



BAXTER BULLETIN
April 2019 Accounts Direction

The purpose of this bulletin is to summarise the key areas and points for attention arising from the publication yesterday of the ESFA's Accounts Direction for the (current) 2018/2019 financial year (link [here](#)).

Happily, the nature and scale of the changes will have limited impact on most academy trusts. The ESFA have continued with the helpful practice of summarising changes under the heading "What has changed in this edition?" (pages 5 and 6). Most of the changes are relatively minor tweaks to disclosure requirements and they do not appear to be onerous or controversial.

Some points are however worthy of emphasis;

- A copy of the accounts must be sent to each member of the trust. The accounts continue to be approved by the directors and presented to the members at the AGM. For most it will probably be most convenient to circulate the accounts with the notice of the AGM.
- If the trust has a trading subsidiary company, any donation of profits can no longer be accrued in the accounts (unless there is a formal, legally enforceable deed of covenant in place). *This means that if you want the donation of profits to be reflected in the 2018/2019 accounts, the company will have to make the donation to the Trust, prior to 31 August 2019.*
- In respect of related party transactions, the disclosure requirements are set out in section 6.6 on pages 46 to 49. Note the new requirement for the disclosure to include confirmation that the Trust has complied with the new regime on related party transactions that has applied since 1 April 2019, as described in sections 3.10.4 to 3.10.7 of the [Academies Financial Handbook 2018](#).
- Finally, there is confirmation, in Annex B, para 1.22 on page 140, that any purchase of alcohol by an academy trust is considered to be irregular, irrespective of the source of funding. The safest stance to adopt continues to be a zero alcohol policy. Note that this regulation applies to the Trust and not to separate organisations such as a PTA.

As always if you have queries or need further advice, please don't hesitate to contact us.