Park Road Sale Primary School

Audit Review and Management Letter

Year ended 31st August 2025

Private & Confidential

1. INTRODUCTION TO AUDIT REVIEW AND MANAGEMENT LETTER

We are pleased to present our Audit Review and Management Letter for the year ended 31 August 2025.

Our audit strategy included:

- Updating background information on the academy (including significant accounting policies and laws and regulations) through discussions with management, a review of the latest financial information and board minutes
- Reviewing management's processes to assess whether the academy is a going concern
- Updating our understanding of the academy's key business processes (including processes over journal entries) and the key controls over those processes through discussions with management
- Evaluating the design of the key controls (including IT controls) over risks which could lead to material misstatement in the financial statements and determining whether those key controls have been properly implemented
- Assessing the academy's susceptibility to fraud which could result in a material misstatement in the accounts
- Obtaining a list of the academy's related parties, regardless of whether transactions have taken place
- Analytically reviewing the draft financial information

From these, and other planning steps, we identified significant audit risks which are described in section 2.

We have audited the income and net assets statements through detailed testing of transactions and year-end balances.

Appendix 1 contains further details about our audit approach and appendix 3 summarises future changes to lease accounting regulations

2. SIGNIFICANT AUDIT RISKS

We focus our audit effort on significant audit risks. The tables below set out what we believed were the significant audit risks arising from the planning stage of our audit:

Management override of control and related parties	
Significant risk	**Our approach**
There is an inherent risk that management may not present the financial statements fairly to the stakeholders	*ISA 240 requires us to treat management override of control as a significant risk and to perform these procedures* • Review areas of management judgement and estimation of useful economic lives of tangible fixed assets and LGPS and evaluate whether they represent a risk of material misstatement due to fraud • Review manual journal entries and other adjustments made throughout the reporting period and post-closing entries (using data analytics where we consider it appropriate) for evidence of fraud • Perform bank scrutiny testing to gain assurance that payments and receipts relate to bona fide business transactions. • Specifically consider the risk of fraud in related party relationships and transactions including unusual relationships / transactions
Our conclusion	
Upon review of the useful economic lives of the fixed assets, we note that there are assets totalling £164k included within IT equipment and £287k included within fixtures, fittings and equipment that have been fully depreciated. This means they are now held at £nil net book value in the accounts. We recommend that a review of the fixed assets held is undertaken and ensure there is a fixed asset register in place to record and maintain these assets. From our review of journal entries and other adjustments throughout the reporting period and post-closing entries, we did not identify any indicators of fraud. From our review of bank scrutiny testing, we did not identify any indicators of fraud. We did not identify any undisclosed related parties and did not identify any unusual transactions with any related parties.	

Management override of control and related parties

The LGPS balance at 31 August 2025 as calculated by Hymans Robertson's actuary was:

	31.08.2025 £000	**31.08.2024 £000**
Plan assets	2,286	1,977
Plan liabilities	1,455	1,635
Pension asset	**831**	**342**
Asset ceiling restriction	(831)	(342)
Asset recognised	**-**	**-**

The surplus of the calculated value of assets over liabilities has not been recognised. The basis for this is that there is uncertainty around the actual receipt of economic benefits in respect of this asset. In effect, it is unclear whether this net asset position is actually worth anything to the academy. As such the prudent decision is not to recognise it, and we agree with this approach.

We have benchmarked the key assumptions used as inputs to the actuary's valuation of the LGPS pension scheme at 31 August 2025. Assumptions used are around the median used by other schemes, which we consider to be appropriate. We have also reviewed the court cases around GMP equalisation and other issues and are satisfied that the actuary has either taken these into account when calculating the net surplus or they have been excluded appropriately because they are immaterial.

Fraud in revenue recognition	
Significant risk	**Our approach**
Controls are overridden to misstate the completeness, existence or cut-off of grant income	*ISA 240 requires us to presume that there is a possible fraud risk (and hence significant risk) over revenue recognition unless the presumption can be rebutted. We have not rebutted the presumption.* • Confirm that grant revenue has been recognised in accordance with the SORP performance model for grants • Reconcile DfE grant revenue receivable to DfE documents • Confirm that any claw-back of DfE grant revenue has been included in the correct period

Our conclusion

We concluded that grant revenue has been recognised in accordance with the SORP performance model.

Our reconciliation of DfE grant revenue has not identified any significant misstatements. We did identify an error in relation to the cut off of the Core School Budget grant income which was recognised in full in this year but related to the financial year 25/26 running April to April. The portion of this relating to October to April 2026 of £15k should be deferred. Similarly, the financial year amount for FY23/24 which was also received in this year partially related to the previous year. This 15k under accrual of the prior year income is not material to adjust the prior year figures and there is no impact in the closing reserves for this year. These have been reflected as unadjusted misstatements as outlined in section 9 of this report.

We identified £32k of DfE clawback figure on premises costs which has been paid in the year.

Fixed Assets	
Significant risk	**Our approach**
Fixed assets may not exist or may be valued incorrectly	• Perform additions and disposals testing on assets bought and sold in the year • Fixed asset verification will be performed to verify existence of assets held by the academy • Review SOFA expenditure nominals for evidence of missing capital expenditure

Our conclusion

It was noted in the prior year that a review of fixed asset controls and of the fixed asset register would take place in FY 2025. However, assets were not transferred over to the new system, and it appears that the review has not taken place. We recommend that this is carried out to ensure proper maintenance and control of fixed assets as recorded in section 7 of this report.

The heating and boiler project was classified in land and buildings which have a useful economic life of 50 years, however, due to the nature of this asset, it has been reclassified to fixtures and fittings and will be depreciated over 15 years, being a more accurate representation of the assets expected useful economic life.

We identified £77k of capital expenditure that had been expensed through the SOFA and therefore, had not been capitalised at year end. We have adjusted to capitalise this expenditure and charged depreciation in the period that these assets have been held to year end per section 8 of this report.

From the testing performed, no concerns have been identified in relation to the existence of the assets held by the academy.

Regularity	
Significant risk	**Our approach**
The academy trust is required to comply with the provisions of its funding agreement with the Secretary of State and the Academies Financial Handbook	• We enquired of the trustees about non-compliance with laws and regulations. • We considered evidence obtained through our work detailed in Section 11 to support our regularity conclusion. *We also provide a limited assurance conclusion on regularity which is explained in Section 1 of this report.*
Our conclusion	
No issues have been identified in terms of regularity	

Migration to BROMCOM accounting system	
Significant risk	**Our approach**
The academy trust transferred onto a new system at the beginning of the year and multiple issues have occurred since the transfer	• We reviewed the journal postings posted to transfer onto BROMCOM system and compared them to prior year closing balances to ensure completeness of the accounting record migration • We reviewed journals posted throughout the year to identify any unusual postings or misallocation
Our conclusion	
Some small differences were identified in the opening balances as a result of audit journals which were not posted into the closing system at the end of the prior year. We have detailed these in section 9 of this report. No unusual or misallocation postings were identified apart from the fixed assets posted incorrectly to the SOFA.	

Payroll	
Significant risk	**Our approach**
The academy trust transferred to a new payroll operator post year end due to ongoing errors	• We have carried out deduction testing on a sample of employees to ensure their PAYE and NI is being deducted correctly • We have agreed payslips back to the employee contracts / salary increase letters to ensure payslips are accurate • We have completed a wages and salaries proof in total to ensure wages and salaries have been recognised correctly in the accounts
Our conclusion	
No issues were identified in our deductions testing or wages proof in total.	

Estimates		
Significant risk	**Our approach**	**Our conclusion**
Depreciation charges	• Review asset lives specified in the accounts and compare to our knowledge of other academies in similar circumstances • Reperform the depreciation charge calculation on a global basis • Review the fixed asset register to identify the types of assets which are fully depreciated and consider whether this is indicative of management bias • Review the split of land from buildings and whether there are components that should have been separately identified from fixtures, fittings and equipment. Determine the impact on the depreciation charge	• From our review of the accounting policies and the useful economic lives of the fixed assets we identified that £451k of assets were fully depreciated as at 31st August 2025. This suggests that the depreciation policies in place may be too aggressive. • Our depreciation recalculation did not identify any significant errors. • We did not identify any assets incorrectly classified apart from the new finance system addition which should be presented as an intangible due to being software. We have included an unadjusted error for this reclassification in section 9 of this report.

Estimates		
Valuation of LGPS liability	• Consider the ability and reputation of the pension scheme actuary and the investment administrator and review their work • Perform analytical review for scheme assets and liabilities and consider key movements during the year. • Review the assumptions made by management when determining the asset ceiling to use when calculating any defined benefit asset • Consider the assumptions used by management when considering the impact of current court cases on the defined benefit asset / liability • Consider the estimates used by the actuary (as endorsed by management) as inputs to the actuarial model • Consider the adequacy of the academy's disclosures	We are satisfied that the actuary assigned by Hymans Robertson to prepare the LGPS pension report at 31 August 2025 has the qualifications and ability to do so. We are also satisfied that it is appropriate to rely on the information prepared by the investment administrator used by Cheshire Pension Scheme. We analytically reviewed key valuation movements during the year and checked that key assumptions and estimates have been correctly applied by the actuary. We have checked the adequacy of disclosures.

3. OTHER SIGNIFICANT MATTERS ARISING FROM THE AUDIT

No other significant matters arose during the audit

4. QUALITATIVE ASPECTS OF THE ACCOUNTS

Accounting policies	Accounting estimates	Disclosures
We have reviewed management's selection of critical accounting policies and are satisfied that they are acceptable under FRS 102, the SORP and the Academies Accounts Direction 2024 to 2025.	We have evaluated management's methods and assumptions used in making significant accounting estimates and did not identify any significant misstatements or errors.	We have reviewed the disclosures in the draft accounts and have no significant observations.

5. OTHER AUDIT COMMUNICATIONS

Our approach	Our conclusion
Fraud and error	• We have not been made aware of any incidents in the period and no issues have been identified during the audit.
Claims	• We did not identify any claims that should be disclosed as contingent liabilities.
Non-compliance with laws and regulations	• We identified the key law governing the financial statements to be the Companies Act 2006, the Charities' Statement of Recommended Practice, the Academies Accounts Direction 2024 to 2025 and the Academy Trust Handbook 2024. • Key general business laws and regulations were the Companies Act 2006, the Charities Act 2011, employment, pension, health and safety and safeguarding legislation, the Academies Accounts Direction 2024 to 2025, The Academy Trust Handbook 2024 and the academy's funding agreement with the Education and Skills Funding Agency • We are not aware of any significant incidences of non-compliance with these laws and regulations.
Related parties	• We have not identified any undisclosed related parties or related party transactions.
Significant difficulties encountered during the audit	• No significant difficulties were encountered during the audit.
Going concern	• We have concluded that there are no material uncertainties related to going concern and this has been reflected in our audit report.

6. INDEPENDENCE

We have conducted our audit in accordance with the Code of Ethics of the Institute of Chartered Accountants in England and Wales ("Code") and the Ethical Standard published by the Financial Reporting Council ("Ethical Standard").

We confirm that, in our professional judgement, the firm and the engagement team, and others within the firm where appropriate, have complied with the Code and Ethical Standard.

Ethical issues the board should be aware of are set out in appendix 2.

7. INTERNAL CONTROLS

We identified the following significant weaknesses in the academy's internal control system during the audit:

Control system – Fixed assets (Priority: Medium)		
Weakness	**Recommendation**	**Responsibility / timing**
Management do not maintain an internal fixed asset register however this is stated in the Financial Policy & Procurement document.	Carry out an assessment of assets held by the academy to ensure completeness over the fixed asset register, which should then be maintained and reviewed on a regular basis.	Management – In the next year
Management response		
The school does have a fixed assets register – it was purchased and populated in February 2024 following audit recommendations in 23/24. However, due to a change in site personnel in 2025, the register does need updating but we are in the process of managing this. It is a stand alone portal and does not interface with the finance system.		

Control system – Payroll (Priority: Low)		
Weakness	**Recommendation**	**Responsibility / timing**
Management do not hold copies of employee contracts/P45s for all employees.	Ensure copies of signed employment contracts/P45's are held for all employees.	Management – In the next year
Management response		
The academy trust has transferred to a new payroll provider, EPM, in September 2025. Following this transfer HR documentation will be put in place and retained.		

8. MISSTATEMENTS CORRECTED DURING THE AUDIT

Park Road Sale Primary School	Net increase in trust - SOFA £
Deficit per draft financial statements	(199,342)
To recognise additions posted to SOFA	77,115
Depreciation charge on additions above and existing assets	(177,155)
To reallocate the costs incurred for staff sickness to expenditure and to recognise the income owed from staff insurance	7,725
Increase in depreciation for movement of boiler from land and buildings to fixtures and fittings	(18,359)
Deficit per financial statements	**(310,016)**
Non-SOFA impacting adjusted misstatements	
Posting of opening balances for fixed assets and funds.	
Cr - DfE or ESFA capital grants fund	(2,086,764)
Cr - Inherited fixed asset fund	(3,084,900)
Cr - Capital expenditure from GAG	(160,868)
Cr - Private sector capital sponsorship	(192,672)
Cr - Land and buildings: depn: brought forward	(1,186,511)
Cr - Computer equipment: depn: brought forward	(180,276)
Cr - Fixtures and fittings: depn: brought forward	(393,892)
Dr - Land and buildings: cost brought forward	6,440,778
Dr - Computer equipment: cost brought forward	208,935
Dr - Fixtures and fittings: cost brought forward	636,170
Cr - GAG fund	(8,182)
Dr - Unrestricted funds	10,339
Cr - Balance brought forward	(1,635,000)
Dr - Brought forward asset	1,635,000
Cr - Accruals	(2,157)

Park Road Sale Primary School	Net increase in trust - SOFA £
To reclassify IT software (BROMCOM and MIS) from tangible computer equipment to intangible software	
Dr Intangible assets – IT software additions	13,701
Cr Tangible assets – IT equipment additions	(13,701)
Dr Depreciation charge – IT equipment (BS)	2,025
Cr Amortisation charge – IT Software (BS)	(2,025)
Dr Amortisation (SOFA)	2,025
Cr Depreciation (SOFA)	(2,025)
Reallocate boiler additions to F&F from L&B	
Dr F&F additions	48,322
Cr L&B additions	(48,322)
Cr L&B depreciation charge	748
Cr F&F depreciation charge	(748)
Cr Other fixed asset depreciation	2,470
Cr Other fixed asset depreciation	(2,470)
Reallocate boiler assets b/f to F&F from L&B	
Dr F&F - cost transfer	252,072
Cr L&B - cost transfer	(252,072)
Dr L&B depreciation transfer	5,041
Cr F&F depreciation transfer	(5,041)
Dr Other fixed asset depreciation	16,637
Cr F&F depreciation charge	(16,637)
Split of interest received netted off in a nominal	
Dr Income	33
Cr Interest receivable	(33)
To reallocate catering income netted off against catering costs	
Dr Catering costs	(32,372)
Cr Catering income	32,372

Park Road Sale Primary School	Net increase in trust - SOFA £
Gross up of premises insurance costs originally netted off against GAG income	
Dr Premises insurance	11,520
Cr GAG Income	(11,520)
To move trip income received to income nominal originally netted off against the expense	
Dr Trip expenses	20,864
Cr Trip Income	(20,864)
To move catering income received to income nominal originally netted off against the expense	
Dr Catering expenses	17,429
Cr Catering Income	(17,429)
CIF clawback netted against the expense but should be recognised in income	
Dr Capital grants	32,370
Cr Maintenance nominal	(32,370)
Posting the pension figures per the FRS102 valuation	
Cr Expected return on scheme assets	(103,000)
Cr Employer's contribution - offsets payments made	(135,000)
Cr Interest on scheme liabilities	(85,000)
Dr Actuarial gains and losses on scheme liabilities	394,000
Cr Contribution by employees	(38,000)
Cr Benefits paid	(18,000)
Dr Pensions - Employer service cost	109,000
Dr Interest on pension liabilities	85,000
Cr Actuarial gain - scheme liabilities	(394,000)
Dr Benefits paid	18,000
Dr Return on unrestricted scheme assets	103,000
Dr Contributions by employer	135,000
Dr Contribution by employees	38,000
Cr Current service cost	(109,000)
Cr Actuarial gain - scheme liabilities	(51,000)
Dr Actuarial gains and losses on scheme assets	51,000

Park Road Sale Primary School	Net increase in trust - SOFA £
Cr Asset ceiling restriction Dr Other adjustments affecting other comprehensive income	(489,000) 489,000

9. UNADJUSTED MISSTATEMENTS FOUND DURING THE AUDIT

Park Road Sale Primary School	Type	SOFA £ Dr/(Cr)	Net assets statement £ Dr/(Cr)	Details
Dr Fixtures and fittings Cr Accruals	Factual		14,322 (14,332)	To accrue costs relating to LED lighting solutions installed pre year end but invoiced post year end and to also recognise the asset
Dr Accruals C Accrued income	Reclassification		13,390 (13,390)	To allocate income received pre year end relating to Free School Meals against the accrual
Dr SOFA Cr Accruals	Factual	6,737	(6,737)	To accrue costs relating to a sports coach for the period 28th July 2025 – 15th August 2025 paid post year end (£3,375) and costs relating to stationery supplies pre year end paid post year end (£3,342)
Dr Income Cr Deferred income	Factual	15,042	(15,042)	To defer the Core School Grant income received in the year relating to the FY25/26 academic year
Dr Income Cr Opening reserves	Factual	15,423	(15,423)	Portion of Core School Grant income received in the year relating to the previous year and should have been accrued income at 31 August 2024
Dr Income Cr Oher Income SEN Cr Deferred income Cr Funds brought forward	Factual	3,890 (80)	(697) (3,113)	Pupil premium received in the year relating to the prior year and opening balance variance for income that should have been recognised in the prior period
Cr Bank Cr Debtors Dr Creditors Cr Funds	Factual		(369) 8,636 6,818 (2,187)	Difference on opening balances from the prior system to the new system / prior year signed accounts
Dr current liabilities Cr Income	Factual	(1,555)	1,555	Aggregated misstatements below our trivial threshold

Park Road Sale Primary School	Type	SOFA £ Dr/(Cr)	Net assets statement £ Dr/(Cr)	Details
Potential further deficit in trust		**39,457**	**(39,457)**	

10. AUDIT FINALISATION

Area	Response
Written representations from management	• No representations have been requested from management other than those required by law or regulations.

We anticipate issuing an unmodified on the financial statements.

11. REGULARITY REPORTING

Our engagement included examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure. The work undertaken to draw our conclusions included:

- An assessment of the risk of material irregularity across the academy trust's activities;
- Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary
- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion

We anticipate that we will issue an unmodified regularity assurance report for the year, subject to the satisfactory clearance of any outstanding/unresolved the matters outlined in this report.

APPENDIX 1 – OUR RESPONSIBILITIES

Our respective responsibilities for the audit

As auditor we are responsible for performing the audit of the financial statements for the period under review in accordance with International Standards on Auditing (UK) (ISAs), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of financial statements which give a true and fair view.

Our engagement letter and meeting discussions present an overview of the planned scope and timing of the audit for the benefit of those charged with governance, as required by ISA 260.

This Audit Review and Management Letter

This Audit Review and Management Letter presents the observations arising from our audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by ISA 260. Its contents have been discussed with management.

This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify.

Materiality

An item is considered material if its omission or misstatement could influence the economic decisions of users of the financial statements.

Materiality is an area of judgement and therefore subjective. Under ISAs, materiality must be considered quantitatively and qualitatively, not only at an overall financial statements level but also in relation to classes of transactions, individual account balances and disclosures. Our audit will be performed to materiality and assessed risk levels as explained in the table below.

Adjusted and unadjusted misstatements

During the course of the audit we have identified potential audit adjustments arising from misstatements in the financial statements, which we have discussed with you. The decision to make an adjustment to the financial statements rests solely with management.

Where the effects of accumulated uncorrected misstatements approach materiality, there may be an unacceptable risk that undetected misstatements might also exist. In such a situation, we have discussed this with you with a view to making further adjustments of the identified misstatements.

At the conclusion of the audit, we will provide you with a schedule detailing those misstatements which have not been adjusted in the financial statements, other than those which are clearly trivial (which we take to be 5% of materiality).

We will require you to confirm that you have considered these items and where you have made the decision not to adjust for them in the financial statements, ask you to confirm whether you believe their effect is immaterial, individually and aggregate. This confirmation will be included in the letter of representation.

Read more about our responsibilities for the audit here.

Our responsibilities when reporting on regularity

Our responsibility as reporting accountant is to carry out an engagement to obtain limited assurance about whether the expenditure disbursed, and income received during the period 1 September 2024 to 31 August 2025 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

We conducted our engagement in accordance with the Academies Accounts Direction 2023 to 2024 issued by DfE. The objective of a limited assurance engagement is to perform such procedures so as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

This regularity review report

Our report is made solely to the academy and DfE in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the academy and DfE those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and DfE, for our work, for this report, or for the conclusion we have formed.

APPENDIX 2 – INDEPENDENCE

Relationships

We can confirm that JS. Audit Limited, its partners and the audit team have no family, financial, employment, investment or business relationships with the academy.

Informed management

We are required by ISAs to agree with you which individuals we consider at the [academy/group] to be “informed management” for the purposes of communication of issues surrounding the audit of the academy’s accounts. Informed management is the management team used by the academy to consider advice and agree decisions to be taken during the course of the audit and non-audit services that may be provided to the academy, particularly those relating to our independence as auditor.

We consider Liz Murphy to be informed management.

Long time involvement with audit

Peter Atkinson has completed 12 continual years as audit partner. We have introduced appropriate safeguards to mitigate the threat to audit independence that this creates to an acceptable level.

Non-audit services provided in the year are summarised below

Service	Fee £	Threats	Safeguards
Preparation of accounts	1,450	Self-interest Self-review Management	Fee is not significant compared to audit fee Accounts are reviewed by a manager independent of the audit Management decisions are not taken by the audit team
Preparation of annual return	1,100	Self-interest Self-review Management	Fee is not significant compared to audit fee Return is prepared by a staff member independent of the audit Management decisions are not taken by the audit team
Certification of TPA return	775	Self-interest Self-review	Fee is not significant compared to audit fee Return certification work is carried out by a staff member independent of the audit

Regularity reporting is an assurance related service.

APPENDIX 3 – CHANGES TO ACCOUNTING REGULATIONS

Changes to lease accounting rules

Entities applying IFRS have already altered their approach to accounting for leases such that almost all leases are 'capitalised' by recognising a liability and right-of-use asset in the net assets statement.

IFRS slowly flows through to UK accounting practice, and so in time this same rule will apply in the UK, removing the ‘off balance sheet’ reporting that currently applies to operating leases.

In response to these changes, in March 2022, the ESFA announced changes around the leasing rules that were due to take effect from 1 September 2022. The ESFA has subsequently announced that these changes have been delayed until at least 1 September 2025, in response to an overall delay in the governmental adoption of the new accounting standard.

Read more about the Periodic review of accounting standards here

Ahead is the unknown.

No problem, all you need is **the right advice.**

JS.