mitchell charlesworth
Accountants • Business Advisors

REPORT TO THE TRUSTEES ON THE MATTERS ARISING FROM THE AUDIT OF:

ALEXANDRA ACADEMY TRUST
FOR THE YEAR ENDED 31 AUGUST 2025

Contents

1. Executive Summary

1.1 Introduction

In accordance with International Standards on Auditing (UK), we are pleased to present our Audit Summary Memorandum arising from the audit of Alexandra Academy Trust for the year ended 31 August 2025.

The purpose of this report is to highlight any key audit and accounting issues which have come to our attention during the audit for the benefit of those charged with governance. It is also prepared to assist the directors in their consideration of the accounts and to share our recommendations for areas of improvement. It also covers any future issues for the trustees' consideration.

This report includes information which has been provided by, or is based upon discussions with management and staff, in addition to the independent findings of our work.

1.2 Status of audit and audit opinion

The audit is substantially complete although prior to finalisation and issue of the financial statements for signature, we require an update on the following items:

- A final review of post balance sheet events.
- Receipt of a signed letter of representation.

1.3 Financial statements

The accounts were reviewed to ensure they have been prepared in accordance with the requirements of the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice (UK GAAP) which comprises Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom', the Statement of Recommended Practice – "Accounting and Reporting by Charities (SORP 2019)", and the Accounts Direction 2024/25 issued by the Education and Skills Funding Agency.

1.4 Matters arising from the audit and financial reporting issues

The key risk areas forming the focus of our audit were:

- Management override
- Revenue recognition
- Compliance with laws and regulations
- Adherence to the financial handbook
- Wages and salaries
- The local government pension scheme

The key findings from the audit are detailed in full in section 3.

1.5 Audit adjustments and unadjusted misstatements

The audit adjustments are in section 4. A schedule of unadjusted misstatements is included in section 5.

1.6 Control environment

As you are aware from our letter of engagement, our audit procedures are designed towards testing the accounting and internal control systems in operation upon which we have based our assessment of the risk of material misstatement within the accounts.

Our tests may not necessarily highlight all the weaknesses in internal control and accounting practices that a specific investigation might uncover and should not be relied upon to do so. However, if any irregularity did come to our attention during our audit tests, we would, of course, inform you immediately.

The points are raised for the sole use of the directors and management of Alexandra Academy Trust and must not be shown to third parties without our prior consent. No responsibility is accepted by Mitchell Charlesworth (Audit) Limited towards any party acting or refraining from action because of these points.

1.7 Other matters

We would like to take this opportunity to record our appreciation for the kind assistance provided by your staff during our audit, particularly Jackie Irlam and Lyndsey Tasker.

If you have any queries, please contact Rob Hall or Danielle Hazeldine in the first instance.

Mitchell Charlesworth (Audit) Limited

24 Nicholas Street
Chester
CH1 2AU

2. Summary of audit risks

Profit and loss account

Account	Material misstatement risk?	Description of risk	Changes to audit plan	Sufficiency of controls?	Key audit findings?
Under/overstatement of income	■	Under ISA 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.	No	●	▲
Management override	■	Under ISA 240 there is a presumed risk that management personnel are in a unique position to perpetrate fraud because of their ability to manipulate accounting records	No	●	▲
Payroll	■	To consider whether wages and salaries are paid to bona fide staff and that all statutory deductions are treated and paid as appropriate, as this is a key expense.	No	●	▲
Purchases	■	Purchases were identified in the internal scrutiny report as a weakness of the trust and presents a low-risk area.	No	●	▲

Risk	Controls	Audit Findings
■ Significant	● Significant deficiency	▲ Significant findings
■ Reasonably possible	● Deficiency	▲ Some findings
■ Remote	● No findings	▲ No findings
For further details see Section 3	● Controls not evaluated under audit plan	*For further details see Section 3*

2. Summary of audit risks [Continued]

Balance sheet

Account	Material misstatement risk?	Description of risk	Changes to audit plan	Sufficiency of controls?	Key audit findings?
Tangible fixed assets	🟩	The risk that fixed assets do not exist or are impaired, particularly as no fixed asset register has been prepared.	No	🔵	▲
Trade debtors	🟩	To investigate the closing trade debtors balance for any missing items or bad debts.	No	🔵	▲
Other debtors, prepayments and accrued income	🟧	The risk that debtors have not been recorded in the correct period and/or may be overstated.	No	🔵	▲
Cash	🟩	To ensure that cash is recorded in line with expectations.	No	🟢	▲
Bank loans and overdrafts	🟩	To ensure that the trust does not have an external finance in accordance with the financial handbook.	No	🔵	▲
Trade creditors	🟩	The risk that creditors have not been recorded in the correct period and/or may be understated.	No	🔵	▲
Other creditors, accruals and deferred income	🟧	The risk that creditors have not been recorded in the correct period and/or may be understated.	No	🔵	▲
Corporation tax	🟩	To ensure that a tax return is submitted to HMRC if required.	No	🔵	▲
Related party transactions and balances	🟧	To ensure that related party transactions are appropriately disclosed within the financial statements and approved by the DfE if applicable.	No	🔵	▲
Pension Scheme	🟥	To test whether the assumptions used in the calculation of the pension deficit are appropriate and that the pension disclosures are in accordance with accounting requirements.	No	🔵	▲
Funds	🟩	To ensure that the trust is solvent and in line with budgeted expectations.	No	🔵	▲

Risk	Controls	Audit Findings
🟥 Significant 🟧 Reasonably possible 🟩 Remote *For further details see Section 3*	🔴 Significant deficiency 🟠 Deficiency 🟢 No findings 🔵 Controls not evaluated under audit plan	🔺 Significant findings ▲ Some findings ▲ No findings *For further details see Section 3*

3. Audit conclusion in respect of key risks

Significant risks identified in our audit plan		Commentary
1.	**Management override** To consider the impact, if any, of the ability of the directors and senior management to override internal control systems. This is a presumed risk under ISA 240.	▪ We undertook a review of accounting estimates and judgements exercised by management and considered whether the estimation technique was reasonable and in line with prior years. Where applicable, we re-performed prior year estimations to assess their accuracy to determine whether current estimates can be relied on. The key areas tested were payroll, accrued and deferred income, and the depreciation of fixed assets. ▪ We documented and tested our understanding of the control environment and the processes around journal postings. We reviewed the journal entries file and selected a sample of transactions. These were traced to the underlying documentation and discussed with management where an understanding could not be ascertained. **Conclusion** Testing did not give rise to any issues or matters to report.
2.	**Revenue recognition** To consider the reliability of the systems in place with a view to establishing whether all revenue has been recorded in the accounts, and in the correct period. This is a presumed risk under ISA 240.	▪ We documented our understanding of the control environment and undertook a walk through to assess the implementation of controls and procedures. ▪ We reviewed the revenue recognition policy and assessed its consistency with prior years and appropriateness for the business. ▪ We performed detailed transactional testing to trace a sample of sales orders through to the sale invoice in the financial statements to assess the completeness of income. ▪ We undertook detailed cut off testing to ensure that cut off procedures had been appropriately applied and that income had been recognised in the correct period. **Conclusion** Our testing did not give rise to any concerns over the revenue processes.

3. Audit conclusion in respect of key risks [Continued]

Significant risks identified in our audit plan		Commentary
3.	**Compliance with laws and regulations** To consider if the business has remained compliant with the relevant laws and regulations specific to the academic trusts.	▪ We have enquired of management about any breaches of laws and regulations that the business may have incurred both during the year and post year-end. ▪ We have reviewed the legal nominal for evidence of undeclared legal cases. ▪ We have reviewed any subsequent events for evidence of legal cases that could indicate a regulatory breach. **Conclusion** There are no matters to report in relation to our testing of this area.
4.	**Compliance with the academy handbook** To consider whether the Financial Handbook Rules for 2024/25 have been appropriately adhered to, in relation to deferred and accrued income.	▪ We have enquired of management about any breaches of the academy handbook that the trust may have incurred both during the year and post year-end. ▪ We have reviewed the grant income received and assessed whether accrued and deferred income have met expectations. ▪ We have reviewed any subsequent events for evidence of legal cases that could indicate a regulatory breach. **Conclusion** There are no matters to report in relation to our testing of this area.
5.	**Wages and Salaries** To consider whether wages and salaries are paid to bona fide staff and that all statutory deductions are treated and paid as appropriate, as this is a key expense.	▪ We have performed a proof in total to agree the figures recorded within the financial statements to those recorded on the payroll reports. ▪ We have tested a sample of employees for their existence by agreeing documentation such as contracts and employee identification. ▪ We have reviewed contracts and P45's to verify starters and leavers respectively. **Conclusion** Some errors were found during our testing of the wages, these were corrected and are outlined in our summary of adjustments. We have noted recommendations for this area on page 10.

3. Audit conclusion in respect of key risks [Continued]

Significant risks identified in our audit plan		Commentary
6.	**Local Government Pension Scheme** To consider whether the assumptions used in the calculation of the pension deficit are appropriate and that the pension disclosures are in accordance with accounting requirements.	▪ We have reviewed the actuarial valuation of the pension scheme and assessed whether the subsequent asset can be recognised in line with the critical accounting estimates within the financial statements. ▪ We have assessed the credentials of the actuary and their independence when preparing the actuarial report. **Conclusion** There are no matters to report in relation to our testing of this area.

4. Audit adjustments

		SOFA account		Balance sheet	
		Dr	**Cr**	**Dr**	**Cr**
		£	**£**	**£**	**£**
	Surplus per the draft financial statements		**9,098,786**		
1.	***Being unposted student loans and severance payments as part of payroll processing***				
	Teaching staff salaries	26,116.31			
	Teaching staff salaries	8,545.00			
	Teaching staff salaries	5,469.00			
	Teaching staff salaries	3,787.00			
	Educational support staff salaries	670.00			
	Educational support staff salaries	6.00			
	Educational support staff salaries	269.00			
	Restructuring costs - direct costs	11,923.87			
	Other taxes (incl PAYE, NI, VAT etc)				24,839.04
	Other taxes (incl PAYE, NI, VAT etc)				19,408.56
	Other taxes (incl PAYE, NI, VAT etc)				424.25
	Other taxes (incl PAYE, NI, VAT etc)				6,142.58
	Other taxes (incl PAYE, NI, VAT etc)				5,971.75
	Surplus impact (rounded)		**(56,786)**		
	Surplus post audit adjustments		**9,042,000**		
	Note: Some adjustments were made as part of the accounts preparation process and have not been included on here. Any major adjustments posted will be discussed in the recommendation section of the report to improve internal reporting.				

5. Unadjusted Misstatements

		Profit & loss account		Balance sheet	
		Dr £	Cr £	Dr £	Cr £
	Surplus per the financial statements		9,042,000		
1	*Being Replacement windows not accrued for*				
	Accruals				11,945
	Leasehold improvements additions			11,945	
2	*Being unaccounted for accruals*				
	Accruals				4,098
	Other support costs	4,098			
3	*Being trips expenditure prepaid erroneously*				
	School trips expenses	10,199			
	Prepayments				10,199
4	*Being support staff back pay not accrued for*				
	Support staff wages, NI and pension contributions	57,649			
	Accruals				57,649
	Surplus impact (rounded)		(71,946)		
	Surplus if posted unadjusted items		8,968,296		

6. Deficiencies in accounting and internal control systems:

Matters Arising	Potential Risk	Risk level	Recommendation	Management's Response
During our audit, we noticed that there was a prepayment recognised at the year-end that related to educational trips that had not yet been invoiced or recognised in the accounts.	There is a risk that prepayments are being recognised incorrectly and could materially impact both the expenditure within the SOFA and the Prepayments value.		Ensure that expenses that are prepaid have been invoiced/are included in the cost code before posting the prepayment.	Management have acknowledged this error and will ensure that costs have been invoiced/recognised before posting a prepayment.
During our audit, we noted that the payroll control account had not been reconciled leading to understated wages.	There is a risk that the payroll control account is not being reconciled and wages are being understated.		Ensure that after every pay run the payroll controls accounts are reconciled.	Management have acknowledged this error and will implement a reconciliation.
During our audit, we noted that some invoices and costs posted after the year-end should have been accrued expenses. E.g. Support staff back pay.	There is a risk that not all costs relating the financial year are captured.		Ensure that post year-end invoices and costs are reviewed for evidence of accrued costs.	Management have acknowledged this and will start to review post year-end costs for accruals.
During our audit, we noted that deferred and accrued income had not been calculated properly.	There is a risk that deferred and accrued income are misstated.		Ensure that deferred and accrued income is calculated in accordance with funding allocations.	Management have acknowledged this and will start to calculate deferred and accrued income in line with funding allocations.

6. Deficiencies in accounting and internal control systems: [continued]

Matters Arising	Potential Risk	Risk level	Recommendation	Management's Response
During our audit, we noted that the CFO had not completed a declaration of interest and was not on the register of pecuniary interests.	There is a risk pecuniary interests have not been disclosed in accordance with the Academy Financial Handbook.		Ensure that the CFO makes a declaration of interest or is added to the register of interests.	Management have acknowledged this and will action this as soon as possible.
During our audit, we noted that depreciation had not been posted for the fixed assets.	There is a risk that depreciation is not being posted through out the year and fixed assets are overstated and expenses are understated.		Ensure that depreciation is posted monthly as part of the management accounts process.	Management have acknowledged this and will look at calculating depreciation as part of the management accounts process.
During our audit, we noted that the Fixed asset fund b/f matched to the Net book value of fixed assets, however there were outstanding CIF and Salix loans which means this cannot be the case.	There is a risk that the fixed asset fund could be misstated.		Ensure that going forward that the funds used to purchase fixed assets are noted on the fixed asset register and can be reconciled to the relevant capital income.	Management have acknowledged this and will to start recording how assets have been funded on the register.
During our audit, some fixed assets could not be located, however these were of low net book value.	There is a risk that fixed assets are not tracked and could be misappropriated.		Review the asset register for scrapped or disposed older asset that not longer exist and remove them from the financial statements.	Management will review the fixed asset register and ensure all assets are accounted for.

7. Other matters

Issue		Commentary
1.	**Matters in relation to fraud**	▪ No matters in relation to fraud were found during the audit.
2.	**Letter of representation**	▪ During the audit, various representations were made to us by management, and we ask you for written confirmation of these in a letter of representation.
3.	**Independence**	▪ Our audit was performed in accordance with our Audit Planning Strategy, International Standards on Auditing (UK) and Ethical Standards. ▪ In accordance with those requirements, we are required to consider any threats to our independence arising from the provision of non-audit services, our long-term association with you, or other matters. ▪ In our opinion, there are adequate safeguards in place that deal with any potential threats to our independence in the conduct of the audit. There are no changes in circumstances that have come to light since the issue of our Audit Planning Strategy.