



Audit findings report

Barnwell Academy Trust

Year ended 31 August 2023



Strictly Private & Confidential

The Board of Trustees
Barnwell Academy Trust
Whitefield Estate
Houghton Le Spring
Tyne and Wear
DH4 7RT

Our ref: GF/BAR0512NER
29 November 2023

Dear Trustees

Barnwell Academy Trust Audit findings for the year ended 31 August 2023

This Audit Findings Report highlights the significant findings arising from the audit for the benefit of those charged with governance. We appreciate that you may be aware of some of the matters contained in this report, however as required by International Standard on Auditing (UK) 260 we are communicating them to you formally.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) (ISAs UK), which is directed towards forming and expressing an opinion on the financial statements. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities, including those in respect of the preparation of financial statements.

There is more detail in respect of the responsibilities of the auditor and those charged with governance within our engagement letter. Our standard terms and conditions can be found at <https://www.azets.co.uk/terms-of-business>.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. We do not accept any responsibility for any loss occasioned to any third party acting or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We would like to take this opportunity to record our appreciation for the kind assistance provided by your team during our audit. If we can be of any further assistance, please contact Graham Fitzgerald.

Yours faithfully

Graham Fitzgerald
Senior Statutory Auditor

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1. Executive summary

Significant matters relevant to our audit

This table summarises the significant matters arising from the statutory audit of Barnwell Academy Trust for the year ended 31 August 2023 for those charged with governance.

Audit opinion	<p>Our audit report is unmodified, however we have included an “emphasis of matter” paragraph in respect of the LGPS valuation, which has produced a surplus in the current year, with a cap on the recognition of the asset calculated by the actuaries. This cap is zero. There is a degree of subjectivity and judgement around the recognition of defined benefit pension scheme assets, and our opinion is that it is appropriate to highlight this and the related disclosures in the audit report.</p> <p>We have no matters to report regarding the adoption of the going concern basis or inadequate disclosures relating to material uncertainties.</p> <p>Our audit work is substantially complete and there are currently no matters which would require modification of our audit report.</p>
Audit approach	<p>There were no changes to our audit approach as set out to you in our letter dated 17 August 2023.</p>
Significant audit findings	<p>We have reported our significant audit findings on pages 5-8 and audit adjustments on page 3. There was no impact on the trust’s reserves excluding the LGPS adjustments.</p> <p>We are pleased to report that the audit progressed well from our perspective and in accordance with the agreed timetable.</p>
Audit adjustments	<p>We are required to communicate all potential adjustments, other than those considered to be clearly trivial, to management and to request that management corrects them.</p> <p>Audit adjustments proposed can be seen in the reconciliation to accounts below.</p> <p>Presentational and reclassification adjustments were proposed and accepted by management.</p> <p>There were no unadjusted misstatements above our clearly trivial level.</p>

Internal controls

The purpose of the audit was for us to express an opinion on the financial statements. The audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

Our audit is, therefore, not designed to identify all control weaknesses. No material weaknesses or significant deficiencies were noted.

Materiality

The basis for our materiality calculations and associated definitions were set out in our audit planning letter issued prior to the start of the audit. Our calculated materiality assessments for the year ended 31 August 2023 were ultimately calculated as follows:

Overall materiality for the financial statements: £37,320

Performance materiality: £26,124

Trivial threshold: £1,866

2. Financial statements

This section of our report summarises the main features of the financial statements including adjustments made to the trial balance and an explanation of the key elements of the accounts.

Reconciliation to accounts

The reconciliation of the trial balance presented to the audited statutory financial statements is as follows.

	£
Surplus/(deficit) per management accounts / TB	(45)
Adjustments notified to us by the academy trust	
FRS102 LGPS valuation	(61)
Audit adjustments	
None identified	
Surplus/(deficit) per statutory financial statements	(106)

Points of note

- No adjustments were identified during the audit other than presentational adjustments to ensure compliance with ESFA requirements

Statement of Financial Activities - SOFA

Reconciliation to underlying in year financial position:

	£'000
Reported surplus/deficit per SOFA (page 30)	(106)
Less: capital grants (page 30/38)	(22)
Add: depreciation charge (page 30/43)	120
Add: LGPS adjustments charged as an expense (page 46)	61
Underlying surplus/deficit in year	53
Less: capital expenditure from reserves and revenue income	(69)
Total movement in general and unrestricted reserves	(16)

Balance Sheet and Reserves

Reconciliation to underlying in year financial position:

	2023	2022	Change
Restricted GAG	393	443	(50)
Restricted other	-	-	0
Unrestricted	241	207	34
Net movement as above	634	650	(16)
Capital reserves	(4)	(5)	1
Total reserves	630	645	(15)

Commentary on key elements of Balance Sheet and Reserves:

- Negative capital reserves are the loan balances that will ultimately be repaid from ESFA funding

Other key notes and disclosures

Note 9/10 - Staff costs

- Staff costs disclosures include staff trustees' remuneration – 1 listed on page 42.
- Salary costs for key management personnel have been aggregated, so no disclosure is made of individual KMP salaries. This includes gross, employer's pension contributions and employers NI. See page 42.

Note 18 – fund balances

- Confirmation of restricted fund balances carried forward.
- Restricted funds:
 - GAG - £393k

Note 24 - Related Party Transactions

- We have not been made aware of any related party transactions in the period.
- Trustees are reminded that any transactions between themselves or entities controlled by themselves and the Academy Trust are required to be disclosed in the accounts under this note. This disclosure also includes transactions with members, key management and anyone with influence over contracts.

3. Significant audit findings

This section of our report includes a summary of significant audit findings relating to significant risk areas identified at planning and other risk areas that required special consideration or arose during the course of the audit.

Significant risk areas identified at planning

Significant risks are risks that require special audit consideration and include identified risks of material misstatement that:

- our risk assessment procedures identified as being close to the upper range of the spectrum of inherent risk due to their nature and a combination of the likelihood and potential magnitude of misstatement; or
- are required to be treated as significant risks due to requirements of ISAs (UK), for example in relation to management override of internal controls.

Significant risks at the financial statement level

The below table summarises conclusions in relation to significant risks of material misstatement identified at the financial statement level. These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

Key risk area	Audit Approach	Conclusions
<p>Management override of controls</p> <p>Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, it is a risk of material misstatement due to fraud and thus a significant risk.</p> <p>Risk of material misstatement: Low</p>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Review of accounting estimates, judgements and decisions made by management; • Testing of journal entries; • Review of any unusual significant transactions; • Data analytics procedures 	<p>Our testing did not indicate any evidence of management override of controls.</p>

Significant risks at the assertion level for classes of transaction, account balances and disclosures

The below table summarises conclusions in relation to significant risks of material misstatement assertion level for classes of transaction, account balances and disclosures.

Key risk area	Audit Approach	Conclusions
<p>Fraud in revenue recognition</p> <p>Material misstatement due to fraudulent financial reporting relating to revenue recognition is a presumed risk in ISA 240 (The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements).</p> <p>The majority of income is in the form of grants provided by the ESFA and Local Authority.</p> <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none"> Grant income (Classification and presentation): Medium Grant income (Completeness, accuracy and Cut off): Medium Other income (Completeness, cut off and accuracy): Medium 	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> Review and testing of income recognition policies; Detailed substantive testing on material revenue streams, including ESFA and Local Authority Funding [Data analytics procedures] Substantive analytical procedures 	<p>We are satisfied that income is free of material errors and is appropriately disclosed in the financial statements.</p>
<p>LGPS asset / liability and disclosures</p> <p>There is a risk that the liability and disclosures in respect of the local government pension scheme liability may be materially misstated.</p> <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none"> LGPS accounting (Rights and obligations): Low LGPS accounting (Accuracy): Low LGPS accounting and disclosures (Presentation): Low 	<ul style="list-style-type: none"> Review of basis of accounting treatment (and surplus recognition criteria, as relevant) Review of assumptions made and comparison with other academy trusts Assessing the reasonableness of source data used (including confirmation with pension fund auditor and analytical procedures, as required) Evaluating whether significant events that impact on liabilities have been included Review of adjustments and comparison with the actuary's report 	<p>We have reviewed the assumptions and other available information. The academy trust reported a surplus position and the actuaries have provided calculations to determine the extent to which the surplus should be recognised. This has been capped at zero and the accounts reflect this. This information is included in the financial statements and the audit report amended as noted above.</p>

	<ul style="list-style-type: none"> • Review of disclosures and comparison with the actuary's report • Review of the credentials of the actuary preparing the valuation 	
<p>Valuation and recognition of land and buildings</p> <p>There is a risk that land and buildings may be inappropriately valued in the balance sheet</p> <p>There is a risk that land and buildings may not be accounted for in accordance with the Academies Accounts Direction</p> <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none"> • Recognition of asset (Rights and obligations): Low • Recognition of asset (Classification): Low • Recognition of asset (Presentation): Low • Valuation of asset (Accuracy): Low 	<ul style="list-style-type: none"> • Review of leases and supplemental agreements to confirm basis for occupation • Review of valuation reports • Review of potential impairment of assets • Discussions with management 	<p>We have reviewed the initial recognition and trust land and buildings, updated valuations and other information available and concluded that the initial recognition valuation remains appropriate.</p>
<p>Restricted and unrestricted funds</p> <p>There is a risk that restricted grants could be spent on expenditure other than in accordance with the terms of the funding, or that expenditure may be inappropriately allocated to the incorrect fund</p> <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none"> • Fund accounting (Accuracy): Low • Fund accounting (Presentation): Low 	<ul style="list-style-type: none"> • Review grant income to understand the restrictions in place • Review a sample of expenditure to ensure in accordance with the restrictions, and appropriately accounted for against the correct fund • Review funds carried forward for reasonableness and to ensure in accordance with the terms of the grant 	<p>From our review we are satisfied that funds have been appropriately accounted for and disclosed in the financial statements.</p>

- Fund accounting
(Classification): **Low**

Other identified risks

The below table summarises conclusions in relation to other identified risks which although not considered to be significant required specific consideration during the audit or were risks otherwise identified during the course of the audit.

Identified risk of material misstatement	Audit approach	Conclusion
<p>Related parties Under ISA (UK) 550, there is a presumed risk that related party transactions may be inaccurate or misstated within the financial statements</p>	<ul style="list-style-type: none"> • Review of completeness of declared related parties • Review of accounting records for potential additional transactions • Review of compliance with ATH requirements & other regulations 	<p>We did not find any undisclosed related party transactions.</p>

4. Going concern

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

Management's assessment of going concern

The academy trust has prepared its financial statements on the going concern basis. Management believe that the financial statements should be prepared on the going concern basis having reviewed the financial position of the trust at the year end, management accounts since the year end and the budgets that were agreed and approved by trustees.

Management's assessment covers a period of at least 12 months from expected date of approval of the accounts

Audit work performed

ISA 570 (revised) specifies mandatory procedures that we are required to carry out on going concern.

We have considered the level of reserves at the year end and reviewed the budgets, including a consideration of the assumptions applied in arriving at those forecasts.

Disclosures

We have reviewed the disclosures and accounting policies set out in note 1 of the financial statements, which we believe is appropriate in these circumstances.

Conclusion

We concur with management's assessment that it is appropriate to continue to adopt the going concern basis and there are no material uncertainties relating to going concern which should be disclosed in the financial statements.

5. Audit communication

Materiality

Whilst our audit procedures are designed to identify misstatements which are material to our audit opinion, we also report to those charged with governance and management any uncorrected misstatements of lower value errors to the extent that our audit identifies these.

Under ISA (UK) 260 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA (UK) 260 defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

An omission or misstatement is regarded as material if it would reasonably influence the users of the financial statements. The assessment of what is material is a matter of professional judgement and is affected by our assessment of the risk profile of the business and the needs of the users.

Accounting policies

The accounting policies used in preparing the financial statements are unchanged from the prior year. These have been deemed appropriate for the audited period.

Presentation and disclosures

Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies and estimation techniques adopted by the entity. We identified a number of reclassification adjustments and some minor presentational issues in the Group, and these have all been amended by management.

Overall, we found the disclosed accounting policies, significant accounting estimates and the overall disclosures and presentation to be appropriate.

Fraud and suspected fraud

We have previously discussed the risk of fraud with management. We have not been made aware of any incidents in the period nor have any incidents come to our attention as a result of our audit testing.

Our work as auditor is not intended to identify any instances of fraud of a non-material nature and should not be relied upon for this purpose. In the event that the directors wish to obtain enhanced assurance with regard to the effectiveness of internal control in preventing and detecting fraud we should be happy to provide additional services.

Written representations

We will present the final letter of representation to the Board to sign at the same time as the financial statements are approved.

Related parties

We are not aware of any related party transactions which have not been disclosed.

6. Unadjusted misstatements

Unadjusted audit differences

We did not identify any potential adjustments above our clearly trivial level that have not been adjusted..

7. Internal controls

The purpose of the audit was for us to express an opinion on the financial statements. The audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Our audit is, therefore, not designed to identify all control weaknesses.

We have not identify any issues and do not make any recommendations following our audit.

Follow up on prior year control recommendations

We did not identify any issues or make any recommendations in the prior period.

8. Independence and ethics

In accordance with our profession's ethical requirements and further to our audit planning letter issued confirming audit arrangements there are no further matters to bring to your attention in relation to our integrity, objectivity, and independence.

We confirm that Azets Audit Services and the engagement team complied with the FRC's Ethical Standard. We confirm that all threats to our independence have been properly addressed through appropriate safeguards and that we are independent and able to express an objective opinion on the financial statements.

Audit and non-audit services

The following services were provided in the year to 31 August 2022 and 2023.

Audit services	Fees 2023 £	Fees 2022 £
Audit of company	8,500	6,200
Total audit services	8,500	6,200

Non-audit service	Fees 2023	Fees 2022	Type of threat	Safeguard
Preparation of financial statements	£1,550	£1,500	Self-review	Directors / Board to sign and approve all adjustments made to the financial statements. Preparation of statutory financials statements performed and reviewed by a separate team.
Preparation of AAR	£800	£600	Self-review	The AAR is fully reviewed by the audit partner and is reviewed in full by a senior member of your team on behalf of the academy trust
Teachers pensions EOYC	£850	£600	None	N/A

9. Emerging issues – for information only

1. Academy Trust estate management
2. Skills and experience
3. Reminder – Accounting Officer and Chief Financial Officer should not be the same individual
4. Board meetings
5. Budget Forecast Return
6. Change in management account circulation
7. Electric Vehicle (EV) Salary Sacrifice schemes
8. Related Party transactions
9. Notice to Improve
10. ESFA good practice guides
11. VAT

1 Academy Trust Estate Management

An academy trust's estate is both an asset and a mechanism to deliver outcomes for pupils. The DfE expects academy trusts to manage their school estate strategically and effectively and maintain their estate in a safe working condition.

This includes complying with statutory duties to ensure the health and safety of building occupants. Trusts should ensure they are aware of and are applying the following guidance relevant to estates safety and management:

- advice, standards and tools for academy trusts at Good Estate Management for Schools, including guidance on an estates strategy and asset management plan, and the Estate management competency framework for standards on the skills and knowledge needed for individuals at all levels.
- the Condition Data Collection (CDC) process which helps DfE understand the condition of government funded schools across England for the purposes of targeting funding where it is needed most.
- Reinforced Autoclaved Aerated Concrete (RAAC) guidance. RAAC is a weaker form of concrete used in floors, walls, and roofs of buildings constructed or modified between the 1950s and mid-1990s and could pose a particular risk.
- School Capital Funding guidance, who it's for, current and past allocations, how it's calculated and spending guidance.
- Condition Improvement Fund including links to terms and conditions.

Further information and guidance is available from The Trust Network, which is run by trusts for trusts to help its members develop effective, efficient, and economically sustainable estates and safety management.

2 Skills and experience

The board should identify the skills and experience it needs, including sufficient financial knowledge to hold the executive to account. The board should also address this for committees/local committees/local governing bodies.

New trusts in their first year **must**, and established trusts should, include in their governance statement, an assessment of their governance structure, including a review of the board's composition in terms of skills, effectiveness, leadership and impact.

Find out more about this and questions for the board to ask itself about its governance arrangements in the DfE School resource management self-assessment checklist.

3 **Reminder – Accounting Officer and Chief Financial Officer should not be the same individual**

The board of trustees **must** appoint, in writing, a senior executive leader, who may be appointed as a trustee. In single academy trusts this should be the principal. In trusts with multiple academies, it should be the chief executive or equivalent.

The board **must** also appoint, in writing, a named individual as its accounting officer. This should be the senior executive leader. The individual **must** be a fit and suitable person for the role. The roles of senior executive leader and accounting officer **must** not rotate. The roles of accounting officer and chief financial officer should not be occupied by the same individual. The accounting officer should be employed by the trust. The trust must obtain prior ESFA approval, if it is proposing, in exceptional circumstances, to appoint an accounting officer who will not be an employee.

The board **must** appoint a chief financial officer (CFO) to whom responsibility for the trust's detailed financial procedures is delegated. The CFO should play both a technical and leadership role. The CFO should be employed by the trust, and the trust **must** obtain prior ESFA approval, if it is proposing, in exceptional circumstances, to appoint a CFO who will not be an employee.

4 **Board meetings**

NOTE: trusts no longer need to provide an explanation in their governance statement where the board has not met at least 6 times in the year

Board meetings **must** take place at least three times a year, although trusts should consider meeting more frequently to discharge their responsibilities.

5 **Budget Forecast Return**

The academy trust **must** submit to ESFA, in a form specified by ESFA, an Academies budget forecast return (BFR) by the end of August in accordance with deadlines published annually.

This **must** be approved by the trustees before submission.

The board of trustees **must** notify ESFA within 14 calendar days of its meeting, if proposing to set a deficit revenue budget for the current financial year, which it cannot address after taking into account unspent funds from previous years, as this would be non-compliant with the funding agreement and this handbook.

6 Change in management account circulation

The ATH change means simplifying the position on the preparation and circulation of management accounts, including more discretion for trusts.

Previously “Management accounts must be shared with the chair of trustees every month

irrespective of the trust’s size, and with the other trustees six times a year, even if they do not meet in each of those months. The board must consider these when it does meet, and minute it.”

Now: Management accounts must be shared with the chair of trustees every month and

the board must consider these when it meets and be assured that it has appropriate oversight of the trust’s financial position.

7 Electric Vehicle (EV) Salary Sacrifice Schemes

Electric Vehicle (EV) salary sacrifice schemes do not need ESFA approval where no liability falls on the trust if an employee does not fulfil their contractual obligations with the scheme provider. For other types of EV salary sacrifice schemes, or where the trust is under an Ntl, prior ESFA approval **must** be obtained.

8 Related Party Transactions

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

Trusts must obtain ESFA's prior approval, using ESFA's related party on-line form, for contracts and other agreements for the supply of goods or services to the trust by a related party agreed on or after **1 September 2023 where a contract or other agreement exceeds £40,000 in the same financial year ending 31 August.**

This approval requirement does not apply in the following circumstances:

- contracts and other agreements for the supply of goods or services to a trust by the following educational establishments:
 - colleges, universities and schools which are sponsors of the academy trust
 - state funded schools and colleges, including academies.This concession does not apply to transactions with a subsidiary of such a related party.
- the provision of services to an academy trust with a religious designation, for essential functions fundamental to the academy trust's religious character and ethos which can only be provided by their religious authority.

For the purposes of reporting to and approval by ESFA, contracts and agreements with related parties do not include salaries and other payments made by the trust to a person under a contract of employment through the trust's payroll.

9 Notice to Improve

Where DfE/ESFA has concerns about financial management and/or governance in an academy trust, the department may issue, and publish, a Notice to Improve (Ntl).

Examples of when a Ntl might be issued on financial management grounds include:

- an actual or projected deficit
- cash flow problems
- insolvency risk
- irregular use of public funds
- poor internal scrutiny
- breaches of related party requirements.

Examples of when a Ntl might be issued on governance grounds include:

- the trust board not being properly constituted
- trustees failing to comply with their safeguarding duties
- trustees lacking the skills, knowledge and experience to exercise effective oversight of the trust's operations and performance, including educational performance.

A Ntl describes what a trust must do to address concerns about financial management or governance. The trust must comply with the Ntl. Failure to comply will be deemed a funding agreement breach. The funding agreement may be terminated due to non-compliance with a Ntl.

If a Ntl is issued, the delegated authorities may be revoked, and all transactions of this nature must be approved in advance by ESFA, specifically:

- special staff severance payments
- compensation payments
- writing off debts and losses
- entering into guarantees, indemnities or letters of comfort
- disposals of fixed assets beyond any limit in the funding agreement
- taking up a leasehold or tenancy agreement on land or buildings of a duration beyond any limit in the funding agreement
- carry forward of unspent GAG from one year to the next beyond any limit in the funding agreement
- pooling of GAG.

The trust may also be prevented from entering into transactions with related parties without approval. These delegated authorities shall be returned once the Ntl has been complied with, and improvement is sustainable.

The department will notify the trust of the date on which the department has published the Ntl. The trust must then publish the Ntl on its own website within 14 days and retain it on the website until the Ntl is lifted by the department.

10 ESFA good practice guidance

The ESFA have issued a number of good practice guides. They do not replace or modify any requirements set out in the Academy Trust Handbook and the Academies Accounts Direction. They aim to provide suggestions about good practice.

Currently the following is available as a good practice guide:

- Streamlined Energy and Carbon reporting
- Operating an academy trust as a going concern
- Choosing an external auditor for an academy trust
- External audit procurement key information
- Academy trust deficit recovery
- Academy trust risk management
- Leasing guidance for academy trusts
- Academy trust management accounting
- Internal scrutiny in academy trusts
- Academy trust management letters
- External audit preparation checklist for academy trust guidance
- External audit preparation checklist
- Tendering 'jargon busting' guide for academy trusts

11 VAT – audit review

The academy is currently not VAT registered and reclaiming VAT via the Form 126.

Our audit does not examine VAT in detail and our audit procedures are not designed to detect immaterial fraud or error. Therefore, we have not reviewed individual streams of income to:

- a. Assess whether the academy is over the VAT registration threshold
- b. Ascertain whether the VAT reclaimed is correct

There are a number of income streams that may be liable to VAT, we have provided some common areas below, but please note this is not an exhaustive list:

1. Contracts whereby you receive commission or the net of income/costs for items such as uniform. The contract may be worded in such a way that you are actually the primary supplier and not an agent, if this is the case then you may be liable to register and charge VAT on these items.
2. The sale of meals to staff is a supply liable to VAT. The VAT treatment of outsourced catering contracts means that an Academy will act as principle in the sale of all meals. The sale of a meal to a member of staff (not a duty meal) will count towards the VAT registration limit
3. Certain supplies under salary sacrifice schemes can have a VAT implication either as the amounts count towards the VAT registration limit or VAT on expenses could be restricted.
4. Although the majority of income from letting the premises will be exempt depending on the exact nature of the “let” and to whom the let could be “taxable”. If additional services are supplied as a separate cost, they would be seen as taxable. Any charges for parking would be taxable.

From experience most Academies have some business income and if not VAT registered we would expect there to be some irrecoverable VAT. Is the Academy carrying out the appropriate restrictions and checks on the VAT claimed via the VAT 126 form?

If required Azets can organise an initial meeting with our VAT experts to discuss any potential issues or pitfalls with you.

AZETS