

**DIMPLE WELL
INFANT SCHOOL & NURSERY**



**School Fund
Administration Policy**

1. Purpose

The School Fund is made up of a number of separate headings for reporting purposes.

Charity Funds are collected into the School Fund and cheques issued when requested.

School Uniform items are purchased through the school fund and sold within the school. All the income for each item is logged.

Payments for after school clubs and school trips are made from the school fund and any collections from parents are offset against the expenditure.

Commission for School Clothing and Photograph sales and monies raised by fundraising events will be held in the fund. This is used for any small adhoc purchases as agreed by the Head Teacher and as outlined in this policy by the governor's resources committee. eg, pupil rewards, prizes, extra classroom resources, visitor or event refreshments, flowers etc. Specific larger purchases will be identified and reported to parents as a focus for fundraising and quotes will be considered by the governor's Resource Committee to agree the purchase.

Procedures

The school fund is monitored on a day to day basis by the School Business Manager and the Headteacher and/or Deputy Headteacher.

The school fund is reported on to the governors at the Resource Committee meetings and fed into the full governing body via the minutes.

The cheque book for school funds shall be controlled by the School Business Manager, with 2 signatures required, as agreed by the Governing Body.

All school fund cheques shall be signed by two of the registered signatories who are authorised by the Governing Body to write cheques up to an agreed value of £3000. Any expenditure in excess of this shall be referred to Chair of Governors for approval. The three signatories shall be the Headteacher, Deputy Headteacher and nominated member of staff.

There will be no re-imbusement for any item purchased without a receipt being provided.

Any money from pupils relating to milk orders, trips or from fundraising should be collected in the boxes in the classroom, the number of envelopes/purses recorded on to the sheet at the front of the register and sent to the office each morning immediately after registration.

The school fund will be audited annually by an independent person agreed by the governor's resources committee.

2. Responsibilities

2.1

Governing Body

The governors are responsible for ensuring:

- a Treasurer is appointed to be responsible for administering the School Voluntary Fund
- that proper procedures, records and security arrangements are maintained to account for all School Voluntary Fund transactions
- that the Treasurer has a copy of these procedures and is operating in accordance with them
- that others handling Voluntary Fund money are aware of the requirements of these procedures and that they are also operating in accordance with them
- that all bank accounts must be in the School's Voluntary Fund name
- that there is only one current account, where there are surplus funds an interest bearing account can be used
- that at least three people are authorised to sign cheques, with two signatures required at any one time. Any change of signatory is approved by them
- that bank statements and bank reconciliations for all bank accounts are examined monthly and signed as correct by the Headteacher or by another independent responsible officer who is suitably skilled /experienced. This is to ensure that reconciliations are properly prepared and that bank accounts are not overdrawn
- that if there is a debit card attached to the School Voluntary Fund bank account (to enable on-line purchases to be made) **it does not** have a cash withdrawal facility and that all transactions made using the debit card are countersigned by an independent person.
- that policies are established regarding the levels of income held, the petty cash float and the maximum value for a petty cash purchase
- that a Summary of Accounts Statement and other end of accounting year statements are correctly prepared covering all School Voluntary Fund transactions (See **Section 4** for further details and **Appendix 9** for an example of a best practice **Summary Statement of Accounts**)
- that all accounting records, documentation and year-end statements are available for audit promptly
- that when required a Headteacher/Treasurer Handover Form is properly completed

2.2**Head Teacher**

The Head teacher is responsible for:

- the administration of all School Voluntary Fund monies and for notifying the Council when a school fund is set up (this should be done via email to schoolsfinance@wakefield.gov.uk using the form in **Appendix 2**)
- ensuring that all members of staff are aware of, and follow, the appropriate administrative procedures and that all appropriate transactions are channeled through the school fund account
- arranging the division of delegation of duties to staff, including the appointment of a treasurer, approval of expenditure and arrangements for the preparation of final accounts for audit at the close of the school voluntary fund financial year
- the auditor of the School Voluntary Fund should be known by the Headteacher and his/her signature and status should be recorded on the bottom of the final accounts (and on the Audit Certificate – provided in **Appendix 8**). A set of accounts is not formally considered to be audited unless it bears the auditor's signature and statement
- checking the school voluntary fund bank statements to ensure that regular monthly reconciliations are taking place. At the year-end confirm the balances held and ensure that they correctly reflect the level of balances suggested by the interim accounts.
- reporting the financial position/status of the fund at intervals determined by the Governing Body
- ensuring that the accounts from the previous financial/academic year are audited in time for presentation to the Governing Body in the first half of the Autumn term
- following the reporting procedures laid out in the Whistle Blowing Policy adopted by the School for any serious irregularities that they become aware of. For a Headteacher this would normally involve approaching the Chair of Governors. Advice can be obtained from the Council's Internal Audit Team or from one of the independent external sources listed in the Policy.
- informing Internal Audit and the Children & Young People's Finance Team of any serious irregularities that they become aware of
- providing a signed copy of the Audit Certificate to the Children & Young People's Finance Team by 31st October for the previous financial year or academic year, or in line with the appropriate year end.

2.3**Treasurer**

The treasurer is responsible for:

- accounting for the financial transactions of the School Voluntary Fund in accordance with the procedures laid down by the Governing Body and this Policy

	<ul style="list-style-type: none"> • checking that sound procedures are used in classes for collecting and recording money received • ensuring that all money collected in class is passed promptly to the office and checked immediately. • issuing receipts for all money received • ensuring that prior to banking all money should be held securely in a safe (maximum £5,000) or lockable fireproof cabinet (maximum £50) and separate from official school money • ensuring that all monies received are banked promptly (this is to be once a fortnight as a minimum & in doing so that the cash does not exceed the £5,000 stated above) • ensuring that all income & expenditure is fully recorded. When recording income received, this should not be 'netted off' by expenditure. • ensuring the safe keeping of stock in a locked cupboard and maintaining detailed stock records • ensuring that safe and store cupboard keys are held by a named member of staff and are not left unattended or on the premises overnight • making payments which are properly authorised and adequately supported (detailed invoices, signed staff expense claims or staff mileage claims {paid through delegated budget via Council's payroll system and reimbursed by the School Voluntary Fund} with supporting receipts) on behalf of the School Voluntary Fund, by cheque wherever possible • ensuring that if a School Fund petty cash account is maintained that all transactions are properly recorded, signed for by the recipient and supported by receipts • arranging that the bank sends statements on a monthly basis • producing monthly and accurate bank reconciliation statements • ensuring that the current list of signatories held by the bank is always up to date • promptly completing the annual accounts and arranging their audit and submission to the Governing Body
<p>2.4</p>	<p>Wakefield Council</p> <p>In the context of School Voluntary Funds, the Council is required to protect the interest of the beneficiaries and to safeguard the various employees concerned; it must therefore seek to ensure that:</p>

- | | |
|--|--|
| | <ul style="list-style-type: none">• It knows of the existence of all such school funds• Proper accounting records are maintained• Such funds are subject to an annual audit• Audited final accounts are presented to the school Governing Body and then the signed Audit Checklist to Wakefield Council Children & Young People Finance Team• Advice on best practice is provided. |
|--|--|

3. Administration

3.1	Day to Day Procedures
3.1.1	It is important that full accounting records are maintained and the procedures detailed below are followed.
3.1.2	School Voluntary Fund accounts will be kept on a receipts and payments basis unless the fund is a registered charity (see section 5 Charitable Status), then it is required to be accounted for on an accruals basis. If this is the case it is expected that all the basis principals in this procedure would be follows and that the only exception would be the need for year end accruals i.e. debtors, creditors and prepayments.
3.2	Bank Accounts
3.2.1	A current account will normally be used for day to day transactions, however dependant on the amount of money held in the current account it may be appropriate to open an interest bearing deposit account. All School Voluntary Fund monies must be administered within these accounts rather than operating different bank accounts for individual activities or trips. Financial statements for individual activities can be provided from analysis of the cash book.
3.2.2	Any bank account should be in the name “.....School Fund” with no reference to the Council.
3.2.3	It is recommended that there should be at least three signatories and that cheques drawn in the name of the School Voluntary Fund require the signature of the treasurer and one other person, who should be from the senior management of the school.
3.3	Record Keeping
3.3.1	Income/receipts
	<ul style="list-style-type: none"> • All receipts must be acknowledged using an official receipt or in the case of small amounts received from pupils in a class Collections Daily Record
	<ul style="list-style-type: none"> • The receipts cash book/income schedule can be thought of in two parts: <ul style="list-style-type: none"> ○ the money paid in and; ○ the income analysis • The opening balance from the previous year must be entered in the receipts cash book/income schedule • All receipts must be entered promptly recording: <ul style="list-style-type: none"> ○ date ○ receipt number ○ amount under the appropriate analysis column • All receipts must be banked at least fortnightly using a paying in slip • All monies collected should be receipted intact; in the rare instances where monies are used to reimburse the school fund imprest prior to banking then there should be a clear receipt/record of the full amount of income received and subsequent details of what has been transferred to the imprest prior to banking. This will enable income to be reconciled to the amount banked.

	<p>On an individual school basis, each school must inform and get agreement from the local authority that this is appropriate.</p> <ul style="list-style-type: none"> • When the banking is done the paying in slip number must be recorded against each income entry.
	<ul style="list-style-type: none"> • Closed collections where money is collected in sealed envelopes or collecting boxes on behalf of a third party e.g. book club need to obtain a written statement that clearly relieves the school from any liability in the event of loss of money. Any collection for any such commercial organisation remains their responsibility and should not be put through the School Voluntary Fund Accounts.
3.3.2	Expenditure/payments
	<ul style="list-style-type: none"> • The payments cash book/expenditure schedule can be thought of in two parts: <ul style="list-style-type: none"> ○ the payment details and; ○ the payment analysis • All payments must be entered promptly recording the following: <ul style="list-style-type: none"> ○ Date ○ Payee ○ Invoice number ○ Total amount of the payment ○ Payment entered in appropriate analysis column • If the payment is petty cash reimbursement or direct debit payment the cheque number column should read PC or DD and the Invoice number column should read the appropriate reference number. • If a cheque is spoiled the cheque number should be entered in the cash book, with CANCELLED recorded next to it to maintain sequential numbering. However if a cheque has been issued but not received by the payee, the cheque must be cancelled by informing the bank in writing. In the cash book, the cancellation should be recorded as a bank lodgement, and a new cheque issued as normal. • Cheques that have remained uncashed for more than six months are no longer valid for presentation to the bank. The amount of the expired cheque should be recorded in the cash book as a bank lodgement, and the cheque removed from the uncashed section of the next bank reconciliation.
	<ul style="list-style-type: none"> • An authorisation policy should be implemented whereby expenditure within certain limits cannot be paid unless authorised by the relevant person. These limits should be agreed and recorded by the Governing Body.
3.3.3	Petty Cash
	<ul style="list-style-type: none"> • Petty cash payments should be kept to a minimum and for expenditure items less than £50. • Any cash payments should be made from the petty cash float. • Personal cheques must not be cashed.

	<ul style="list-style-type: none"> • A petty cash voucher must be completed for every payment of petty cash. • The person incurring the expenditure should complete the voucher and obtain authorisation. Vouchers should be cross referenced to the appropriate account entry and filed in numerical order. The cash received must be signed for and a receipt provided. • A receipt for any cash advances must be obtained and held. Such vouchers would then count as part of the petty cash balance in hand. • The amount of petty cash held should be reconciled on a regular basis by an independent person (Appendix 3 provides a <i>Petty Cash Float Reconciliation</i>).
3.3.4	Types of Account operated within a School Voluntary Fund
	<p>A school funds can cover a number of different activity types. Different activities may need to be treated in different ways for accounting purposes. The main types of account operated are listed below:</p> <p>Trading Account</p> <ul style="list-style-type: none"> • This is where items are bought and re-sold as a service to pupils/parents. Examples are sale of uniform, book bags, tuck shop etc. A separate trading account should be set up for each trading activity so that the resulting surplus/deficit can be demonstrated in the accounts. A summary of the trading account transactions should be produced as part of the final accounts for the year end. • A stock record should be maintained for each trading activity (Appendix 4 provides a Stock Control Sheet). It should be updated promptly for all purchases and sales to provide a current stock balance. An independent physical stock take should be carried out at least annually and the person undertaking the examination should sign and date the record as evidence that the check was undertaken. Stock should be kept secure and the key to the store cupboard held by an authorised person. <p>Holding Account</p> <ul style="list-style-type: none"> • This type of account is used for monies collected and paid out for a specific purpose e.g. school trips. Balances on these accounts can be carried forward at the end of the school fund year if the activity in question has not yet taken place. If at the end there is a surplus a decision needs to be taken as to whether to return it or to treat the total monies collected as income (see sections 3.3.5 and 5.2.1 for the appropriate procedures to be followed in respect of school trips in order that the surplus may be treated as a donation rather than the total trip income collected having to be taken into account when calculating whether the School Voluntary Fund has exceeded the VAT registration threshold). (Appendix 5 provides a School Trip Example Holding Account Statement). <p>Nominal Account</p> <ul style="list-style-type: none"> • This type of account is the “norm”. It should be used for all other income and expenses relating to the school fund e.g. donations. It is normal practice to use separate nominal accounts (analysis headings) for each main type of income. It is not helpful to amalgamate these into one nominal account “general” or “misc”.

3.3.5	School Trips
	<ul style="list-style-type: none"> Members of staff running a school trip are required to draw up and provide the Treasurer with a formal statement of account (see example Statement of Account in Appendix 5). This statement details all receipts and payments relating to the trip and should be reconciled to the cash book.
	<p>Staff operating trips should adhere to the following points:</p> <ul style="list-style-type: none"> A record should be maintained of all monies received. This should include the name of the pupils and the amounts received, together with the date the money was collected and the date it was deposited with the Treasurer. Where income is received outside of the Finance Officer this record must be a permanent and legible record i.e. receipts book, exercise book, savings card etc. As with other School Voluntary Fund expenditure, all payments must be supported by a receipt / invoice voucher etc., but where in exceptional circumstances this is not possible, a statement of how the money has been spent should be compiled and signed by the person (s) spending the money. Any cash advances should be accounted for by receipts, with any unspent cash being handed to the Treasurer without delay. Any school trip subsidies should be authorised by the Head teacher and reported to the Governing Body in the periodic financial report Trips should not be operated as profit making ventures. However, where a trip has been operated and makes a surplus, e.g. as a result of the over-calculation of the trip price or interest earned on these monies, the balance should either:- <ul style="list-style-type: none"> be divided equally and paid back to each paying pupil, or; with the written consent of the parents, the surplus is retained by the fund as a donation. <p>A more practical approach is that a request should be made in the initial trip letter asking permission from the parents/guardians to allow any surplus generated to be considered as a donation to fund future school fund activities. In addition a per pupil limit could be determined in the School Fund Constitution at which point a refund would be automatically made.</p>
3.3.6	Other Fund Raising Events
	<p>Where other fund raising activities are organised e.g. fetes, concerts a statement similar to that referred to in 3.3.4 should be completed by the teacher organising the event. The statement should show details of all receipts and payments relating to the event, and should be passed to the Treasurer to reconcile to the cash book.</p>
3.3.7	Schools closing / Amalgamating
	<ul style="list-style-type: none"> Where a school is closing and becoming part of a newly amalgamated school, then the 'closing' school should ensure that all transactions have been accounted for and provide a final set of accounts for the auditors as soon as possible after the end of the school year. The bank account(s) relating to that fund should be closed and any balance transferred to the

	<p>account of the newly amalgamated school. The balance should be treated as income and accounted for accordingly.</p> <ul style="list-style-type: none"> • A copy of the bank statement showing the sum transferred to the newly amalgamated school should be provided to the auditors as evidence that the account has been closed and the balance transferred accordingly. • A closing school should consider what to do with any funds remaining in the School Voluntary Fund. The school may make donations to those schools to which the pupils will be transferring or spend the money prior to closure, for the benefit of the pupils. Although the school is closing, the accounts must still be audited in accordance with the guidance.
3.3.8	Schools converting to Academy Status
	<ul style="list-style-type: none"> • Where a school is converting to Academy status it will need to provide a final set of accounts for the auditors as soon as possible after the conversion has taken place. • A copy of the signed audit certificate should be submitted to Wakefield Council's Children & Young People Finance Team within 4 months of the date of conversion. • The bank account(s) relating to that fund should be closed and any balance transferred to the account of the new academy. The balance should be treated as income and accounted for accordingly. • A copy of the bank statement showing the sum transferred to the newly converted academy should be provided to the auditors as evidence that the account has been closed and the balance transferred accordingly.

4. Audit Arrangements

4.1	School External Audit Arrangements
4.1.1	It is a requirement that year-end accounts are prepared on an annual basis and that these accounts are independently audited. The accounts and the Audit Certificate (Appendix 8 provides an Audit Certificate) must be presented to the Governors at the next full Governing Body meeting. The presentation of these accounts and the following discussions should be formally minuted.
4.1.2	<p>The fund auditor should also complete an Auditor's checklist which is to be returned with the Audit certificate (Appendix 7 provides an Audit Checklist).</p> <p>This checklist should also be used to note areas where the School Voluntary Fund Policy has not been followed. If there are a significant number of issues arising the auditor should draft an audit letter addressed to the Headteacher setting out the issues arising in more detail and provide a recommended action.</p> <p>A copy of the checklist and audit letter (if applicable) should also be presented with the Audit Certificate to the Governing Body. The Governing Body should then ensure that all areas of non-compliance drawn to their attention in the audit checklist/audit letter are addressed appropriately.</p>
4.1.3	<p>The annual accounts may be audited by your School Finance Support Officer or other suitably qualified Auditor* appointed by the Governing Body. Please note it is not appropriate for the audit to be carried out by either:</p> <ul style="list-style-type: none"> • a governor, as it is the governing body who is ultimately responsible for the school fund or • a member of the school staff as not considered to be sufficiently independent. <p>Auditors will be required to ensure that the particular requirements of the Council as contained in this Policy are considered when providing their opinion.</p> <p>*Where the gross income of the school fund is in excess of £50,000, it is recommended that consideration be given to the appointment of a professionally qualified auditor on a voluntary or paid basis.</p>
4.1.4	<p>The auditor has a duty to provide independent assurance to Governors that:</p> <ul style="list-style-type: none"> • the fund is being correctly operated in accordance with the School Voluntary Fund Constitution and • the financial statements are correctly stated and in accordance with the Guidance for School Voluntary Fund Auditors provided in Appendix 6 and the Audit Checklist provided in Appendix 7.

	<p>If the fund has not been operated in accordance with the School Voluntary Fund Policy the Audit Certificate should be amended accordingly to reflect this using the narrative shown in red on the Audit Certificate provided in Appendix 8.</p>
<p>4.1.5</p>	<p>In terms of the detailed testing of individual transactions, the auditor must first evaluate the school fund and make a judgement as to whether it is deemed 'high' or 'low' risk.</p> <p>In arriving at the judgement the auditor must consider the following information:</p> <ul style="list-style-type: none"> • Size and turnover of the fund on an annual basis • Findings from the previous year school fund audit • Recommendations from the Children and Young People Finance Team in respect of the wider school budget management <p>Depending on the outcome, the sample sizes will then be:</p> <ul style="list-style-type: none"> • Low risk: 15 transactions of income and expenditure • High Risk: 25 transactions of income and expenditure <p>The auditor has the right to increase the number of transactions being tested if issues are identified from the initial sample testing.</p>
<p>4.2</p>	<p>The Council's Internal Audit Services</p>
<p>4.2.1</p>	<p>The Council's Internal Audit arrangements are as follows:</p> <ul style="list-style-type: none"> • The Council has the right to require any employee holding school funds to account for them, and to require the production of cash books, bank statements, cheque books and all other supporting vouchers • The Council's Internal Audit Team do not undertake the general annual audit of school funds, but as part of the normal audit review of school finances, they may inspect school fund records and supporting documentation • The Council's Internal Audit Team will investigate suspected irregularities

5 Taxation

5.1	Income Tax
5.1.1	School funds do not count as Council funds and are not therefore covered by any concessions that the Council enjoys. In principle, income, interest and profits earned by the school fund could be subject to a tax assessment. Such an assessment, if made by the Inland Revenue would be the responsibility of the school.
5.1.2	<p>However a ruling could be obtained from HM Revenue & Customs which would confirm, that provided school funds are clearly established solely for the purpose of generating income which would be used for education purposes only, then the school fund (usually referred to as Amenity Fund for tax purposes) can be treated as having quasi-charitable status. The benefits of this are :</p> <ul style="list-style-type: none">• Firstly, completion of a simple application form available from their bank/building society means the School Voluntary Fund can receive interest gross without having tax deducted at source.• Secondly, there is no question of any profit earned on sales being taxable.
5.2	Value Added Tax (VAT)
5.2.1	<p>The Council's registration does not cover school voluntary funds. School voluntary funds are treated as separate bodies for VAT purposes and those funds which have or are approaching a taxable turnover (gross relevant income) in the previous twelve months in excess of the VAT threshold (currently £81,000 as at March 2015) must register with HM Revenue & Customs. To determine the gross relevant income, follow these steps:</p> <ul style="list-style-type: none">• Ensure that trips are treated as suspense/holding accounts (see Section 3.3.4)• Ensure that items bought for resale are dealt with as trading accounts (see Section 3.3.4)• The relevant turnover figure for VAT purposes will then be the total income (or expenditure if greater) recorded in the summary revenue account less any sums in respect of:<ul style="list-style-type: none">○ interest○ donations○ charitable collections/payments where the full amount collected has been paid over to a charity <p>If the summary revenue account includes any profit/surplus which has resulted from the running of a school trip for which permission has not been obtained to treat any surplus generated as a donation (see section 3.3.5), then to arrive at the correct relevant turnover figure for VAT purposes, the surplus included within the summary revenue account must be replaced by a figure</p>

	<p>representing the total income in respect of that trip.</p> <p>If it is felt that the fund may approach this limit or for any other VAT guidance please contact the Council's Assistant Finance Manager (Tax & Grants) on 01924 306768.</p>
5.2.2	<p>Registering for VAT will entail the maintenance of detailed accounting records in a form acceptable to HM Revenue & Customs. Turnover can often be kept below the VAT registration threshold by treating certain expenditures and income items as official school delegated budget monies (see Sections 5.2.4 & 5.2.5).</p>
5.2.3	<p>Whilst the school voluntary fund remains unregistered for VAT purposes, purchases made are subject to VAT in the same way purchases by any other consumer. VAT is not, however, due on income received from their resale.</p>
5.2.4	<p>Schools voluntary funds typically raise money for equipment such as computers, camcorders, play equipment, etc. They often additionally raise money for end of year 'educational' treats for the children such as school trips to a pantomime. It is quite in order for the School Voluntary Fund to donate the net cost of the supply to the school and for the school to purchase the service through its official funds and recover VAT, providing the following points are observed:</p> <ul style="list-style-type: none"> • The supply or activity must be of a type which the Local Authority would itself provide if funds were available. • Donate the net cost of the goods from your school voluntary funds to your official funds (school formula budget). • The goods or service must be ordered by the means of an official order, invoiced and paid through the school delegated budget (there can be no relief from VAT once an invoice has been paid through the school fund). • Receive the supply. • Your school must retain title of the goods and only use them for school purposes. The goods must become the property of, or services clearly rendered to, the Local Authority and equipment purchased in this way must be for the school's use • Keep records that will enable you to easily identify the purchase and purpose for which it is made.
5.2.5	<p>H M Revenue and Customs consider that the following "business activities" should be run through School Voluntary Funds rather than through official funds (school formula budget):</p> <ul style="list-style-type: none"> • Goods purchased for resale, e.g. badges, uniforms, tea towels, ties, mugs etc. • Sale of sports clothing

	<ul style="list-style-type: none"> • Income from privately run tuck shops, drink sales etc. • Entrance to plays, discos, fireworks etc. • Social Events
5.3	VAT Treatment of School Trips
5.3.1	<p>VAT incurred on the expenditure relating to a school trip can be recovered provided that the invoices are paid through the school's delegated budget.</p> <p>In the past VAT treatment of school visits used to be particularly complicated and in some cases involved the application of 'The Tour Operators Margin Scheme' ('TOMS'), one of the most complex pieces of VAT legislation in existence. Whilst schools may not have seen themselves as tour operators in the same way as well known holiday companies the scheme unfortunately caught many unsuspecting organisations.</p> <p>However, following representations to HMRC on the matter the position is now a lot more straightforward. HMRC now accept that organised school visits can be treated as non-business activities for local authorities being part of and incidental to the education supplied in class. This applies whether or not the visits are subsidised and irrespective of the nature of the trip. The only criteria for non-business treatment is that the trip must in some way be related to the school curriculum. HMRC have said unofficially that they believe that virtually all school trips will be able to meet this requirement and they are likely to see all school trips as non-business activities.</p> <p>The result of this is that the school need not require a subsidy from the local authority, need not account for output VAT on any charges made to pupils or parents, can recover all the VAT on costs incurred in providing the trips and can forget about TOMS!</p>
5.3.2	<p>Provided that any trip does not make a profit/surplus, the transaction can be excluded from the calculation of relevant turnover for a school fund for VAT purposes.</p> <p>However, if a trip does make a surplus/profit unless this surplus is either:</p> <ol style="list-style-type: none"> a) Refunded to parents, or b) Previously agreed by parents that any surplus can be treated as a donation to the fund. <p>Then all, or a proportion of the income in respect of the trip must be counted when calculating the relevant turnover for VAT purpose. Under these circumstances please contact the Council's Assistant Finance Manager (Tax & Grants) on 01924 306768.</p>
5.4	VAT treatment of School Photographs
5.4.1	<p>School photographs can be sold to parents of pupils using the school as an agent or principal. The difference between the two methods is as follows:-</p> <p>Acting as Agent</p> <p>The photographer makes the supply of photographs to parents. The school merely collects the monies on behalf of the photographer and no</p>

supply is made by or to the school. Therefore, the school does not have to account for VAT on the sale of the photographs.

Acting as Principal

The supply of photographs is made, in the first instance, to the school. The school then makes a supply to the parents. The VAT treatment will depend on whether the supply is from the LA devolved budget or the School Voluntary Fund.

Where the school pays the photographers' invoice direct from its delegated budget, VAT will be included on this invoice (providing the photographer is VAT registered), which can be recovered in the normal way. However, when the photographs are then sold to parents by the school, VAT must be added to the sale price, irrespective of whether the photographer is registered or not. The VAT on the income must be treated in the same way as other output tax received by the school.

If the transactions are carried out through the School Voluntary Fund VAT should not be charged to parents unless the Voluntary Fund is registered for VAT.

The difference between the two processes is that input tax (where incurred) can be recovered using the LA devolved budget but **cannot** be recovered using an unregistered School Voluntary Fund.

6 Charitable Status

6.1	Charitable Status
6.1.1	<ul style="list-style-type: none">• If a School Voluntary Fund is operated by the Governors of the school and is used exclusively for a charitable purpose the school fund will be an exempt charity under schedule 2(w) of the Charities Act 1993. This is because the school governors are an exempt charity under the education Acts and any charity operated by them for one or more purposes of the school will be caught by the exemption at sub-paragraph (w) of the Charities Act. Exempt charities do not register with the Charities Commission.• Exempt charities are entitled to exactly the same financial benefits as registered charities. They are entitled to claim relief from income tax, corporation tax and capital gains tax.• If the school voluntary fund is used for providing benefits not otherwise provided by the Council it may be charitable. If it is used to hold parents' money before payment of, say, a school trip or uniform costs it is probably not charitable (however any surplus passed over to the school with the donors consent could be paid into a school fund as a charitable donation). The Charity Commission (http://www.charity-commission.gov.uk) can only advise on the charitable status of a School Voluntary Fund an individual basis by review of the Fund's Governing Document which sets out how the Fund is operated and what the income can be used for.• Trustees are defined as "the persons having general control & management of the administration of a charity". In terms of the School Voluntary Fund this would be the Head Teacher and the Board of Governors.• Further information is available from the Charity Commission's website via the attached link (http://www.charity-commission.gov.uk)

7 Insurance

7.1	<ul style="list-style-type: none">• If the School has taken out the “All Risks & Perils” insurance offered by the Council equipment purchased using school funds has the same insurance cover as equipment purchased using the school’s devolved budget. To facilitate insurance claims, any equipment purchased using school funds should be entered into the school’s register of assets.• Head teachers should recognise the risks involved in holding school fund income overnight in school and wherever possible, monies should be banked on the day they are received. A maximum of £5,000 cash/cheques (for insurance purposes cheques are classed as cash) is insured for amounts kept in a safe overnight and a maximum of £50 cash is insured for amounts kept in a lockable cabinet overnight.
-----	---

Reviewed by the Governing Body of Dimple Well Infant School & Nursery:
28.01.2021

This policy will be reviewed annually.