

26th November 2024



**Quest (A Church of England Schools) Trust and Play Pals Childcare Limited
(collectively referred to as the “group”)**

External Audit Findings Report For the year ended 31st August 2024

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Status and approach

This report has been prepared for the board of trustees of Quest (A Church of England Schools Trust) and Play Pals Childcare.

This report summarises the principle matters that have arisen from our audit of the accounts and regularity assurance engagement for the year ended 31st August 2024.

At the date of this report we anticipate no modifications to the audit report or the regularity assurance report.

Approach

Our audit procedures were carried out in accordance with International Standards on Auditing (UK and Ireland).

Our audit work was carried out at 682 Atherton Road, Wigan, WN2 4SQ and our office in accordance with our audit plan and in response to the perceived audit risks, no reasons or significant issues were identified which required us to change our approach and no additional risks were identified.

We consider the approach adopted will provide the trustees with the required confidence that a thorough and robust financial statement audit has been carried out.

Materiality

The concept of materiality is fundamental to the preparation of the financial statements and to the audit process. We have set our materiality level at £121,000 for the group, with materiality for Quest (A Church of England Schools Trust) and Play Pals Childcare Limited being £111,000 and £26,000 respectively..

For audit purposes £6,050 is deemed as merely trivial for the group.

Status and approach

Status of audit

Subject to no significant post balance sheet events we anticipate issuing clean audit and regularity reports.

Following on from our pro forma report on 6th November 2024, the following additional items have been added to Appendices 1-3:

Appendix 1 – Items 5 & 6 relating to payroll proof in total difference and UCS pupil exclusion clawback.

Appendix 2 – Item 6 relating to PlayPals fee income

Appendix 3 – Items 4 & 5 relating to credit note provision for PlayPals and corporation tax charge

During the course of our audit, we identified that the UCS has received utility invoices during the year which include the climate change levy (CCL) and VAT chargeable at 20%. The Trust should not be being charged the CCL and VAT should be charged at 5%. We notified the finance team of this during our audit process.

Please note that this report has been prepared for the sole use of Quest (A Church of England Schools Trust) and Play Pals Childcare Limited. It must not be disclosed to third parties, quoted or referred to, without our prior written consent. No responsibility is assumed by us to any other person.

Acknowledgements

We would like to take the opportunity to express our thanks to your team for their assistance during the course of our audit.

Status and approach continued ...

Independence

In accordance with the requirements of Auditing Standards and to assist you in reviewing the nature and extent of audit and non-audit services provided by Xeinadin Audit Ltd and its associates, we are writing to set out relevant matters.

The firm provides audit and regularity services in accordance with the terms of our engagement letter. All adjustments to the statutory accounts are discussed with Tonianne Hewitt (Chief Finance Officer) for approval.

Separate teams at Hallidays undertake all non-audit work for the Company. All estimates and judgements involved in the accounts preparation are discussed with Tonianne Hewitt (Chief Finance Officer).

It is the responsibility of the trustees to prepare the accounts on a going concern basis (unless it is inappropriate to prepare them on this basis), additionally the trustees must ensure that the financial statements present a true and fair view and that management go through an appropriate process to arrive at the necessary estimates and judgements.

We confirm that, in our professional judgement, we are independent of Quest (A Church of England Schools Trust) and Play Pals Childcare Limited and the objectivity of the audit engagement partner and audit staff is not impaired.

Legal and regulatory requirements

Our audit work complies with the following relevant legal and regulatory requirements:

- Financial Reporting Standards Applicable in the UK and Republic of Ireland (FRS102)
- the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (Charities SORP (FRS102))
- the Charities Act 2011
- the Companies Act 2006
- the Academies Accounts Direction 2023-24 issued by the Education Skills Funding Agency (ESFA)

Audit and Regularity opinions and comments

Our anticipated audit opinion will be a clean audit opinion. Our anticipated regularity opinion will be a clean regularity opinion

We have no comments to make concerning the qualitative aspects of the entity's accounting practices and financial reporting.

We did not encounter any significant difficulties during the audit. No adjustments have been made as a result of the audit process. Unadjusted misstatements noted in the audit process are included in Appendices 1 – 3.

A draft of our proposed letters of representation are attached appendix 4 and 5. There are two specific representations in Appendix 4 to which we draw your attention, paragraph 7 related parties and paragraph 19 in respect of LGPS surplus at UCS.

As you are aware from our letter of engagement, our audit procedures were directed towards testing the accounting systems in operation upon which we have based our assessment of the accounts. We have not identified any actual or potential weaknesses during the course of our audit. This does not constitute a comprehensive statement of all deficiencies that may exist in internal controls.

Significant accounting policies, disclosures and estimates

There were no significant accounting policies or estimates used, other than the LGPS valuation which is covered later in this report, that need to be brought to your attention.

Independence

We have discussed with you the fact that Hallidays provide accounting and taxation services to the company and Xeinadin Audit Limited act as auditors. Both are members of the Xeinadin Group. We wish to confirm to you that in our opinion the provision of such services by Hallidays do not affect our independence as:

The additional services provided are of a routine compliance nature and the Board takes any decisions where judgement is required;

The firm and the audit engagement team have therefore complied with relevant ethical requirements concerning independence.

Findings relating to planned risk areas: Significant risks

	Resolution
All detected or suspected instances of material fraud Review minutes of the governing body . Discussions with the senior management team. Review of large and unusual transactions with related parties for indications of possible fraud. Detailed testing of non-grant income	<ul style="list-style-type: none"> No information has come to light which suggests instances of material fraud have occurred.
Management override Review audit trail and journal entries posted within the period and maintain professional scepticism. Consideration of large and unusual transactions.	<ul style="list-style-type: none"> We have seen no evidence of management override.

Areas of management estimates –Local Government Pension Scheme (LGPS).

We obtained and reviewed a copy of the FRS 102 actuarial valuation prepared by the actuary and undertook procedures to determine our ability to rely on their work.

We confirmed that the Employee and Employer rates on the payroll records are in line with the contributions required under the scheme.

We reviewed the disclosure made in line with information we obtained for other school clients and publicly available information on the internet and via the Academy Auditors Forum.

- We have reviewed the actuarial assumptions and they are deemed appropriate
- We are satisfied that the accounting treatment and contributions are in line with expectations

Findings relating to planned risk areas:

Significant risks

	Resolution
<p>Completeness of provisions/ accruals We reviewed the provisions and accruals in the financial statements against primary documentation and post year end events.</p>	<ul style="list-style-type: none"> We are satisfied that there are no material exceptions to accruals. Please see Appendices 1-3 for those items to which we are to bring to your attention.
<p>Related Party Transactions potentially not included/ at cost principles not applied (regularity) Review minutes of the Governing Body Discussed with the senior management team. Review legal and professional costs for indicators of claims.</p>	<ul style="list-style-type: none"> No information has come to light of any non-compliance with the laws and regulations that could give rise to a material misstatement in the financial statements.

Capital Funding

We reviewed publicly available information for details of the school capital funding allocation.

We reviewed the minutes and publicly available information for details of larger capital projects and grants applied for.

We reviewed the documentation relating to capital grants.

We reviewed the bank statements after the year end to identify capital grant/SALIX loan funding receipts.

We reviewed purchase invoices after date for large capital items.

- We are satisfied that capital grants have been identified and recorded in full.
- We are satisfied that no SALIX loans have been identified and recorded.

Findings relating to planned risk areas: Significant risks

	Resolution
<p>Fixed Asset Valuation and Impairment Verification of the cut off applied on capital projects -where CIF projects run over the summer break</p> <p>Verification of a sample of additions to supplier invoice and physical verification of assets.</p> <p>Consideration of any indicators of impairment.</p> <p>Review of the methods of depreciation for appropriateness and application</p>	<ul style="list-style-type: none"> • We have not identified any items to bring to your attention in this area.
<p>Going Concern Consideration of the underlying data in the forecasts Consideration of the adequacy of support for the assumptions of the underlying the forecast and the consistency with our understanding of the academy. Consideration of the academy's past performance to assess the management's ability to reliably and accurately forecast.</p>	<ul style="list-style-type: none"> • We are satisfied that the Trust remains a going concern.

Findings relating to planned risk areas:

Key risks identified

Resolution

Staff Costs

The major cost for the Academy Trust is the direct teaching and other staff costs.

We tested in detail 32 employees of the academy and 14 employees at PlayPals to confirm that wages and salaries are paid only to bona fide employees of the Academy Trust & PlayPals for work done. The audit work undertaken included testing to confirm gross pay rates, pension and other deductions

We reviewed actual costs for the year against our expectations and obtained explanations for the variance.

- We undertook work in line with our outlined approach. Please see Appendix 1 for those items which we are required to bring to your attention.

Opening balances (Play Pals)

As a result of the inclusion of Play Pals within consolidated accounts for the Trust and due to these balances not being audited in the prior year, we reviewed comparative approved information and tested all material balances within the 2023 figures to ensure that opening balances in 2024 are materially correct.

- We undertook work in line with our outlined approach. Please see Appendix 2 and 3 in respect of items identified relating to opening balances based on our audit work undertaken.

Findings relating to planned risk areas: Key risks identified

	Resolution
Information on Instances of Non-Compliance with Laws & Regulations that could give rise to a material misstatement in the financial statements Review minutes of the Governing Body Discuss with the senior management team. Review legal and professional costs for indicators of claims.	<ul style="list-style-type: none">• No information has come to light of any non-compliance with the laws and regulations that could give rise to a material misstatement in the financial statements from the information reviewed to date.

Fees, non-audit services and independence

We have considered whether non-audit services might be perceived as a threat to our independence as the company's auditor and have ensured that appropriate safeguards are put in place.

The above non-audit services are consistent with the Board's policy on the allotment of non-audit work to your auditors.

Ethical standards and ISA UK 260 require us to give you full and fair disclosure of matters relating to our independence. In this context: We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention.

We have complied with the FRC's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the FRC's Ethical Standards.

For the purposes of our audit we have made enquiries of all the Xeinadin Audit Limited Network providing services to Quest (A Church of England Schools Trust) and Play Pals Childcare Limited. The table summarises all non-audit services which were identified.

During the year the fees for non-audit services totalled £16,170.

Non-audit service provided	Service provided by	Threat	Safeguard
Statutory accounts production	Hallidays (Network firm)	Yes	Separate team
Academies Accounts Return production and certification	Hallidays (Network firm)	No	N/A
Teachers Pension Scheme – End of Year Certificate audit	Hallidays (Network firm)	No	N/A
Corporation tax return – Play Pals Limited	Hallidays (Network firm)	Yes	Separate team



Supporting You

We know the importance of regular contact and our client care programme enables us to keep up to date with your challenges and offer an opportunity to share best practice.



Fixed Fee

All fees will be agreed and fixed up front. Any extra work will not be undertaken without your approval. We also offer a unique money back guarantee if you're ever unhappy with our service.



Strategic Hurdles

We will guide and support you through the legal, financial and regulatory responsibilities, which means you can concentrate on the strategic development of your practice.



Delivering Results

We aim is to become part of your team. We'll get to know your practice inside out; this means we can be a true business partner that easily identifies problems and spots opportunities.



High Quality

Our clients' needs have been placed at the heart of our growth. As part of our commitment to help you, we will always share best practice with you.

Why choose **Xeinadin?**



Our Culture

Hallidays – Xeinaadin Group is a modern and innovative practice with roots dating back to 1843. We are your ideal business partner and will work with you to achieve your goals.

Vision

To be the business partner that supports and inspires you to grow and achieve your ambitions.

Mission

Supporting and inspiring you to grow and achieve your goals.

Values

Support, Inspire, Grow.



Thank you!

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QUEST (A CHURCH OF ENGLAND SCHOOLS TRUST)
SCHEDULE OF UNADJUSTED ERRORS - Final Materiality £111,000 clearly trivial if below £5,550
FOR THE YEAR ENDED 31ST AUGUST 2024

Appendix 1

No	FILE REFERENCE		EXTRAPOLATED ERRORS		ACTUAL ERRORS		P&L		Balance Sheet		
			Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr	
	<u>ABOVE TRIVIAL - REPORTABLE</u>										
1	R300-1	payroll expense		19,071		3,098			22,169		
		payroll control account	19,071		3,098					22,169	
		Being potential overstatement of payroll expense based on a gross pay recalculation for a sample of employees									
2	J400	VAT recoverable	917		5,845					6,762	
		SOFA		917		5,845			6,762		
		Being difference in VAT recoverable									
3	L200	Fixed Assets	4,722		2,765					7,487	
		Accruals		4,722		2,765					7,487
		Being understatement of accruals in respect of capital works									
4	R300-1	Employers pension cost	9,377		2,174		11,551				
		Pension control account		9,377		2,174					11,551
		Being potential understatement of employers pension costs									
5	R300-2	SOFA - payroll costs		15,472					15,472		
		Payroll control account	15,472							15,472	
		Being payroll proof in total difference									
6	Q160	Grant income			7,800		7,800				
		Creditors				7,800					7,800
		Being pupil exclusion at UCS in 23/24 resulting in funding clawback post year end									
			49,559	49,559	21,682	21,682	19,351	44,403	51,890	26,838	
TOTAL UNADJUSTED ERRORS - REPORTABLE			Impact of unadjusted items - uplift to P&L				-	25,052	25,052		

QUEST (A CHURCH OF ENGLAND SCHOOLS TRUST) - PLAYPALS
SCHEDULE OF UNADJUSTED ERRORS - Final Materiality £26,000 clearly trivial if below £1,300
FOR THE YEAR ENDED 31ST AUGUST 2024

Appendix 2

No	FILE REFERENCE		EXTRAPOLATED ERRORS		ACTUAL ERRORS		P&L		Balance Sheet	
			Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr
ABOVE TRIVIAL - REPORTABLE										
1	L100-2	P&L - Supply costs	1,462		1,914		3,375			
		Creditors - accruals		1,462		2,296				3,375
		Being understatement of creditors								
2	L200	Prepayments			4,997				4,997	
		Trade creditors				4,997				4,997
		Being understatement of trade creditors and prepayments								
3	J200	Bad debt provision - P&L	10,739		8		10,747			
		Trade debtors - bad debt provision		10,739		8				10,747
		Being potential bad debt provision required								
4	L500	Other creditors			11,622				11,622	
		Accruals				11,622				11,622
		Being classification of accruals as other creditors								
5	SUP L200	Reserves b/f			2,634		2,634			
		P&L - premises				2,634		2,634		
		Being reversal relating to understatement of creditors in 2023 per Appendix 3 point 2								
6	Q200	P&L - fees income	7,278		106		7,384			
		Debtors								7,384
		Being potential overstatement of PlayPals fees income								
			12,200	12,200	21,280	21,557	24,140	2,634	16,619	38,125
TOTAL UNADJUSTED ERRORS - REPORTABLE			Impact of unadjusted items - reduction to P&L				21,506	-	21,506	

QUEST (A CHURCH OF ENGLAND SCHOOLS TRUST) - PLAYPALS
SCHEDULE OF UNADJUSTED ERRORS - Final Materiality £26,000 clearly trivial if below £1,300
FOR THE YEAR ENDED 31ST AUGUST 2024
IN RESPECT OF THE YEAR ENDED 31ST AUGUST 2023

Appendix 3

No	FILE REFERENCE	EXTRAPOLATED ERRORS		ACTUAL ERRORS		P&L		Balance Sheet	
		Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr
<u>ABOVE TRIVIAL - REPORTABLE</u>									
1	SUP J100	Trade debtors		3,810				3,810	
		Income - P&L			3,810		3,810		
		Being difference between trade debtors at 31/08/23							
2	SUP L200	P&L - Premises		2,634		2,634			
		Creditors - accruals			2,634				2,634
		Being understatement of accruals							
3	SUP L200	Prepayments		4,997				4,997	
		Trade creditors			4,997				4,997
		Being understatement of trade creditors and prepayments in 2023							
4	SUPJ200	Trade debtors - credit note provision		17,509	47				17,555
		Income - P&L	17,509		47	17,555			
		Being overstatement of trade debtors due to customer balances written off post year end							
5	P1	Corporation tax charge			14,950		14,950		
		Corporation tax liability		14,950				14,950	
		Being impact on corporation tax charge as a result of restatement of 2023							
			17,509	17,509	26,438	26,438	20,189	18,760	23,757 25,186
TOTAL UNADJUSTED ERRORS - REPORTABLE			Impact of unadjusted items - reduction to P&L				1,429	-	1,429