

***By Email only***

**Strictly Private & Confidential**

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17<sup>th</sup> December 2021

Dear Directors

**Letter of Comment (“Management Letter”) for the Year Ended 31 August 2021**

Following the completion of our audit fieldwork, we are writing to summarise and advise you of matters that have come to our attention of which you should be made aware. In accordance with International Standards on Auditing (UK and Ireland), we are expected to communicate to those charged with Governance and Management relevant issues arising from the audit. This letter of comment supplemented by our detailed systems report includes all such communication.

**Approach and Scope**

We have listed herein and separately within our interim systems report, recommendations in respect of possible improvements to accounting and internal control systems. This does not comprise a comprehensive statement of all weaknesses that may exist or of all improvements that could be made. It addresses only those matters that have come to our attention as a result of the audit procedures we have performed for the purpose of expressing an opinion on the financial statements. As required by International Standards on Auditing (UK and Ireland), the audit included consideration of internal control relevant to the preparation of the financial statements in order to design appropriate audit procedures but not for the purpose of expressing an opinion on the effectiveness of internal control.

This letter should not be considered in isolation from our interim systems report and we strongly recommend that this letter should be considered alongside and in conjunction with it.

For ease of reference, we have summarised and prioritised findings from our systems report within this letter.

**Summary of Recommendations (Section d and f):**

No. of High Priority Recommendations	-
No. of Medium Priority recommendations	1
No. of Low Priority Recommendations	-

**(a) Expected modifications to the auditor's report**

There are no expected modifications to the audit report on the Financial Statements.

Auditors are also required to provide a second "regularity report" in their role as Independent Reporting Accountants and this too is expected to be unmodified.

**(b) Audit Adjustments**

Set out below is a list of audit adjustments for which you have authorised adjustment to the financial statements, and those adjustments have been effected.

	<b>Effect on Fund Balances £'000</b>
Funds per ledger	1,331
Fixed asset additions were "capitalised" in the financial statements, i.e. reported as fixed assets in the balance sheet rather than as expenditure within the Statement of Financial Activities. Reserves available for spending are unaffected by this adjustment but the value of the fixed asset fund is increased.	48
Depreciation of fixed assets has been charged to the fixed asset fund.	(83)
The movement in the prior year FRS 102 (LGPS) liability has been included in the financial statements, impacting on the Pension Reserve.	(700)
Late year-end adjustments (accruals prepayments etc)	(7)
Closing stock adjustment	(5)
Additional accrual	(2)
Restatement of prior year loan	(10)
Correction of salaries posted net.	(28)
Funds per Accounts	<u>544</u>



In addition to the above, some presentation adjustments have been included in the financial statements although these have had no impact on the total of fund balances;

1. Allocation of income and expenditure to relevant funds.
2. Transfers between funds have been included in the financial statements, where required (e.g. to reflect the source of funding for fixed asset additions).

**(c) Potential Adjustments**

Other than the adjustments listed at b), above, we have not identified any misstatements or omissions (unless clearly trivial) from the financial statements, which have not been adjusted by you.

**(d) Recommendations in respect of accounting and internal control systems arising from work performed during the audit**

We have set out below a summary of the matters we have raised within our system report. We have included our view of the priority (low, medium or high) of each point. In arriving at our view of priority we have considered both the potential impact of the weakness identified and the likelihood of the related risk materialising.

	<b>Point Raised</b>	<b>Priority</b>
1.	We recommend that the ESFA are notified in advance of related party transactions.	Medium Priority

**(e) Status of Previous Year Recommendations**

The Accounts Direction 2020/2021 requires auditors to report on the status of previous year recommendations. None were identified as recurring recommendations.

**(f) Letter of representation**

A draft letter of representation is attached. The representations requested are important, but standard.

**(g) Significant difficulties, if any encountered during the audit**

We did not encounter any significant difficulties during the audit.

**(h) Significant matters, if any arising from the audit**

There are no further significant matters that we need to bring to your attention.

**(i) Independence Issues**

As agreed with you, the provision of non-audit services to you results in a potential threat to our independence. We can confirm that as required by professional ethical standards, we have implemented appropriate safeguards to deal with this threat, in accordance with the guidance issued by our professional body.

**(j) Other Action Points – Reminders and Submissions**

- (i) **A written reply should be prepared** in response to this letter. Please return it to us keeping a signed copy for your own records and for submission to ESFA (see (iv) below).
- (ii) On return to us of the signed statutory accounts and representation letter, we will certify the audit report(s) and send you the certified accounts for submission to the ESFA (**the filing deadline is 31 December 2021**). You must also publish the accounts in full on your website by **31 January 2022**.
- (iii) The accounts and other documentation **must be submitted electronically to the ESFA. Auditors have not been given access** to the online filing so the **submissions must be made directly by the academy trust**.

The Trust will therefore need to submit by 31 December 2021:

- i) an **“accounts cover sheet”**, summarising key facts about the accounts.
  - ii) the accounts for the year, signed by the Trust and **certified by the auditors**.
  - iii) the letter of comment from the auditors (**i.e. this letter**), together with the Trust’s response thereto.
  - iv) the annual internal scrutiny report/summary
- (iv) An accounts return must be completed, signed and submitted to the ESFA prior to **25 January 2022**. We will correspond with you separately on this, if we have not already done so.

Please note that this report has been prepared for the sole use of the Directors of Lanesend Primary. We appreciate that a copy of this letter is required to be submitted to the ESFA. Apart from that however, it must not be disclosed to third parties, quoted or referred to, without our prior written consent. We assume no responsibility to any other person.

We would like to take this opportunity of expressing our thanks to your staff for their assistance during the course of our audit.

If you have any queries regarding the matters raised in this letter, or other issues of concern please contact us as soon as possible.

Yours faithfully,



Baxter & Co