



Audit findings report

Eppleton Academy Primary School

Period ended 31 August 2025



Strictly Private & Confidential

The Board of Trustees
Eppleton Academy Primary School
Hetton le Hole
Houghton Le Spring
Tyne And Wear
DH5 9AJ

Our ref: EPP0001NER
09 December 2025

Dear Trustees

**Eppleton Academy Primary School
Audit findings for the period ended 31 August 2025**

This Audit Findings Report highlights the significant findings arising from the audit for the benefit of those charged with governance. We appreciate that you may be aware of some of the matters contained in this report, however as required by International Standard on Auditing (UK) 260 we are communicating them to you formally.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) (ISAs UK)), which is directed towards forming and expressing an opinion on the financial statements. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities, including those in respect of the preparation of financial statements.

There is more detail in respect of the responsibilities of the auditor and those charged with governance within our engagement letter. Our standard terms and conditions can be found at <https://www.azets.co.uk/terms-of-business>.

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 primarily for the purpose of expressing our opinion on the financial statements. 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.

We would like to take this opportunity to record our appreciation for the kind assistance provided by your team during our audit. If we can be of any further assistance, please contact me.

Yours faithfully

Angela Ingham

Senior Statutory Auditor

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Contents

1.	Executive summary	1
2.	Financial performance	3
3.	Significant audit findings	5
4.	Going concern	10
5.	Audit communication	11
6.	Unadjusted misstatements	12
7.	Internal controls	13
8.	Independence and ethics	15
9.	Confirmation of findings	16
	Appendix 1: Emerging issues	
	Appendix 2: Academy Trust Handbook 2025 Musts	

1. Executive summary

Significant matters relevant to our audit

This table summarises the significant matters arising from the statutory audit of Eppleton Academy Primary School for the period ended 31 August 2025 for those charged with governance.

Audit opinion	<p>We do not propose any modifications to our audit opinion which is unqualified. However, our responsibilities in respect of the audit report extend up to the date it is signed. We will advise you of any changes to this position, if necessary.</p> <p>We have no matters to report regarding the adoption of the going concern basis or inadequate disclosures relating to material uncertainties.</p> <p>We do not propose any modifications to our regularity opinion which is unmodified.</p>
Audit approach	<p>There were no changes to our audit approach as set out to you in our letter.</p>
Significant audit findings	<p>Any significant audit findings are reported in section 3 and any audit adjustments in section 2. The impact on the academy trust's surplus/deficit is outlined in section 2.</p> <p>We are pleased to report that the audit progressed well from our perspective and in accordance with the agreed timetable.</p>
Audit adjustments	<p>We are required to communicate all potential adjustments, other than those considered to be clearly trivial, to management and to request that management corrects them.</p> <p>Audit adjustments proposed can be seen in the reconciliation to accounts below.</p> <p>Presentational and reclassification adjustments were proposed and accepted by management.</p> <p>The aggregate impact of unadjusted misstatements on the SOFA, were they to be processed, are outlined in section 6.</p> <p>All unadjusted differences are collectively and individually under materiality.</p>

Internal controls	<p>The purpose of the audit was for us to express an opinion on the financial statements. The audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.</p> <p>Our audit is, therefore, not designed to identify all control weaknesses.</p> <p>Any deficiencies in internal control which are identified as part of our testing would be reported in section 7.</p>
Materiality	<p>The basis for our materiality calculations and associated definitions were set out in our audit planning letter issued prior to the start of the audit. Our calculated materiality assessments for the year ended 31 August 2025 were ultimately calculated as follows:</p> <p>Overall materiality for the financial statements: £28,900</p> <p>Performance materiality: £20,200</p> <p>Trivial threshold: £1,400</p>

2. Financial performance

This section of our report summarises the main features of the financial statements including adjustments made to the trial balance and an explanation of the key elements of the accounts.

Reconciliation to accounts

The reconciliation of the trial balance presented to the audited statutory financial statements is as follows.

	£
Surplus/(deficit) per management accounts / TB	39,858
<i>Adjustments notified to us by the academy trust</i>	
FRS102 LGPS valuation	-
Audit adjustments	
Correction of opening reserves	(28,123)
Accrued NI grant received post year end	8,985
Prepay rates expense	2,532
Rounding	3
Surplus/(deficit) per statutory financial statements	23,255

Points of note

- The opening reserves adjustment relates to journals posted to the 2024 accounts
 - £29,790 for the storage conversion
 - £6,600 prior year supply insurance
 - (£8,267) late accruals

Statement of Financial Activities - SOFA

Reconciliation to underlying in year financial position:

	£'000
Reported surplus/deficit per SOFA (page 26)	23
Less: capital grants (page 34)	(6)
Add: depreciation charge (page 39)	32
Add: LGPS adjustments charged as an expense (page 41)	-
Underlying surplus/deficit in year	49
Less: capital expenditure from reserves and revenue income	(65)
Total movement in general and unrestricted reserves	(16)

Balance Sheet and Reserves

Reconciliation to underlying in year financial position:

	2025	2024	Change
Restricted GAG	-	-	-
Restricted other	-	-	-
Unrestricted	231	247	(16)
Net movement as above	231	247	(16)
Capital reserves	-	-	-
Total reserves	231	247	(16)

Other key notes and disclosures

Note 9 & 10 - Staff costs

- Staff costs disclosures include staff trustees' remuneration – 2 listed on page 38.
- Salary costs for key management personnel have been aggregated, so no disclosure is made of individual KMP salaries. This includes gross, employer's pension contributions and employers NI. See page 38.

Note 16 – fund balances

- Confirmation of restricted fund balances carried forward.
- Restricted funds: £nil

Note 23 - Related Party Transactions

- We have not been made aware of any related party transactions in the period.
- Trustees are reminded that any transactions between themselves or entities controlled by themselves and the Academy Trust are required to be disclosed in the accounts under this note. This disclosure also includes transactions with members, key management and anyone with influence over contracts.

3. Significant audit findings

This section of our report includes a summary of significant audit findings relating to significant risk areas identified at planning and other risk areas that required special consideration or arose during the course of the audit.

Significant risk areas identified at planning

Significant risks are risks that require special audit consideration and include identified risks of material misstatement that:

- our risk assessment procedures identified as being close to the upper range of the spectrum of inherent risk due to their nature and a combination of the likelihood and potential magnitude of misstatement; or
- are required to be treated as significant risks due to requirements of ISAs (UK), for example in relation to management override of internal controls.

Significant risks at the financial statement level

The below table summarises conclusions in relation to significant risks of material misstatement identified at the financial statement level. These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

Identified risk of material misstatement	Audit approach	Conclusion
<p>Management override of controls</p> <p>Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, it is a risk of material misstatement due to fraud and thus a significant risk</p> <p>Risk of material misstatement: Very High</p>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Review of accounting estimates, judgements and decisions made by management; • Testing of journal entries; • Review of any unusual significant transactions; and • Data analytics procedures 	<p>From the audit work undertaken, no instances of management bias have been identified.</p>

Going concern

Management is required to assess and conclude whether the going concern basis of preparation is appropriate.

Given the current economic climate and trading conditions, there is a risk that the going concern basis of preparation has been incorrectly applied.

Risk of material misstatement:

Medium

Procedures performed to mitigate risks of material misstatement in this area will include:

- Review of post period end management accounts;
- Review of forecasts for at least 12 months from signing and evaluate whether they provide sufficient evidence that the academy trust is a going concern; and
- Where appropriate, corroborate any significant balances.

From the audit work undertaken, the going concern basis of accounting appears to be appropriate.

Significant risks at the assertion level for classes of transaction, account balances and disclosures

The below table summarises conclusions in relation to significant risks of material misstatement at the assertion level for classes of transaction, account balances and disclosures.

Identified risk of material misstatement	Audit approach	Conclusion
Fraud in revenue recognition Material misstatement due to fraudulent financial reporting relating to revenue recognition is a presumed risk in ISA 240 (The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements). The majority of income is in the form of grants provided by the DfE and Local Authorities. Inherent risk of material misstatement: <ul style="list-style-type: none"> • Grant income (Classification and presentation): Medium • Grant income (Completeness, accuracy and Cut off): Medium • Other income (Completeness, cut off and accuracy): Very High 	Procedures performed to mitigate risks of material misstatement in this area will include: <ul style="list-style-type: none"> • Review and testing of revenue recognition policies; • Detailed substantive testing on material revenue streams, in particular DfE and LA funding; • Data analytics procedures, and • Substantive analytical procedures. 	From the audit work undertaken, the balance appears to be free from material misstatements.

LGPS asset/liability and disclosures

There is a risk that the asset/ liability and disclosures in respect of the local government pension scheme liability may be materially misstated.

Inherent risk of material misstatement:

- **LGPS accounting (Rights and obligations):** **Medium**
- **LGPS accounting (Accuracy):** **Medium**
- **LGPS accounting and disclosures (Presentation):** **Low**

Procedures performed to mitigate risks of material misstatement in this area will include:

- Review of basis of accounting treatment (and surplus recognition criteria, as relevant);
- Review of assumptions made and comparison with other academy trusts;
- Assessing the reasonableness of source data used (including confirmation with pension fund auditor and analytical procedures, as required);
- Evaluating whether significant events that impact on liabilities have been included;
- Review of adjustments and comparison with the actuary's report;
- Review of disclosures and comparison with the actuary's report; and
- Review of the credentials of the actuary preparing the valuation

We have reviewed the assumptions and other available information. The academy trust reported a surplus position and the actuaries have provided calculations to determine the extent to which the surplus should be recognised. This has been capped at zero and the accounts reflect this. This information is included in the financial statements.

Other identified risks

Other identified risks are those which although are not considered to be significant will require specific consideration during the audit.

Identified risk of material misstatement	Audit approach	Conclusion
Related parties Under ISA (UK) 550, there is a presumed risk that related party transactions may be inaccurate or misstated within the financial statements Inherent risk of material misstatement: <ul style="list-style-type: none"> • Related parties (Completeness): Medium • Related parties (Accuracy): Medium • Related parties (Presentation): Low 	Procedures performed to mitigate risks of material misstatement in this area will include: <ul style="list-style-type: none"> • Review of completeness of declared related parties; • Review of accounting records for potential additional transactions; • Review of compliance with ATH requirements & other regulations; and • Discussions with management 	We did not identify any undisclosed related party transactions.
Restricted and unrestricted funds There is a risk that restricted grants could be spent on expenditure other than in accordance with the terms of the funding, or that expenditure may be inappropriately allocated to the incorrect fund Inherent risk of material misstatement: <ul style="list-style-type: none"> • Fund accounting (Accuracy): Medium • Fund accounting (Presentation): Low • Fund accounting (Classification): Low 	Procedures performed to mitigate risks of material misstatement in this area will include: <ul style="list-style-type: none"> • Review grant income to understand the restrictions in place; • Review a sample of expenditure to ensure in accordance with the restrictions, and appropriately accounted for against the correct fund, and • Review funds carried forward for reasonableness and to ensure in accordance with the terms of the grant 	From our review we are satisfied that funds have been appropriately accounted for and disclosed in the financial statements.

<p>Valuation and recognition of land and buildings</p> <p>There is a risk that land and buildings may be inappropriately valued in the balance sheet</p> <p>There is a risk that land and buildings may not be accounted for in accordance with the Academies Accounts Direction</p> <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none"> • Recognition of asset (Rights and obligations): Medium • Recognition of asset (Classification): Low • Recognition of asset (Presentation): Low • Valuation of asset (Accuracy): Medium 	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Review of leases and supplemental agreements to confirm basis for occupation; • Review of valuation reports; • Review of potential impairment of assets; and • Discussions with management 	<p>We have reviewed the initial recognition and trust land and buildings, updated valuations and other information available and concluded that the initial recognition valuation remains appropriate.</p>
<p>Regularity and propriety</p> <p>There are a number of laws and regulations specific to academies to which the trust must abide. The most notable of these is compliance with the Academy Trust Handbook. There is a risk that the financial statements could be materially misstated as a result of non-compliance with these requirements.</p> <p>Risk of material misstatement:</p> <p>Laws and regulations: Medium</p>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Discussions held with management identifying any potential breaches to laws and regulations; • Consideration of any documentation received by the trust from regulators that would indicate a significant breach; and • Detailed substantive testing on material areas. 	<p>We did not identify any regularity breaches in the year.</p>

4. Going concern

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

Management's assessment of going concern

The Trust has prepared its financial statements on the going concern basis. Management believe that the financial statements should be prepared on the going concern basis as:

- The budget approved by trustees confirms that the financial position in the next 24 months remains positive
- Assumptions underpinning the budgets are reasonable and prudent
- The trust is not aware of any circumstances or changes in plans that would change their assessment around going concern
- Appropriate actions will be taken should the financial position change in the future

Management's assessment covers a period of at least 12 months from expected date of approval of the accounts.

Audit work performed

ISA 570 (revised) specifies mandatory procedures that we are required to carry out on going concern.

We have reviewed the trust's budget forecast and detailed budgets underpinning it, reviewed and considered the assumptions made, reviewed the year end position, reviewed post year end management accounts and minutes, reviewed the going concern assessment made by trustees and held discussions with trust management during the audit process.

Disclosures

We have reviewed the disclosures set out in note 1 and we are satisfied that this sets out the going concern position adequately.

Conclusion

We concur with management's assessment that it is appropriate to continue to adopt the going concern basis and there are no material uncertainties relating to going concern which should be disclosed in the financial statements.

5. Audit communication

Materiality

Whilst our audit procedures are designed to identify misstatements which are material to our audit opinion, we also report to those charged with governance and management any uncorrected misstatements of lower value errors to the extent that our audit identifies these.

Under ISA (UK) 260 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA (UK) 260 defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

An omission or misstatement is regarded as material if it would reasonably influence the users of the financial statements. The assessment of what is material is a matter of professional judgement and is affected by our assessment of the risk profile of the business and the needs of the users.

Accounting policies

The accounting policies used in preparing the financial statements are unchanged from the prior year. These have been deemed appropriate for the audited period.

Presentation and disclosures

Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies and estimation techniques adopted by the entity. We identified a number of reclassification adjustments, and these have all been amended by management.

Overall, we found the disclosed accounting policies, significant accounting estimates and the overall disclosures and presentation to be appropriate.

Fraud and suspected fraud

We have previously discussed the risk of fraud with management. We have not been made aware of any incidents in the period nor have any incidents come to our attention as a result of our audit testing.

Our work as auditor is not intended to identify any instances of fraud of a non-material nature and should not be relied upon for this purpose. In the event that the directors wish to obtain enhanced assurance with regard to the effectiveness of internal control in preventing and detecting fraud we should be happy to provide additional services.

Written representations

We will present the final letter of representation to the Board to sign at the same time as the financial statements are approved.

Related parties

We are not aware of any related party transactions which have not been disclosed

Confirmations from third parties

All requested third party confirmations in respect of bank confirmations have been received.

6. Unadjusted misstatements

Unadjusted audit differences

No unadjusted audit differences were identified during our testing.

7. Internal controls

The purpose of the audit was for us to express an opinion on the financial statements. The audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Our audit is, therefore, not designed to identify all control weaknesses and the matters reported below are limited to those deficiencies that we have identified during the audit.

For the purposes of submitting your financial statements to the DfE, we identified 0 high risk recommendations, 1 medium risk, 1 low risk

Follow up on prior year control recommendations

As part of our audit process, we have specifically followed up on control weaknesses and recommendations either raised in last year's report or carried forward from prior reports.

Risk rating	Control weakness identified	Implication	Recommendation	Resolved/update
Depreciation	Leasehold improvements have had incorrect depreciation calculated.	Overstatement of assets.	Unadjusted error already noted and to be corrected going forward.	Resolved Posted in the year
VAT	Output VAT has been included on VAT returns when the academy is not VAT registered.	Over paying VAT on returns.	Ensure VAT is accounted for correctly in the system.	Amounts related to refunds and corrections which should have been deducted from the Vat126 form. 2024/25 £10.08 2023/24 £182.93 2022/23 £216.61 Total £409.62

Control weaknesses and recommendations

Control weaknesses and recommendations identified from our current year work is summarised below. The control weaknesses are categorised into three risk ratings as shown in the key.

Key

1. Significant deficiency

2. Other deficiency

3. Other observations

Table of control weaknesses and recommendations

Risk rating	Control weakness identified	Implication	Recommendation	Management response
Staff trustees	During the year the academy had 1 staff trustee	The DfE has a strong preference to not have staff trustees	The members should review the trustees appointed and consider if the current mix is appropriate	The staff trustee will see out her term of service (end date 20.09.2026) and there will be an external review of Governance in 2026 to determine any changes needed going forward.

8. Independence and ethics

In accordance with our profession's ethical requirements and further to our audit planning letter issued confirming audit arrangements there are no further matters to bring to your attention in relation to our integrity, objectivity, and independence.

Preparation of statutory accounts

The statutory accounts are prepared by a qualified member of Azets team from your management figures and trial balance. They are reviewed by the Audit Manager and Partner. These provide the basis for the audit work.

There are not normally any contentious disclosure issues; however, where these arise the relevant notes are approved by your management team prior to the draft accounts being submitted to the board for approval.

We confirm that Azets Audit Services and the engagement team complied with the FRC's Ethical Standard. We confirm that all threats to our independence have been properly addressed through appropriate safeguards and that we are independent and able to express an objective opinion on the financial statements.

Audit and non-audit services

The following services were provided in the period to 31 August 2025.

Audit services	Fees 2025	Fees 2024
Academy Trust audit and regularity reporting	10,950	10,250

Non-audit service	Fees 2025	Fees 2024	Type of threat	Safeguard
Preparation of statutory accounts	£1,950	£1,850	Self-review	<p>Whilst the preparation of the statutory financial statements is carried out by members of the audit team, the trial balance mapping is required to be agreed by client management/finance team.</p> <p>Financial statement disclosures are extracted from audit deliverables supplied by client management/finance team.</p>
Preparation and review of AAR	£1,000	£900	Self-review	The AAR is fully reviewed by the audit partner and is reviewed in full by a senior member of your team on behalf of the academy trust

9. Confirmation of findings

Please confirm in writing your agreement to these findings by signing and returning a copy of this letter. If there are any elements of these audit findings to which you do not agree or would like to discuss, please let us know as soon as possible.

Yours faithfully



Angela Ingham FCA

Senior Statutory Auditor

Azets Audit Services Limited

I confirm the findings set out above:



Name: LAURA JACKSON

Position: ACCOUNTING OFFICER

Date: 11/12/25

For and on behalf of Eppleton Academy Primary School

Appendix 1: Emerging issues – for information only

1. Digital and technology standards
2. Sustainability and climate action plans
3. Estates management
4. The Accounting Officer
5. Procurement and Spending Decisions
6. Setting and Publication of pay
7. Novel, contentious or repercussive transactions – a reminder
8. Cybercrime
9. Companies House
10. Corporation tax
11. Leasing
12. Good practice guides
13. VAT

1 Digital and technology standards

Trusts should refer to the DfE's digital and technology standards, which were developed to support trusts in making more informed decisions about technology.

The 2025 Handbook has updated the extent to which Trusts are meeting the DfE's digital and technology standards. All should be working towards meeting the following 6 core standards by 2030:

- Broadband internet
- Network switching
- Wireless network
- Cyber security
- Filtering and monitoring
- Digital leadership and governance

Find out more about DfE's plan technology for your school service, which allows trusts to self-assess against the standards and receive personalised recommendations for their next steps. ([Plan technology for your school - GOV.UK](#))

2 Sustainability and climate action plans

The DfE's has the following strategy "By 2025, all education settings will have nominated a sustainability lead and put in place a climate action plan". This includes early years settings, schools, multi-academy trusts, colleges, and universities.

Wherever you are on your sustainability journey, this non-statutory guidance and the support now available can help you get started or take the next step.

The 2025 Handbook includes links to additional guidance from trusts to help them develop their action plans, see the below links:

[Sustainability leadership and climate action plans in education - GOV.UK](#)

3 Estates Management

An academy trust's estate is both an asset and a mechanism to deliver outcomes for pupils. DfE expects academy trusts to manage their school estate strategically and effectively and maintain their estate in a safe working condition. This includes complying with statutory duties to ensure the health and safety of building occupants.

Trusts should ensure they are aware of and are applying the following guidance relevant to estates safety and management:

- School estate management standards, which schools can use to understand where to start to become fully effective, how to progress and prioritise, and how to make best use of expert advice
- advice, standards and tools for academy trusts at Good estate management for schools, including guidance on an estate's strategy and asset management plan, and the Estate management competency framework for standards on the skills and knowledge needed for individuals at all levels
- the Condition Data Collection (CDC) process which helps DfE understand the condition of government funded schools across England for the purposes of targeting funding where it is needed most
- Reinforced autoclaved aerated concrete (RAAC): identification guidance – RAAC is a weaker form of concrete used in floors, walls, and roofs of buildings constructed or modified between the 1950s and mid-1990s and could pose a particular risk
- School capital funding guidance, who it's for, current and past allocations, how it's calculated and spending guidance
- Condition Improvement Fund including links to terms and conditions.

4 The Accounting Officer

The Accounting Officer role

The accounting officer role includes specific responsibilities for financial matters. It includes a personal responsibility to Parliament and to DfE's accounting officer for the trust's financial resources.

Accounting officers must be able to assure DfE's accounting officer, Parliament and the public, of high standards of probity in the management of public funds, particularly regularity, propriety, feasibility and value for money, including economy, efficiency and effectiveness – the 3 elements of value for money.

The following definitions are set out in Managing Public Money (MPM):

- **Regularity:** the proposed transaction is compliant with the framework of authorities of the department or body concerned. That the transaction under consideration has sufficient legal basis, parliamentary authority, and Treasury authorisation; is compatible with the agreed spending budgets, the wider legal framework (for example subsidy control and procurement law), and the requirements regarding spending set out in this document.
- **Propriety:** the proposal meets high standards of public conduct and relevant Parliamentary control procedures and expectations, including compliance with any conventions or commitments made to Parliament and cross-cutting government policies or standards, as well as the standards of conduct and good governance, as set out in this document.
- **Value for money:** in comparison to alternative proposals or doing nothing, the proposal delivers the stated policy objectives in a way that represents good value for the Exchequer as a whole, taking into consideration the chances of different degrees of success or failure.
- **Feasibility:** the proposal can be implemented accurately, sustainably, and to the intended timetable with the resources available and without incurring wasteful or nugatory spend.

These definitions are not set out in MPM but may be useful:

- **Economy:** reducing the cost of resources used for an activity, while maintaining quality.
- **Effectiveness:** achieving the intended outcomes or objectives.
- **Efficiency:** achieving maximum output for given inputs, or minimum inputs for a given output.

Accounting officers must adhere to The Seven Principles of Public Life.

The accounting officer must have oversight of financial transactions, by:

- ensuring the academy trust's property and assets are under the trustees' control and measures exist to prevent losses or misuse

- ensuring bank accounts, financial systems and financial records are operated by more than one person
- keeping full and accurate accounting records to support their annual accounts

The accounting officer's annual statement

The accounting officer must complete and sign a statement on regularity, propriety and compliance each year and submit this to DfE with the audited accounts. The accounting officer must also demonstrate how the trust has secured value for money in the governance statement in the audited accounts.

The accounting officer's duty to raise concerns

The accounting officer must take personal responsibility (which must not be delegated) for assuring the board that the trust is complying with the funding agreement and handbook.

The accounting officer must advise the board, in writing, if action it is considering is incompatible with the articles, funding agreement or handbook. This includes where such action conflicts with the duties of the accounting officer, to ensure regularity, propriety, value for money and feasibility.

Similarly, the accounting officer must advise the board, in writing, if the board fails to act where required by the funding agreement or handbook. Where the board is minded to proceed, despite the accounting officer's advice, the accounting officer must consider the board's reasons and, if the accounting officer still considers the action proposed by the board is in breach of the articles, the funding agreement or handbook, the accounting officer must notify DfE's accounting officer immediately in writing.

5 Procurement and Spending decisions

The academy trust must be able to show that public funds have been used as intended by Parliament.

The academy trust must ensure:

- spending has been for the purpose intended and there is propriety in the use of public funds, including in relation to any actual or perceived conflicts of interest
- spending decisions represent value for money
- internal delegation levels are applied
- a competitive procurement procedure is in place and incorporated into the trust's financial framework, and the procurement rules and thresholds in the Procurement Act 2023 and its associated regulations and Find a Tender service are observed
- appropriate due diligence is in place
- professional advice is obtained where appropriate

Trusts should refer to the Buying for schools: how to buy what you need tool to help obtain value for money and apply relevant procurement regulations.

Trusts should consider DfE opportunities when making purchasing decisions for goods and services.

6 Setting and Publication of pay

Setting of Pay

The board of trustees must ensure its decisions about levels of executive pay (including salary and any other benefits) follow a robust evidence-based process and are a reasonable and defensible reflection of the individual's role and responsibilities. No individual can be involved in deciding their remuneration. Decisions about executive pay may be challenged by DfE.

The board must discharge its responsibilities effectively, ensuring its approach to, and levels of, pay and benefits is transparent, proportionate and defensible. This must be documented in an agreed pay policy, which sets out the process for determining executive pay and includes:

- independent scrutiny by the board
- robust decision-making that demonstrates justifiable pay
- proportionality – that pay and benefits represent good value for money and are defensible relative to the public sector market
- documented decision-making with rationale and approval by the board
- a basic presumption that executive pay and benefits should not increase at a faster rate than that of teachers, in individual years and over the longer term

Publication of pay

The trust must publish on its website in a separate readily accessible form the number of employees whose benefits exceeded £100,000, in £10,000 bandings, for the previous year ended 31 August. Benefits for this purpose include salary, employers' pension contributions, other taxable benefits and termination payments. Where the academy trust has entered into an off-payroll arrangement with someone who is not an employee, the amount paid by the trust for that person's work for the trust must also be included in the website disclosure where payment exceeds £100,000 as if they were an employee.

7 **Novel, contentious or repercussive transactions – a reminder**

Novel, contentious or repercussive transactions must always be referred to DfE for approval, and the request must be made to, and approved by, DfE before the transaction is agreed and before the transaction occurs.

- Novel transactions are those of which the academy trust has no experience, or are outside its range of normal business.
- Contentious transactions are those that may cause criticism of the trust by Parliament, the public or the media.
- Repercussive transactions are those likely to set a precedent and cause pressure on other trusts or the broader public sector to take a similar approach and hence have wider financial implications, including where a trust's proposal could cause additional costs to arise for other parts of government.

8 **Cybercrime**

Academy trusts must also be aware of the risk of cybercrime, put in place proportionate controls and take appropriate action where a cyber security incident has occurred. Trusts should take appropriate action to meet DfE's cyber security standards, which were developed to help them improve their resilience against cyber-attacks.

Trusts must not pay any cyber ransom demands. DfE supports the National Crime Agency's recommendation not to encourage, endorse, or condone the payment of ransom demands. Payment of ransoms has no guarantee of restoring access or services and is likely to result in repeat incidents.

9 **Companies House**

Companies House register

Companies House register currently shows directors details including name, date of birth, registered address and occupation. From 21 July 2025 anyone listed on the register can apply to have the day of their date of birth removed. There is a £30 fee to remove any personal details, and the full guidance on what can be removed and how to action this can be found [Removing your personal details from the Companies House register - GOV.UK](https://www.gov.uk/guidance/removing-your-personal-details-from-the-companies-house-register)

Companies House ID verification

From 18 November 2025 identity verification is a new legal requirement. It will help to deter people intending to use companies for illegal purposes.

By law, you will need to verify your identity to confirm you are who you claim to be.

This will:

- reduce the risk of fraud
- improve transparency, trust and accuracy of information on the Companies House register

Who needs to verify

You'll need to verify your identity if you are:

- a director
 - the equivalent of a director – this includes members, general partners and managing officers
 - a [person with significant control \(PSC\)](#)
 - an Authorised Corporate Service Provider (ACSP) - also known as a Companies House authorised agent
 - someone who files for a company - for example, a company secretary
- In most cases, you'll only need to verify your identity once. You must not verify again unless we tell you to.

Filing accounts by Software only

Companies House have advised that as part of their journey to modernise and digitise filing routes, all accounts must be filed using commercial software from 1 April 2027. Their web and paper routes will be closed for accounts filings. This change will allow more efficient and secure filings for companies and will be a critical step towards improving the quality of the data on the register. Software-only accounts filing will create a single, cost-effective, sustainable and traceable way to file.

10 Corporation tax

Academies often do not have a Corporation Tax liability due to favourable tax exemptions, they still fall within the requirement to submit Corporation Tax returns, if not on an annual basis, at least on a 3–6-year periodical basis.

All academies must complete a Company Tax Return if HMRC issues them with a 'Notice to Deliver a Company Tax Return' or they have income or gains which are not covered by a relief or exemption.

We have seen an increase in requests sent to our academy clients. Please do not ignore these and contact your engagement partner or tax representative for support.

11 Leasing

There is a change coming as to how lease contracts are recognised within the financial statements. Trusts will need to assess whether a contract is, or contains, a lease for accounting periods beginning on or after 1 January 2026.

Where it's concluded that the contract is – or does contain – a lease, the lessee will need to recognise that lease on the balance sheet by recording both an asset and a liability. The asset reflects the right to use the asset over the lease term and the liability reflects the entity's obligation to make lease payments.

Leases that are short-term (lease term of 12 months or less) or for low-value assets are exempt from the changes and will not need to be recognised on the balance sheet.

Where a contract does not contain a lease or the lease is exempt, payments are expensed through the Statement of Financial Activities over the lease term.

12 Good practice guidance

The DfE have issued a number of good practice guides. They do not replace or modify any requirements set out in the Academy Trust Handbook and the Academies Accounts Direction. They aim to provide suggestions about good practice.

Currently the following is available as a good practice guide:

- Fraud awareness
- Streamlined Energy and Carbon reporting
- Operating an academy trust as a going concern
- Choosing an external auditor for an academy trust
- Managing Academy trust reserves
- Managing risk in an academy trust
- Leasing for academy trusts
- Academy trust management accounting
- Internal scrutiny in academy trusts
- Understanding management letters for academy trusts
- Preparing your academy trusts' accounts for external audit
- Tendering 'jargon busting' guide for academy trusts
- Local Government Pension Scheme

13 VAT – audit review

The academy is currently not VAT registered and reclaiming VAT via the Form 126 monthly.

Our audit does not examine VAT in detail and our audit procedures are not designed to detect immaterial fraud or error. Therefore, we have not reviewed individual streams of income to:

- a. Assess whether the academy is over the VAT registration threshold
- b. Ascertain whether the VAT reclaimed is correct

There are a number of income streams that may be liable to VAT, we have provided some common areas below, but please note this is not an exhaustive list:

- 1. Contracts whereby you receive commission or the net of income/costs for items such as uniform. The contract may be worded in such a way that you are actually the primary supplier and not an agent, if this is the case then you may be liable to register and charge VAT on these items.
- 2. The sale of meals to staff is a supply liable to VAT. The VAT treatment of outsourced catering contracts means that an Academy will act as principle in the sale of all meals. The sale of a meal to a member of staff (not a duty meal) will count towards the VAT registration limit
- 3. Certain supplies under salary sacrifice schemes can have a VAT implication either as the amounts count towards the VAT registration limit or VAT on expenses could be restricted.
- 4. Although the majority of income from letting the premises will be exempt depending on the exact nature of the “let” and to whom the let could be “taxable”. If additional services are supplied as a separate cost, they would be seen as taxable. Any charges for parking would be taxable.

From experience most Academies have some business income and if not VAT registered we would expect there to be some irrecoverable VAT. Is the Academy carrying out the appropriate restrictions and checks on the VAT claimed via the VAT 126 form?

If required Azets can organise an initial meeting with our VAT experts to discuss any potential issues or pitfalls with you.

Appendix 2: Academy Trust Handbook 2025 Musts

MUSTS as set out in the Academies Trust Handbook 2025

The requirements in the handbook brought together into one list: the 'musts'. It abbreviates these requirements and so cannot be used as a substitute for the full handbook. Links to the relevant sections are included, which must be read in full. Also provides a column to confirm if you are compliant and a column for any comments.

Schedule of Musts 2025			
These are the requirements in the Academy Trust Handbook brought together into one list: the 'musts'. It abbreviates these requirements and so cannot be used as a substitute for the full handbook.			
References to the relevant sections are included, which must be read in full. This tool is an entirely optional resource, and there is no requirement to submit it to DfE.			
Paragraph	Requirement	In Place: - Fully compliant - Working towards - Not in place	Comments Action to take
Top 10 'musts' for chairs and other trustees			
1.11 and 1.12	Apply highest standards of conduct and ensure robust governance, comply with charitable objects, with duties as company directors, with charity law and the funding agreement.	Fully compliant	
2.3	Ensure the board of trustees meets at least three times a year.	Fully compliant	
2.4	Approve a written scheme of delegation of financial powers.	Fully compliant	
2.10	Ensure the board approves a balanced budget for the financial year and minutes their approval	Fully compliant	
2.19 and 2.20	Share management accounts with the chair of trustees monthly and consider when the board meets, taking action to maintain financial viability	Fully compliant	
2.27 and 2.28	Ensure decisions about executive pay follow a robust evidence-based process, that is documented in an agreed pay policy, reflecting the individual's role and	Fully compliant	

	responsibilities, and that the approach to pay is transparent, proportionate and defensible.		
3.6 to 3.13	Appoint an audit and risk committee (either dedicated or combined with another committee) to advise on the adequacy of the trust's controls and risks.	Fully compliant	
4.4	Submit audited accounts to DfE by 31 December	Fully compliant	
4.14	Ensure an appropriate, reasonable and timely response to findings by auditors, taking opportunities to strengthen financial management and control	Fully compliant	
5.34 - 5.54	Manage conflicts of interest, be even-handed with related parties, and ensure goods or services provided by them are at no more than cost, beyond the limits in this Handbook	Fully compliant	
Roles and responsibilities			
	Adhere to The 7 principles of public life	Fully compliant	
1.1	Have the skills, knowledge and experience to run the trust	Fully compliant	
1.3	Have at least three members but should have five or more	Fully compliant	
1.4	Have suitability checks in place for members to ensure they are not subject to a direction under section 128 of the Education and Skills Act 2008	Fully compliant	
1.5	Not have members as employees, nor have members occupy staff roles on an unpaid voluntary basis	Fully compliant	
1.21, 1.37 and 2.7	Ensure regularity, propriety and value for money	Fully compliant	
1.21	Trustees to take ownership of financial sustainability and ability to operate as a going concern	Fully compliant	
1.24	Ensure committees contain a majority of trustees	Fully compliant	
1.25	Not have de facto trustees or shadow directors	Fully compliant	

1.27	Include a review of the trust's governance structure and board composition in the governance statement when producing audited accounts for the first time	Fully compliant	
1.28	Appoint a senior executive leader (should be principal or chief executive)	Fully compliant	
1.29 to 1.38	Appoint an accounting officer (the senior executive leader) with responsibility for regularity, propriety and value for money and for assuring the board about compliance with the funding agreement and handbook	Fully compliant	
1.35	Demonstrate in the governance statement how the trust has secured value for money	Fully compliant	
1.35 and 4.12	Include a statement on regularity, propriety and compliance, signed by the accounting officer, in the audited accounts	Fully compliant	
1.39	Appoint a chief financial officer to lead the finance department	Fully compliant	
1.40	Have appropriately qualified and/or experienced finance staff	Fully compliant	
1.42	Appoint a governance professional (clerk to the board)	Fully compliant	
1.43	Be transparent with governance arrangements	Fully compliant	
1.44 and 1.49	Publish the trust's governance arrangements in its governance statement and in a readily accessible form on its website	Fully compliant	
1.45 - 1.48	Capture in an up to date register of interests the relevant business and financial interests of (as a minimum) members, trustees, local governors and senior employees [1.45] and interests of other individuals as described in 1.47	Fully compliant	
1.49	Publish relevant business and financial interests of members, trustees, local governors and accounting officers	Fully compliant	

1.50	Ensure governance documents are available for public inspection	Fully compliant	
1.52	Arrange DBS checks as appropriate	Fully compliant	
Main financial requirements			
2.1	Maintain robust oversight of the trust	Fully compliant	
2.2	Take responsibility for financial affairs, stewardship of assets and use resources efficiently	Fully compliant	
2.6	Have sound internal control, risk management and assurance processes	Fully compliant	
2.7 and 2.24	<p>Establish a control framework that includes:</p> <ul style="list-style-type: none"> ensuring delegated financial authorities are complied with, and segregation of duties maintained co-ordinating the planning and budgeting process discipline in financial management, including managing debtors, creditors, cash flow and monthly bank reconciliations planning and oversight of capital projects including those relating to estates safety management and oversight of assets including maintenance of a fixed asset register regularity, propriety and value for money reducing fraud and theft independent checking of controls, systems, transactions and risks a competitive procurement procedure 	Fully compliant	
2.8 and 2.9	Prepare and monitor financial plans to ensure the trust remains a going concern and ensure rigour and scrutiny in budget management	Fully compliant	
2.11	Ensure budget forecasts are accurate, based on realistic assumptions and reflective of lessons learned from previous years	Fully compliant	

2.15 and 2.16	Submit a budget forecast return to DfE, approved by the board of trustees	Fully compliant	
2.17	Notify DfE within 14 days if proposing a deficit revenue budget for the current financial year which it cannot address after taking into account unspent funds from previous years, as this would be non-compliant with the funding agreement and this handbook	Fully compliant	
2.18	Prepare management accounts every month.	Fully compliant	
2.21	Manage cash position robustly and avoid becoming overdrawn	Fully compliant	
2.22	Have a cautious approach to investments in line with the handbook principles	Fully compliant	
2.23	Show that public funds have been used as intended by Parliament	Fully compliant	
2.29	Publish on trust's website the number of employees whose benefits exceeded £100k, in £10k bandings	Fully compliant	
2.30	Ensure senior employees' payroll arrangements meet HM Treasury's tax requirements	Fully compliant	
2.31	Approach DfE to seek approval when entering into a new electric vehicle salary sacrifice scheme or accepting any further employees onto an existing electric vehicle salary sacrifice scheme.	Fully compliant	
2.32	Not use trust's funds to purchase alcohol for consumption, except where it is to be used in religious services	Fully compliant	
2.35 and 2.36	Manage risks, including contingency and business continuity planning and maintain a risk register. Board to retain oversight of risk and conduct a full review of risk register at least annually.	Fully compliant	
2.37	Have adequate insurance or be a member of DfE's risk protection arrangement	Fully compliant	
2.39	Implement reasonable risk management audit recommendations	Fully compliant	

2.40 to 2.44	Have published procedures for whistleblowing and respond properly and fairly	Fully compliant	
2.45	Provide DfE or its agents with information of sufficient quality to meet funding requirements	Fully compliant	
2.46 to 2.50	Notify DfE via Get information about schools within 14 days of changes in information about members, trustees, local governors, chair of trustees, chairs of local governing bodies, accounting officer and chief financial officer	Fully compliant	
Internal scrutiny			
3.1 to 3.5	Check financial and non-financial controls and risks	Fully compliant	
3.13	Ensure information submitted to DfE affecting funding is accurate and compliant	Fully compliant	
3.14 to 3.17	Ensure checks are conducted by someone independent, suitably qualified and experienced	Fully compliant	
3.14 and 3.15	Provide internal scrutiny reports to the audit and risk committee and make the findings available to all trustees promptly	Fully compliant	
3.19	Confirm in the governance statement which internal scrutiny option has been applied and why	Fully compliant	
3.20	Provide annual summary of internal scrutiny to DfE by 31 December, and provide other internal scrutiny reports on request	Fully compliant	
Annual accounts and external audit			
4.1 to 4.4	Produce audited accounts, publish on the trust's website by 31 January and file with Companies House	Fully compliant	
4.5 and 4.6	Appoint an external auditor in writing, for the annual accounts	Fully compliant	
4.6	Put any additional services from the external auditor in a separate letter of engagement	Fully compliant	
4.7	Provide in the audit contract for the removal of external auditors	Fully compliant	

4.8	Notify DfE immediately of the removal or resignation of external auditors, and the reasons	Fully compliant	
4.9	Prepare information, at DfE's request, for the sector annual report and accounts	Fully compliant	
4.13	Include a review of the accounting officer's statement on regularity, propriety and compliance within the external auditor's remit, and address the auditor's conclusions on regularity jointly to the trust and DfE	Fully compliant	
4.15	Audit and risk committee to review the external auditor's plan, annual accounts, audit findings, management response and effectiveness of the external auditor and produce annual report of conclusions	Fully compliant	
Delegated authorities			
5.1 to 5.3	Obtain DfE's prior approval for transactions beyond the trust's delegated limits	Fully compliant	
5.4	Make financial disclosures in the annual accounts in line with this handbook	Fully compliant	
5.5	Refer novel, contentious and/or repercussive transactions to DfE for prior approval	Fully compliant	
5.8	For staff severance payments, consider the following before committing: whether the proposed payment is in the trust's interests whether payment is justified and value for money, based on a legal assessment review the level of settlement, which must be less than the legal assessment of what the relevant body (e.g. employment tribunal) is likely to award	Fully compliant	
5.10	Obtain DfE's prior approval for the non-contractual/non-statutory element of a staff severance payment of £50,000 or more (gross, before deductions)	Fully compliant	

5.11	Not accept a settlement for a staff severance payment unless satisfying the conditions in this handbook	Fully compliant	
5.12	Obtain prior approval for special staff severance payments of £100k or more which include a non-statutory/non-contractual element, and/or where the employee earns over £150k	Fully compliant	
5.13	Ensure confidentiality clauses do not prevent an individual's right to make disclosures in the public interest	Fully compliant	
5.14	For compensation payments, base on appraisal, including legal advice, ensuring value for money	Fully compliant	
5.15	Obtain DfE's prior approval for non-contractual/non-statutory compensation payments of £50,000 or more	Fully compliant	
5.17	Obtain DfE's prior approval for other types of special payments	Fully compliant	
5.18 and 5.19	Obtain DfE's prior approval for writing off debts and losses, guarantees, letters of comfort and indemnities beyond limits in this handbook	Fully compliant	
5.22 and 5.23	Obtain DfE's prior approval, before acquiring and disposing of fixed assets beyond limits in this handbook and ensure disposal achieves best price	Fully compliant	
5.25 to 5.27	Obtain DfE's prior approval for leases beyond limits in this handbook	Fully compliant	
5.30	Consider the funding needs of individual academies if pooling GAG, and have an appeals mechanism	Fully compliant	
5.30	Not pool PFI funding	Fully compliant	
5.31	Ensure gifts by the trust have the decision documented, and have regard to propriety and regularity	Fully compliant	
5.32	Obtain DfE's prior approval before borrowing, including overdrafts but excluding finance leases on the DfE approved list, and only use credit cards for business expenditure	Fully compliant	

5.35	Ensure no member, trustee, local governor, employee or related individual or organisation uses their connection to the trust for personal gain	Fully compliant	
5.35	Ensure no payments to trustees unless permitted by the articles and comply with the terms of any agreement with the Secretary of State	Fully compliant	
5.35	Obtain Charity Commission prior approval for paying a trustee for acting as a trustee	Fully compliant	
5.37	Ensure the board chair and the accounting officer manage their relationships with related parties to avoid real and perceived conflicts of interest	Fully compliant	
5.38 and 5.39	Recognise that related party transactions may attract public scrutiny and require sufficient disclosure in annual accounts to support accountability and transparency	Fully compliant	
5.40	Report all contracts and other agreements with related parties to DfE in advance	Fully compliant	
5.41 to 5.43	Obtain DfE prior approval for contracts and other agreements with related parties beyond limits in this handbook subject to the exceptions in 5.41	Fully compliant	
The regulator and intervention			
6.2	Arrange for letters to trusts' accounting officers from DfE about the accountability framework to be discussed by the board and, where appropriate, strengthen the trust's systems	Fully compliant	
6.3	Provide DfE with access to books, records, information, explanations, assets, premises and staff to assist with its audits	Fully compliant	
6.4	Provide DfE with permission for any third party to provide requested information where there are concerns or an investigation is ongoing at a trust	Fully compliant	
6.5	Retain records for at least six years after the period to which funding relates	Fully compliant	
6.6	Send DfE a financial management and governance self-assessment for new academy trusts	Fully compliant	

6.6	Submit school resource management self-assessment checklist to DfE annually	Fully compliant	
6.9	Be aware of the risk of fraud, theft and irregularity and address with proportionate controls and appropriate action	Fully compliant	
6.10	Notify DfE of fraud or theft over £5,000, individually or cumulatively, or of any value where unusual or systematic	Fully compliant	
6.14	Be aware of the risk of cybercrime and put in place proportionate controls and appropriate action where a cyber security incident has occurred	Fully compliant	
6.15	Not pay any cyber ransom demands	Fully compliant	
6.18	Comply with a Notice to Improve	Fully compliant	
6.19	Waive delegated authorities and obtain DfE approval of certain transactions described in this handbook if the trust has an Ntl	Fully compliant	
6.20	Publish the Ntl on the trust's website until it is lifted	Fully compliant	
6.28	Cooperate with NAO and provide help, information and explanation	Fully compliant	

