

Batley Girls' High School - Visual Arts College

Policy Document

School Companies

Produced by: WB

Date: November 2014

Date of review: November 2017

Companies and Academies

The Secretary of State establishes an academy by signing a contract (known as the funding agreement) with an academy trust. The academy trust is a charitable company set up to run the academy, and the funding agreement provides the framework within which the academy must operate.

A private limited company (company limited by guarantee) number 7732537 known as Batley Girls' High School was incorporated on 8 August 2011.

The signed funding agreement is kept within school, and a copy is available on the school website and the Academies section of the DfE website. This includes the Memorandum and Articles of the academy trust. The Memorandum of Association sets out the objective of the company and the powers it has to fulfil those objectives. The Articles of Association are the provisions which set out how the company will run on a practical level e.g. the composition of the board, membership and meeting requirements.

The ongoing funding of the academy trust is contingent upon the conditions in its funding agreement being met.

A trading subsidiary company may be set up in the future if a considerable amount of income is generated from business activities which do not wholly relate to the provision of education.

There are two main reasons for setting up a trading subsidiary:

- All transactions where VAT applies can be separated from the finances of the academy.
- The Articles of Association prevent any 'substantial permanent trading' by the academy trust. Activities can be carried out by the subsidiary that are outside the charitable objects

Any 'profits' made by the subsidiary company would be liable to tax. However these can be donated back into the academy trust by 'gift aid' in order to gain full tax relief, since the subsidiary is wholly owned by the academy trust.

The income and expenditure relating to any subsidiary would be consolidated in the academy's accounts and disclosed in a note to the accounts together with the gift aid made.