

Academy Helpdesk

At Price Bailey, all of our Academy clients have access to our Academy Helpdesk.

We offer this service for **free**, by phone or by email, if we either know or should know the answer to your query (and our experience is such that this is no longer confined to just financial and reporting matters).

As much as you need and as often as you like, for all external and internal audit clients.

If you are an existing client and have any academy related queries, **please contact**:

academy.helpdesk@pricebailey.co.uk

"We saved
our clients

£3,000

in advisory fees during Q2 2025"

Take a look at some of the key topics our Helpdesk covered below during Q2 April - June 2025.

Related Party Transactions

Audits are subject to an increasing level of regulatory oversight, particularly within publicly funded organisations. The disclosure of related parties is experiencing heightened scrutiny and remains a primary area of emphasis for both auditors and regulatory authorities.

We need Trustees, Members and Key Management Personnel to declare their related parties (including close family/connected parties) to us as their external auditors. This involves the completion of a related party declaration form or access to a register maintained by the trust which contains this information.

What are the disclosure requirements?

Statutory Accounts

Academy trusts follow the Charities SORP disclosure format across a number of areas including related party transactions.

The Charities SORP in section 9.15 states:

"Related parties include a charity's trustees and their close family members and those entities which they control or in which they have a significant interest. Entities related to a charity include any subsidiary, joint venture or associate of the charity."

Academy trusts must report all related party transactions (income and expenditure), regardless of value, in their annual statutory accounts.

Reporting to the DfE

The Academy Trust Handbook 2025 states:

*Trusts **must** report all contracts and other agreements with related parties to DfE in advance of the contract or agreement commencing or being renewed, using DfE's [related party on-line form](#).*

When reporting to the DfE, academy trusts **must** also seek prior approval when a proposed contract and agreement for the supply of goods or services to the trust by a related party **exceeds £40,000**.

This approval requirement does not apply in the following circumstances:

- Supply of goods or services by state funded schools and colleges including other academy trusts.
- The provision of services with a religious designation which can only be provided by their religious authority.

Academy trusts do not need to declare income transactions with related parties to the DfE.

FAQs

Q: What constitutes a business interest?

A: Ultimately the individual would have significant influence so likely a majority shareholding, a directorship, or control through other parties such as holding companies.

Q: Are friends included within the scope?

A: No, friends are not included in the definition of related parties. While friends might have close relationships with individuals in an academy trust, their friendships do not trigger related party status.

Q: Which family members constitute 'close family members' and therefore should be included in the declaration form?

A: Spouse, civil partner, domestic partner, children and step-children of you or your spouse (over the age of 18), grandchildren and step-grandchildren (over the age of 18), parents and in-laws, grandparents and in-laws, siblings and step-siblings.

Q: How much information needs to be disclosed on our website?

A: Only disclose relevant business interests on your website. The term 'relevant' is subjective and not defined but can be taken to mean that if a transaction is likely by virtue of the company/individual being local or a supplier to the education sector.

Each year we hold a webinar for our academy clients focussed on this area. If you would like a copy of this recording please contact our Academy Helpdesk.

VAT

VAT compliance has consistently been a challenging area for academies, and there is a growing trend of academy trusts not fully adhering to HMRC regulations.

Our 23/24 external audits revealed that many academy trusts did not perform business/non-business apportionment calculations when necessary, leading to a risk of VAT overclaims.

What are the rules?

Academy Trusts VAT Registered

Academy trusts which are VAT registered must adhere to the partial exemption rules.

As a VAT registered entity the trust can claim back input VAT in full except where it has VAT exempt income streams. Should the trust have VAT exempt income streams a partial exemption calculation will be required to restrict the recovery of input VAT.

VAT exempt income streams can include, but not limited to:

- Nursery provision should a charge be made
- Lettings of sports facilities (block booking)
- Admission to events of cultural nature entrance charges to school plays, concerts, art exhibitions and other cultural events may be exempt from VAT if supplied by an 'eligible body.'

Academy Trusts Not VAT Registered

Academy trusts which were not VAT registered and instead complete VAT126 forms often believed they were exempt from the need to do an apportionment, which is **not** the case.

Overhead costs attributable to both business and non-business supplies must be apportioned, in a fair and reasonable manner.

When completing VAT126 forms, academy trusts cannot recover VAT directly attributable to its business (i.e. trading) supplies whether taxable or exempt and they also cannot recover VAT relating to the proportion of overheads attributed to business supplies. There is no concept of 'de minimis' for this apportionment.

Common business supplies can include, but not limited to:

- Lettings/room hire
- Catering provision at a profit
- Sale of uniform
- Vending machines

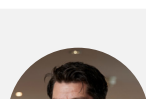
Has your academy trust considered a VAT review?

We advise academy trusts that are uncertain about VAT implications to engage our specialist tax team for a tailored VAT review. Our experts can provide comprehensive guidance on the appropriate VAT treatment. Please contact our Academy Helpdesk for more information.

Our Helpdesk has also answered ad hoc queries regarding:

- Chart of Accounts
- Finance Regulations
- Governance
- Leases
- Budgeting
- Fixed Assets

Contact Us

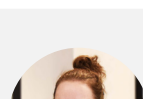


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