Ellacotts

Audit Results Report to the Board of Trustees

Year ended 31 August 2024

Prime Multi Academy Trust

Date of report: 15-11-2024

Introduction and Disclaimer

We are pleased to present our Audit Results Report to the Board of Trustees.

The Audit Results Report presents the observations arising from the audit that are significant to the responsibility of Those Charged with Governance to oversee the financial reporting process, as required by the International Standard on Auditing (UK) 260.

As auditors we are responsible for performing the audit in accordance with International Standards on Auditing (UK) (ISAs UK). The standards are directed towards forming and expressing an opinion on the financial statements as prepared by management with the oversight of Those Charged with Governance. Our audit does not relieve Management or Those Charged with Governance of their responsibilities for the preparation of the financial statements.

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 an 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 a result of our testing, we identify control weaknesses, we will report these to you. As a result, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in internal control.

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 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 has not been prepared for, nor intended for, any other purpose.

We welcome the opportunity to discuss the contents of this report with you and would be grateful if you would advise us in due course on what action you propose to take on the recommendations in this report.

Finally, we would like to express our thanks to Esther and all her team who have assisted us in carrying out our work.

Charlotte Toemaes
Partner
For and on behalf of Ellacotts Audit Services Limited

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Status of the Audit

We undertook the 2024 audit according to the scope set out in our audit planning letter.

We confirm that we have complied with the Ethical Standard for Auditors and all threats to our independence and objectivity, as identified to you in our planning communication letter, have been properly addressed through appropriate safeguards as follows:

- Self Review threat – a separate review of the statutory accounts for the trust has been performed by an individual that is not involved in the audit.

We confirm that we are independent and able to express an objective opinion on the financial statements. We would draw your attention to any other significant matters arising as per the table on page 14.

We also conducted our regularity assurance engagement in accordance with the Academies Accounts Direction 2023 to 2024 issued by ESFA. We performed a limited assurance engagement as set out in our engagement letter.

We anticipate issuing an unqualified audit opinion on the financial statements of Prime7. We also anticipate that we will issue an unmodified regularity assurance report for the period.

2. Significant Accounting and Auditing Issues

This section is divided into:

- Reporting on our findings in response to work performed on the significant risk areas that we communicated as areas of focus in our audit planning letter; and
- Additional audit and accounting issues that have come to our attention during the year-end audit.

2.1. Matters communicated in our audit planning letter

As part of the audit planning letter we outlined four key areas of audit focus. The following table details these risk areas, our audit response, and a summary of our findings:

2.1.1. Management override

Key Risk	Audit Response	Conclusions
The risk that management could unduly influence the financial statements.	We conducted a review of accounting estimates and judgements made by management, discussing these with accounting and finance staff where appropriate. We performed a review of journals processed during the year and selected a sample for more detailed testing, concentrating on any of an unusual nature. These were discussed with the accounting and finance staff as appropriate and checked to supporting documentation where necessary.	Our testing did not indicate any instances of management override of controls.

2.1.2. Revenue recognition

Key Risk	Audit Response	Conclusions
The risk that income is not recognised correctly in the financial statements.	We performed the following procedures on income recognition: ▪ **Review of Accounting Policy** Reviewed the income recognition policy as stated in the financial statements for adherence to accounting standards. ▪ **Review all ESFA and LA income** Reviewed all income received from the ESFA and LA to ensure it has been recorded correctly and in the right period. ▪ **Review a sample of other income** Reviewed a sample of other income received by the trust to ensure it has been recorded correctly and in the right period.	Our testing did not indicate any instances of materially incorrect revenue recognition.

2.1.3. Cut-off of incoming resources and resources expended

Key Risk	Audit Response	Conclusions
The risk that cut-off has not been accurately applied to incoming and outgoing resources resulting in income and cost not reflected in the correct period.	We performed the following procedures on income and expenditure cut-off: ▪ **After date invoice review** Reviewed after date purchase invoices to ensure there were no additional liabilities that needed to be recognised. ▪ **After date cash review** Reviewed after date bank statements to ensure there were no additional assets or liabilities that needed to be recognised.	Our testing did not indicate any instances of materially incorrect income or expenditure cut-off.

2.1.4. Accuracy of the LGPS asset valuation and disclosure

Key Risk	Audit Response	Conclusions
The risk that the defined benefit scheme operated in respect of non-teaching staff is not accurately valued and adequately disclosed.	We conducted a review of the professional actuarial valuation and scrutinised the assumptions used. Additionally, we compared the assumptions used to other professional actuarial valuations provided by academies to ensure they are reasonable.	Our review did not indicate that the defined benefit scheme is not accurately valued or adequately disclosed. We have reduced the asset's valuation to £nil to be prudent and align with accounting principles for recognising assets in the financial statements. An asset cannot be recognised unless it will result in an economic benefit (e.g. cash) flowing to the trust.

2.2. Matters arising subsequent to our audit planning letter

2.2.1. Level of Funds	
Analysis of Issue	**Conclusions**
The Trustees are required to consider whether the Trust is a "going concern" and can reasonably be expected to continue in operation for a period of at least 12 months from the date of signing the financial statements. In order to make this assessment the Trustees must consider all available information. Our role is to review the Trustees' assessment of the appropriateness of the going concern basis, taking in to account the charity's budget for the coming 12 months, its future plans and its resources available including its level of funds.	As at 31 August 2024, the charity's total funds amounted to £6,461,797 compared with £6,616,031 (after prior year adjustments) at 31 August 2023. This included £435,408 of unrestricted funds and £109,916 of restricted funds. The trustees have formed the opinion that the financial statements should be prepared on the going concern basis and from our work undertaken we consider that this is appropriate.

3.1 Partial exemption calculation

Rating	Observation	Recommendation	Management response
Low	Partial exemption calculation currently not being performed.	HMRC can investigate VAT returns for up to four years. Since the trust is not VAT registered, it does not have a De minimis limit. This means any input VAT that has been incorrectly claimed must be repaid to HMRC, along with interest, regardless of the amount. We recommend not claiming any input VAT on costs related to exempt supplies. Additionally, perform a partial exemption calculation for any input VAT that could be considered residual (applicable to both exempt and non-business supplies).	

4.1 Agreed adjustments from initial trial balance provided

Narrative	Statement of Financial Activities		Balance Sheet		Surplus/(Deficit) effect (£)
	Debit (£)	Credit (£)	Debit (£)	Credit (£)	
JNL 01 Posting opening balances to align the trial balance to last year's statutory accounts Pension brought forward GAG Fund Land and building depreciation bfwd Accruals			9,000 4	 5,298 3,706	£nil effect
JNL 02 Reconciliation of reserve funds and capital fund. Unrestricted fund Dfe Fa fund Gag fund			53,939	 49,370 4,569	£nil effect
JNL 03 Curtailment of the LGPS pension asset Actuarial gain – scheme liabilities (SL) Actuarial gains or losses on SL			150,000	 150,000	£nil effect

4. Agreed upon adjustments (cont'd)

4.1 Agreed adjustments from initial trial balance provided

Narrative	Statement of Financial Activities		Balance Sheet		Surplus/(Deficit) effect (£)
	Debit (£)	Credit (£)	Debit (£)	Credit (£)	
JNL 04 ***Being to adjust for the pension valuation movement as per the report provided by the actuary***					
Employer service costs	168,000				£141,000 Increase in surplus in the year
Expected return on scheme assets		116,000			
Interest on pension liabilities	115,000				
Actuarial gain on scheme assets		130,000			
Actuarial gain on scheme liabilities		7,000			
Employer contributions offset		171,000			
Pension reserve			141,000		

4.1 Unadjustments from initial trial balance provided

Narrative	Statement of Financial Activities		Balance Sheet		Surplus/(Deficit) effect (£)
	Debit (£)	Credit (£)	Debit (£)	Credit (£)	
JNL 01 Unrecorded liability testing – BACS run performed on 31 August 2024 on the accounting system but payment did not leave the bank until September 2024. Bank account Aged creditors			25,261.40	25,261.40	£nil effect

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Appendix A - Communication to those charged with Governance

Our Communication Plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the trust's accounting and financial reporting practices, significant matters and issue arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Ellacotts, together with fees charged. Details of safeguards applied to threats to independence.	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification of suspicion of fraud involving management and/or which results in material misstatement of the financial statements		✓
Non-compliance with laws and regulations		✓
Expected modifications to the auditor's report or emphasis of matter		✓
Unadjusted misstatements and material disclosure omissions		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern	✓	✓

Matters to Report

International Standard on Auditing (ISA) (UK) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here. At the current time, we have no such matters to report other than those detailed in this report.

Distribution of this Audit Results Report

We seek to ensure our Audit Results are distributed to those individuals charged with governance. We would be grateful therefore if you could distribute a copy of this report to all Those Charged with Governance.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), 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.

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