Management letter

Prepared for the board of trustees of Urmston Grammar

For the year ended 31 August 2025

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1. Introduction

We are pleased to set out in this document our report to the trustees of Urmston Grammar for the year ended 31 August 2025.

Our responsibilities as auditors are set out in the International Standards on Auditing (UK and Ireland) ("ISAs"). We are responsible for 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.

We have carried out our audit in accordance with the terms of our engagement letter dated 5 September 2025 in order to express an audit opinion for UK statutory purposes on the financial statements of Urmston Grammar for the year ended 31 August 2025. We have complied with the Financial Reporting Council's Ethical Standard and all threats to our independence, as identified to you in our audit plan letter dated 29 July 2025, have been properly addressed through appropriate safeguards. No additional facts or matters have arisen during the course of the audit that we wish to draw to your attention and we confirm that we are independent and able to express an objective opinion on the financial statements.

In this report, we present the key findings from our audit, together with a commentary on the significant matters arising. The matters that have been reported are limited to those deficiencies identified during the audit which we have concluded are of sufficient importance to bring to the attention of those charged with governance. This report has been discussed comprehensively and agreed with T Kennedy (Headteacher & Accounting Officer) and J Daley (Chief Financial Officer).

This report has been prepared for the sole use of the trustees of Urmston Grammar. We understand that you are required to provide a copy of this report to the Department for Education who may share this information internally within the Department for decision making purposes. With the exception of this, no reports may be provided to third parties without our prior consent. Consent is, and will only be, granted on the basis that such reports are not prepared with the interests of anyone other than the academy in mind and that we accept no duty or responsibility to any other party. No responsibilities are accepted by DJH Audit Limited towards any party acting or refraining from action as a result of this report.

We would like to express our thanks to all members of the academy trust's staff who assisted us in carrying out our work.

2. Statutory audit communication

2.1 Objectivity and independence

We conducted our audit in accordance with the Code of Ethics of the Institute of Chartered Accountants in England & Wales and the Ethical Standards published by the United Kingdom Auditing Practices Board. We have considered our independence and objectivity in respect to the audit for the year ended 31 August 2025.

In addition to auditing the financial statements we also provided, through other individuals, the following services to Urmston Grammar for the year ended 31 August 2025:

- Preparation of the statutory financial statements.
- Audit of the EOYC return.
- Preparation of the Annual Accounts Return.
- Payroll services
- Specialist VAT advice
- BFR Support

We have outlined below the safeguards that we have put in place to ensure that these services provided in 2024/25 do not cause any breaches in our independence and objectivity in relation to the audit.

Non audit services provided	Safeguards put in place to reduce the threat to our integrity, independence and objectivity
Preparation of the statutory financial statements	Internally the accounts are reviewed by a separate individual from those who have prepared the financial statements. The accounts are reviewed in full by those charged by governance of the academy trust to ensure they comply with DFE guidance. Any accounting judgements required are made by the audit client.
Preparation of the Annual Accounts Return	The return is prepared from data in the statutory financial statements and as such is covered by those safeguards above.
Audit of the EOYC return	This service is provided by a separate individual from those who have audited the financial statements.
Payroll services	This service is provided by a separate individual from those who have audited the financial statements.
Specialist VAT advice	This service is provided by a separate individual from those who have audited the financial statements.
Payroll services	This service is provided by a separate individual from those who have audited the financial statements.

The following fees have been charged for our audit services:

- Audit of financial statements - £7,365
- Annual accounts return - £1,285
- Other services - £4,825

To maintain our independence as auditors we can also confirm that:

- DJH Audit Limited, its directors and the audit team have no family, financial, employment, investment or business relationship with the company; and
- Audit and non-audit fees paid by the company do not represent a significant proportion of total fee income for either the firm or office.

We confirm that, in our professional judgement, the firm is independent within the meaning of regulatory and professional requirements and the objectivity of the audit engagement director and audit staff is not impaired.

Legal and regulatory requirements

In undertaking our audit work we considered compliance with the following legal and regulatory requirements, where relevant:

- Companies Act 2006.
- Charities Act 2011.
- Academies Act 2010.
- Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017.
- Academies Accounts Direction 2024 to 2025.
- Academy Trust Handbook 2024.
- Statement of Recommended Practice, Accounting and Reporting by Charities (FRS 102).
- Applicable accounting standards.

2.2 Audit approach and materiality

Our audit planning has taken account of the issues highlighted through discussions with J Daley, together with our knowledge and understanding of the academy trust.

We confirm that there were no restrictions on the scope of our audit procedures and we have been able to undertake our work as set out in our planning meeting.

In our planning we have taken account of the results of our risk assessments made in accordance with the guidance set by the ISAs. Our consideration of high risk areas is documented in full within section 3 of this report.

Based on this rigorous process we have used our professional judgement and formed a materiality level. A matter is material if its omission or misstatement would reasonably influence the economic decisions of a user of the financial statements and the value at which if errors, on their own or in aggregate, were uncorrected would result in a potential qualified audit opinion. The audit materiality of the financial statements as a whole has been set at approximately 2% of total incoming resources.

We have considered this level of materiality based on the draft accounts for the year ended 31 August 2025 and are satisfied that it continues to be appropriate.

Underpinning materiality is a level of triviality, £8,000, at which any error or omission in excess of this value is recorded and reported to management.

In planning and carrying out our work, we applied a materiality level to Urmston Grammar of £159,000 based on 2% of income.

2.3 Accounting policies

In preparing the financial statements of the academy trust, directors/trustees are required under FRS 102 to review the academy trust's accounting policies on an annual basis to ensure they remain appropriate to the academy trust's circumstances and are properly applied.

We have reviewed the accounting policies selected and operated by the academy trust, and are satisfied that they are acceptable.

2.4 Significant findings

There are no significant matters that we feel need bringing to the attention off the trustees.

2.5 Accounting estimates and judgements

The property is recorded in the accounts at valuation. The basis of the valuation is existing use value calculated on a depreciated replacement cost basis.

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives.

The principal annual rates used were as follows:

Land & buildings	50 years straight line
Computer equipment	3 years straight line
Fixtures, fittings & equipment	5 years straight line
Assets under the course of construction	nil until brought into use.

2.6 Funding position at 31 August 2025

Restricted general funds are those resources that have been designated restricted by the grant provider in meeting the objects of the academy trust and are restricted to both the day to day running of the academy trust and capital expenditure. The balance carried forward on this fund is £nil.

Restricted fixed asset funds are those funds relating to the long term assets of the academy trust used in delivering the objectives of the academy trust. The balance carried forward on this fund is £16,515,000. Additional analysis of this fund by nature has been provided to comply with the Academies Accounts Direction.

Unrestricted funds are funds to which the governing body may use in the pursuance of the academy trust's objectives and are expendable at the discretion of the trustees. The balance carried forward on this fund is £210,000.

2.7 Significant difficulties encountered during the audit

We did not encounter any significant difficulties during the audit.

2.8 Accounting and financial control systems

During our audit we examined the design and implementation of the internal controls relevant to the accounting systems and procedures. The review of internal controls was carried out with a view to expressing an opinion on the financial statements for the year and was not directed primarily towards discovering weaknesses or towards the detection of fraud. Therefore our comments on these systems include only those matters that have come to our attention as a result of our normal audit procedures, and consequently our comments should not be regarded as a comprehensive record of all weaknesses that may exist or of all improvements that might be made. Please refer to section 4 of this report.

2.9 Management representations

We include a copy of the draft management representation letter. There are certain specific representations which we are required by auditing standards to obtain from management as part of our audit procedures. In addition, we are required to obtain other representations on matters material to the financial statements where other sufficient appropriate audit evidence cannot be reasonably expected to exist.

2.10 Audit opinion

Based upon the findings and conclusions of our work, we expect to issue an unqualified audit opinion on the financial statements.

3. Audit Risks

3.1 High risk audit areas

Issue	Audit risk	Risk level	Audit procedures undertaken	Conclusion
Revenue recognition	In respect of ensuring that all income received by the academy trust is recognised in the correct period.	Significant	• Grant income proof in total test was performed to confirm completeness, accuracy and cut off. • Other income cut off test either side of the year end was performed to ensure income has been recorded in correct period. • Other income was traced from source documents to the nominal ledger to confirm completeness.	No issues were noted. Revenue is fairly stated with regards to completeness, accuracy and cut off assertions.
Management override	As stated in International Standard on Auditing (UK) 240, management is in a unique position to perpetrate fraud due to management's ability to override controls that would otherwise appear to be operating effectively.	Significant	• Review of unusual manual journals. • Review of accounting estimates such as accruals and provisions and consider any pressures on management to achieve expected results.	No evidence of management override was found during our audit procedures.
Going concern	Going concern is a key risk given the current economic climate and pressures on government spending.	Moderate	• We reviewed forecasts to confirm reasonability and achievability. • We reviewed the academy's key performance indicators to identify any going concern risk factors. • We reviewed whether there are any plans that may indicate uncertainties related to the academy's concern.	No issues were noted. We concur with management's assessment that the academy trust is a going concern.

3.1 High risk audit areas (Continued)

Issue	Audit risk	Risk level	Audit procedures undertaken	Conclusion
Valuation of retirement benefit obligations	Valuation of defined benefit pension is complex and it involves significant assumptions and judgements. There is risk that the defined benefit obligations are incorrectly valued due to complexity and subjectivity involved.	Moderate	• We reviewed the management expert's competences and capabilities. • We reviewed the accuracy of information provided to the management expert by comparing it with corresponding payroll reports. • We assessed the accuracy of the disclosures and accounting entries made by management by comparing them with the actuarial valuation report.	Pension valuation and disclosures in the accounts appear reasonable in line with the valuation received and the Academies Accounts Direction requirements. The pension asset has been capped at £nil in line with applicable accounting standards.
Valuation of tangible fixed assets	Inherent risk has been assessed as high due to size of the balance. Where material capital projects are on-going, there is risk that that these costs are not correctly capitalised and recognised as assets under construction. There is also risk that impairment losses are not recognised where impairment indicators arise, such as going concern issues.	Moderate	• We reviewed capitalised costs to confirm they have been correctly classified. • We reviewed fixed assets for any impairment indicators. • We recalculated depreciation charge for the year as per the academy's accounting policy to confirm its accuracy. • We reviewed the academy's accounting policy to confirm that it is reasonable.	No issues were noted. Fixed assets are fairly stated with regards to existence, valuation and classification assertions.

3.1 High risk audit areas (Continued)

Issue	Audit risk	Risk level	Audit procedures undertaken	Conclusion
Accounting estimates	In accordance with ISA 540, accounting estimates are considered to be a higher risk area of the audit as it is through estimation and judgement that management could attempt to manipulate the financial statements.	Significant	• We agreed accruals and prepayments to supporting invoices. • We performed analytical reviews to assess reasonability of accruals and prepayments. • We recalculated depreciation charge based on the academy trust's policy.	No issues were noted.

3.2 Other areas of focus

Fund accounting

The financial statements include a number of restricted and unrestricted funds and the audit risk is that income and expenditure is not correctly allocated to the correct fund. We reviewed the nature and purpose of each fund in line with supporting documentation and tested a sample of transactions to ensure that they are allocated to the correct fund. No issues were noted

Disclosures in the financial statements

A number of disclosures included in the statutory financial statements are not derived from the academy trust's financial reporting system, for example related party transactions. We assessed the accuracy and completeness of the related party disclosures in the financial statements informed by a review of declaration of interest forms and controls and searches at Companies House. No issues were noted.

Related party transactions

Transactions with related parties may not be in line with the latest Academy Trust Handbook. We reviewed all related party transactions, obtained copies of statements of assurance and confirmed declaration to the DfE. No issues were noted.

4. Report of significant weaknesses in systems and internal controls

4.1 Introduction

We set out below the significant matters we became aware of during our audit, which relate to the effectiveness of the company's accounting and financial control systems. We have used the following grading system to indicate the significance of the issues we have raised and the priority that we believe should be given to our recommendations.

Rating	Description
High	Should be urgently attended to by the directors and management. These are significant issues that may result in a qualification in the audit report in future periods if not satisfactorily addressed.
Moderate	Issues requiring the attention of the directors and management. Issues ranked as moderate require close monitoring by the board and senior management to ensure timely resolution.
Low	Issues requiring management attention and correction. Issues ranked as low are generally routine in nature and should be resolved by general management. The board and senior management should be aware of these issues to enable monitoring of progress with their resolution. These issues may be reported to management in less detail than more highly rated issues.

	Audit finding	Potential effect	Priority	Recommendation	Responsible Owner	Implementation Date
1	Bank reconciliations at the year-end date showed trivial variances when compared to the trial balance.	While the variances are trivial, they could result in inaccurate reporting to the trustees and potential misstatements in the financial statements if left unresolved.		We recommend that monthly bank reconciliations are subject to timely review, with any discrepancies between the reconciliations and the trial balance investigated and resolved. Furthermore, transactions relating to the bursary and drama accounts should be accurately recorded in the finance system to ensure complete and transparent financial reporting.	J Daley	Autumn term 2025
2	During expenditure testing, 1 out of 20 transactions tested (5% of population) had a purchase order raised after the invoice date.	Non-compliance with the academy trust's financial procedures manual and scheme of delegation. Risk of overspend on budgeted areas where commitments are not being accounted for in a timely manner.		All staff should be reminded that an authorised purchase order must be on the system prior to placing the formal order with the supplier.	J Daley	Autumn term 2025

5. Status of audit recommendations from previous year

During the course of the audit we revisited the audit recommendations from the previous year's audit management letter and set out below the status of these recommendations.

Observations in 2024	Update in 2025
Bank reconciliations showed slight variances to the trial balance at the year end.	Similar issues exist in the current year audit. Recommendation raised in section 4 above.
Clear audit evidence of management accounts being shared on monthly basis needs to be maintained.	No issues to note in 2025.
Clear audit evidence needs to be maintained for skills audits being carried out each year.	No issues to note in 2025.

6. Regularity

There were no regularity, propriety and compliance matters that we became aware of during our audit, which relate to the responsibility to ensure that public money is spent for the purpose intended by Parliament (regularity) and a responsibility to ensure that appropriate standards of conduct, behaviour and corporate governance are maintained when applying the funds under the academy's control (propriety).

Appendix

Reconciliation of audited surplus/deficit

The surplus/(deficit) per the financial statements has been derived as follows:

			Statement of Financial Activities		Balance sheet		Effect on surplus/(deficit) for the year
			£	£	£	£	£
Surplus/(Deficit) per draft trial balance							**(37,148)**
1. Capitalisation of assets							
Dr Fixtures & fittings additions	0030	Furniture (Educational)			62,133		
Cr Expenditure	7200	General maintenance		62,133			
To recognise assets purchased in the year							62,133
Dr Land & Buildings additions	0010	Buildings and land			40,000		
Cr Expenditure	7200	General maintenance		40,000			
To recognise assets purchased in the year							40,000
Dr Computer equipment additions	0050	Educational Equipment			84,698		
Cr Expenditure	7710 - 395	ICT Support - Whole School		84,698			
To recognise assets purchased in the year							84,698

			Statement of Financial Activities		Balance sheet		Effect on surplus/(deficit) for the year
			£	£	£	£	£
2. Depreciation adjustment							
Dr Depreciation expense	8000	Depreciation expense	568,808				
Cr Depn Computer equipment	0055	Educational Equipment Depreciation				50,215	
Cr Depn Fixtures & fittings	0035	Furniture (educational) Depreciation				75,477	
Cr Depn Land & buildings	0015	Buildings and Land Depreciation				443,116	
To recognise the depreciation charge for the year							(568,808)
3. Accrued income adjustment							
Dr Accrued Income	1103	Prepayments			12,200		
Cr Pupil Premium	4350 - 120	GAG: Pupil Premiums		12,200			
To recognise the pupil premium due in October 2025							12,200
Dr Accrued Income	1103	Prepayments			7,240		
Cr Lettings	4322 - 120	GAG: Conditional Improvement Fund		7,240			
To recognise the lettings income due in 25/26							7,240
Dr CIF income	4322 - 120	GAG: Conditional Improvement Fund	398,298				
Cr Accrued Income	1103	Prepayments				398,298	
To recognise the reduction in CIF income that was accrued in 23/24							(398,298)

			Statement of Financial Activities		Balance sheet		Effect on surplus/(deficit) for the year
			£	£	£	£	£
4. Prepayments adjustment							
Dr Prepayments	1103	Prepayments			24,219		
Cr Expenditure	7710 - 395	ICT Support - Whole School		24,219			
To recognise the additional prepayments at year end							24,219
5. Accruals adjustment							
Dr Auditors remuneration	7610 - 610	Accountancy and audit fees	7,365				
Dr Electricity	7300	Electricity	7,000				
Cr Expenditure	7215 - 20	Building Works	750				
Cr Accruals	2109	Accruals				15,115	
To recognise the expected accruals at the year end							(15,115)
6. Other Creditors adjustment							
Dr Other Creditors	2100	Creditors			8,817		
Cr Expenditure	6000	Education Materials (Non ICT)		8,817			
To recognise the bursary movement							8,817
Dr CIF income	4322 - 120	GAG: Conditional Improvement Fund	637				
Cr Amount due back to DfE	2100	Creditors				637	
To recognise CIF amount due back to DfE							(637)

			Statement of Financial Activities		Balance sheet		Effect on surplus/(deficit) for the year
			£	£	£	£	£
7. Bank account adjustment							
Dr Expenditure	6000	Education Materials (Non ICT)	3,152				
Cr Bank	1240	Drama Society Account				3,128	
Cr Bank	1230	Middleton Bursary				25	
To recognise the movement in expenditure							(3,152)
Dr Bank	1240	Drama Society Account			5,298		
Cr Income	4200	Educational Visits Income		5,298			
To recognise the income received							5,298
8. Creditors adjustment							
Dr Creditors	2100	Creditors			2,630		
Cr Expenditure	7200	General maintenance		2,630			
To recognise correction of paid creditors during year							2,630
Actual Surplus/(Deficit) per Financial Statements							**(775,923)**

There are no material uncorrected misstatements to be reported.

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Urmston Grammar School

Audit Findings

27th November 2025

Dear Sirs,

I am pleased to report that Urmston Grammar has discussed the audit report and the audit findings with the trustees of the academy.

The following points were made by our Auditors DJH;

Bank reconciliations at the year-end date showed trivial variances when compared to the trial balance.

The difference is always the same each month. Investigations into why this variance is there have been carried out and no solution was given. The software provider were also unable to help.

During expenditure testing, 1 out of 20 transactions tested (5% of population) had a purchase order raised after the invoice date.

Staff will be reminded that the order must be placed on the system where possible before the order is placed with the supplier. Sometimes this is not always possible. Unfortunately, on this occasion this order was placed on the system after the order had been placed with the supplier. The order itself was only a small amount but should still have followed the guidelines put in place.

Yours faithfully

Thomas Kennedy-Fowler
Academy Trust Accounting Officer