FINANCE & ACADEMY TRUST JARGON BUSTER

SHARD Business Services

Common financial terms and abbreviations used in schools and academy trusts – explained in plain English.

TERM / ABBREVIATION	WHAT IT MEANS	EXPLAINED IN PLAIN ENGLISH	WHY IT MATTERS
GAG General Annual Grant	Core funding from the Department for Education.	The main funding schools and trusts receive to run the school.	It funds most day-to-day operations and staffing.
DSG Dedicated Schools Grant	Funding for schools, including the schools block, central services and high needs.	This covers standard funding, central services and additional needs funding.	Helps trusts plan and allocate resources across schools.
NFF National Funding Formula	The system used to calculate school funding.	It takes account of pupil numbers, characteristics and local factors.	Understanding NFF helps explain why funding changes each year.
MFG Minimum Funding Guarantee	The minimum increase in funding a school receives each year.	Schools are protected from large drops in funding.	Provides stability when funding formulas change.
Reserves (Restricted / Unrestricted)	Money set aside for future use.	Restricted reserves can only be used for specific purposes. Unrestricted reserves can be used more flexibly.	Good reserve levels help manage risks and provide financial stability.
Accruals & Prepayments	Adjustments made to ensure income and costs are recorded in the correct period.	Accruals record costs you owe but haven't paid yet. Prepayments are costs paid in advance.	Ensures your accounts are accurate and follow the rules.
SOFA Statement of Financial Activities	The main financial statement in academy trust accounts.	Shows income, expenditure and gains/losses for the year.	It is the trust's income and expenditure account.
AAR Annual Accounts Return	The summary financial return submitted to the ESFA.	It includes key financial information and compliance declarations.	Must be completed accurately and on time each year.
BFR Budget Forecast Return	The financial forecast return submitted to the ESFA.	Shows your next year's budget and financial plans.	Supports oversight and helps identify financial risks early.
ICFP Integrated Curriculum & Financial Planning	DfE tool used for medium term financial planning.	Helps trusts model budgets and review financial sustainability.	Supports long-term planning and decision making.
SRMA School Resource Management Advisor	DfE appointed advisor for academy trusts.	Provides advice and challenge on financial management and governance.	Supports improvement and financial sustainability.
Top-Slice	Funding retained by the trust centrally.	Used to fund central services and trust-wide costs.	Must be proportionate and provide clear value to schools.
Central Services	Services provided centrally by the trust.	e.g. HR, finance, ICT, estates, governance.	Efficient central services improve value for money.
Restricted / Unrestricted Funds	Categories of funds in the accounts.	Restricted funds have conditions on their use. Unrestricted funds are more flexible.	Correct classification is essential for compliance and reporting.

GOOD TO KNOW

Strong financial management and clear understanding of key terms help your trust make informed decisions, manage risks and deliver the best outcomes for pupils.