



## ACADEMIES NEWSLETTER

## SEPTEMBER 2011

Welcome back after the holidays. The world of finance has grumbled on in the background whilst we were away. At last the confusion about VAT and Academies becomes clear with Royal Assent being given to the Finance Act on 19 July 2011.

### **So the topical question now is:- Should you be Registering for VAT ?**

Whilst an Academy does not need to be registered for VAT to be able to claim under the new refund scheme (unless taxable turnover exceeds £73,000), often the easiest way to recover non-business VAT is by completion of a VAT return, so many Academies will be considering this.

Whether or not to register depends on the services provided by an Academy:

- an Academy providing education for no consideration, (which is known as a non business activity) without undertaking any other business activities would not be able to register for VAT. This Academy would reclaim their non business VAT only on a monthly or annual basis under a

simplified arrangement by completing a claim form. There would be no facility to recover any other VAT. The claim is made in writing to HM Revenue & Customs, Banking/GABS, 7<sup>th</sup> Floor SW, Alexander House, 21 Victoria Avenue, Southend-on-Sea, Essex SS99 1AU.

- If an Academy provides additional taxable supplies or services, it would be advisable to register for VAT in order to make monthly or quarterly claims which may assist with cashflow. An example of such taxable supplies or services/activities could perhaps be:-
  - Renting of facilities such as sports hall/swimming pool to a third party for use out of school hours.
  - Operating a tuck shop for students.
  - Sale of school uniforms.

To register for VAT, an Academy will need to complete form (VAT1) and submit this to the address above or register online by visiting HMRC's website. You would be advised to register promptly as the process can take some time for HMRC to consider.

If you need more advice on

what is considered a business and non-business activity, please contact Stewart Martin or Eric Williams on 01245 261818 or by email [SMartin@EdmundCarr.com](mailto:SMartin@EdmundCarr.com) or [EWilliams@EdmundCarr.com](mailto:EWilliams@EdmundCarr.com)



### **Changes to Funding Payment Dates 2011/12**

Due to reports of difficulties with cashflow and funding, payment dates for funding have been revised.

The following dates are the dates that Academies can expect to have their funding in their bank accounts.

- 1<sup>st</sup> September
- 3<sup>rd</sup> October
- 1<sup>st</sup> November
- 1<sup>st</sup> December
- 3<sup>rd</sup> January
- 1<sup>st</sup> February
- 1<sup>st</sup> March
- 2<sup>nd</sup> April
- 1<sup>st</sup> May
- 1<sup>st</sup> June
- 2<sup>nd</sup> July
- 1<sup>st</sup> August



## The Insurance Experts advice for Academies

(by Richard McEwen, Director of Hurst Insurance Services)

For those schools converting to Academy status, it is vital that insurance arrangements are well organised and that cover is in place from the date of conversion.

Clearly, the cost of cover will be a very important factor in selecting an insurer. The good news from this point of view is that with an increasing number of schools opting for the Academy route, insurers are seeing the opportunities provided and are developing products for this market. As a result of this increased competition we may well see premiums squeezed as insurers battle it out for market share.

However, price is only one factor and insurance is in no way immune from the saying "you get what you pay for"! It is imperative that the cover provided is relevant to the particular needs of the school.

As a minimum the cover should provide:

- realistic sums insured for the



- buildings and contents
- business interruption cover, typically between £1-2m
- governor, employer and public liabilities
- cover for any school transport e.g. cars, minibus.

Local authorities will still of course have a group policy for maintained schools and it is possible that some will be able to accommodate academy schools within the policy. This may prove good value for money and so should probably be the first avenue to explore.

However, there is a good chance that the Local Authority, or more pertinently, their insurers, will not accept an Academy onto cover. In that case an insurance broker will be able to offer guidance and source a suitable policy from the insurance market to ensure the school is adequately protected against the worst.

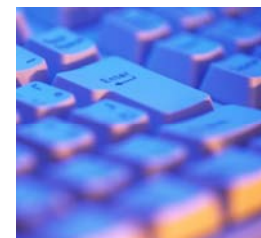
This information has been provided by Richard McEwen

of Hurst Insurance Services \*

Richard is available to meet with your governing body (free of charge) to discuss your insurance requirements. His contact details are:-

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**Edmund Carr LLP  
September 2011**

**If you think this information is of use to a friend or colleague, why not forward it on.**

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