

Closure of Accounts 2025/26 Procedures for Schools.



February 2026

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Introduction

All templates and guidance documents can be found on the Local Management of Schools (LMS) website. The link to the website and the email address for all submissions can be found at the end of this document.

1. Period 11 Trial Balance (TB)

A P11 TB in an Excel format must be sent to Schools Finance by Wednesday 4 March. Please ensure all salaries, cash advances and other postings are complete as we will be starting our year-end checks based on this data.

2. Health Checks

A Health Check must be completed by Monday 9 March in preparation for closure of accounts. Please ensure these checks have been completed and send a copy of the completed and signed healthcheck to Schools Finance.

3. Lease Information

In order to comply with International Financial Reporting Standards all lease arrangements must be reviewed at year-end. The lease return should be completed, or a nil return, and sent to Schools Finance by Monday 16 March.

Changes to lease accounting arrangements under accounting regulation (IFRS 16) became applicable from 1st April 2024. This means the previous classification between finance and operating leases has ceased and all material arrangements need to be accounted for as "Right of use" assets within the Council's annual statement of accounts.

The information requirement for 2025/26 is using the same form as in previous years with some additional details needed for vehicle leases only, as per the updated form. Columns L to BD of the template are only required for vehicle leases.

4. March Data

The final postings must be made in Period 12 on FMS by Monday 23 March.

- a) Payroll should be posted using the salary commitments on FMS unless your payroll provider can process your preliminary report before the 23 March. This process will

be included in the year-end guidance sent by ITSS – if your school does not receive this please contact the Schools Finance team to arrange for a copy to be forwarded to you.

Any differences from the final payroll report and the postings made using the salary commitments will be posted as an adjustment in Period 1 of the new financial year. Schools must keep a record of the reconciliations between the old and new financial years.

- b) Schools will be notified of their March cash advance payment by Friday 20 March, these entries must be posted into FMS by Monday 23 March.
- c) Any debtors and creditors to be raised for the 2025/26 financial year must be posted in P12 by Monday 23 March. The MKCC materiality limit is £20,000. Schools are able to post lower amounts of debtors and creditors but only if this is material to the understanding of the accounts. Anything posted must be included on the debtors and creditors list and clear evidence must be provided for every entry.
- d) UIFSM – A debtor or creditor must be raised for UIFSM and must be recorded on the appropriate debtor or creditor list. Schools will have received an allocation of UIFSM grant funding in July 2025 via the Cash Advance. This funding will have been made up as:
 - i. Actual funding for April 2025 – August 2025
 - ii. Provisional funding for September 2025 – March 2026

Schools must calculate their actual funding entitlement for September 2025 – March 2026 and post the difference as either a debtor or a creditor. Calculations are based on the October 2025 and January 2026 census. The UIFSM calculation spreadsheet will be on the LMS website and will assist you to calculate the year-end debtor or creditor.

The journal details are also on the spreadsheet to provide assistance with posting. Please ensure the creditors or debtors list is updated with this posting. This posting must be made by Monday 23 March.

After Monday 23 March no activity should take place on FMS in period 12. This includes bank reconciliations, cheque runs, BACS payments etc.

5. BACS Reconciliation

It is essential that all BACS transactions are reconciled by Monday 23 March as outstanding BACS files will not be transferred to the new financial year.

6. Period 12 Trial Balance

A period 12 Trial Balance in Excel format should be submitted to the Schools Finance team by 10am on Tuesday 24 March. Do not run a VAT submittal.

7. Debtors and Creditors List

A creditors list and a debtors list **or nil returns** must be emailed to Schools Finance by Tuesday 24 March. Please ensure the guidance to filling in the forms is read before they are completed to ensure they are submitted correctly.

Totals on the debtors and creditors lists must match the totals on DR01 and CR01 on the final TB. A copy of the form, all evidence and workings must be submitted to schools finance in anticipation of requests from the auditors. Where estimates have been used, evidence to support these are required. Only post debtors or creditors where the amount exceeds £20,000 or the value is material to the understanding of the accounts.

8. Payroll Information

All schools must complete their payroll information for the Officers Remuneration note by Wednesday 15 April and email the form to schools finance.

Schools must complete the FTE staff analysis sheet. Entering the school password in cell D2 will populate the 2024/25 FTE numbers to be used as a guide. The 2025/26 FTE's should be added in the green highlighted cells, check the variances between 2024/25 and 2025/26 and add a note for any significant variances.

9. SFVS Returns

All maintained schools are required to complete an SFVS return and email the completed form to Schools Finance no later than Friday 27 March (it can be sent in before if ready). There is no need to send the accompanying evidence. This is a statutory government requirement and MKCC are required to complete a DfE return with details of schools not submitting their SFVS on time. The SFVS information can be found [here](#).

The link above also contains the Related Party Transactions template, this must be completed by all schools or a nil return submitted if appropriate.

A question in section E of the checklist asks if the school leadership has considered the results of the DfE benchmarking tools. A link is included for the Financial Benchmarking and Insights Tool [Home - Financial Benchmarking and Insights Tool - GOV.UK](#)

10. Close Period 12

A final period 12 Trial Balance in Excel format should be submitted to the Schools Finance team on Friday 27 March.

Period 12 should be closed (by completing a preliminary close) as a priority on Monday 13 April.

The period 12 signed VAT submittal should be sent to Schools Finance on Monday 13 April, to allow the reimbursement to be made by Friday 17 April.

11. Three Way Reconciliation and Unreconciled Transaction Reports

A final Three Way Reconciliation (3WR) must be completed and emailed to Schools Finance by Tuesday 14 April. Schools Finance require both the Excel version with all tabs and a pdf of the front page signed and authorised. The template is on the LMS website.

The reconciliation should be completed based on the P12 Trial Balance, P12 monitoring report and the bank statement up to the **31st March**. Schools should contact Schools Finance if they need a copy bank statement to help with this task. If a third party completes this reconciliation for you, please ensure you pass on your information as soon as possible to enable them to return the completed template to you in good time for you to meet the deadline. Reconciliations using a bank balance earlier than 31st March will not be accepted.

12. Unspent Balances Form

An unspent balances form must be emailed to Schools Finance by Friday 27 March. This form will be available on the website. Calculation guidelines to help calculate the unspent balances are on the same file and if used, the balances will pull through to the unspent balances tab.

B01 – Committed revenue balance

Committed amounts will be where a school has entered into a contract or raised a purchase order but the goods or services have not been received by 31st March, unspent voluntary funds and earmarked public funds. Deficit balances should also be included in B01 as spent money is already committed.

B02 - Uncommitted revenue balance

This is the remaining revenue balance which has not been committed.

Balances will be confirmed back to schools by Friday 17 April. Schools will be advised when they can run the final close on FMS and this should not take place until notification is received.

13. Annual Leave Accrual Information

MKCC post an accrual in the final accounts each year for all employees who have annual leave to carry forward into the next financial year. Up until now this has been calculated for schools based on a formula but for 2025/26 we are collecting the data from schools to aid with this adjustment in the MKCC final accounts.

As the majority of staff will take leave during the set school holiday periods we’re expecting this accrual to only apply to a small number of staff, this could include staff on full time contracts, or where someone has been on maternity leave or sickness absence and has unused annual leave at year end.

All schools must complete the annual leave return or submit a nil return by Monday 13 April 2026. This should **not** be added to the creditors list as this will be adjusted centrally by the MKCC Corporate Finance team.

14. Aged Debtor Report

A review of all debtors must be carried out to ascertain if a bad debt provision is needed in the final accounts or if there are any items which should be written off. The review will be done in two stages.

Step 1

- An initial review should be completed to identify any invoices that are at risk of not being collected. An Aged Debtor report must be run (the path in FMS is Focus | Accounts Receivable | Report | Aged Debtor Report).
- An assessment should be conducted for all amounts outstanding for 31 or more days, and a rating given of the risk of the amount not being collected, based on the table below.
- The aged debtor report along with the details of the risk of the amount not being collected should be sent to schoolsfinance@milton-keynes.gov.uk by Wednesday 4 March 2026.

0%	Paid by 31st March 2026
5%	almost certain will pay, something unusual will happen for them not to pay
25%	low risk they won't pay, usually good payers, evidence to back up the invoice
50%	med risk they won't pay, sometimes not good payers, evidence to back up the invoice
75%	high risk they won't pay, new customers, little evidence to back up the invoice
95%	very certain will not pay, been in dialogue, invoice very old
100%	certain will not pay, really ready to write off

Step 2

- For debtors where it is certain the amount will not be paid, the debt should be written off in March 2026 in line with the guidance included in the [Scheme for Financing Schools 2025-26](#) and the [Financial Procedures for Schools](#). Governing bodies are responsible for collection of sums due to the school and must take all necessary and immediate steps to effect collection or recovery. Sums due to the school up to £10k should be written off if payment is not received within 6 months, and must be approved by the governing body. Amounts over £10k must be referred to the Assistant Director of Finance.

Once the aged debtor reports have been reviewed by the MKCC Finance team, there will be further correspondence with individual schools where outstanding amounts at risk of not being collected are not being written off, but a bad debt provision may be necessary.

A final aged debtor report must be submitted by 24 March 2026.

15. Reconciliation of Revenue Contributions to Capital

The introduction of IFRS16 for local authorities from 1 April 2024 ends the distinction between operating and finance leases at maintained schools for accounting purposes. All leases will now count in principle as capital, unless the total value of the lease is below the local capitalisation threshold of £20,000.

Where a lease counts as capital or it is a lease for a motor vehicle, it must **not** be included in the revenue expenditure lines E12 to E25. Instead, it must be included in E30 as direct revenue financing of capital. The same sum will appear in CI04, and the expenditure will then be recorded in CE01 to CE04 as appropriate.

All leases will be classed as borrowing and will require the Secretary of State for Education's consent. The Secretary of State has however agreed to provide blanket consent to a range of the most common leasing activities, as set out in the IFRS16 Maintained Schools Finance Lease Class Consent 2024. Leases not included in this Order will still require the written consent of the Secretary of State.

All schools must complete the reconciliation of revenue contributions to capital return or submit a nil return by Tuesday 24 March. The return should also include a confirmation that all leases with a total value of over £20,000 and all vehicle leases have been recorded as capital.

16. Additional Information

Payment of Invoices

It is important that all goods and services received prior to 31 March 2026 are charged to the 2025/2026 financial year. Therefore, it is essential that all invoices are obtained from suppliers, including MKCC, for those goods and services received to ensure the cost is allocated to the correct financial year.

Please ensure prompt payment of these invoices to reduce the number of debtors and creditors on the school's and the Council's accounts.

Payment from Local Bank Accounts.

- All transactions and payments dated 23 March 2026 or before should be recorded in 2025/26 on your local system, and should be included on your returns.
- Debtors & Creditors should be included on your period 12 return. Further details are in the sections above.

Bank Interest

If your bank account is within the pooled bank arrangements, bank interest will be credited to your bank account by 31st March 2026. It is unlikely the amounts will be known when FMS closes on 23 March – if schools wish to accrue an amount for this interest, they can.

Payroll Expenditure

Please include on your creditors list any employee-related expenditure e.g. supply teacher claims or overtime, for work undertaken in March or before which will not be paid until after 31 March 2026.

Devolved Formula Capital

Schools are reminded the maximum amount of Devolved Formula Capital (DFC) funding that can be carried forward at 31st March 2026 is the sum of their 2024/2025 and 2025/2026 allocations, unless the DfE has authorised the carry forward of earlier years allocations to go towards funding a larger approved scheme.

Any unspent funding from the 2023/2024 allocation may be recouped by the Department for Education (DfE). If a school has unspent DFC which must be returned to the DfE it should appear on the creditors list. The Local Authority will check the carried forward balances in school returns to ensure compliance with DfE conditions of grant.

Schools must ensure that only unspent Devolved Formula Capital balances appear in B03 and that any other unspent capital funding appears in B05

ITSS Helpsheet

For schools purchasing the MKCC ITSS service, a Helpsheet will be sent under separate cover to assist with the year-end process.

Final Balances

Final closing balances will be confirmed to schools by Friday 17 April.

Timetable and Guidance

The year end closure timetable and all other templates and guidance can be found on the LMS website using this link:

<https://www.milton-keynes.gov.uk/schools-and-lifelong-learning/information-schools/local-management-schools-lms/reporting>

All submissions should be sent to:

schoolsfinance@milton-keynes.gov.uk

