



**The Cedars Academy Trust  
Audit Findings Report  
Year ended 31 August 2024**

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Your contacts in relation to this report are:

**Kevin Shotton**

Partner

[Kevin.shotton@cliveowen.com](mailto:Kevin.shotton@cliveowen.com)

**Rebecca Davison**

Manager

[Rebecca.davison@cliveowen.com](mailto:Rebecca.davison@cliveowen.com)

**Rachel Robinson**

Senior

[Rachel.robinson@cliveowen.com](mailto:Rachel.robinson@cliveowen.com)

## Section 1: Introduction

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The audit of the academy trust for the period ended 31 August 2024 is substantially complete, subject to the clearance of final matters with the Trustees and the following information:

- Signed letters of representation.

The primary purpose of this Audit Summary Report ("the report") is to summarise our principal findings relating to judgements and estimates made by management in preparing the financial statements and to highlight the impact of accounting areas on the results of the academy trust.

The scope of our work has already been communicated to you via our Audit Plan, pre year end discussions and the engagement letter.

This report covers the following areas:

- status of the audit and any unresolved misstatements;
- matters arising from the audit including any control matters;
- status of recommendations made in the previous period;
- the management representations that will be required from the Trustees in respect of the academy trust; and
- other matters that might be of general interest.

We are required by auditing standards to discuss with the Trustees known misstatements and to consider qualitative and quantitative factors assessing materiality for each of these items except those that are clearly trivial. Unadjusted misstatements arising from the audit work are summarised in Section 5.

You are required to review these and inform us of whether there are any further adjustments to be made to the financial statements, and provide us with a reason why the remaining misstatements should not be adjusted for. Those that have been already processed have been agreed with management and are included in Section 5.


We would like to take this opportunity of thanking the Trustees and staff, and in particular Gareth and his accounts team, for their assistance during the course of our audit.

Approved by

**Clive Owen LLP**

Client confirmation:

I confirm that the above document has been circulated amongst the Trustees and we acknowledge the content of the report and those matters raised.

Signed.....

(Signed for and on behalf of the Board)

## Section 2: Communication to those charged with governance

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The International Standard on Auditing (ISA) 260 "Communication with those charged with governance" sets out those matters that must be communicated by the auditors to those charged with governance. This report sets out a number of required communications:

- Auditors responsibility to consider misstatements in the financial statements;
- Trustees collective and individual responsibility to fraud;
- Confirmation of the independence of the firm and audit team members;
- Consideration of any material risks and exposures;
- Consideration of audit materiality;
- Schedules of adjusted and unadjusted errors;
- Consideration of uncertainties casting doubt on the ability of the entity to continue as a going concern;
- Consideration of related parties and associated transactions;
- Consideration of post balance sheet events;
- Material weakness in accounting and internal control system;
- Significant difficulties encountered during the audit;
- How we have satisfied ourselves with regard to significant accounting estimates used in the financial statements.

In addition, the following areas have been covered either through the engagement letter we have in place, the Audit Plan and/or discussions with management in the course of the audit:

- Terms of engagement
- Communication of audit scope, timing and approach
- Consideration of significant accounting policies

### **Limitations of this report**

This report refers only to matters we have identified from our audit of the financial statements of the academy trust for the period ended 31 August 2024 that we believe should be brought to your attention. These are not necessarily a comprehensive statement of all issues affecting the financial statements of the academy trust.

Any recommendations for improvements should be assessed by you for their full commercial impact before they are implemented.

The Management team remains responsible for identifying, evaluating and managing risk, including new risks and those which change.

This report has been prepared solely for the use of the Board of Trustees, management and others within the academy trust. It must not be disclosed to a third party or quoted or referred to without our written consent. No responsibility is assumed by Clive Owen LLP to any other person.

## Section 3: Summary of results for the period

### Key SOFA movements year on year

| Revenue bridge                              | £000  | Cost bridge                      | £000  |
|---|-------|----------------------------------|-------|
| Total 2023 income                           | 4,680 | Total 2023 costs                 | 4,738 |
| Increase in Pupil Premium                   | 30    | Increase in staff costs          | 514   |
| Increase in SEN                             | 311   | Decrease in educational supplies | (17)  |
| Increase in Local Authority Grants          | 26    | Increase in transport            | 25    |
| Decrease in capital grants                  | (28)  | Decrease in maintenance          | (32)  |
| Decrease in other DFE/ESFA Covid-19 funding | (56)  | Decrease in catering             | (19)  |
| Increase in other income                    | 22    | Increase in other costs          | 17    |
| Pension Interest                            | 32    | LGPS adjustment                  | (98)  |
| Other Movements less than £15k              | (15)  | Other Movements less than £15K   | 29    |
|   |       |                                  |       |
|   |       |                                  |       |
|   |       |                                  |       |
|   |       |                                  |       |
|   |       |                                  |       |
|   |       |                                  |       |
|   |       |                                  |       |
| Total 2024 income                           | 5,002 | Total 2024 costs                 | 5,157 |

### Key Financial Results (See Appendix C)

|  | 2024    | 2023    |
|--|---------|---------|
| Pupils per census                        | 241     | 240     |
| Total revenue income per pupil           | £20,556 | £19,317 |
| Total revenue expenditure per pupil      | £20,095 | £18,008 |
| % spend on staff costs vs revenue income | 83.8%   | 75.0%   |

## Statement of Financial Activities underlying surplus

|                                    | £000  |
|------------------------------------|-------|
| Total movement in funds per SOFA   | (190) |
| LGPS movements                     |       |
| Capital grants / depreciation      | 301   |
| Underlying surplus                 | 111   |
| Reserves used for capital projects | -     |
| Movement in reserves for the year  | 111   |
| Reserves b/f (excl pension and FA) | 954   |
| Reserves c/f (excl pension and FA) | 1,065 |

| Reconciliation of reserves to cash | £000  |
|------------------------------------|-------|
| Revenue reserves at 31 August 2024 | 1,065 |
| Less stock                         | -     |
| Less debtors                       | (151) |
| Add creditors                      | 1,079 |
| Add unspent fixed asset grants     | 30    |
| Cash as at 31 August 2024          | 2,023 |
|                                    |       |
|                                    |       |

## Section 4: Areas of Audit Focus

### Key Areas of Judgement and Audit Focus

Our audit approach involves obtaining a thorough understanding of the entity and its environment, as well as the systems and processes that can impact on the financial statements. This understanding drives our identification of audit risk indicators that may give rise to a risk of material misstatement within the classes of transactions, account balances and disclosure.

Our audit planning and risk assessment considers both quantitative as well as qualitative inherent risk factors.

- This assessment considers the complexity, subjectivity, change, uncertainty and susceptibility to misstatement due to management bias or other fraud risk factors insofar as they affect inherent risk.
- Further, the volume or a lack of uniformity in the composition of the items to be processed through the class of transactions or account balance, or to be reflected in the disclosure is taken into account.

This assessment informs areas where there is an increased risk of material misstatement and the audit approach needs to be adapted accordingly.

We have summarised our considerations in the areas of audit focus below:

| Risks and impact   | Audit response and conclusion  |
|--|--|
| <p style="text-align: center;"><b>Going Concern</b></p> <ul style="list-style-type: none"><li>• Concept</li><li>• Disclosures</li></ul>  |  |
| <p>Going concern is a fundamental accounting concept in the preparation of the financial statements. Adopting this basis assumes the entity can continue in operation for at least 12 months from the approval of the financial statements. It is the responsibility of the Board of Trustees to assess the ability of the entity to continue as a going concern.</p> <p>We will review management forecasts and challenge the reasonableness of assumptions made. We will ensure disclosure within the financial statements is appropriate.</p> | <p>We have reviewed the management forecasts, and assumptions made. The forecasts show a projected surplus of £7k in 24/25. The academy trust has sufficient reserves to cover this position. The cash position of the trust is healthy at approx. £2m and the forecasts show this position is expected to be maintained.</p> <p>We do not believe there to be any material uncertainties surrounding going concern. The disclosure in the financial statements is considered appropriate.</p> |

## Risks and impact

## Audit response and conclusion

### Management override

- Pervasive across all areas of the accounts

In accordance with ISA 240 there is a risk relating to the possibility of management override leading to manipulation of the financial results.

Management is in a position to override internal controls and therefore may record entries in a way which would seek to present a different financial picture to reality. It is felt that this risk is heightened in more judgemental areas of the accounts, such as provisions and other accounting estimates.

We will review and assess the appropriateness of any significant and key accounting judgements. We will also assess the impact of any changes in the method of calculation.

We will consider any significant unusual or contentious transactions that come to our attention and ensure the appropriate accounting treatment appears to have been followed.

We will review journal entries in order to identify any instances where normal procedures may have been overridden.

We have satisfied ourselves that there is no significant misstatement as a result of our audit procedures. Our review of both standard and non-standard journal entries posted has not highlighted any issues. We have performed test checks to ensure that expenses and payments have been made in accordance with the academy trust's written procedures and that their true nature is reflected in the financial statements. In addition, we believe the judgements taken in assessing the need for provisions to be reasonable.



## Risks and impact

## Audit response and conclusion

### Revenue recognition and restricted income

- Revenue
- Accrued income
- Deferred income

In accordance with ISA 240 this is a higher risk area in which we need to ensure all material income due to the academy trust is recognised in the correct period.

The academy trust receives significant levels of funding from government bodies. We will review the accounting treatment for material income streams to ensure income is recognised appropriately based on the reason for receipt. In addition, we will consider the potential for any claw back of any funding if terms of grant are not met.

We will be alert for any netting off income against expenditure that may be designed to conceal irregular expenses / payments. Furthermore, we will review expenditure incurred to ensure it appears in accordance with grant conditions.

We have satisfied ourselves that all significant sources of revenue are materially complete. We have performed completeness and existence testing to verify all material sources of income. Our work has not identified any adjustments to accrued or deferred income.

We have reviewed the terms of the funding agreements and have not identified any instances where grants would be repayable.

We have reviewed expenditure incurred to ensure that it appears in accordance with grant conditions. We have not identified any instances of misappropriation of income.

## Risks and impact

## Audit response and conclusion

### Accounting Estimates

- LGPS
- Accrued / deferred income

A revised ISA 540 is effective for the current year audit and it enhances the work required of auditors in respect of accounting estimates.

Accounting estimates are considered to be a higher risk area of the audit as it is through estimation and judgement that management could attempt to manipulate the financial picture. The nominal ledgers listed are where there may be an element of estimation.

We will seek to obtain evidence post year end that supports the position taken by management at the year end. However, where this is not possible, we will interrogate and seek evidence to support the assumptions used in arriving at the figure included within the financial statements to ensure it is reasonable. Where contradictory evidence is obtained, we will challenge management as to whether this evidence would arrive at a more accurate figure.

We have reviewed the above accounting estimates where they impact on the current year financial statements. The LGPS valuation is considered separately in this report.

Whilst there is an element of judgement in the other areas highlighted, we do not believe them to be at significant risk of material misstatement. We have reviewed the positions taken by management and have not identified any issues as a result of our audit work.

## Risks and impact

## Audit response and conclusion

### ESFA Regularity Review

- Pervasive across all areas of the accounts

We will review procedures and controls and test compliance with funding and other conditions in accordance with the ESFA regularity framework.

The Academies Accounts Direction gives detailed guidance on the work expected of auditors to cover areas such as:- delegated authorities;

- transactions with connected parties;
- governance;
- internal controls;
- procurement; and
- income.

We will review the terms and conditions of key grants to ensure that the academy trust has complied with these. We will review academy trust expenditure to ensure that it is permissible within the academy trust's framework of authorities, appropriately authorised and in line with funding agreements. Alcohol and excessive gifts continue to be banned transactions regardless of the source of funds used.

Our review of regularity will include the use of data analytics to assist in identifying any transactions that run contrary to the requirements of the Academy Trust Handbook.

We have reviewed procedures and controls and tested compliance with funding and other conditions in accordance with the ESFA regularity framework.

We have reviewed the terms and conditions of key grants to ensure that the academy trust has complied with these.

We have reviewed academy trust expenditure to ensure that it is permissible within the academy trust's framework of authorities, appropriately authorised and in line with funding agreements.

We have confirmed that there are no unauthorised borrowings or disposals of assets.

There were no extra-contractual payments during the period.

There were no related party transactions identified as part of our audit procedures.

## Risks and impact

## Audit response and conclusion

### LGPS Retirement Benefits Position

- Pension liability
- Pension costs
- Disclosures

The valuation of the LGPS pension liability represents a significant judgement due to the number of assumptions made by the actuary in calculating the figure. Reliance must be placed on the expertise of the independent actuary to try to minimise the risk of material misstatement.

As this is a specialist area, we will confirm that the firm that performs the valuation on your behalf has the necessary skills and experience to perform these tasks, so that they can be relied upon, and that the valuer is independent of the academy trust.

We will compare the actuarial assumptions used for this academy trust with those used in other valuations to ensure consistent and reasonable given the current economic environment. We will also verify key data used in the calculation to ensure its integrity.

We have placed reliance upon the independent actuaries appointed by the academy trust to perform a valuation of the academy trust's pension liabilities for FRS 102 purposes. We have confirmed that the firms appointed have the necessary skills and experience to perform these tasks. We have assessed the actuaries assigned to perform the valuations on behalf of the academy trust and we have no concerns.

We have ensured that the academy trust's management have checked the data and considered the assumptions used by the actuary in preparing the LGPS valuation.

We have reviewed a copy of the LGPS valuation to support the disclosures in the financial statements.

The actuary has advised that you have an LGPS asset. As a result a second valuation has been undertaken to ascertain the value of the pension asset to the academy trust, in terms of potential reduction in future contributions. It is this latter valuation that has been included within the financial statements.


We have compared the actuarial assumptions used for this academy trust with those used for other academy clients to ensure consistent.

During the fieldwork stage of the audit, we did not identify any further key areas of audit focus based on the main estimates, judgements, and accounting policies in the financial statements.

## Section 5: Adjusted and unadjusted items

| Adjusted items  | SOFA          |                  | Balance Sheet |        |
|---|---------------|------------------|---------------|--------|
|   | Dr            | Cr               | Dr            | Cr     |
|   | £             | £                | £             | £      |
| Late Client Adjustment: Churchill LGPS Exit fee accrual | 32,000        |                  |               | 32,000 |
| Late Client Adjustment: support staff pay award accrual |               | 19,000           | 19,000        |        |
|   |               |                  |               |        |
|   |               |                  |               |        |
|   |               |                  |               |        |
|   |               |                  |               |        |
|   |               |                  |               |        |
|   |               |                  |               |        |
|   |               |                  |               |        |
| <b>Deficit before adjustments</b>                       |               | <b>(177,000)</b> |               |        |
| <b>Adjustments above</b>                                | <b>13,000</b> |                  |               |        |
| <b>Adjusted deficit per accounts</b>                    |               | <b>(190,000)</b> |               |        |

We confirm the above adjustments should be made to the accounts for the period ended 31 August 2024.

Signed.....  


(Signed for and on behalf of the Board)

| Unadjusted items                                | SOFA  |                  | Balance Sheet |    |
|---|-------|------------------|---------------|----|
|   | Dr    | Cr               | Dr            | Cr |
|   | £     | £                | £             | £  |
| Missing prepayment on Gateshead Council invoice |       | 5,000            | 5,000         |    |
| Reallocation of Inspire accountancy fees        | 7,000 | 7,000            |               |    |
|   |       |                  |               |    |
|   |       |                  |               |    |
|   |       |                  |               |    |
|   |       |                  |               |    |
| <b>Deficit before adjustments</b>               |       | <b>(190,000)</b> |               |    |
| <b>Total unadjusted amounts</b>                 |       | <b>5,000</b>     |               |    |
| <b>Potential deficit</b>                        |       | <b>(185,000)</b> |               |    |

We confirm the above adjustments should not be made to the accounts for the period ended 31 August 2024.

Signed.....

(Signed for and on behalf of the Board)

## Section 6: Other audit matters

### Materiality

Our determination of materiality is the basis for determining items in the financial statements that would influence the decisions of the users of the financial statements.

Our materiality is used to determine our audit testing threshold, which together with the risk of material misstatement is considered throughout the audit to determine items for further audit testing. This threshold is our final performance materiality for the period.

All adjustments above our clearly trivial level have been included in our audit misstatement schedule and assessed as part of our audit conclusion and are included within this document.

Our performance materiality and clearly trivial levels have been determined as follows:

| Entity                   | (£ )                    |                 |
|--------------------------|-------------------------|-----------------|
|                          | Performance Materiality | Clearly Trivial |
| The Cedars Academy Trust | 44,550                  | 2,475           |

### Significant difficulties encountered in the course of the audit

We are pleased to report that there were no significant difficulties encountered during the course of the audit.

### Fraud

We have not identified any instances of fraud during the course of the 2024 audit.

### Non-compliance with laws and regulations

No matters of non-compliance with laws or regulations have been brought to our attention during our audit.

### Independence

In our professional judgement we are independent within the meaning of FRC Ethical Standards and ISA 260. The objectivity and independence of the audit engagement partner and audit staff is not impaired. We highlight the following matters that may be considered to bear upon our objectivity and independence:

- Teachers Pension audit

The non audit services were undertaken by personnel not involved with the audit where there was a self-review threat. We consider that these safeguards adequately address any threats to our objectivity and independence.

We do not envisage any problems in complying with FRC Ethical Standards and ISA 260 for the period commencing 1 September 2024. If anything were to change in this aspect, we would draw the matter to your attention.

### **Related Parties**

We have discussed the potential for related party transactions with the management team and have been advised that there were none during the period. We can confirm that we did not identify any material related party transactions during our audit work.





## Section 7: Significant internal control recommendations



In accordance with paragraph 4.23, 4.24 and 4.25 of the ESFA's Auditor Framework and Guide we are requested to report upon regularity issues within the document.

We have considered the systems and internal controls in the course of our audit and have identified the following areas we believe controls could be improved. Matters are classified in terms of importance as follows:

|  |  |
|--|--|
|  | <i>High importance – risk should be addressed by the Directors as a matter of priority as insufficient internal controls are currently in place.</i>   |
|  | <i>Medium importance – the current internal controls could be improved upon.</i>   |
|  | <i>Low importance – suggestions for a change in procedure, although existing procedures are adequate. These are not deemed to be of such significance that they should be highlighted to those charged with governance and therefore are recorded in <a href="#">Appendix B</a>.</i> |

| Classification  | Control weakness and implication  | Recommendations   | Carried forward from prior year | Management response (including timescale)   |
|---|---|---|---------------------------------|---|
|  | <p><u>Bank payments</u></p> <p>It was noted during our testing that a payment had been made in error in relation to VAT. This payment was made due to receipt of instructions to make payment by Inspire Financial Management, unfortunately the email had been sent to the wrong client. This issue was resolved, however shows a weakness in the academy trusts controls.</p> | Checks should be made when receiving emails requesting payments to be made. Consider who the email is from as it could be a scam, check payment details to confirm in line with the academy trust's details.    | N                               | Management to review and consider introducing an additional authorisation on bank payments. |
|  | <p><u>Declarations of Interest</u></p> <p>The majority of Declarations of interest declarations were not signed. Two members did not disclose their related party interests. The academy trust may unknowingly enter into transactions with related parties.</p>  | Declarations of interest to be updated to ensure all potential related parties are disclosed. Trustees should be reminded to include all business interests (and those of close family members) on these forms. | Y                               | Management will ensure all declarations of interest forms are updated.                      |

Recommendation raised in the prior year that are now fully resolved are set out below:

| Classification  | Prior year recommendation  | Action taken   |
|---|--|--|
|  | <p><u>Personnel Files</u><br/>IDs for multiple employees were missing. This could expose the academy trust to possible fraud and not being able to verify an employee's existence. Some personnel files were not kept up to date with the current employment contracts which reflected updated rates of pay. Staff salaries may be paid incorrectly. This may not be identified if the personnel files are not up to date.</p> | <p>New HR procedures are in place to ensure IDs of new employees are held.</p> |
|  | <p><u>Related party transactions</u><br/>There was one related party transaction in the year which was not notified to the ESFA. This occurred in October 2022 when last year's audit was still in progress, meaning the academy trust was still unaware that they had to declare related party transactions.</p>  | <p>Staff are now aware to notify related party transactions to the ESFA.</p>   |



# Appendices

## Appendix A – Letter of representation – financial statements

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The following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience such as we consider necessary in connection with your audit of the academy trust's financial statements and, as relevant, your assurance engagement on regularity for the period ended 31 August 2024. These enquiries have included inspection of supporting documentation where appropriate. All representations are made to the best of our knowledge and belief.

### General

- 1 We have fulfilled our responsibilities as Trustees as set out in the terms of your engagement letter dated 16 September 2022 under the Companies Act 2006 for preparing financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), for being satisfied that they give a true and fair view and for making accurate representations to you.
- 2 All the transactions undertaken by the academy trust have been properly reflected and recorded in the accounting records.
- 3 All the accounting records have been made available to you for the purpose of your audit and regularity assurance engagement. We have provided you with unrestricted access to all appropriate persons within the academy trust, and with all other records and related information requested, including minutes of all management and Trustee meetings and correspondence with the Education and Skills Funding Agency, Department for Education and the Charity Commission.
- 4 The financial statements are free of material misstatements, including omissions.
- 5 The effects of uncorrected misstatements (as set out in the Audit Finance Report) are immaterial both individually and in total.

### Internal control and fraud

- 6 We acknowledge our responsibility for the design, implementation and maintenance of internal control systems to prevent and detect fraud and error and which conform to the requirements both of propriety and good financial management. We have disclosed to you the results of our risk assessment that the financial statements may be misstated as a result of fraud.
- 7 We have disclosed to you all instances of known or suspected fraud affecting the entity involving management, employees who have a significant role in internal control or others that could have a material effect on the financial statements.
- 8 We have also disclosed to you all information in relation to allegations of fraud or suspected fraud affecting the entity's financial statements communicated by current or former employees, analysts, regulators or others.

### **Assets and liabilities**

- 9 The academy trust has satisfactory title to all assets and there are no liens or encumbrances on the academy trust's assets, except for those that are disclosed in the notes to the financial statements.
- 10 All actual liabilities, contingent liabilities and guarantees given to third parties have been recorded or disclosed as appropriate.
- 11 Management have considered the implications of the Harpur Trust v Brazel case which clarified how holiday pay should be calculated for permanent employees who work irregular hours eg Exam Invigilators, Peri and Teaching support. Management consider that the holiday pay paid to the employees that could be affected is inline with the judgement so no accrual is required.
- 12 We have no plans or intentions that may materially alter the carrying value and where relevant the fair value measurements or classification of assets and liabilities reflected in the financial statements.

### **Accounting estimates**

- 13 The methods, data and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement and disclosure that is reasonable in the context of the applicable financial reporting framework.

### **Loans and arrangements**

- 14 The academy trust has not granted any advances or credits to, or made guarantees on behalf of, directors other than those disclosed in the financial statements.

### **Legal claims**

- 15 We have disclosed to you all claims in connection with litigation that have been, or are expected to be, received and such matters, as appropriate, have been properly accounted for, and disclosed in, the financial statements.

### **Law and regulations**

- 16 We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

### **Related parties**

- 17 Related party relationships and transactions, comply with the academy trust's financial regulations, relevant requirements of the Academy Trust Handbook and have been appropriately accounted for and disclosed in the financial statements. We have disclosed to you all relevant information concerning such relationships and transactions and are not aware of any other matters which require disclosure in order to comply with the requirements and guidance set out in the Companies Act 2006, the Charities SORP and the Academies Accounts Direction issued by the Education and Skills Funding Agency.

We confirm that there have been no such transactions during the year ended 31 August 2024.

### Subsequent events

- 18 All events subsequent to the date of the financial statements which require adjustment or disclosure have been properly accounted for and disclosed.

### Going concern

- 19 We believe that the academy trust's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the academy trust's needs. We also confirm our plans for futures action(s) required to enable the academy trust to continue as a going concern are feasible. We have considered a period of twelve months from the date of approval of the financial statements. We believe that no further disclosures relating to the academy trust's ability to continue as a going concern need to be made in the financial statements.

### Grants and donations

- 20 Grants made by the Department for Education and Education and Skills Funding Agency have been applied for the purposes intended and the Accounting Officer has ensured regular and proper use and value for money of monies received from government.
- 21 All other grants, donations and other income, the receipt of which is subject to specific terms or conditions, have been notified to you. There have been no breaches of terms or conditions in the application of such income.

Restricted grants and donations are as follows:

|                                    | £         |
|------------------------------------|-----------|
| General Annual Grant (GAG)         | 1,900,000 |
| Pupil Premium                      | 155,000   |
| PE and Sports Premium              | 16,000    |
| Universal Infant Free School Meals | 4,000     |
| Other DfE/ESFA COVID-19 funding    | 72,000    |
| SEN                                | 2,485,000 |
| Other Local Authority Grants       | 254,000   |
| Non-Government Non-Grants          | 4,000     |
| Devolved Formula Capital           | 16,000    |
| Donated asset                      |           |

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware.

We confirm that so far as we are aware, there is no relevant other information needed by you in connection with preparing your reporting accountant's assurance report on regularity of which you are unaware.

Each Trustee has taken all the steps that he/she ought to have taken as a Trustee in order to make themselves aware of any relevant audit/other information and to establish that you are aware of that information.

## Appendix B – Letter of representation - Regularity

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The following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience such as I consider necessary in connection with your assurance report on regularity to The Cedars Academies Trust and the Education and Skills Funding Agency (ESFA) for the year ended 31 August 2024. These enquiries have included inspection of supporting documentation where appropriate and are sufficient to satisfy me that I can make each of the following representations. All representations are made to the best of my knowledge and belief.

### General

1. I have fulfilled my responsibilities as accounting officer under the requirements of the funding agreement between The Cedars Academies Trust and the Secretary of State for Education dated 1 September 2021 and the Academy Trust Handbook 2023.
2. I acknowledge my personal responsibility to Parliament for the regularity and propriety of the public finances for which I am answerable; for the keeping of proper accounts; for effective internal controls; for prudent and economical administration; for the avoidance of waste and extravagance; for achieving value for money; and for the efficient and effective use of all the resources in my charge.
3. I acknowledge my responsibility to notify the governing body and the ESFA of any instances of material irregularity or impropriety, or non-compliance with the terms of the academy trust's funding agreement and have had due regard to the requirements of the Academy Trust Handbook 2023 in performing this duty.
4. Any instances of material irregularity, impropriety, or non-compliance discovered to date have been notified to the governing body and the ESFA.
5. Significant matters of which you should be aware have been brought to your attention including any instances of irregularity, impropriety or non-compliance with laws and regulations specific to the academy trust's authorising framework.
6. Full and free access has been granted to the all records, correspondence, information and explanations that you have considered necessary to enable you to perform your work.



## Appendix C – Other internal control observations

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Whilst not deemed significant to highlight to those charged with governance, we would recommend that management give consideration to the following internal control observations:

| Control weakness and implication | Recommendations |
|----------------------------------|-----------------|
| None                             |                 |

## Appendix D – Key financial results definitions

Definitions of how the information in Section 3 has been calculated from the financial statements are set out below:

| Pupil numbers |
|---------------|
| January 2024  |

| Total revenue income per pupil                     |
|--|
| Total income per accounts                          |
| Less: Capital income                               |
| Less: Net transfer on conversion/acquisition       |
| Less: Actual income from joining academies         |
| Add: Annualised income from joining academies      |
| Revenue income                                     |
| Revenue income per pupil [Revenue income / pupils] |

| Total expenditure per pupil                                  |
|--|
| Total expenditure per accounts                               |
| Less: Depreciation   |
| Less: LGPS adjustment  |
| Less: LGPS net interest cost                                 |
| Less: Actual expenditure from joining academies              |
| Add: Annualised expenditure from joining academies           |
| Revenue expenditure  |
| Revenue expenditure per pupil [Revenue expenditure / pupils] |

| % spend on staff costs (incl NI & pension) vs revenue income   |
|--|
| Staff costs per accounts   |
| Less: LGPS adjustment  |
| Adjusted staff costs   |
| % spend on staff costs (incl NI & pension) vs revenue income<br>[Adjusted staff costs / Revenue income from above] |

## Appendix E – Technical Update

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### **Academies Trust Handbook (ATH) 2024**

Following a delay due to the general election, the new handbook was issued on 31 July 2024 and is effective from 1 September 2024.

The following is a summary of the main changes.

#### **Finance leases (5.26)**

This change follows an announcement made by the DfE on 28 March 2024. Whilst the change of wording in the ATH appears minimal, the change is very significant.

Previously academy trusts were unable to borrow and hence were not able to enter into finance leases. Given some of the subtle differences between the terms of an operating leases and finance leases a number of trusts have over the last few years unintentional entered into finance leases (borrowing) and therefore had their regularity report qualified.

As the UK aligns its accounting rules with international accounting standards, from 1 April 2024 maintained schools have been able to enter into, with some restrictions, finance leases. This change in the ATH 2024 brings maintained and academy trusts into line.

With effect from 1 September 2024 the following finance leases can be entered into without DfE approval:

- 'all existing leases in place before 1 September 2024 for items included in this list
- leases related to IT equipment (for example laptops, tablets, desktop computers, printers, photocopiers, servers, door entry security systems, CCTV Systems, whiteboards and touch screen boards)
- leases related to telephony (for example mobile phones, landline phones and telephone systems)
- leases related to catering and cleaning equipment (for example tills, water coolers, vending machines, dishwashers, washing machines, ovens, fridges, freezers, water boilers, small kitchen appliances, crockery and cutlery)
- leases related to furniture (for example desks, tables and chairs)
- leases related to bathroom and sanitary items (for example hand dryers, towel dispensers, sanitary bins)
- leases related to gym equipment (for example treadmills, free weights and weight machines, rowing machines and exercise bikes)
- leases related to groundskeeping equipment (for example lawn mowers, string trimmers, leaf blowers and salt spreaders)
- leases related to LED lighting systems or to support renewable activity (for example lightbulbs, control mechanisms and control panels) - consent is granted where the product has been sourced with support from the Department for Education through [Get help buying for schools](#) or from a recommended route on our [Find a framework](#) website
- leases related to minibuses and other vehicles for the use of the school

- leases related to temporary classrooms and equivalent structures (but not land leases they sit on, which may require separate consent – see [school land transactions guidance](#))’

All other finance leases still require ESFA approval.

When schools consider entering into finance leases, as with operating leases they should think about the interest cost associated with the lease and compare it to the interest that could be earned on that money if placed on deposit. In many cases an outright purchase will represent better value for more.

## **Register of interest (1.45 – 1.48)**

The wording regarding the register of interest that was previously in section 5 has been moved to section 1 and the wording has been updated to make the requirements more obvious:

*1.45 The trust must keep a register of any relevant business and financial interests, including governance roles in other educational institutions, for (as a minimum) members, trustees, local governors and senior employees, serving at any point over the past 12 months.*

*1.46 The register must include their full names, date of appointment, term of office, date they stepped down (where applicable), who appointed them and relevant business and financial interests including:*

- *directorships, partnerships and employments with businesses*
- *trusteeships and governorships at other educational institutions and charities*
- *for each interest: the name and nature of the business, the nature of the interest and the date the interest began.*

*1.47 The register must identify relevant interests from close family relationships between the academy trust’s members, trustees or local governors. It must also identify relevant interests arising from close family relationships between those individuals and employees.*

*1.48 Trusts should consider whether other interests should be registered, and if in doubt should do so. Boards of trustees must keep their register of interests up-to-date at all times*

*1.49 The trust must also publish on its website up-to-date details of its governance arrangements in a readily accessible format, including:*

- *the structure and remit of the trust’s members, board of trustees, committees and local committees/governing bodies (the trust’s scheme of delegation for governance functions), and the full names of the chair of each*
- *register of business and financial interests for members, trustees, local governors and accounting officers, including a nil return where appropriate*
- *for each trustee, their attendance records at board and committee meetings over the last academic year*

- for each local governor, their attendance records at local governing body meetings over the last academic year'

The wording regarding who is a related party remains within the 'At cost requirements' - section 5.45. Given the nature of the transactions and therefore the high profile they attach the following is an extract of the relevant section from the ATH:

*'5.49 Subject to sections 5.50 to 5.53 a trust must pay no more than 'cost' for goods or services ('services' do not include contracts of employment) provided to it by the following persons ('persons' meaning both individuals and organisations):*

- *members or trustees of the academy trust*
- *individuals or organisations related to a member or trustee of the academy trust - for these purposes the following persons are related to a member, or trustee:*
  - *a relative of the member or trustee. A relative is defined as a close member of the family, or member of the same household, who may be expected to influence, or be influenced by, the person. This includes, but is not limited to, a child, parent, spouse or civil partner*
  - *an individual or organisation carrying on business in partnership with the member, trustee or a relative of the member or trustee*
  - *a company in which a member or the relative of a member (taken separately or together), or a trustee or the relative of a trustee (taken separately or together), holds more than 20% of the share capital or is entitled to exercise more than 20% of the voting power at any general meeting of that company*
  - *an organisation controlled by a member or the relative of a member (acting separately or together), or a trustee or the relative of a trustee (acting separately or together) - for these purposes an organisation is controlled by an individual or organisation if that individual or organisation can secure that the affairs of the body are conducted in accordance with the individual's or organisation's wishes*
  - *any individual or organisation given the right under the trust's articles of association to appoint a member or trustee of the academy trust; or any body connected to such individual or organisation*
  - *any individual or organisation recognised by the Secretary of State for Education as a sponsor of the academy trust; or any body connected to such individual or organisation.*

*5.50 A body is connected to another individual or organisation, if it is controlled by the individual or organisation, or controls the organisation, or is under common control with the individual or organisation. For these purposes, control means:*

- *holding more than 20% of the share capital (or equivalent interest), or*
- *having the equivalent right to control management decisions of the body, or*
- *having the right to appoint or remove a majority of the board or governing body.'*

Where an entity may enter into a related party transaction the DfE released additional guidance on the 28 August 2024 – Related party transactions: information for academy trusts. Details can be found at <https://www.gov.uk/government/publications/related-party-transactions-information-for-academy-trusts>

The documents released includes:

- Checklist: things to consider when transacting with a related party
- Summary guidance: report or seek approval for related party transactions
- Guidance for academy trusts with a religious authority: report or seek approval for related party transactions
- Guidance for a state funded school or college (incl academies) supplier: report or seek approval for related party transactions
- Guidance for a private school, college or university supplier: report or seek approval for related party transactions
- Using the online form: report or seek approval for related party transactions
- Checklist; related party transactions – preparing evidence for ESFA approval
- Academy trust model statement of assurance
- Related party transactions: glossary of terms

We would suggest that trusts who adopt the checklist when considering a related party transaction should have a strong audit trail of the decision making process.

## **Digital and Technology Standards (1.16)**

Section 1.16 is new and states – ‘Trusts should refer to the DfE’s digital and technology standards, which were developed to support trusts in making more informed decisions about technology.’

## **Reserves (2.8)**

The reserves section has been updated. It now states ‘set a policy for holding reserves, and explain it in its annual report, including a clear plan for managing reserves.’ The latter piece, underlined, is a new requirement that Directors/Trustees will need to consider.

## **Electric Vehicle (EV) Salary Sacrifice Schemes (2.31)**

The 2023 ATH stated that Electric Vehicle (EV) salary sacrifice schemes did not need ESFA approval where no liability fell on the trust if an employee did not fulfil their contractual obligations with the scheme provider. This wording has now been removed as the ESFA are considering their approach to how these schemes are implemented. The wording within the section is now:

*‘Academy trusts must approach ESFA to seek approval for the following transactions:*

- *entering into a new electric vehicle salary sacrifice scheme*
- *accepting any further employees onto an existing electric vehicle salary sacrifice scheme.*

*You must contact ESFA early in the planning stage, both in relation to new schemes and accepting further employees onto existing schemes.*

### **Internal scrutiny (3.16)**

There are 2 changes.

1. Trusts with turnover of over £50 million should have used a combination of
  - an in-house internal auditor
  - a bought-in internal audit service

With effect from 1 September 2025, this should becomes a must.

2. For those trusts that have used trustees or peer reviews to undertake the internal scrutiny work the definition of who can undertake this work has been amended. It now states *'trustees and peer reviewers performing the work should have appropriate qualifications and/or experience relevant to the area being reviewed.'*

### **Cyber security standards (6.14)**

The ATH now makes reference to an DfE document that was updated in May 2024 – Meeting digital and technology standards in schools and colleges - <https://www.gov.uk/guidance/meeting-digital-and-technology-standards-in-schools-and-colleges/cyber-security-standards-for-schools-and-colleges>

We advise all trusts to review this document to ensure that they have considered the actions within it. Given the number of cyber-attacks within the sector and the impact of those attacks the actions set out with the DfE document should help limit the potential impact on a trust.

It is also vital that organisations consider what they must do (including training) to ensure that any insurance cover, be that RPA or another insurer, will pay out should the trust have an issue.

### **Notice to Improve (Ntl) (6.16)**

The examples of when a Ntl may be issued have been expanded to include:

- *'trustees and the executive failing to manage their school estate and maintain it in a safe working condition strategically and effectively.'*

### **Academies Accounts Direction 2024 (AAD)**

The changes that were introduced when this was updated in April are covered within the technical section of our audit plan.