Final Management Report for Brighter Futures Academy Trust

Period ended 31 August 2016

Revell Ward Ltd
7th Floor, 30 Market Street, Huddersfield
West Yorkshire, HD1 2HG
Tel +44 (0) 1484 538351 Fax +44 (0) 1484 550000

Contents

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. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify.

We do not accept any responsibility for any losses 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.

1. Executive Summary

1.1. Purpose of this report

This report highlights the key matters arising from our audit of Brighter Futures Academy Trust ("the company") financial statements for the period ended 31 August 2016. It reports our audit findings to officers and those charged with governance in accordance with the requirements of International Standard on Auditing 260 (ISA).

1.2. Introduction

In the conduct of our audit we have not had to alter or change our planned audit approach.

We received draft financial statements and accompanying working papers at the start of our audit in line with the agreed timescale.

The financial statements have been produced to a high standard and comprehensive working paper trails were provided to support the figures in the accounts.

1.3. Key issues arising from our audit

Financial statements opinion
We anticipate providing an unqualified opinion on the financial statements.

Controls
The trustees are responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of internal control.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where we identify any control weaknesses as part of our testing we report these to those charged with governance.

Our work did not identify control weaknesses.

Acknowledgment
We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

2. Audit findings

Audit matters of governance interest are those that arise from our audit of your financial statements and that we consider to be important and relevant to you in overseeing the financial reporting and disclosure process. We are not required as part of our audit to design audit procedures for the specific purpose of identifying matters of governance interest, so this report only includes those matters that have come to our attention during our audit work.

2.1. Audit findings against significant risks

"Significant risks often relate to significant non-routine transactions or judgmental matters. Non-routine transactions are transactions that are unusual, due to either size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty" (ISA 315).

In this section we detail our response to the significant risks of material misstatement which we identified in our audit plan. There are two presumed significant risks which are applicable to all audits under auditing standards being improper revenue recognition and management override of controls.

	Risks identified in our audit plan	**Work completed**	**Assurance gained and issues arising**
1.	**Improper revenue recognition** Under ISA 240 there is a presumed risk that revenue may be misstated due to improper recognition	• Review and testing of revenue recognition policies • Testing of material revenue streams	During the audit we tested all key income streams. There were no misstatements of income identified.
2.	**Management override of controls** Under ISA 240 there is a presumed risk of management override of controls	• Review of accounting estimates, judgments and decisions made by management • Testing of journal entries	Our audit work has not identified any evidence of management override of controls. In particular the findings of our review of journal controls and testing of journal entries has not identified any significant issues. We set out later in this section our work and findings on key accounting estimates and judgments.

2.2. Accounting policies, estimates & judgments

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgments made and included in the financial statements.

Accounting area	Summary of policy	Comments
Revenue recognition	As set out in note 1 to the accounts	Revenue recognition policies are adequately disclosed in the financial statements
Judgments and estimates	We identified the following as an area of potential management influence: • depreciation	Depreciation was not considered to be a significant risk. Our audit work identified no issues with depreciation.
Other accounting policies	We have reviewed the company's policies against the requirements of the accounting standards and best practice.	Our review has not identified any issues which we need to bring to your attention.

2.3. Audit adjustments

The net income for the year of £169,767 was not affected by any audit adjustments.

The only adjustments made arising from our audit work were in connection with the analysis of expenditure between different funds and the resulting transfers between funds. These changes were made in order to comply fully with the Academies Accounts Direction and the Charities SORP. The amounts involved were:

- Expenditure of £46,187 relating to income received from the Local Authority was transferred from General Annual Grant to Other restricted income funds and a transfer between funds for the same amount was cancelled as a result. This adjustment was for presentational purposes and there is no change to any of the fund balances.
- £51,303 was spent on fixed asset additions from designated unrestricted funds at one of the academies. As these assets form an integral part of the buildings, and therefore cannot be sold separately, a transfer between unrestricted funds and fixed asset funds had been included. However, in our opinion, expenditure on fixed assets paid for from unrestricted funds has to remain as part of the unrestricted fund. Therefore, it was necessary to treat the initial expenditure as a GAG cost with a transfer to cover the resulting GAG deficit of £26,757 being made from unrestricted funds.

2.4. Unadjusted misstatements

There are no potential adjustments which require reporting to governors.

2.5. Detailed finding re VAT claims

The outstanding VAT debtor of £280,625 has arisen due to the required information to complete the VAT126 form not being available automatically from the system. This has resulted in the need to review the supporting documentation for each transaction. System changes were made after completing the first two claims but this did not impact on older transactions already processed. The claim for the first year is well underway and the whole of the balance is expected to be cleared in the next 12 months

2.6. Recommendations

There are no formal recommendations arising from our audit work this year.