



Keeping track of income and expenditure by fund is key to controlling academy finances

The most basic division of funds is between Restricted Funds and Unrestricted Funds.

Restricted Funds can only be spent in specific ways, according to the terms of the fund provider. In many cases, this provider will be the Education Funding Agency (EFA) or another part of the Department for Education (DfE). However, grants from other agencies or donations given by groups such as Friends of the Academy can also have restrictions attached and must be spent accordingly.

Examples of restricted funds are:

- Capital grants from the EFA for a specific building project.
- General Annual Grant (GAG) is for the operational activities of the school, including salaries, costs of running the buildings and grounds, educational resources, etc
- Pupil Premium is restricted to expenditure designed to improve the performance of Pupil Premium pupils
- Local Authority grants for the support of SEN pupils
- Grants given by bodies like the British Council, often for support of specific subjects or projects
- Money donated to the school (often by Parents' or Friends' Associations) for a specific purpose such as buying sports equipment or supporting performing arts

For the purposes of your Financial Statements, funds are generally split into three columns as follows:

Unrestricted Funds

**Restricted
General Fund**

**Restricted
Fixed Asset Fund**

(In a small number of Academy Trusts' accounts, there will be a fourth column to the right of the Restricted Fixed Asset Fund, entitled Endowment Fund. This is for funds pledged by a sponsor under a 'deed of gift' which are to be invested on a permanent basis to generate a return that can be spent by the trust.)

The preparation of the Financial Statements therefore involves splitting the funds according to these headings. Part Two of our Funding Guide (to follow shortly) will look at ensuring funds are categorised correctly and also at matching each type of income to its related expenditure.

For any further information or advice on funding please contact a member of our Academy Team on 01795 479111.