whole government; the Whole of Government Accounts (WGA).

Academy trusts' financial statements are prepared in accordance with the Charities Statement of Recommended Practice (SORP) whereas government (DfE, EFA, and the rest of government) prepare accounts based on international financial reporting standards (as amended for the public sector context) described in HMT's [government] financial reporting manual (FReM). We therefore need to request, through the accounts return, some information that will not appear in trusts' financial statements to bridge the financial reporting gap between SORP and FReM.

1.1 Scope of the March 2015 accounts return exercise

Organisations included within the exercise

Throughout this document and the associated return, the term 'academy trusts' (trusts) refers to the companies that own/manage/run the following entities:

- sponsored academies
- academy converters
- free schools
- university technical colleges
- special academy schools
- studio schools

These guidance notes use the term 'academy trusts' deliberately to avoid confusion as to the nature of the reporting entity. Academies do not prepare financial statements; the individual academies are the operational units, or trading names, of the charitable companies that manage/own them. The legal requirement to prepare, have audited and file financial statements sits with the charitable companies and arises from the Companies Act 2006. In this way multi-academy trusts, which operate more than one academy, have one corporate legal entity (the charitable company) but several operational units and trading names (the individual academies).

The requirements to file their audited financial statements, and provide information to enable EFA and the department to fulfil their statutory duty to prepare their own consolidated accounts, fall on the directors (trustees) of the charitable companies (the trusts).

Any reference to financial statements in these notes refers to information that would normally be included if the trust had prepared a full set of financial statements for the period ended 31 March 2015. Please see section 2.1 for further details.

Throughout the return, we often require additional information so we can identify academy trust balances with the wider departmental group of organisations, composed of the core department, its executive agencies, non-departmental public bodies and other academy trusts:

- Department for Education (DfE)
- Education Funding Agency (EFA)
- National College for Teaching and Leadership (NCTL)
- Standards and Testing Agency (STA)
- Children and Family Court Advisory and Support Service (CAFCASS)
- Office of the Children's Commissioner (OCC)
- Academy trusts

Collectively these bodies are referred to as the DfE group.

The return dataset

We have designed the return to capture the financial results and financial position of trusts as at 31 March 2015. You are not required to have the return audited but we will carry out assurance visits to a small sample of trusts completing this return.

Academy trusts in scope are set out in the introduction on page 3.

1.2 The return structure

The return is split into five worksheets (three separate returns), which have different purposes:

- **Financial Return** (Fin.Return) – This return provides EFA and DfE with sufficient information to consolidate trusts' financial positions and results into EFA and DfE's consolidated accounts. Most of the information in this return should be sourced directly from trusts' financial statements (or the accounting working papers) and is split into three worksheets for ease of completion.

  - Statement of Financial Activities (SoFA)
  - Balance sheet (BS)
  - Other notes (Other Notes)

- **Counterparty Return** (Co.Pty.Return) – This return supports the financial return and is focused on identifying trusts' balances (transactional and period end) for the period ending 31 March 2015, with government bodies other than the departmental group. Balances identified in this return are in many cases automatically fed back into the financial return and will be used to prepare the WGA.
- **Land and Property** (Land and Property) **–** This return provides a breakdown of the land and property assets included in the financial return and captures data on ownership and rental which we will use to consolidate these assets into EFA's accounts.

There is a standing data worksheet at the beginning of the return which requests information to identify the trust and its member academies. There are also sections for the accounting officer's signoff and the preparer of the return's contact details. The input to this sheet also populates other cells throughout the return so you don't have to re-input this information.

1.3 The return length

Whilst the return is extensive, nothing goes beyond what is required to prepare EFA or the department's consolidated accounts and WGA.

It is not expected that trusts will have to complete all the cells on all five worksheets. For example, the latter stages of the financial return may only apply to a handful of the larger trusts. However, for purposes of completeness and transparency EFA requires positive confirmation from the trusts, via the accounting officer's declaration, that they do or do not have such balances. If a cell is not relevant to your trust and no entry is required, you may leave it blank.

Similarly we do not expect you to complete every line of the counterparty return. Once you have identified the required transaction totals and closing balances, it is just a matter of finding the counterparty's reference as described in 1.7 below.

1.4 Navigating around the return

To help preparers navigate around the return, we have placed hyperlinks at the top of the financial return and counterparty return and within the body of the financial return. You can identify the hyperlinks by the blue font colour. Simply place your cursor over the text and hit the return key to jump to the named section.

1.5 Data entry

Throughout the return all monetary balances should be entered in £000s, not pounds and pence. For example, you should enter an amount of £1,533,974.45 as 1,534.

Throughout the return only shaded cells require data entry. The cell shading is consistent across the three returns and the standing data worksheet to aid completion.

Shading	Meaning
	Non-financial data cells whose contents are either found from dropdown boxes or typed directly into the cell
	Cells that populate from elsewhere in the return

(green)	Cells that are sourced directly from information that will be required in the trusts' financial statements
(orange)	Cells that require: • aggregation or disaggregation of disclosures that will be required in trusts' financial statements, and • additional disclosures within SORP classifications
(red)	Cells that support FReM-based disclosures that require a re-working of SORP disclosures
(yellow)	Cells that indicate completion errors within the return. The annotation of the error will provide guidance as to the nature of the error

1.6 Logic validations

There are checks (logic validations) throughout the return to ensure that different parts do not conflict with each other; for example the note totals with the primary statements (SoFA and balance sheet). These logic check validation cells have pale yellow shading. Failures are shown by '**Error – [wording]**' appearing alongside or below the failed cell.

Investigating error messages

As you populate the return, you will start to see error messages as you will not yet have completed the lower portion of a return (to which the error checks compare). The number of error messages should then fall towards zero as you complete more of the return. Therefore, you should only investigate errors once you have completed the return.

The error messages will guide you to the cause of the problem. For instance if the total depreciation in the SoFA does not agree with the fixed assets (FA) note, cell D210 of the Fin.Return-SOFA worksheet will show 'Error – imbalance with FA note'. This highlights the issue as being between the balance sheet and the SoFA depreciation charge value.

There are error counters located at the top of each worksheet to highlight any failures in the returns. You should not submit the return whilst there are still error messages outstanding.

As well as error checks across the return, individual cells have value restrictions to prevent incorrect values being entered. If an incorrect value is entered a dialogue box will appear to inform the preparer of the restrictions. For example no cells will accept decimals since the return should be populated with £000s not pounds and pence. Additionally specific cells are restricted. For example, cells for assets on the face of the balance sheet will not accept negative values since the nature of these cells requires them to be positive (assets).

1.7 Selections of academies and counterparties

At a number of places in the return, you have to identify academies and counterparties.

There are now over 4,500 academies and 5,500 counterparties. This makes selection from the CPID list increasingly difficult

To do this you need to enter the UPIN or counterparty ID (CPID) rather than the academy/counterparty name itself. We hope that UPINs for academies in the trust will be well known. CPIDs will be less well known. If you don't know the UPIN or CPID, you can find it in the CPID tab using AutoFilter or the 'Ctrl F' find function, and then enter it in the required cell. This will then automatically fill in the academy/CPID name and the other information required.

1.8 Submission of a return by federations and MATs

A trust should submit a return that matches the scope of its financial statements. Therefore, a trust preparing consolidated financial statements would also submit a consolidated annual return (described as the August return) which includes the same trusts and/or trading subsidiaries as the financial statements.

Correspondingly, the March return for MATs should only include academies opened since the date of their previous financial statements.

The information on subsidiaries included in the August return is not required for the March return.

Federations, as distinct from MATs, would follow their corporate structure. MATs follow a consistent corporate structure; one legal entity (the charitable company) running multiple schools as trading names/operational units. In contrast federations can adopt several corporate structures, and it is the corporate structure that dictates the reporting style (stand-alone or consolidated financial statements and August returns).

The term 'federation' has no relevance to how a trust prepares its financial statements; 'federation' is a loose operational term that is applied to groups of academies that are run along similar lines. The term 'federation' implies there is no common ownership between the trusts (which 'own' and manage the schools). Most federations are legally MATs and will be preparing stand-alone financial statements. Some federations do have common ownership across multiple trusts and will consequently be preparing consolidated financial statements.

For the above reasons this guide will not use the term 'federation' but will focus on the corporate ownership structure and use the terms 'trust', 'SAT' and 'MAT'.

1.9 Return signoff

The completed file must be signed off by the trust's accounting officer on the Excel spreadsheet. Since we require workable Excel files, accounting officers should type their name and date into the cells at the foot of the 'standing data' tab to 'sign' the return. Trusts should retain a physically signed copy of the return.

In contrast to the August return, EFA does not require an accountant's report from the trust's external auditors.

1.10 Submitting your return

You must submit the completed return to EFA by 31 May 2015.

You will need to submit your return via Document Exchange, a new facility within EFA's Information Exchange that allows secure upload and download of documents specific to your institution.

You can access Information Exchange through the Secure Access system. All EFA-funded organisations should now have access to this, but if you don't, please log a Secure Access service request. If you have not already done so, you may find it useful to watch EFA's video on how to use Information Exchange.

Format and naming conventions

Once you have logged into Document Exchange, you should upload your March accounts return (Excel format) to the following folder:

Finance and Payments > AY 2013-14

You must name the return according to our standard naming convention.

March accounts return naming convention – example

The Coketown Academy Trust Limited (UPIN: 123456), a SAT, would submit the following document:

- 123456 - Coketown Academy Trust – 2015AR – Mar

If Coketown were a MAT, it should follow the same naming convention selecting the UPIN of one of the academies covered by the return.

Failure to use this convention could cause delays in processing your accounts return and could also lead to additional queries.

Confirmation of receipt

Once you have submitted your document, it will be visible within Document Exchange. You will receive no specific confirmation of receipt.

Part 2: Financial return

2.1 Introduction

EFA will use the financial return to consolidate trusts' financial results and position into the DfE group accounts. Each trust will populate their Fin.Return from their own financial ledger for the period ended 31 March 2015.

To aid this process trusts may want to consider preparing 'hard close' financial statements at 31 March 2015 as an interim step to populating the return. For new trusts this would act as a test for preparing the following August's statutory financial statements. Significant issues identified could then be addressed before August.

Wherever possible, entries in the Fin.Return should be sourced directly from what would appear in the financial statements without any amendment (green cells). Some entries will require some degree of aggregation or disaggregation of financial statement balances or new SORP-style disclosures (amber cells) and a third category require completely new balances that do not map to existing SORP disclosures (red cells).

To ease the process of completing the Fin.Return, we have split it into three worksheets; the Statement of Financial Activity (Fin.Return – SoFA), the Balance Sheet (Fin.Return – BS) and other notes (Fin.Return – Other Notes). In this way, the notes and analyses that relate to the primary statements (the Statement of Financial Activity and the Balance Sheet) appear directly under the relevant primary statement rather than being distributed throughout a larger worksheet as they were previously.

Sign convention

When you place your cursor in the data entry cells in column F of the financial return, you will see annotations detailing the sign convention you should follow when entering your data.

The Fin.Return sign convention follows the normal accounting sign convention; which is dependent upon the specific primary statement and/or note in which the balance is found. For example in the SoFA both income and expenses are positive since they are clearly denominated. Elsewhere it may be different and fluid; entries in the notes to the financial statements are always positive if they are the expected value for that specific note. For example both debtors and creditors are represented as positive numbers since they have specific notes that clearly separate the balances.

Local guidance notes

Within the Fin.Return you can find local guidance notes by placing the cursor in the cells with '**Notes'** within them.

More extensive notes for specific issues are below.

Conflict between the return and financial statements

The returns, and specifically the Fin.Return, are not designed to be exact facsimiles of a trust's financial statements. The return is designed to support the integration of trusts' financial statements into the consolidated accounts of EFA and DfE. Therefore, the return is formatted to mirror their consolidated accounts.

EFA is unable to allow trusts to amend the return's layout by adding rows or columns to the return. EFA expects to receive more than 3,500 returns from the academy sector, which requires an automated aggregation tool. This will require consistent cell references to produce a single aggregated return for all the trusts in the return population.

If there are conflicts between the disclosures presented by individual trusts and those set out in the return, trusts will have to re-analyse their disclosures to fit those required by the return.

Opening balances

As this return will only be completed for new academies, there are no balances brought forward. Academy trust opening position will have been created by transfers on conversion and should be shown as such. The return therefore does not permit entries to be made to opening balance fields.

2.2 Specific guidance

Statement of Financial Activity

Incoming resources include (as a separate line) the resources transferred to the trust when academies convert. You should show these under these headings regardless of whether the net transfer in was an asset (income) or a liability (expense).

The related notes in the Fin.Return – Other Notes worksheet are validated against the values that you enter in the SoFA.

As referred to in the introduction on page 3, no provision is made in this return for existing open academies transferring between trusts.

Voluntary income

Any capital donations entered in this section should equal donations shown in the fixed asset notes in the Fin.Return – BS worksheet.

A capital donation is the gift of an asset. Where cash is donated, even if it's specifically for capital purposes, you should record it as private sponsorship or other donations.

Transfers on conversion are not voluntary income and should be shown under transfers on conversion, and not in this section.

Revenue grant income

As part of the consolidation process at both EFA and DfE levels, all trust balances with members of the DfE group will need to be identified and eliminated. Therefore, unlike SORP, which requires grants to be disclosed based on programme type; EFA requires grant funding income to be split by issuer body.

EFA and DfE amounts entered here automatically populate the counterparty tab.

Risk protection arrangement (RPA)

This is included in the return for the first time since its launch in September 2014. In practice, RPA fees are deducted from the general annual grant (GAG) paid by EFA. In accounting terms, the contractual GAG amount, before deduction of RPA fees, should be accounted for as income. We expect trusts to make a monthly journal adjustment in their financial ledgers to gross up the GAG cash receipt to the contractual amount, thereby recording the RPA fees paid by the trust as educational activities.

The RPA disclosure in the return should follow that of trusts' own financial ledgers and be included in the relevant line in the Charitable Activities – Academies Educational Operations expenditure section of the return.

Any income in respect of claims made under the arrangement should be shown as income in the 'Activities for Generating Funds' section following on from trust's own entries in their financial ledgers.

Capital grant income

Irrespective of where trusts account for their capital grant income in their financial statements, EFA requires all grant income (revenue and capital) to be included within the 'Charitable activities – Academy's educational operations' section.

The inclusion of all grant income into a single section greatly improves consistency across trusts and simplifies the consolidation process. Any re-presentation compared to a trust's financial statements will also need to be reflected in the SoFA section of the Fin.Return.

Any re-presentation does not suggest that a trust's financial statements are incorrect.

EFA and DfE amounts entered here automatically populate the counterparty tab.

Staff costs

SORP does not require trusts to present separately staff costs dependent upon employment status (permanent and interim/temporary). Accounting standards applicable under FReM require this. Therefore, trusts are required to re-analyse their total direct staff costs as disclosed under SORP between staff members on permanent contracts and those on interim or temporary contracts.

The split between permanent and interim/temporary staff is not based on hours worked but on length of contract. Accordingly, all supply and maternity cover teachers would automatically classify as interim staff since they are employed by the trust for a specific period of time; the period of illness and maternity leave.

Part-time staff such as teaching assistants and lunch-time staff could be either permanent or temporary staff. A teaching assistant who had an open-ended contract of employment with a trust, but did not have guaranteed weekly hours, would still be classified as a permanent staff member. However, a teaching assistant brought into a trust to cover a known staff absence would be temporary, since their contract has a set end date.

The financial return has logic checks to highlight where the analysis totals do not agree to SORP disclosure totals.

As set out under Pension schemes below, no FRS17 pension valuation at 31 March 2015 is required or expected for this return. Staff costs will therefore only include employer contributions in respect of their pensions and no adjustments in respect of a pension valuation.

Staff numbers

SORP requires disclosure of the number of staff (average monthly full time equivalent) undertaking a trust's charitable activities. EFA requires such an analysis for all staff at the trust; again split by employment status. To allow for an audit trail we require trusts to complete their SORP disclosures and then provide additional fuller disclosures for all staff employed by the company.

We do not expect trusts to report a 'nil' entry for the management category. Where a head teacher fulfils a teaching role, their management role supersedes their teaching role for the purposes of this disclosure and they should be disclosed accordingly.

Tangible fixed assets

Trusts should complete the tangible fixed asset section using the asset classifications they will use in their financial statements as mapped to the asset classes shown in the return.

The return requires separate disclosure of tangible fixed assets transferred in on conversion of academies.

Trusts need to separate software from IT equipment. EFA and the Department will, following FReM, report software assets as intangible assets.

As well as the closing net book value (NBV), EFA and DfE also have to disclose the split of the NBV between land and buildings. All trusts need to provide an analysis of their closing property values accordingly. We assume trusts have split their land and building values because when you prepare your financial statements, you will not depreciate land.

If your trust has adopted an asset re-valuation model, you will need to provide details of the historic values as well for disclosure.

Depreciation and amortisation periods

These rows do not refer to the period of the financial statements/return. Trusts should enter the periods, as disclosed in the trust's accounting policies note, of the useful economic lives used to calculate the depreciation and amortisation charges.

For example, if a trust's accounting policy is to depreciate buildings over 50 years, the value to be entered is 600 (50 x 12).

If your trust has a range of periods for any single asset class, you will need to disclose the lower and upper ranges in the rows provided.

If your trust uses a reducing balance methodology for an asset class, you will need to enter the rate used in the row provided.

Intangible fixed assets

As with tangible fixed assets, you must provide separate disclosure of intangible fixed assets transferred in on conversion of academies.

Investment asset classes

We have maintained the revised asset classes used in the August 2014 accounts return for both investment notes (fixed assets and current assets). Previously the asset classes used and the guidance were insufficient to populate the expanded disclosures found in DfE and EFA group's accounts.

There are still two broad categories of investments:

- investments carried at market (fair) value
- investments carried at cost

The chosen asset classes are duplicated since under different circumstances the same broad asset class can be accounted for under either cost or market value.

A quick summary of the assets that we expect to find with each asset class is given below:

- **Subsidiaries** are companies wholly owned by the trust and included in the trust's consolidated financial statements. In addition we would expect the subsidiaries, as trading subsidiaries, to be limited by shares with all issued shares owned by the trust. Subsidiaries are only carried at cost.
- **Shares**: these are shares held by the trust but not subsidiaries. We would expect the shares to be held for investment purposes (capital growth or dividend income). The shares can be carried either at cost (unlisted private companies) or market value (listed public limited companies such as Marks and Spencer or BP). In all cases the percentage of shares held by the trust will be insignificant to the number the investee company has in issue allowing for the non-subsidiary classification.
- **Corporate bonds**: these are securities that exhibit loan-like behaviour. A trust owning a bond will receive interest income (coupon) and on the maturity of the bond will receive the face value of the bond.
  Like shares, bonds can be either held at cost (generally issued by an unlisted private company without a secondary market) or at market value and issued by a public limited company (Marks and Spencer, BP, Shell etc).
- **Managed funds** are investment funds managed by third party professional managers that allow investors to buy into by acquiring individual units. Temporarily, uninvested cash balances held by the investment manager should be classified as managed funds.
- **Investment properties**: these are properties owned by a trust that are not used in the furtherance of their educational activities, such as rental houses and flats. Under UK generally accepted accounting principles (GAAP) such assets can be carried at either cost (depreciated) or fair value (non-depreciated).
- **Cash term deposits**: these are bank accounts that have set maturities and often offer restricted access rights. For instance a trust with surplus cash may want to use the surplus cash wisely by investing it until it is needed. Fixed term accounts often offer attractive interest rates since the banks know how long the cash will be deposited with them for. These bank accounts are classified as fair value as the cash is effectively fair valued.
- **Derivatives** are specialised financial instruments which are designed to perform specific risks/tasks such as mitigate foreign exchange risk. All derivatives are carried at fair value.
- **Other**: is a generic asset class for all other asset types held by a trust such as art, again it could be carried at either cost or fair value.

We have removed the term ‘endowment’ from the asset classes as this is not an asset class. Endowment refers to restrictions a trust may have holding and/or using the investment’s income stream.

Loan creditors

Balances owed on loans are included in the relevant creditor notes (due within one year or due after more than one year). These are brought together and analysed by maturity as part of the creditors due after more than one year section. This in turn populates the totals in a counterparty analysis of loans at the end of the Fin.Return – BS worksheet.

The requirement for this analysis is new in this return. It automatically populates the DfE group elements for loans in the Counterparty return.

Loan interest paid to the DfE group and to others is separately disclosed in Academies Educational Operations expenditure.

Provisions for liabilities and charges

Disclosure requirements applicable to EFA and DfE, set out in the FReM, require provisions to be broken down into the headings provided; SORP does not require any breakdown across provision types. The analysis, for those trusts with multiple provisions, should not prove too arduous since it should be easily sourced from accounting records.

EFA also require a maturity analysis across the three financial reporting time steps provided. The totals here must agree to those in the provision class given previously.

Pension schemes

No FRS17 pension valuation is required or expected to be reflected in this return. Trusts will be required to include such valuations at 31 August in their audited financial statements and we will collect details in the August return.

The only pension costs you need to reflect in this return are therefore employer contributions. These should be charged to the SoFA as staff costs included within resources expended and disclosed as part of the staff note.

You are required to break down employer pension contributions further according to the scheme type in the pension commitments note. We expect that the majority of trusts will only have two pension schemes: the Teachers’ Pension Scheme (TPS) and a Local Government Pension Scheme (LGPS). These two schemes have been pre-loaded into the financial return but additional space is available for trusts to notify us of other schemes run by the trust.

The total LGPS employer contributions entered is validated against the total LGPS employer contributions entered in the counterparty return (all LGPS counterparty references begin “LG”).

The only pension surplus or deficit balances to be reflected in this return are those transferred at conversion.

Conversion to an academy

Incoming resources on conversion to an academy are shown in the SoFA. EFA and DfE will have to provide extensive disclosures covering the entry of new trusts, and new academies for existing trusts, into their consolidated accounts. The ‘conversion to an academy trust’ section of the financial return is designed to capture in more detail all assets and liabilities transferred into the new academies from their local authorities or elsewhere. The level of disclosures presented in the financial return provides EFA with sufficient information to support its disclosures.

For MATs, the number of academies converting will be validated against the number identified in the standing data tab.

EFA does not require trusts to calculate a full balance sheet for converted schools including accruals and prepayments. Rather, EFA is looking for an analysis of assets and liabilities transferred into the school on conversion. The majority, by value, of transferred assets and liabilities are the land and buildings that house the school and the LGPS deficit relating to the staff transferred over (under TUPE) from the local authority.

Completion of this section is only required for the first accounting period after the school converts. A school converting in January 2015 will therefore feature in this March 2015 return and the August 2015 return when it is included in the trust’s audited financial statements for the first time.

This section should not be used to detail balances transferred when an existing, open academy transfers between trusts. As detailed in the introduction on page 3, this return is not expected to be relevant to such academies.

This section will also be used to support the production of consolidated cash flow statements. The movement of opening to closing balance sheet items used in cash flow statements will need to be adjusted to reflect the ‘new’ assets and liabilities received by EFA and DfE through schools converting.

Please use the dropdown boxes to select the correct school name for all schools that converted and joined the trust during the reporting period. The balances disclosed should be those immediately after conversion and not those as at the period end.

Operating lease commitments

Operating leases are all those leases that are not finance leases (see below). Leases of land are always operating leases.

Under SORP, operating lease commitment disclosures are based on the annual cost of each lease being reported in a maturity band of when the lease expires. However, for this return the FReM-mandated disclosures require you to apportion the whole remaining cost of the lease across the time steps.

Therefore:

- for every lease disclosed under SORP there will be a FReM disclosure
- all FReM disclosures will be equal to or greater than SORP disclosures

For example under SORP, a lease with ten years remaining with an annual cost of £10,000 would only be disclosed as £10,000 in the 'Over five years' time step. For EFA and DfE all three time steps would have disclosures relating to the lease: £10,000 in 'Under one year'; £40,000 in 'Two years to five years' and £50,000 in 'Over five years'.

The worked example below contrasts the different approaches.

Worked example

Lease A – 10 years remaining at £10,000 per year
Lease B – 4 years remaining at £5,000 per year
Lease C – 2 years remaining at £15,000 per year.

	Lease A	Lease B	Lease C	Total
	£000	£000	£000	£000
SORP				
Within one year	-	-	-	-
Within two and five years	-	5	15	20
Over five years	10	-	-	10
	10	5	15	30

Required by EFA

Within one year	10	5	15	30
Within two and five years	40	15	15	70
Over five years	50	-	-	50
	100	20	30	150

Finance lease disclosures

Finance leases are leases where substantially all the risks and rewards of ownership transfer to the trust. The lease will therefore run for most of the useful economic life of the asset.

As stated above, leases of land will always be operating leases and never finance leases, as land is considered to have an infinite economic life.

Similar disclosures to those required for operating leases are required for all finance leases held by trusts. We do not expect there to be many trusts with finance leases, but the disclosures have been added for completeness. The same change in disclosure methodology is required as that for operating leases.

Other financial commitments

Other financial commitments are split between PFI and other (non-PFI) balances. Consolidation of the reported balances at different levels of the DfE group requires the additional analysis.

Balances disclosed here are separate to those disclosed in the capital commitments section of Fin.Return – Other Notes.

Contingent liabilities

Please provide a breakdown of all the trust's contingent liabilities as disclosed in the trust's financial statements, if any. As well as the closing position, a movement schedule across the period is also required.

Please provide sufficient description of the balances to allow for EFA/DfE to understand the underlying issue.

We do not expect trusts to have contingent assets.

Related parties

Whilst trusts will include related party transaction disclosures in their own financial statements, such disclosures will not be appropriate for either EFA or DfE. The disclosures contained in a trust's financial statements will be based on the parties related to that trust's board of trustees, which will be different from those parties related to the boards (executive and non-executive) of EFA or DfE. Since the boards are different the related parties will be different.

EFA and DfE are required to disclose transactions between all organisations included within their consolidated financial statements and bodies related to their own board and senior management members. While we can identify our own transactions from our own ledgers, we are unable to identify any such transactions made by trusts.

Therefore, we have included separate lists of all parties considered to be related to EFA and DfE in the financial return. We require all trusts to review their financial ledgers for the period covered by the return and identify all transactions by the trusts with the bodies named in the financial return. Trusts should then complete the disclosures, providing period totals for each body and highlighting any closing balances with the body. Individual transaction information is not required, only the total per body for the period covered by the return.

If the trust has no disclosable transactions they need to use the dropdown box to explicitly state this.

Exit packages

EFA and DfE disclose breakdowns of employee exit packages agreed during the period of the financial statements. Consequently, to enable the consolidation of trusts into EFA and the department consolidated accounts, trusts need to provide similar disclosures.

EFA/department disclosures are split between civil service and non-civil service exit schemes, although it is expected that only non-civil service schemes will be applicable to trusts. The value of the packages disclosed is the total cost (including pension contributions) not just sums paid directly to the departing employees.

Any non-contractual element of exit packages reported must be included as a special payment as detailed below.

Losses and special payments

All government departments and their consolidated bodies are required to disclose losses and special payments under the terms of the HM Treasury publication Managing Public Money. The scope of the disclosures require trusts to capture payments that fall into the categories provided for inclusion in EFA/DfE's consolidated financial statements.

It is important to note that any non-contractual element of the exit packages reported in the previous section must be reported here as a special payment. The dropdown box in column I includes a descriptor for such payments.

For more information regarding losses and special payments please refer to:

- Losses and write-offs – annex 4.10 of Managing Public Money;
- Gifts – annex 4.12 of Managing Public Money; and
- The Academies Financial Handbook.

Please list out all applicable payments and losses in the space provided, overtyping the details of the payment in column B. Please also fill in the details as to when the loss/payment occurred (recognition date) and when the payment occurred. If the payment/write-off has not yet occurred as at the balance sheet date leave the cell in column I blank.

In a lot of cases these two dates will be the same but not always which is why we require the split. The dropdown box in column I will allow trusts to identify the type of special payments and losses.

Part 3: Counterparty return

3.1 Introduction

A consequence of the decision to consolidate trusts' results into the government's published accounts is the need to identify all transactions between, and closing balances with, trusts and government bodies during the period. All balances between trusts and government bodies need to be identified so that they can be removed during the consolidation process. The end result is the Whole of Government Accounts (WGA).

The method chosen to report trusts' identified government balances is the counterparty return contained within the return in the worksheet titled 'CoPty.Return'.

3.2 Format of the counterparty return

You will only use the dropdown boxes once per counterparty. This layout highlights that any income or expense counterparty could have a closing debtor or creditor balance as well.

The return will populate the correct financial statement caption amount. Entries will be validated to ensure they do not exceed the caption amounts in total.

As the return covers the income, expenditure, assets and liabilities for a counterparty on a single line, an appropriate sign convention has been adopted. Expenditure and assets should be entered as positive numbers, income and liabilities as negative. The validation on the worksheet enforces this convention.

Grant income and loans from EFA/DfE, TPS contributions and VAT balances with HMRC that you have already input in the financial return are automatically entered to the counterparty return.

3.3 Specific completion guidance

Transactions between the trust and other public bodies for the period

Preparers will need to identify transactions between the trust and other public bodies included within the financial statements for the period.

For each category of transaction and closing balance, give a breakdown by selecting the public body's CPID in column C as outlined in section 1.7. Trusts are only required to provide totals by counterparty, not individual transactions.

Excluded transactions

Some transactions and caption balances are excluded from the counterparty return.

Some captions, such as ‘Amounts owed to/from group undertakings’, are not carried across from the financial return. This is because these will be companies associated with the trusts that have not been included within their return. As these companies are not public bodies they are not required for the counterparty return.

Whilst most trusts are stand-alone companies, others are part of corporate groups. In certain circumstances, those groups may prepare financial statements that do not include all members of the group. Consequently, those financial statements will include amounts due to or from the reporting entity and other members of the corporate group. However, since those counterparties have not been included within the return, their balances fall outside the scope of the counterparty return.

Other excluded counterparties are universities and higher education organisations. Such organisations have been classified by the Office for National Statistics as non-public sector and are therefore outside the scope of the WGA exercise.

List of applicable counterparties

Counterparties are identified by CPID column C of the return and can be selected as detailed in 1.7.

The list of disclosable counterparties is shown on the CPID worksheet

Balance sheet

Provide a breakdown of closing assets and liabilities with other public bodies, based on financial statement classifications. The return will check to make sure the number of disclosure items per caption are the same; such as value, CPID code and counterparty name.

Statement of Financial Activity

Provide a breakdown of income and expenditure with other public bodies, based on financial return classifications. The return will populate the correct caption balances.

Wages and salaries are those salaries paid to employees of other disclosable government bodies on behalf of those bodies. Within central government there are many inter-departmental staff secondments. In such a situation the seconded department may reimburse the seconding department their employee’s salary; which would be disclosed here.

The return will check to make sure the number of disclosure items per caption are the same; such as value, CPID code and counterparty name.

Transactions within and between trusts

As mentioned previously, all transactions within a trust will have been removed in the preparation of their own financial statements. The removal of such transactions for financial statements will be echoed in the return.

Transactions between trusts will need to be identified so that we can eliminate such intra-group transactions when we prepare the DfE group and EFA group consolidated accounts.

Transactions between trusts should therefore be treated just like other transactions between a trust and any other public body.

Part 4: Land and property return

4.1 Introduction

EFA and DFE need to capture certain information about trusts' land and property assets to reflect them properly in the consolidated financial statements.

4.2 Specific completion guidance

The return takes the form of a table into which trusts enter details of each separate land and property asset that they hold. The details required are:

- academy name – automatically populated based on the UPIN entered
- UPIN – entered directly as detailed in 1.7
- description of the property – selected from a dropdown menu
- net book value – as it is included as part of the fixed asset note in the financial return
- whether freehold or leasehold
- donor/lessor/purchaser type – selected from a dropdown menu
- lease term (if relevant) – in years
- lease type (if relevant) – operating or finance (this should match the classification adopted in the finance return)
- rental type (if relevant) – whether market value, nominal or not applicable (if freehold)

The net book value is validated against the total net book value for freehold and leasehold property and leasehold improvements in the fixed asset note of the financial return.

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