

# SERVICES TO ACADEMY SCHOOLS



## Key issues to consider on conversion

With conversion there are several key areas that merit early consideration. We are able to go through all of these areas with both staff and governors to make sure everyone is fully aware of the relevant issues and options available. We will make recommendations based on the individual circumstances of the Academy.

### VAT

Each Academy must consider whether or not they are required to register for VAT and if it is not required, whether or not it will still be beneficial to do so. Academies are also able to reclaim their input VAT via the VAT 126 form. The best course of action depends on the Academy's individual circumstances.

### Independent checking of financial controls

As laid down in the handbook, each Academy Trust must have in place a process for independent checking of financial controls, systems, transactions and risks. There are a number of options that are available to Academies to conduct this work, however, it is often preferred that a supplementary program of work is carried out by the external auditor.

### Land & buildings

One of the key areas to consider on conversion is the value of the assets and liabilities that will be transferred from the Local Authority. The value of the land and buildings and consideration for the period in which to depreciate these assets has a significant impact on the accounts.

### LGPS pension liability

On conversion to an Academy, the trust will inherit the deficit (or surplus) on the Local Government Pension Scheme (LGPS). Consideration must be given to the value inherited and then a valuation must be obtained for the year end position from the Actuary involved in administering the scheme. There are complex accounting and disclosures required regarding pensions.

### Related party transactions

With public bodies under ever increasing scrutiny, related party transactions have become a key topic for Academies. There must be total transparency with regards to related party transactions, with new rules in place to ensure transactions are 'At Cost'. This area requires careful consideration.

### Bank accounts

On conversion the Academy will need to open a new bank account. It is important to ensure that proper authorisation processes are in place to meet the requirements of the Academies Financial Handbook.

### Accounting systems

For many the change to Academy status brings enough challenges in itself without adding a change of software in the mix. However, many may see this as an opportunity to change to an alternative supplier. Even if you maintain your current software there will be a change to a new chart of accounts to reflect the new reporting requirements.

### Trustees responsibilities

A Governor of an Academy is also a Trustee of a charity and a Director under Company Law. This brings extra legal responsibility that everyone must be made fully aware of.

## Reporting requirements

With Academy status comes a new reporting regime. Instead of reporting to the Local Authority, Academies will report direct to the ESFA. Academies must ensure they comply with the Funding Agreement with the ESFA, The Academies Financial Handbook and The Annual Accounts Direction. The key reporting documents include:

- Budget Return
- Academies Accounts Return
- Financial Management and Governance Self Assessment
- Land and Buildings Return
- Value for Money Statement
- Regularity Reporting
- Annual Statutory Accounts
- Teachers Pensions EOYC



## About Ellacotts

Ellacotts LLP is an established and growing firm of chartered accountants and business advisers and is conveniently located in central England with offices in Banbury, Kettering and London. We are one of the largest independent accounting and business advisory firms in the UK.

## A specialist team

Ellacotts work with a number of Academies, including Multi Academy Trusts, SEN Academies and PFI Academies across several counties, and therefore the team has significant experience of issues facing the sector.

We have guided many Academies through the conversion process so are well equipped to provide advice and guidance throughout the conversion and beyond. All of our team are familiar with the Charities SORP and ESFA reporting requirements.

We are an active member of the UK200Group who currently act for over 10% of academies nationally. The UK200Group is the premier quality assured membership association of chartered accountants and law firms in the UK, and we have significant knowledge and understanding of the sector.

## Why Ellacotts?

- We pride ourselves on delivering proactive solutions to our clients
- We are able to offer our clients a wide range of services and ensure that each client benefits from a joined up approach
- We offer transparent fee arrangements often with fixed pricing so there are no surprises

## Our services

Our philosophy is to work in partnership with our clients. We feel that the role of a 'critical friend' is invaluable, working in conjunction with the key academy staff and governors to advise as the school transitions into Academy status. Our services include but are not limited to:

- Pre-conversion assistance
- Independent checking of financial controls and key risks - quarterly visits and reports
- Assistance with preparation of accounts returns and budget returns
- VAT advice - reviews, registration
- Assisting with the accounting treatment of pensions valuation
- Preparation and audit of annual financial statements
- Support and training for Governors
- Payroll services

## A specialist team to guide you through the conversion process and beyond



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### Headteacher, Gosford Hill School

“Gosford Hill School is proud to work with Ellacotts. Since our academy conversion, Ellacotts have continued to provide a professional and highly effective service. The staff are knowledgeable, approachable and deliver first class advice.”

### Julie Weatherhead, Office Manager, Acorns Primary School

“We have found Ellacotts to be very helpful and knowledgeable to us as a Multi Academy Trust, both as accountants and auditors. It is our opinion that all the staff are friendly, helpful and extremely proficient at what they do. We couldn't ask for a better service.”

### Carol White, Business Manager, Friars Academy

“Friars Academy has worked with Ellacotts since 2013 during that time their assistance has been invaluable to the Academy. You are assigned a dedicated team so you are familiar with the person you are speaking to and this gives you the opportunity to build up a good professional working relationship. Every member of their staff I have met are very friendly and helpful. There is a very personal feel to the service they provide. Nothing ever appears to be too much trouble, they are very quick to respond to any question you may have and I have never been made to feel I am asking an obvious question. The assistance and guidance they provide is always delivered in a very timely manner and in a format that is easy to follow and understand. I would not hesitate to recommend them”.



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For more information about Ellacotts and our services, please visit [www.ellacotts.co.uk](http://www.ellacotts.co.uk)

#### Information for readers:

Ellacotts LLP is a member of the UK200 Group, a national association of UK independent quality assured accountancy and legal firms. We are one of the fastest growing accountancy firms in the UK and listed as a Top 100 Accountancy Firm by the Accountancy Age 2018 survey. We work closely with other professionals such as solicitors and land agents to ensure the best tax position for our clients.

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