
DONATIONS POLICY

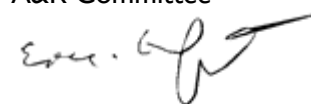
Recommended by:

CFO

Ratified by:

A&R Committee

Signed:



Position on the Board:

Chair of A&R Committee

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Central

Key Changes in Latest version of Policy

	No changes to this edition.
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POLICY

1. INTRODUCTION

- 1.1. This policy and procedure framework for the acceptance and management of donations to the Academy Trust has been drawn up to be consistent with the requirements laid out in the Education Skills Funding Agency (ESFA) Academies Trust Handbook.
- 1.2. Donations and gifts may be in the form of cash, goods or services. They may be given with or without conditions. Donation means a contribution that voluntarily transferred by one person to another without compensation or benefit flowing from the giver to the receiver. Generally, donations are irrevocable, and, beyond a possible designation of use, the donor does not impose contractual requirements or subsequent reports as a condition of the donation. The term donation in this policy includes **sponsorship** and **gifts**.

2. PURPOSE

- 2.1. Academies need to value and record contributions from sponsors. The academy's accounting procedures must clearly identify receipt of all donations. The academy must also differentiate between donations, discounted purchases and gifts given with conditions.
- 2.2. The purpose of this policy is to clarify the process for acceptance and accounting for donations.

3. POLICY STATEMENT

- 3.1. The Trust Board of the Central Region Schools Trust supports the solicitation for, and acceptance of, external donations, gifts and sponsorship that promote the objects of the Trust.
- 3.2. Donations, gifts and sponsorship are accepted free of obligation to the donor.
- 3.3. Donations, gifts or sponsorship will be declined where they are given with conditions that are incompatible with: the objects of the Trust; public procurement legislation; genuine principles of donation without obligation; or because of the source or conditions of the donation might bring the academy in to disrepute. The Trust Board will decline donations, gifts or sponsorship offered by businesses or individuals whose culture or ethos is incompatible with those of the Trust.
- 3.4. Donations will be accounted for so that their receipt and subsequent expenditure or transfer to other funds can be readily identified and reported.

PROCEDURE

1. OFFERS OF DONATIONS

- 1.1. Offers of donations made to schools, the Trust or individual Governors or members of staff should be referred to the school Principal or a trust officer (EP (CEO), CFO or COO) in the first instance. The Principal or a trust officer will determine whether the donation offered is consistent with the Academy Trust's Objects as defined in its Articles of Association. For donations that are equal to, or greater than the nominal value stated in the Code of

Conduct Policy (£25 at time of policy approval) the Principal or trust officer will consult with the Head of Corporate Services. Where the donations are greater than £5,000 referral will be made to the Chair of the Trust Board via the Chief Financial Officer before making a decision about accepting the donation. Where the donation is from the government or a government body as part of a national offer then this is accepted and recorded with information passed to CFO for financial recording.

- 1.2. All donors should state, for audit purposes, in writing details of their gift, the fact it has no conditions attached (where relevant), their estimation of the value of the gift and when the academy will receive the gift.
- 1.3. Where there are conditions attached, it is unlikely the amounts can be recorded as donations of an unrestricted nature. Also, discounted amounts cannot be treated as charitable donations, but must be shown as a reduction on costs.

2. REASONS FOR DECLINING DONATIONS

- 2.1. An offer of a donation will be declined if one of the following conditions exist:
 - The donation has conditions attached that are inconsistent with the Academy Trust's Objects;
 - The donation has conditions attached that are inconsistent with procurement best practice or legislation;
 - The donation has conditions attached that are inconsistent with the principle that a donation is a contribution that voluntarily transferred by one individual or entity to another without compensation or benefit flowing from the giver to the receiver.
 - The source of the donation or its intended purpose are inconsistent with the characteristics of an Academy as laid out in the Funding Agreement or are likely, in the view of the Principal or Officer, to draw adverse publicity for the academy or bring it into disrepute.

3. ACCOUNTING FOR DONATIONS AND BANKING

- 3.1. Donations made in cash will be banked in the usual way into Central Trust bank account in the first place. The receipt will be entered onto the finance system coded to donated income.
- 3.2. Gifts of cash are the easiest to value. However, a proportion of contributions may be in the form of **gifts in kind (i.e. assets)**.
- 3.3. Gifts in kind will be included in the academy's accounts (within the Statement of Financial Activities) in the accounting period in which they are receivable. The value placed on gifts in kind will be either a reasonable estimate of their gross value to the academy or (less likely) the amount actually realised as in the case of second-hand goods donated for resale.
- 3.4. The key valuation test for a gift in kind is "what would the academy be prepared to pay to purchase the asset?" For example: if the academy wants a mid-range PC and is given a high-spec PC, then the valuation of that gift should be based on that of a mid-range PC.

- 3.5. The Academy may also receive assistance in the form of donated services (e.g. 'time') or facilities. Such incoming resources will be included in the Statement of Financial Activities where the benefit to the academy is reasonably quantifiable and measurable. This would usually be limited to **donations by an individual or entity as part of their trade or profession**. For example, if a local accountancy firm agreed to supply an accountant free of charge for a couple of days a month, this will be included in the accounts. However, a police officer talking to a group of pupils as part of his/her community liaison role will not be classified as a donation, as this service would always be provided free as part of normal police activities.
- 3.6. In contrast to donations as part of a trade or profession, the **contributions of volunteers** are **excluded** from the Statement of Financial Activities, as the value of their contribution cannot be reasonably quantified in financial terms. For example, parents or other volunteers assisting with reading in the classroom would be excluded. However, the exclusion of these contributions may be disclosed in the Trustees' Annual Report if this information is necessary for the reader to gain a better understanding of the academy's activities.
- 3.7. The value placed on those donations, which are included in the Statement of Financial Activities, will be the price the academy estimates it would pay in the open market for the services or facilities. For example:
- if the academy requires a bookkeeper and is given the services of a chartered accountant (for doing the work of the bookkeeper) then the valuation of time should represent what it would have cost to obtain the services of a bookkeeper
 - if the gift is classroom assistance irrespective of who is providing the time the appropriate rate from the relevant pay scale (i.e. unqualified or qualified) should be used.
- 3.8. The **valuation of gifts** in kind and donations under the above rules may be different from the value placed on the asset, service or facility made by the donor. However, it is the Trust's responsibility to account for the gift at a valuation, which they can justify to the auditors.
- 3.9. In many instances obtaining a valuation will be relatively straightforward or the Trust will be able to satisfy itself that the donor's own valuation of the gift is fair and reasonable. However, it is recognised that in some instances it will be more difficult to obtain a comparable valuation. The Trust will consider what evidence they require to enable them to form a view on the valuation of gifts. Listed below are a number of sources of evidence of valuation:
- Comparable quotations from alternative suppliers;
 - What the academy already pays for that service/asset;
 - Cash realised if the gift were to be sold;
 - Experience of governors in purchasing similar services or assets; and
 - What the governors would be prepared to pay for that gift out of the academy budget.
- 3.10. The **auditors** may wish to see evidence of the valuation of gifts and therefore evidence obtained as above will be retained.
- 3.11. Time spent by governors and Trustees in attending governing body or Trustee meetings is part of their responsibility in undertaking their role and therefore will not be included as a business

contribution.

- 3.12. **"Free gifts"** i.e. non-solicited gifts will only have a value to the academy if the gift assists in achieving its objectives. However, the auditors will expect annual accounts to show the full details of an academy's transactions, whether they are monetary or notional. The academy will therefore account for unsolicited gifts where applicable.

4. DISCOUNTS

- 4.1. The general rule relating to discounts is that they are not acceptable as "gifts" and should not be recorded as income. This is because under generally accepted accounting principles, discounts are not accounted for as income but as a reduction in expenditure. As the governing body is required to obtain value for money, the offer of discounts should be taken into account in making purchasing decisions.
- 4.2. Full records of receipt of business contributions will be retained, as the auditors will require evidence of receipt.