



Guidance for schools

2023-24 Year End Closing

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It is important that this information is given to the person in your school who deals with the administration of your school's financial affairs.

1 - Introduction

The London Borough of Hackney (LBH) Council is statutorily required to provide external auditors and publish a draft set of accounts for scrutiny by 1 May 2024. School balances form an integral part of the Council's accounts.

The spring term ends Friday 29th March 2024 and Summer Term begins Monday 15 April 2024. Your Business Analyst will be contacting you with regards to meeting the above deadline and establishing what support will be required.

Schools are legally required to close their accounts on the accruals (otherwise referred to as resource accounting) basis. This means that the costs of goods and services must be charged within the year in which they were received or provided, even though the actual payment for those goods or services fall in the following financial year.

For example: A computer delivered in March 2024 but not paid for until April 2024 should be recorded as a cost in the 2023-24 financial year, even though it will be paid for in the 2024-25 financial year.

Submission to Hackney Education

Once complete, the Head teacher should sign the statement. The statement should then be scanned and sent in PDF Format by **Wednesday 17th April 2024 by email** to: schools.finance@hackney.gov.uk

2 – 2023-24 Schools Accounts Closure Timetable

Item	Due Date	Return to / from:
February/P11 month-end Reports and VAT Full Report MTD	Tuesday 12th March	schools.finance@hackney.gov.uk Or using the Electronic Reporting Utility
SFVS	Friday 29th March	schools.finance@hackney.gov.uk Schools Support Team
4 th Qtr. Pupil Premium Advance to be paid	End of March	From: HE via BACS
March/P12 month-end Reports and VAT submittal	Wednesday 17th April	schools.finance@hackney.gov.uk Or using the Electronic Reporting Utility
Year-End Statement with all evidence of accruals	Wednesday 17th April	Schools.finance@hackney.gov.uk Signed version saved as a PDF; and An Excel version for reconciliation. <i>Each file name should start with your school number ie. 204xxxx Year End 2023-24</i>
2024-25 Final Budget	Tuesday 2nd May	Schools.finance@hackney.gov.uk Please save the file as a PDF, to avoid unreadable copies. <i>The file name should start with your school number ie 204xxxx Budget 2023-24</i>
Surplus Spend Plan (If required)	Tuesday 2nd May	Schools.finance@hackney.gov.uk
Deficit Recovery Plan (If required)	Friday 29th March	Schools.finance@hackney.gov.uk
Confirmed Schools Closing position	Friday 28th June	From Schools Finance Team
Upload the Consistent Financial Reporting return	tbc	Direct to DfE via “COLLECT”

3 - Schools with Children's Centres

Schools with a Children's Centre should use the additional column on the Year End Statement as you are required to account for the Centre's income (I15, I16 and I17 only) and expenditure (E31 and E32 only) separately to the school.

If you require further guidance please contact your Business Analyst.

4 - Year End Statement/CFR Report

The opening balance must reflect the closing 2022-23 closing figure which was sent to schools in June 2023 from Ophelia Carter, Hackney Education (HE)

You can verify this by running a Summary Trial Balance. The figure to check is in the FC or FD or RE account (sometimes a combination of FC + FD). Should be a total of Revenue & Capital (& Children Centre if applicable). Must equal what is on the Year-End Statement for the school's opening balance.

If you require further guidance or the figures do not match, please contact your Business Analyst immediately.

The headings in Section A of the Statement mirror the CFR headings. For guidance on the information required for each heading, you can refer to the

[Consistent Financial Reporting Framework](#)

5 - School Accounting System

Your return must accurately reflect your school's accounting system records, so it is essential that year end entries reported in Section B are implemented on your school's accounting system.

To ensure that the return does accurately reflect the accounting system data, schools should ensure that the figures reported in Section A reflect the closing balances on their accounting system after all year end journals have been implemented.

HE will carry out several quality assurance checks on receipt of your submission **and will adjust any school figures not supported by the reports produced from the school's accounting system.** In addition, the Audit Commission will carry out spot checks on a selection of schools at the end of the closedown process, to ensure that the schools' accounting systems fully support the actual year end statements.

6 - Supporting Documentation

It is important that schools retain documentation (such as copies of invoices, evidence of income) to support all closedown accruals and prepayments, for audit purposes. Copies of invoices supporting accruals or prepayments exceeding £1,000 must be scanned and forwarded to HE with the Year End Statement. The LA will adjust school data where satisfactory supporting evidence is not provided with the year-end statement.

By Wednesday 17th April 2024 the authority should receive:

- Accruals, Trial balance and VAT evidence in support of your Year-end Statement.
- A signed PDF version of the Year end statement.
- An Excel version of the Year end statement for the local authority to incorporate into a borough wide monitoring report.

As in previous years, the Council's external auditors will select a sample of schools to verify the validity of closedown adjustments.

7 - Year-end preparation**7.1 - Commitments**

Commitments (accounting entries reflecting orders raised) must not be included in school year-end figures. Instead, they must be cleared out of the 2023-24 accounts and put into the 2024-25 accounts. Schools should take the opportunity to verify the validity of their commitments and delete any that are no longer appropriate (e.g., those that have been paid or cancelled).

Where goods or services relating to a commitment have been received by 1st April 2024, these should be represented in the 2023-24 accounts as either a paid invoice or, where the invoice has either not been paid (or paid in 2023-24), as an accrual adjustment. Accruals need only be made for values of £1,000 or more.

7.2 - Unpresented items listing

You must not have any items on your Unpresented Items listing that are more than six months old. If you have outstanding payments/receipts that are older than six months, you must investigate why these are still Unpresented. These items should be cancelled and reissued (if required).

7.3 - Debtor Control on FMS

Schools using Accounts Receivable system: If your system reports a Debtor Control balance (run a summary trial balance by ledger code to check) this balance should be reviewed by analysing your Aged Debtor Report. You should be satisfied that the balance is a true reflection of payments due to the school for which payment has not been received by 1st April 2024. Where the debt is over a year old or its collection is in doubt, schools should make provision in their accounts for a bad debt.

If you require further guidance or the figures do not match, please contact your Business Analyst immediately.

7.4 - VAT reconciliation

You should be regularly checking the outstanding VAT claims due to the school against claims received and Summary Trial Balance.

Fund VO-VI = outstanding VAT.

This should be equal to the sum of the outstanding VAT claims + the VAT entered for current period that is yet to be claimed)

You should complete the VAT Reconciliation table (sheet 2 in the Year End Statement spreadsheet) and submit this with your statement.

If you require further guidance or the figures do not match, please contact your Business Analyst immediately.

If you have identified any discrepancies with claims made and reimbursements received you should contact Jessica Rolle immediately.

7.5 - Income Analysis

Please note the following:

I18A was used for income from the Coronavirus Job Retention Scheme for staff who were furloughed by the school. This scheme no longer exists and the line is not being used in 2023 to 2024.

I18B: income from any grants provided in relation to coronavirus (COVID-19). No such grants currently exist but we are leaving the line in place.

I18C: income from any grants provided in relation to coronavirus (COVID-19) catch-up activity.

Examples are:

recovery premium

the National Tutoring Programme

coronavirus (COVID-19) 16 to 19 tuition fund

I18D: income from other additional grants, including:

primary PE and sports grant

universal infant free school meal funding

free school meal supplementary grant

7.6 – Expenditure Analysis

All schools MUST have expenditure against E23 – Insurance Premiums. This will represent the invoice received for public liabilities & employer’s insurance cover, provided by the LBH Insurance section. Voluntary insurance for staff cover should be recorded against E10 or E11.

Schools must review the “Advances Explainer” (emailed to schools from Schools Finance Shared Mailbox on 15th January 2024). Please contact schools.finance@hackney.gov.uk should you require this to be emailed again.

NEW INSTRUCTION

De-delegation income and expenditure items must be recorded as per example journal set out below with all related income credited to I01.

Example journal that must be entered is as follows:

CFR Code	CFR Description	(credit) / debit Amount	Note
I01	funds delegated by the local authority	£ (62,813.19)	Formula funding allocation
E23	other insurance premiums	£ 2,151.58	De Delegation - For School Contingencies @ £12.02 per pupil
E27	bought-in professional services - curriculum	£ 2,531.91	De Delegation - For UPEG/bilingual learners @ £86.00 per EAL pupil
E28a	bought-in professional services - other (except PFI)	£ 605.02	De Delegation - Free school meals eligibility service @ £3.38 per pupil
E19	learning resources	£ 540.58	De Delegation - Licences/subscriptions @ £3.02 per pupil
E11	staff-related insurance	£ 1,575.20	De Delegation - For Trade Union Supply Cover @ £8.80 per pupil
E27	bought-in professional services - curriculum	£ 4,671.90	De Delegation - For School Improvement (SRAS) @ £26.10 per pupil
E17	rates	£ 50,737.00	Rates funding deducted as paid centrally
		£ (0.00)	Check

7.7 - Payroll Control

If applicable to your school. You should clear any outstanding commitments **to nil balance**.

8 - Bank Reconciliations

On or around the 1st April 2024 you will proceed to completing and printing your March/P12 bank reconciliation and VAT claim.

Schools must not under any circumstances issue cheques or process a BACS run after the 31st March 2024 in the 2023-24 financial year.

If this has happened, you must contact your Business Analyst immediately.

You must now collate all expenditure and income for accruals that are deemed material and over £1,000. See below further details for the relevant accrual.

9 - Completing Section A of the Statement

When entering your data from the report extracted from your finance system. Please ensure that each line on the statement is entered to 2 decimal places.

Year End Closing Balances

The Year End Balance figures (accumulated expenditure and income totals for the year) must be taken from your schools' preliminary year end reports for 2023-24 after period 12 closure and the inclusion of all year-end adjustments (accruals, prepayments etc. – see below for further information) in period 13.

Please note schools should not complete a preliminary close without seeking clearance from the Business Analyst assigned to the school.

In June 2024 schools will receive the LA's confirmation of the 2023-24 balances to be carried forward. In July schools will be required to complete the CFR Upload, and should have performed the final close of the 2023-24 financial year. **No school will be able to adjust its 2023-24 position.** If you have a difference with the confirmed balance and your finance system you must contact Schools Finance immediately.

Capital

Capital balances (sections F-J) need to be split between:

- Devolved Formula Capital (B03), and
- Other Capital Balances (B05).

Please ensure that there are no variances in the final column before submitting your statement.

Schools are not permitted to close with a year-end capital overspend anywhere on row J. Where costs exceed capital income plus any balances brought forward, a transfer from revenue between CFR codes E30 and C104 should be shown on the statement and recorded on your accounting system.

10 - Completing Section B of the Statement

Bank Balance at 31st March 2024 (1)

Record the closing balance as at **31st March 2024** as per the schools' bank statement

Unpresented Cheques (2)

As per RM Finance / SIMS etc. Unpresented Cheques Report **as at 31st March 2024**
No cheques issued after 31st March should be included in your school's un-presented (un-reconciled) year-end listings.

Cash Paid Into Account Not Yet on Bank Statement (3)

Record any sums paid into the bank account before 1st April but not recorded on the bank statement **as at 31st March 2024.**

Cash Statement (4)

Enter figure as per SIMS Bank Reconciliation Report / RM etc. Finance Cash Book Balance Year **as at 31st March 2024.**

Cash Book Balance at 31st March 2024 (5)

The Cash Statement (cash book balance) figure is auto populated from line 4, Section B.

Accrued Expenditure (6)

Invoices for goods and services received before 1st April 2024 should wherever possible be paid by 31st March 2024. **All invoices paid after 31st March MUST be posted to the 2023-24 financial year.**

When a payment of £1,000 or more is outstanding on 31st March for goods or services received prior to 1st April, it must be recorded as an accrual. Details recorded must include a description of the goods or services received from the supplier, the value (excluding VAT) and the CFR code to which the accrual is recorded.

i Schools using the SIMS system: If your system reports a Creditor Control balance (run a summary trial balance by ledger code to check) this balance which should be reviewed by analysing your Aged Creditor report. If you are satisfied that the balance is a true reflection of invoices processed for which cheques were not issued for 1st April, please include this balance against the accrued expenditure heading and include the Aged Creditor report as supporting documentation when submitting the Year End Statement to the Schools Finance Team.

NB Please indicate how much of the accrual is for the London Borough of Hackney in the box provided.

Deferred Income (7)

Record the details of any income item of £1,000 or more received for 2023-24 before 1st April 2023. Most schools are unlikely to have anything to record against this heading.

Adjustments to your school's SIMS or RM or other Finance system for the Deferred Income (if any) listed against this heading must be made in period 12.

Prepayments (8)

Record any payments of £1,000 or more posted to the 2023-24 account, which relate to goods or services to be received after 31st March 2024.

For example, if a school has paid £1,500 for summer 2023 exam fees, this should be recorded as a Prepayment. Again, most schools are unlikely to have anything to record against this heading.

Accrued Income (9)

Record income items of £1,000 or more due for the period to 31st March but not received by that date.

i Schools using the SIMS accounting system: If your system reports a Debtor Control balance (run a summary trial balance by ledger code to check) this balance, which should be reviewed by analysing your Aged Debtor Report. If you are satisfied that the balance is a true reflection of payments due to the school for which payment has not been received by 1st April, please include this balance against the accrued income heading and include the Aged Debtor Report as supporting documentation when submitting the Year end Statement Schools Finance. Where the debt is over a year old or its collection is in doubt, schools should make provision in their accounts for a bad debt.

NB Please indicate how much of the accrual is for the London Borough of Hackney in the box provided.

Bad Debt Provision

To make a bad debt provision you must first make a prudent assessment as to how much of the invoice issued and recorded on the school's accounting system is unlikely to be paid. You should then enter on your accounting system a deferred income adjustment and clearly label it on both the system journal and the year-end statement as 'Provision for Bad Debt'. Schools should provide bad debt provision for all amounts of more than 1 year old.

VAT Reimbursements (10)

VAT reimbursements due to the school for 2023-24 that are either yet to be received or have been banked after 31st March 2024 must be recorded on the statement.

- Print the VAT short summary report for each month that VAT is still outstanding.
- Print the VAT full report for April 2024 (as any March bank reconciliation journals with VAT that have been entered after 1st April will need to be included in the VAT reconciliation)
- Print any other outstanding VAT claim queries.

Petty Cash Accounts (11)

Record the cash balance held **on 31st March 2024**

Total Carry Forward Balance (2023-24 closing balance) (12)

The carried forward balances will be formally agreed by HE during the year end process and subsequently scrutinised by the Audit Commission. Any adjustments that need to be made will be communicated to you.

Revenue Carry Forward Balance (2023-24 closing balance) (15)

Report the revenue Surplus (+) or Deficit (-) to be carried forward into 2024-25

Capital Carry Forward Balance (2023-24 closing balance) (13)

Report the accumulated capital surplus (+) to be carried forward into 2024-25 taken from Line J of Section A. This includes any balance brought forward to 2023-24.

Schools are not permitted to close with a year-end capital deficit. When capital costs exceed capital income, schools must make a transfer from revenue (between CFR codes E30 and CI04) to fund the difference.

11 - Reconciling Sections A and B

Sections A and B should reconcile to each other. Items that do not reconcile will be highlighted in red on the excel file and should be reviewed by schools.

Section A figures should include the year end accounting entries.

Should you have any difficulty in reconciling sections A and B, please contact the Schools Support (Finance) Team. Do not allow reconciliation difficulties to delay the submission of your return.

12 - Completing Section C – Confirmation Sheet

Revenue Balance Analysis

School balances are reported to the DfE primarily via the Consistent Financial Reporting (CFR) return. The CFR return data is used to populate the DfE benchmarking website and is accessible by schools, and bodies such as OFSTED, the Audit Commission and LAs.

Schools are required by the DfE to divide their year-end revenue balances between committed (B01) and uncommitted (B02) for the purposes of the financial return. Schools should place a value against individual commitments and list them.

School Year End Revenue Balance Reporting Requirements

Please note that Secondary Schools with surplus closing revenue balances more than 5% and Primary, Nursery and Special schools with balances more than 8% are required to submit spending plans to HE.

There could be a considerable overlap between the commitments the school lists in the Revenue Balance Analysis in Section C and the school's surplus spend plan.

Surplus spend plans require the breakdown of spend plans over three financial years and are required to be signed off by Governors before sending to HE. **The plans should be considered by Governors' alongside the approval of the original 2024-25 budget and submitted by 3rd of May 2024.**

Those schools with deficit revenue balances need to submit a deficit recovery plan by the 31st March 2024.

13 - Section D – Reconciling Year End Statement to the Trial Balance

This section shows the calculations HE will perform to ensure that your accounting system reconciles to your Year End Statement. These calculations help identify whether the closing balance on your school accounting system will reflect that reported in Sections A+B of your Actual Year End Statement.

Completion of section D is optional (but recommended). It has been included to help schools to manage their accounting systems and identify potential reconciliation problems before information is passed to HE.

To complete section D:

1. Ensure that all year end journals have been entered onto the accounting system and that sections A and B of the Year End Statement are complete and reconciled.
2. You should then run a Summary Trial Balance by Ledger Code, making the following selections:
 - All funds
 - Period 13
 - Financial Year 2023-24
3. Enter the values from the Summary Trial Balance on to Section D.

The Ledger codes used in section D reflect the standard headings used by many, but not all schools. Your school's ledger type codes may differ from these. The following ledger types are not shown on section D:

- **Ledger Code FC – Fund Control** - Schools should not be using the Fund Control Account. It must report a nil balance at the year end.
- **Ledger Code PY – Payroll Control Account** - under normal circumstances, this must be balanced to nil for year end. Under exceptional circumstances there may be money due to or from your payroll provider at the close of play on 31st March. If this happens, record the amount as either Accrued Expenditure or Income in Section B, and include supporting documentation with your Year End Statement.

Imbalances

Where the school's accounting system does not reconcile to the Year End Statement, the imbalance will be highlighted on the excel file in red. If you need assistance in resolving these imbalances, please contact the Schools Finance Team immediately. Schools should not delay the submission of their Year End Statements beyond the Wednesday **17th April 2024** deadline where imbalances cannot be resolved.

Please note that the process outlined above may differ according to the accounting system being used by your school.

14 - Submission to Hackney Education

The following documents **must** accompany your schools 2023-24 Actual Year End Statement (Sections A+B), signed confirmation (Section C) and Section D (if you have completed it):

For all schools:

- Signed bank statement showing the closing balance on 31st March 2024.
- Signed bank reconciliation
- Signed unreconciled Items report
- Copy invoices or other documentation to support all income/expenditure accruals of £1,000 or more (purchase orders or statements are NOT sufficient)
- Trial balance by ledger/CFR showing all funds to period 13. This must include all control accounts
- Signed VAT Submittal Period 12 and any other outstanding periods
- VAT Full Report MTD Period 12 - **in excel format**
- CFR Income & Expenditure Report to period 12/13. This must include all balance sheet items
- Signed YE Statement and CAS by Head Teacher, (GB to sign-off both at the next meeting and submitted thereafter)
- YE Statement in **excel format**

The deadline for submitting the Actual Year End Statement for 2023-24 is **Wednesday 17th April 2024**

Remote Access

To facilitate remote support, please liaise with your IT provider to ensure that TeamViewer is installed on your computer, with adequate security clearance for remote access by your allocated Business Analyst.

15 - Queries? Who to Contact?

If you have any queries or comments, please do not hesitate to contact the Schools Finance Support Team at Hackney Education.

Name/Title	Email
Business Analyst Yukon Chow Asha Tailor Norman Planter	yukon.chow@hackney.gov.uk asha.tailor@hackney.gov.uk norman.planter@hackney.gov.uk
Finance Admin Assistant Jessica Rolle	jessica.rolle@hackney.gov.uk

And Finally....

We once again look forward to working with you on this year's closure.

Many thanks.

Schools Finance Support Team