

Academies Accounts Direction 2025 to 2026

Each year, the Department for Education releases financial framework documents for academy trusts and their auditors to support the preparation of annual reports and financial statements, consisting of:

- Academies Accounts Direction (AAD)
- Academies model accounts (Coketown accounts)
- Framework and guide for external auditors and reporting accountants of academy trusts

Updates for 2025 to 2026 were released on 25 March 2026. Each edition reflects legislative updates, accounting clarifications, and feedback from the DfE's assurance work, with summaries of the changes highlighted in the opening pages of both the Direction and the Model Accounts.

Below are the key changes:

AAD for accounting periods ending 31 August 2026

1. Trade Union Facility Time Disclosure

There is no longer a requirement to report **trade union facility time**.

2. Streamlined Energy and Carbon Reporting (SECR)

In relation to SECR, the guidance now refers to the **precise statutory thresholds (see below)**. The previous AAD referred to large companies, but the large company thresholds have been revised for periods commencing on or after 6 April 2025. These updated thresholds have not yet been reflected in the 2018 Regulations that govern SECR disclosures.

The applicable thresholds are:

- Turnover greater than £36 million
- Total assets greater than £18 million
- More than 250 employees

In addition to consuming more than 40,000 kWh of energy, a company must meet two or more of the above thresholds for two consecutive years to fall within scope. Likewise, a company must fail to meet the conditions for two consecutive years to fall outside the scope.

3. Updated regularity and propriety definitions

The definitions of regularity and propriety have been updated and strengthened. Regularity now requires each transaction to have a clear legal basis, parliamentary authority and treasury authorisation, and to be compatible not only with approved spending budgets but also with the wider legal framework, such as procurement law and subsidy control, as well as all spending requirements set out in the June 2025 edition of Managing Public Money. This broadens the concept of regularity beyond general compliance, placing greater emphasis on adherence to legal, procurement and budgetary requirements when the use of public funds is assessed.

The updated definition of propriety places greater emphasis on high standards of public conduct and alignment with a broader range of Parliamentary expectations.

For reporting purposes, these changes increase the level of judgement and documentation required to support the regularity and propriety statements. Academy trusts will need stronger internal controls and clearer evidence that transactions comply not only with their funding agreements and internal policies, but also with wider legal and governmental frameworks. Trustees and accounting officers should expect greater scrutiny over how regularity and propriety have been assessed, and the revised definitions may require more robust narrative explanations and assurance processes to demonstrate compliance in the annual report and financial statements.

4. **Staff restructuring costs**

Staff restructuring costs identified in the staff costs notes **must include payments in lieu of notice (PILON)** whether contractual or non-contractual. Previously they were excluded.

5. **Higher paid staff disclosures**

New guidance has been introduced on the disclosure of higher-paid staff, defined as employees whose total employee benefits exceed £60,000 per annum during the accounting period. This guidance makes clear that the disclosure must include **part-time employees** and **staff who worked for only part of the year**. This disclosure requirement aligns with the Academies Accounts Return and reinforces a consistent, full-time equivalent based approach to reporting across the sector.

Where a part-time employee's actual remuneration is below £60,000 but would have met or exceeded £60,000 on a full-time equivalent basis, this must be explained narratively within the note, including disclosure of the relevant £10,000 remuneration band based on the full-time equivalent amount. Similarly, where an employee worked for only part of the year but would have earned £60,000 or more on a pro-rata full-year basis, this must also be disclosed through a narrative explanation covering the same information.

6. **Key Management Personnel (KMP)**

The **definition** of KMP and **disclosure** of KMP employee benefits has been updated.

Previously KMP was defined as trustees and the senior management team. In the 2026 edition, KMP is defined as those persons having authority and responsibility for **planning, directing and controlling** the **activities** of the academy trust, directly or indirectly.

New **disclosures** have been introduced in respect of **accrued remuneration**.

- Where remuneration is accrued either in the current year or remains accrued from prior periods, the amount accrued in the year and/or the cumulative accrued balance must be disclosed separately, together with an explanation of the nature of the accrual.
- Where remuneration has been paid to a member of KMP during the current

accounting period but relates to amounts accrued over one or more prior periods, the total value accrued in those earlier periods must be disclosed separately, with a clear explanation.

- Remuneration accrued in the accounting period for the accounting officer must also be included in the relevant disclosure together with an explanation.

Off-payroll payments for individuals fulfilling KMP level roles has been expanded. While the original wording required academy trusts to include amounts paid to non-employees acting as Accounting Officer or Chief Financial Officer within the KMP remuneration note, the revision broadens the scope to explicitly include situations where a former member of KMP continues to receive remuneration in a consultancy or similar role. This change closes a potential gap where trusts might otherwise have excluded payments to former senior leaders on the basis that they were no longer employees or office holders. In addition, the revised paragraph **introduces a new comparative requirement**, explicitly stating that the prior year figure must also be reported, reinforcing consistency and year-on-year comparability.

7. Related party disclosures

The guidance has been clarified to confirm that a **principal or chief executive** must be included in **related party disclosures where they also serve as a trustee**. The update makes clear that disclosure is required where the trust's articles of association permit the principal or chief executive to act as a trustee and they have taken up that role, effectively linking the disclosure obligation to the trust's governance arrangements as set out in its articles.

8. Minor editorial changes to site improvements at church academy trusts

Paragraph 3.10 clarifies and tightens the accounting implications for church academy trusts when they incur capital expenditure on site improvements, placing greater emphasis on applying the asset recognition principles in FRS 102. In particular, it highlights the need for trusts to assess whether they have control over the improved portion of the site, even where the wider land and buildings remain unrecognised in their financial statements. This change shifts the focus from a suggested accounting outcome to a principles-based judgement, reinforcing that asset recognition is not automatic but depends on the substance of the trust's rights and control. While the alternative treatment of expensing the grant through the SOFA with explanatory disclosure remains unchanged, this revision increases the level of professional judgement required and underscores the importance of clear narrative disclosure to explain the approach adopted to users of the accounts.

9. Charities SORP 2026 – Annex B

An entirely new section (Annex B) has been added to the Academies Accounts Direction, preparing for the rollout of Charities SORP 2026 (effective for reporting periods beginning on or after 1 January 2026) providing guidance on:

- new revenue recognition rules
- lease accounting changes

- transitional provisions

Attention should be paid to the transitional provisions relating to revenue recognition, which provide a discretion as to whether: a full retrospective approach is adopted or a modified retrospective approach is adopted.

In terms of the initial application of the new SORP to leases, there is no such discretion, and the modified retrospective approach is a requirement.

References

[Academies accounts direction 2025 to 2026 – March 2026](#)

[Academies accounts direction 2024 to 2025 – March 2025](#)

Model set of accounts for academy trusts 2025 to 2026

Changes within the Coketown model accounts for the current year have been highlighted in yellow and are also preceded by an asterisk (*) to assist with identification. The key changes are summarised below:

1. Trade union facility time

Removed the model disclosure related to the reporting of trade union facility time.

2. Streamlined Energy and Carbon Reporting (SECR)

Updated the text related to streamlined energy and carbon reporting for the 2018 thresholds detailed above in the AAD summary.

3. Internal scrutiny requirements

Updated the relevant note in the model accounts to reflect the clarification made in the Academy Trust Handbook 2024 that Trusts with an annual revenue income over £50 million (based on their last audited accounts) **must*** deliver internal scrutiny using any combination of the following:

- an in-house internal auditor
- a bought-in internal audit service.

*The previous handbook was a should and is now a must.

4. Disclosure of transactions (Note 7 to Coketown model accounts)

Updated note 7 within the model accounts to include the disclosure of certain categories of transactions previously covered by paragraph 5.3 of the Academy Trust Handbook 2024. These include:

- special payments - compensation
- special payments - ex gratia
- writing off debts and losses
- guarantees, letters of comfort and indemnities
- acquisition or disposal of freehold land and buildings
- disposal of heritage assets
- taking up or granting a leasehold on land and buildings
- gifts by the trust

Irrespective of whether DfE approval is required, the academy trust must disclose aggregate

figures for transactions of any amount, and separate disclosure for individual transactions above £5,000, in its audited accounts.

5. Higher paid staff (Note 10e to Coketown model accounts)

Provides additional guidance to model note 10e, Higher paid staff, covering part-time members of staff and those who worked for part of the year as detailed above in the AAD summary.

6. Key management personnel (Note 10f to Coketown model accounts)

Updates the definition of key management personnel and provides clarification for accrued employee benefits to key management personnel in model note 10f as detailed above in the AAD summary.

References

[Academies model accounts 2025 to 2026 – March 2026](#)

[Academies model accounts 2024 to 2025 – March 2025](#)