



Update on The Valuation of Church School Land and Buildings

October 2015

MHA is a national association of independent accountants offering a full range of services to over 1600 charitable and not for profit organisations including schools and academies.

In the Academies Accounts Direction 2014-15 the EFA made it clear that their interpretation of current accounting standards would require most Church Schools who occupy their premises on a license, to include a valuation of the premises in their 2014-15 accounts. Historically a number of church schools have excluded such a valuation.

We understand that some Church Dioceses disagree with this treatment and have been advising their schools to continue excluding the valuation of land and buildings occupied on license from their accounts. A number of technical arguments are provided to support this position, mainly centered on the Diocese's interpretation of accounting standards FRS5 / FRS102.

While MHA recognises that there is an ongoing debate regarding the treatment of these buildings, it is a condition of Academy Trusts' funding agreements that Academy Trusts prepare statutory accounts in line with the EFA's Accounts Direction. As auditors we are also

required to comment on whether the accounts prepared are in line with this guidance. As a result of this, unless there is an exceptional reason, we are advising most schools to include a valuation of land and buildings occupied on license to be included within the 2014-15 accounts. If schools choose not to include a valuation we would be forced to qualify our audit reports to explain this deviation from the Accounts Direction.

We appreciate that this potentially puts schools in a difficult position with their Diocese, and may present technical questions on how the properties should be valued. Further advice and assistance can be sought from your local advisor.

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