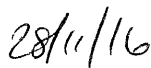


The Fulbridge Academy
Report to Management
For the Year Ended 31 August 2016

Prepared by Rawlinsons Chartered Accountants
and signed on their behalf by:




Tracey Richardson

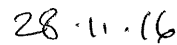


Date

Acknowledged and signed on behalf of the
board of directors of The Fulbridge Academy:



Governor



Date

1. Introduction

This report summarises the main issues in respect of the audit of the academy's financial statements for the year ended 31 August 2016, which should be drawn to the attention of the governors (who are also the directors of the academy for the purposes of company law and the trustees for the purposes of charity law).

2. Roles and Responsibilities

The governing body are responsible for the preparation of the financial statements and for making available to us all of the information and explanations we consider necessary. It is therefore essential that the governors understand the matters referred to in this report and are in agreement with the content.

3. Ethical Standards

We are required under audit regulations to comply with ethical standards. One of these standards relates to potential conflicts of interest where an audit firm carries out other work for a client. In addition to the audit, we also assist the academy in the following areas:

- preparation of the statutory accounts from your accounting records, including suggesting adjustments as appropriate
- assistance with the preparation of corporation tax returns for HMRC as appropriate
- assistance with the preparation of the Annual Accounts Return and Budget Return
- audit of the Teachers' Pensions Return
- assistance with the role of Responsible Officer
- other occasional ad-hoc advice in respect of the academy's finances.

Safeguards in place in respect of these non-audit services include:

- any potential adjustments identified by the audit team are presented to the governors for confirmation of their agreement and authorisation
- tax computations are reviewed by a member of the tax department or another accounts manager.

We believe the safeguards in place are sufficient for us to continue with the audit and we can confirm that fees paid by individual audit clients do not represent an inappropriate proportion of the total fee income for the firm or individual partner. Should you have any concerns or queries with the above, please do not hesitate to contact us.

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4. **Accounts Adjustments**

The supporting management pages to the academy's financial statements provide details of the adjustments made from your accounting records to the financial statements. The main adjustments are as follows:

- a) Local Government Pension Scheme FRS 102 adjustment based on the actuarial report prepared at the year end.
- b) The re-allocation of capital expenditure from revenue expenditure to fixed assets together and the posting of depreciation on fixed assets.
- c) Adjustments in respect of the allocation of grant income to the accounts year where the timing of the receipt of funds differs to the year to which it relates.
- d) Adjustments in respect of accruals and prepayments at the year end.

The nature of these adjustments is consistent with other academy clients and does not reflect systematic errors with the academy's financial systems.

5. **Unadjusted Errors**

We have not identified any major errors that have not been adjusted for in the accounts.

6. **Going Concern**

The governors are required to consider the level of reserves maintained and that it is sufficient to enable the academy to continue to operate for a period of at least 12 months from the date of approval of the accounts. Our review supports that the governors' conclusion regarding the going concern status of the academy is appropriate.

7. **Audit Opinion**

The financial statements include two reports prepared by us:

- a) Audit Opinion on the Financial Statements

We are required, as external auditors, to report whether, in our opinion, the financial statements show a true and fair view and have been properly prepared in accordance with the Companies Act 2006.

The results of our audit testing have enabled us to issue an unqualified audit report.

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b) Regularity Opinion

This is a 'limited assurance' opinion which requires us to perform such procedures as necessary to obtain information and explanations in order to provide us with sufficient, appropriate evidence to express a negative conclusion on regularity, i.e. whether anything has come to our attention, rather than a positive conclusion that there are no issues.

During our audit, our sample testing and review of systems did not identify any instances of fraud or irregularity, and we have therefore issued an unqualified report on regularity.

Included within the financial statements is a statement from the Accounting Officer, the Headteacher, confirming that they are not aware of any particular issues on regularity.

Auditing standards require us to identify key audit risks at the planning stage of the audit in order to obtain sufficient evidence to support our audit opinion. The main risks identified, together with a summary of the work undertaken and audit findings are noted below:

Audit Risk	Audit action to obtain reasonable assurance	Audit findings
Income recognition	<p>Comparison of the actual income received to EFA and LA statements to ensure completeness.</p> <p>Comparison of actual income against budgeted income and prior year income to highlight material variances.</p> <p>Review of post year end income to ensure that income has been accrued where appropriate.</p> <p>A system compliance text for other sources of income to ensure completeness.</p>	Reasonable assurance obtained
Management override	Review of journals around the year end cut off to ensure they are legitimate and reasonable.	Reasonable assurance obtained
Accounting estimates	<p>Review of depreciation policy and charge.</p> <p>Review of any provisions.</p> <p>Comparison of assumptions for the FRS 102 pension valuation of the LGPS against similar organisations.</p>	Reasonable assurance obtained
Related party transactions (regularity)	<p>Review all pecuniary interest forms of the governors and senior leadership team.</p> <p>Review of records at Companies House to obtain details of any missing information on the forms.</p>	Reasonable assurance obtained

Audit Risk	Audit action to obtain reasonable assurance	Audit findings
Credit card expenditure is bona fide (regularity)	Vouching of a sample of credit card payments to ensure that expenditure appears to be bona fide and appropriate authorisation has been obtained.	Reasonable assurance obtained
EFA authorisation has been received for unusual transactions, e.g. loans, leases and compensation payments	Review transactions that potentially could fall within these requirements.	Reasonable assurance obtained.
Going concern	Review of fund balances at the end of the year compared to the budget forecast and discussions regarding future plans.	Reasonable assurance obtained
Compliance with Academies Financial Handbook	Review of minutes of the full governing body and the finance committee. A review of responsible officer reports in the year. Sample testing of expenditure, including payroll. Discussions regarding the compliance with the 'Musts' and 'Shoulds' within the handbook.	Reasonable assurance obtained

8. Recommendations

Our audit procedures are directed towards testing the accounting systems in operation upon which we have based our assessment of the accounts. The attached appendix gives details of actual and potential weaknesses identified during the course of our audit and recommendations for improvements. It is not meant to be a full and accurate reflection of all weaknesses that may be present in your systems.

In making our recommendations, we have considered the size of your academy and the number of staff you employ. Included below is your response to the points raised.

Any issues raised in previous years have either been resolved during the year or have been repeated below.

Governors at Companies House

Severity	Low
Observation	There are four governors not listed at Companies House; Ben Erskine, Adeela Akhtar, Lucy Edwards and Roy McMichael. The secretary is also still listed as Derek Lea.
Implication	Information available on the public record is incorrect.
Recommendation	Forms appointing new Governors and resigning old Governors should be filed promptly.
Management's response/remedy	

VAT on staff meals

Severity	Low
Observation	It was found that VAT was being claimed on the staff meals proportion of the catering costs.
Implication	VAT has been over claimed as the VAT on staff meals can not be claimed due to it being a business expense
Recommendation	Ensure staff meals are split out on the catering invoice from pupil meals and do not claim the VAT on these.
Management's response/remedy	