

LiFE MAT Funds Policy

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Aims

This document has been adopted by Life Multi Academy Trust (the Trust)'s Board of Directors, as the basis for the allocation of income into unrestricted, restricted, restricted fixed asset and endowment funds. The aim of the policy is to create a framework within which income is allocated.

Introduction

The Trust, as an exempt charity uses the charity SORP as its financial framework when completing the annual accounts. As part of this, the Trust is required to produce a statement of financial activities (SOFA). This is a single accounting statement with the objective of showing all incoming resources and resources expended in the year and how these are in furtherance of its charitable objectives.

The SOFA requires an analysis of incoming resources and resources expended in two ways. The first is through 'funds' and the second is through functional or subjective account headings.

Academies as exempt charities and companies limited by guarantee, follow the requirements of the charities SORP and the Companies Act. However, the Education and Skills Funding Agency (ESFA) 'Accounts Direction' sets out a format for the accounts to ensure consistency across the sector.

The SOFA columns required under the Accounts Direction are headed up:-

- Unrestricted General funds
- Restricted General Funds
- Restricted Fixed Assets
- Endowment Funds (if applicable)

There is also the option of splitting the unrestricted General Fund to include unrestricted designated funds and restricted funds to include pension funds.

A definition of unrestricted and restricted funds, taken from the Charities SORP is shown below:

App 3.1 Unrestricted Funds

1(a) Unrestricted funds are expendable at the discretion of the trustees in furtherance of the charity's objects. If part of an unrestricted fund is earmarked for a particular project it may be designated as a separate fund, but the designation has an administrative purpose only, and does not legally restrict the trustees' discretion to apply the fund.

App 3.2 Restricted Funds

Restricted funds are funds subject to specific trusts, which may be declared by the donor(s) or with their authority (e.g. in a public appeal) or created through legal process, but still within the wider objects of the charity.

Key tests to determining whether income is restricted or unrestricted are;

- Has the donor set a restriction

- Is the income a contract or a donation.

Allocation of Income to Funds

1.1 Unrestricted

The following sources of income will be treated as unrestricted:-

Gift aid from the trading subsidiary
Income from other academy trusts
Private music tuition
School meals (other than specific income from Government grants which are restricted)
Proceeds from other trading activities (examples would be uniform sales, revision book sales) Donation with no restrictions attached
Transport
Non-Government revenue
School trips
Investment income

Restricted Funds

The following sources of income will be treated as restricted:-

ESFA General Annual Grant (GAG), including:

- School budget share
- Minimum funding guarantee
- Education services grant
- Allocation protection
- Pre-16 high need funding
- Post-16 high needs funding

Other DfE/ESFA grants such as pupil Premium

DfE Group revenue grants

Other Government revenue grants, including local authority funding for high needs pupils.

Donations with restrictions attached

Restricted Fixed Asset Fund

The following sources of income will be treated as restricted fixed asset:-

School Condition Allocation

DfE capital grants

DfE Group capital grants

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Devolved Formula Capital

Other Government capital grants

Sponsorship monies received for capital projects

Donated fixed assets such as academy buildings transferred from local authority Local authority capital grant

Endowment Fund

A gift of endowment, where there is no power to convert the capital into income, is known as a permanent endowment fund. A permanent endowment fund must normally be held indefinitely. Where trustees have the power to convert endowment funds into income, such funds are known as expendable endowments. A gift of expendable endowment provides the trustees with a power to convert all or part of it into income. This could be used for awarding prizes or rewards to individuals meeting specified criteria eg. a scholarship fund that has been set up in memory of a deceased member of staff and that funds the further education of students.