

Buzzacott

Post Audit Report

The Kite Academy Trust

Year ended 31 August 2025



The Trustees
The Kite Academy Trust
Holly Lodge Primary Academy
Stratford Road
Ash Vale
Surrey
GU12 5PX

19 December 2025

Post-audit management report for The Kite Academy Trust for the year ended 31 August 2025

This post-audit management report presents the observations and matters which came to our attention during our audit, which are considered to be significant, as required by International Standard on Auditing (UK) 260.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

We would like to take this opportunity to thank the finance team for their assistance provided during the course of our audit.

Yours faithfully



for Buzzacott Audit LLP

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		Senior Manager
		Tel: 020 7710 2621
		Email: bevisv@buzzacott.co.uk

Buzzacott Audit LLP, 130 Wood Street,
London, EC2V 6DL

Executive summary

Purpose of the external audit

Our work was performed with a view to expressing an opinion on the financial statements of The Kite Academy Trust (the Academy Trust) for the year ended 31 August 2025 and to draw a limited assurance conclusion concerning regularity and propriety in the application of government funding. Throughout this report, "you" and "your" refer to the Board. "We" and "our" refer to Buzzacott Audit LLP.

Our audit work also included consideration of the internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

The matters being reported are limited to those that were identified during the audit and that we conclude are of sufficient importance to merit being reported to those charged with governance and/or to the Department for Education (DfE) in accordance with their requirements.

We appreciate that you will already be aware of some of the matters contained in this report. However, in accordance with the DfE's requirements and International Standards on Auditing (UK) (ISAs) we are communicating them to you formally.

This report and its contents were submitted in draft form to Jeremy Meeks (Chief Executive Officer) and Jane Coleman (Director of Finance) for comment prior to finalisation.

Audit progress

We are pleased to report that the audit, from our perspective, ran smoothly and that the timetable for the overall completion of the audit has been met. We would like to take this opportunity to thank all those with whom we dealt during the audit for their assistance and co-operation, in particular Jane Coleman.

Opinions

Financial statements opinion:

In our opinion the financial statements give a true and fair view and have been properly prepared in accordance with the Academies Accounts Direction 2024 to 2025 issued by the DfE, and Companies Act requirements.

Regularity assurance conclusion:

In the course of our work nothing has come to our attention which suggests that in all material aspects the expenditure disbursed and income received during the year ended 31 August 2025 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Key audit findings

Key audit issues and outcomes

As part of our pre-audit planning process, we identified those areas where we believe there is a higher probability that a material error may appear in the financial statements as well as areas of significant interest or concern for management and those charged with governance. In the pages which follow we have provided a brief summary of the original risks we identified as part of our initial planning discussions, as well as any changes since our initial planning, and the outcome of our audit work in relation to those areas.

Principal risks

Area	Issue, response and conclusion
Income recognition	<p>Risk: There is an inherent risk in all organisations in relation to revenue recognition, i.e. that income may be accounted for in the wrong period or at artificially inflated or suppressed amounts.</p> <p>We have assessed the primary material income streams of the Trust to include:</p> <ul style="list-style-type: none">• Department for Education and ESFA grants; and• Grants from local authorities, including special education funding; <p>Results: We carried out detailed analytical review against expectations based on our understanding of the Academy Trust and against the prior year. Reasonable explanations were obtained from management, and significant variances were substantiated as appropriate. Our audit testing and sample-based checks including on our work on DfE and non-DfE income did not identify any issues to bring to your attention.</p>

Area	Issue, response and conclusion
Related party transactions	<p>Risk: In all organisations, there is an inherent risk that transactions with related parties could be undertaken on terms that benefit those who control the entity at the expense of other stakeholders or the entity itself. For this reason, UK Accounting Standards and the DfE Academies Accounts Direction require transparent disclosure of all transactions and balances arising between the Academy Trust and its related parties. In addition, the DfE Academy Trust Handbook places restrictions on the permissibility of certain related party transactions and required certain transactions to be reported to the DfE in advance of being entered in to.</p> <p>Results: The Academy Trust's procedures for identifying related parties and associated transactions were reviewed. This includes the requirement for each of the Trustees and Members of the Academy Trust Senior Management Team to update their declaration of interests annually, and to declare any interests they have at the commencement of business meetings.</p> <p>Based on the work undertaken, we have no concerns over the completeness of related party transaction disclosures, however we have raised an observation and recommendation in the appendix to this report due to a lack of availability of some declaration of interest forms and their completeness.</p> <p>We will obtain written representations from you also, asking the Board and management to confirm their satisfaction with the completeness of the disclosures made.</p>
Management override of controls	<p>Risk: There is an inherent risk in all organisations that management may be in a position to override controls or agreed protocol. Such actions may be taken in order to conceal or process unauthorised or inappropriate transactions, or may occur due to weaknesses in the control environment. Such actions could lead to either deliberate or inadvertent misstatement of the results portrayed by the financial statements.</p> <p>Results: Journal entries were reviewed, particularly those surrounding the year end and explanations were sought for any large or unusual items. All items tested and discussed with management were deemed appropriate.</p> <p>No suspense accounts were noted as being used during the year.</p>

Area	Issue, response and conclusion
Accounting estimates	<p>Risk: Certain accounting entries within the financial statements are made on the basis of an estimate and changes in the underlying assumptions could lead to a shift in the reported results. The most material estimates within the Academy Trust's financial statements include the estimate of the useful economic life of tangible fixed assets (and hence the depreciation charges), and the estimation of the pension asset made by the actuaries in respect to the Local Government Pension Scheme.</p> <p>Results: We are satisfied with the estimation techniques utilised. Testing of depreciation was satisfactory with all items tested being depreciated at the approved rate.</p> <p>The estimated value of the Local Government Pension Scheme provided by the scheme's actuary resulted in a surplus of £104,000 (Hampshire Pension Fund) and £2,115,000 (Surrey Pension Fund) at the year-end. FRS102 paragraph 28.22 states that: "If the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has a surplus. An entity shall recognise a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan." Management have determined that the Academy Trust is not currently able to recover the surplus under the Scheme rules, as a refund of the surplus is only recoverable at the point of exit of the Local Government Pension Scheme. The Academy Trust has no plans to exit the scheme and has therefore not recognised as asset or liability in respect of the Local Government Pension Scheme on the balance sheet.</p> <p>The assumptions used by the actuary appear reasonable.</p>

Other risk areas and audit considerations

Area	Issue, response and conclusion
Financial climate, reserves policy and going concern assessment	<p>Risk: The current financial climate is challenging. In 2023/24 a significant proportion of trusts in the sector incurred operational deficits and the funding environment remains challenging for both the 2024/25 academic year and for Budget Forecast Return submissions for 2025/26 and onwards. This means that there is pressure for many schools to deliver increased financial efficiency to achieve a break-even position and ensure long term financial viability.</p> <p>When approving the financial statements, the Trustees must consider whether it is appropriate for the financial statements to be prepared on the going concern basis and whether the disclosures in connection with the financial viability of the Academy Trust are adequate. The Trustees must therefore see financial information covering a period of not less than one year from the date of approval of the financial statements (i.e.</p>

Area	Issue, response and conclusion
	<p>to December 2026) in order to make their assessment of whether it is appropriate to prepare the financial statements on the going concern basis.</p> <p>The Academy Trust Handbook requires the Academy Trust to prepare a 'balanced budget' (which can draw on unspent funds brought forward from previous years). The Academy Trust must disclose its policy on reserves within the Trustees' report including providing details on how the level of reserves set within the policy compares to the financial position at the balance sheet date.</p> <p>Results: The balance sheet and year end reserves position was considered in conjunction with available budgets/forecasts, our knowledge of the Academy Trust's future plans and the reserves policy determined by the Trustees.</p> <p>The Academy Trust has prepared a going concern summary for approval by the Trustees which we have reviewed alongside supporting documents which include the three-year budget forecast return, post year end bank statements, funding remittances, payroll reports and student numbers.</p> <p>The policy of The Kite Academy Trust is to carry forward a prudent level of resources designed to meet the capital programme, long term development plans, cyclical needs of renewal and any other unforeseen contingency plans to support academies where pupil numbers are reducing. The Trust will aim to maintain a minimum level of revenue reserves balance of £500,000. Actual revenue reserves as at 31 August 2025 were £720,000.</p> <p>We are satisfied that the Trustees have given due consideration to the going concern status of the Trust and we are in agreement with the conclusion made in light of the evidence provided. This is reflected within our audit report.</p> <p>The Trustees' Report sets out the key elements the Trust has considered in arriving at this conclusion. The short and long term challenges, key contributors to the financial results for the year, and the key future risks as assessed by the Trust are set out under the "achievements and performance", "financial review" and "risk management" sections of the Trustees' Report. Where required, accompanying disclosures are also made within the governance statement and accounting policies.</p> <p>We have reviewed the Trustees' Report together with the disclosures made in the governance statement and accounting policies and confirm that the requirements of the Academy Accounts Direction have been met.</p>

Area	Issue, response and conclusion
Fund accounting	<p>Risk: Details of any restricted revenue funds as well as capital funds are reported within the notes to the financial statements. There is a risk that any unspent capital funds are not correctly captured within the fixed asset fund or that other restricted funds (e.g. Pupil Premium) are not correctly identified and reported within restricted revenue funds.</p> <p>The Academy Trust is also in receipt on School Condition Allocation (SCA) funding which is intended for utilisation on trust wide capital and maintenance works. Due to the timing of the associated budgeted works, the Trust anticipates that there will be unspent balances at the end of the financial year which will be held as cash within the fixed asset fund.</p> <p>If these restricted funds are not correctly reported, there is a risk that the Academy Trust's free reserves are therefore also not correctly reported and as a result the trustees could make decisions based on incorrect information about available funds.</p> <p>There is also a requirement for multi-academy trusts to disclose the level of reserves maintained at each constituent school within their financial statements unless reserves are formally pooled. There is a risk that this may be done inaccurately owing to inconsistent record keeping and therefore the balances of each school do not agree to the balances that the management teams at the individual schools are working with. Additionally, any reserves in deficit require a narrative disclosure in the notes to the financial statements to explain how the deficit will be addressed.</p> <p>Results: The Academy Trust had no unspent capital funds as at 31 August 2025 and therefore the net book value of the fixed asset fund is equal to the net book value of tangible fixed assets.</p> <p>A transfer of £91,000 has been made from the restricted fixed asset fund to the general fund which represents S106 funding which was allocated to the fixed asset fund several years ago. On review of the balance this year, it was noted that £91,000 of the funds received were spent on repairs and maintenance work which was not considered capital (this occurred in prior years), and therefore the transfer of these</p> <p>Restricted revenue funds including GAG funding are shown within the notes to the financial statements. As part of the responses to our regularity questionnaire, the Academy Trust has detailed how the use of restricted funds has been monitored.</p>

Area	Issue, response and conclusion
Aggregation risk	<p>Risk: There is a risk that the aggregation process for the multi-academy trust is not accurate. Journals that are processed as part of the accounts preparation may not fully identify intra-school transactions and balances. As a result, debtors, creditors, income and expenditure may potentially be misstated as a result within the aggregated figures.</p> <p>Results: We have reviewed the accuracy of the aggregation workings including the reconciliation of intra-Academy Trust and inter-group balances, ensuring transactions between individual schools, the central office are eliminated, and the appropriateness of other year end aggregation journals. No material concerns were noted.</p>
Regularity	<p>Risk: Regularity and the use of government funding continues to be a substantial focus of the DfE and National Audit Office. Ensuring regularity within the Academy Trust is the responsibility of the Board and the current focus on regularity in the academy sector has only increased the level of responsibility for the Board to monitor and document management of risk including risk of irregularity. DfE expects all academies to implement appropriate procedures and policies at all times, including during periods of school closure, which mitigate the risk of irregularity in (but not limited to) the following areas:</p> <ul style="list-style-type: none">• Procedures and policies in relation to risk management and ensuring that these are regularly considered;• Procedures and policies in relation to general procurement, use of credit cards and expense claims;• Procedures and policies in relation to the appropriate remuneration of payroll staff, agency staff and consultants; and• Procedures and policies in relation to the management of conflicts of interest and related party transactions. <p>Results: The regularity self-assessment was provided for audit, which was completed by the Academy Trust's finance team and reviewed by the Accounting Officer. The regularity self-assessment confirms the processes in place to ensure regularity, propriety and compliance within the Academy Trust in relation to the above areas and the other requirements set out in the Academy Trust Handbook.</p> <p>The Academy Trust has not informed us of any material control weakness or irregularity. Based on our review of the self-assessment questionnaire, the work undertaken to verify the responses provided, and our consideration of the regularity and propriety of transactions selected for our sample based testing, we are satisfied that the conclusion reached in our regularity assurance report is appropriate.</p>

Academies Accounts Direction

The financial statements follow the principles and format prescribed by the DfE in the Academies Accounts Direction 2024 to 2025 (the Accounts Direction). Compliance with the Accounts Direction also ensures that the requirements of companies and charities legislation are met. The key change relevant to the 2024/25 financial statements of the Trust relates to the statement of regularity, propriety and compliance signed by the Accounting Officer where updated wording and mandatory statements have been included. This has been included on page 18 within the financial statements of the Trust.

Academy Trust Handbook

Our audit work for the year ended 31 August 2025 was based on the requirements of the Academy Trust Handbook 2024 (ATH 2024). The Academy Trust Handbook 2025 (ATH 2025) was published in June 2025, which applies from 1 September 2025 for the 2025/26 financial year. The key changes applicable following the publication of the revised ATH 2025 are:

- The Handbook confirms that trusts should have an understanding of, and be working towards meeting (by 2030), the six core digital and technology standards. These comprise standards for broadband internet, network switching, wireless networks, cyber security, filtering and monitoring, and digital leadership and governance;
- Additional guidance is provided within the Handbook on estates management, with trusts expected to actively manage their estates, ensuring building safety and maintenance and alignment with educational outcomes with trustees explicitly responsible for strategic oversight of the estate;
- There have been updates to the duties of the Accounting Officer and definitions of regularity, propriety, value for money and feasibility to align more closely with guidance for Managing Public Money. Within this context feasibility considers whether a proposed action or expenditure is practical and achievable within available resources, sustainable over time and deliverable without causing undue risk or disruption to core activities;
- Additional guidance and support on procurement is detailed within the Handbook;
- The role of the Board in setting executive pay has been clarified, including processes which should be undertaken in determining appropriate remuneration levels;
- The definition of 'novel, contentious or repercussive' transactions has been aligned with Managing Public Money, with additional explanation provided as to how cost could cause a transaction to be repercussive;
- The DfE has confirmed that trusts must not pay any cyber ransomware demands;
- Educational performance has been removed as an area where a Notice to Improve (NtI) may be issued; and
- The DfE has confirmed that it may seek to recover funds in instances where there is evidence of irregularity or fraud.

The full handbook is available at the following link: <https://www.gov.uk/government/publications/academy-trust-handbook/academy-trust-handbook-2025-effective-from-1-september-2025> and the school estate management standards further detailed at <https://www.gov.uk/government/publications/school-estate-management-standards>

Accounting policies, estimates, and disclosures

Our work included a review of the adequacy of disclosures included in the financial statements and consideration of the appropriateness of the accounting policies and estimation techniques adopted by the Academy Trust. We believe that the disclosed accounting policies, significant accounting estimates and the overall disclosure and presentation to be appropriate for the Academy Trust and in compliance with the Accounts Direction.

Professional ethics

In accordance with our profession's ethical guidance and further to our letter to you confirming audit planning arrangements there are no further matters to bring to your attention in relation to Integrity, Objectivity and Independence.

Audit adjustments and unadjusted misstatements

Under Auditing Standards, we are required to provide you with details of any adjustments identified during the course of our audit work which have been made to the figures presented to us for audit.

Audit adjustments

Details of the adjustments which have been made to the figures presented to us for audit are provided at Appendix 1. These have been discussed and agreed with Jane Coleman. We will obtain written representations from you, as Trustees, that you concur with the adjustments.

Unadjusted misstatements

Other than clearly trivial misstatements, all misstatements identified during our audit have been adjusted.

Materiality

Materiality threshold £233,000

Reporting threshold: £11,650

You will note that our report refers to 'material misstatement'; materiality refers to the relative significance of a particular matter in the context of the financial statements as a whole. An item would be considered material if its omission or its erroneous inclusion would reasonably influence the decisions of those using the financial statements.

We are required to report corrected audit misstatements, and uncorrected audit misstatements in excess of our reporting threshold which is set at 5% of overall materiality.

Our materiality threshold has been based on 1.5% of operational income. A lower level of materiality may be selected for specific areas of the financial statements. For many disclosure items however, materiality is an absolute and not a relative concept. This specifically applies to transactions and other financial arrangements with Trustees and their connected persons, which would usually be considered material regardless of relative value.

When considering the impact of misstatements discovered during the course of our audit and considering the implications for our report of such misstatements, we will refer to this level amongst other things. Whether a misstatement is 'material' or not is ultimately down to the auditor's judgement.

Accounting and internal controls systems

Our work during the audit included an examination of some of the Trust's transactions, procedures and controls with a view to expressing an opinion on the financial statements for the year ended 31 August 2025.

This work was not directed primarily towards discovering weaknesses, other than those that would affect our audit opinion, or towards the detection of fraud. We have included in this report only 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.

ISA315 requires that we obtain an understanding and assess the control environment in place, with a particular emphasis on ICT controls however our work in this area is primarily performed to aid risk assessment for external audit purposes and should not be considered a substitute for a dedicated ICT and systems audit review. The general environmental risk in relation to systems failure and cybersecurity is high, and we recommend that the trustees ensure they continue to consider the mitigations and controls in place as part of their annual review of risk and their cyclical programme of internal scrutiny. Further DfE guidance on minimum cyber security standards for education establishments is available at <https://www.gov.uk/guidance/meeting-digital-and-technology-standards-in-schools-and-colleges/cyber-security-standards-for-schools-and-colleges>

Audit observations and recommendations

We are pleased to report that we found no significant deficiencies in the accounting and internal control systems during our audit.

The table below provides a summary of any observations made concerning weaknesses in the Academy Trust's accounting and internal control systems including those identified as part of the work performed to provide a conclusion on the regularity of the Academy Trust's transactions within the accounting period.

- Observations included in the "A" grade (red) banding indicate that, in our opinion, there is a risk of significant financial impact on the business that must be addressed immediately.
- "B" grade (orange) banding recommendations relate to those issues where there is a risk of moderate financial impact on the business, such as a control failure or the absence of a control in an area of moderate risk. These items should be addressed shortly.
- Observations included in the "C" grade (yellow) banding indicates that the matter, although important, does not warrant urgent attention and should be addressed within an agreed timeframe.

Priority	No of points	Relating to
A	0	
B	1	<ul style="list-style-type: none">• Declarations of interests*• AI policy
C	3	<ul style="list-style-type: none">• Reserves policy• Cyber essentials policy

*Items marked with an asterisk are observations which were also made and reported in our post-audit report to you last year, but which remain unresolved.

Further details in respect of the observations made and our associated recommendations are provided at Appendix 2 to this report. The matters have all been discussed with Jane Coleman and Jeremy Meek, who have appropriate management authority.

We have no further observations or recommendations to make in respect to the accounting and internal control systems or in respect to regularity and propriety.

In the prior year, we raised an observation relating to the valuation of fixed assets. the DfE (previously ESFA) have issued guidance to Academies on the valuation of land and buildings. The Academy has a significant portfolio of property which have historically been valued using a number of different bases, some of which may no longer be appropriate. We have discussed the treatment of the property valuations with management, and they have accepted our recommendation to review the guidance with regards to valuations when assessing the value of properties for financial statement purposes in future years. Although this point is still ongoing and therefore still relevant, we haven't repeated it in our report this year due to the action being taken by the Academy Trust, however we will continue to keep this under review.

Financial performance and position

Audited results

The results reported within an academy trust set of financial statements include a number of non-cash movements including Local Government Pension Scheme adjustments and depreciation charges, which do not usually appear within the management accounts. The analysis below shows the financial performance reported in the financial statements excluding these items so that the results can be more easily related to figures that are being reported in-year. Excluding movements on tangible fixed assets, the defined benefit pension liability, and other non-recurring items, the Academy Trust's "operational" deficit for the year was £75,000 (2024: £763,000), as reconciled below.

	2025 £'000	2024 £'000
Overall net movement in funds	161	(2,627)
Add: net movement attributable to the fixed assets fund (note 1)	739	2,625
Add: Pension attributable to Wyke leaving the Trust (note 2)	—	41
Less: LGPS actuarial gain (note 3)	(999)	(903)
(Less) add: LGPS service cost adjustment (note 3)	(24)	10
Add: LGPS interest cost adjustment (note 3)	48	91
Operational deficit for the year	(75)	(763)

	2025 £'000	2024 £'000
Reconciliation of revenue reserves		
Revenue reserves brought forward (note 4)	795	1,558
Operational deficit for the year (as referred to above)	(75)	(763)
Revenue reserves carried forward	720	795

Note 1: Movement on fixed assets fund

For the purposes of determining the “operational” deficit, the net movement in respect of the fixed assets fund has been disregarded on the basis that the principal movements within this fund relate to capital funding received and the depreciation applied on assets purchased from such funds, and therefore are not in relation to the day-to-day operation of the Academy Trust.

Note 2: Pension liabilities transferred with Wyke School

For the basis of calculating the operational result (in the prior year), the transfer is disregarded because it relates to a one off transfers of reserves and is not part of the day-to-day operational activity.

Note 3: LGPS (Local Government Pension Scheme) adjustments

The Academy Trust is one of several employing bodies included within the Surrey and Hampshire Pension Funds. The scheme’s actuaries have prepared a valuation of the assets and liabilities which are specific to The Kite Academy Trust so that the net liability/asset may be included on the balance sheet. For the purposes of determining the “operational” deficit, the non-cash adjustments necessary in accounting for the change in the liability/asset since 1 September 2024 have been excluded.

Note 4: Revenue reserves

The revenue reserves of the Academy Trust exclude the tangible fixed asset fund and Local Government Pension Scheme reserve. The revenue reserves therefore represent the funds available for the day-to-day operation of the Academy Trust.

Comparison of key financial ratios

For your information, we have included at Appendix 3 to this report a comparison of the Academy Trust's key financial ratios for 2023, 2024 and 2025 and also against the sector averages for 2023 and 2024.

Note that the ratios presented in the Appendix may differ from your own ratios where a slightly different formula is used. In addition, the population is drawn from data on approximately 100 academies based in the South East of England and Greater London and whilst they may provide a guide as to how the Academy Trust compares to the sector, there is a substantial amount of diversity across the sector depending on the individual circumstances of each academy.

Other information

Letter of representations

We take this opportunity to enclose a final draft of the letter of representations which we will ask the Trustees to sign at the same time as the approval and signature of the annual report and financial statements.

This includes acknowledgement of the Trustees responsibility for the design and implementation of internal controls to prevent and detect fraud.

As set out in our planning letter, we understand the following applied to the year ended 31 August 2025:

- The Board of Trustees of the Academy Trust exercised effective oversight of management's processes for identifying and responding to the risks of fraud in the Academy Trust and a system of internal controls was in place to mitigate these fraud risks.
- The key areas at most risk of fraud at the Academy Trust are:
 - The payment of unauthorised expenditure through the override of key controls; and
 - Third party fraud leading to payment being made to the incorrect recipient including cyber fraud.
- The Board of Trustees were not aware of any instances of actual, suspected, or alleged fraud, including misconduct or unethical behaviour related to financial reporting or misappropriation of assets.
- There have not been any out of the ordinary transactions.

If the above information is no longer correct, please contact Shachi Blakemore or Victoria Bevis.

Other work undertaken as part of the 2024/25 audit cycle

As set out in our External Audit Strategy to you we have also been engaged to provide you with the following services:

- **Teachers' Pension End of Year Certificate (EOYC) assurance**

We can confirm that we have concluded our work on this area. Our assurance report was issued to Teachers' Pensions along with the final End of Year Certificate. Our work did not raise any significant concerns which need to be drawn to your attention.

- **DfE Accounts Return assurance**

Our work on the Accounts Return assurance will begin in December. We do not have any concerns at this stage, and we will work with management to ensure that the Accounts Return together with our assurance report is filed ahead of the 28 January 2026 deadline.

Use of this report

This report has been prepared for your private use only. It has been prepared on the understanding that it will not be shared with any third party, other than the DfE, without our prior written consent and we can therefore assume no responsibility to any other party. The advice contained herein is based on the information you have provided and UK law and judicial and administrative interpretation as of the date of this report. Should the facts provided to us be incorrect or incomplete or should they change, our advice may be inappropriate. Buzzacott Audit LLP accepts no liability for losses arising from changes in UK law, interpretation or practice or in public policy that are first published after the date of this report.



Buzzacott Audit LLP

Date: 19 December 2025

Appendix 1: Audit adjustments

	Description	Statement of financial activities		Balance sheet	
		Debits (£)	Credits (£)	Debits (£)	Credits (£)
1	<p>DR Restricted Fixed Asset fund CR Donations: Revenue donations – general</p> <p><i>In addition to the above journal, a transfer was included in the funds note of £91,000 from the restricted fixed asset fund to the unrestricted general fund.</i></p> <p>Being the correction of treatment of the spend of S106 funding on repairs and maintenance in prior years.</p>	91,000			91,000

An adjustment was made to decrease the aggregate key management personnel remuneration disclosure in note 8 from £1,960,064 to £1,874,548 as one member of staff had been incorrectly included in the balance.

Cost and depreciation brought forward of long-term leasehold properties and motor vehicles have been restated as at 1 September 2024 by £12,105,000 and £13,000 respectively to more accurately reflect the correct cost and depreciation values as at that date. There was no impact of this restatement on the net book value as at 1 September 2024. This is reflected in note 14 of the financial statements.

The above adjustments had no impact on the Academy Trust's overall reserve balances or revenue reserve balances.

Appendix 2: Audit observations and recommendations

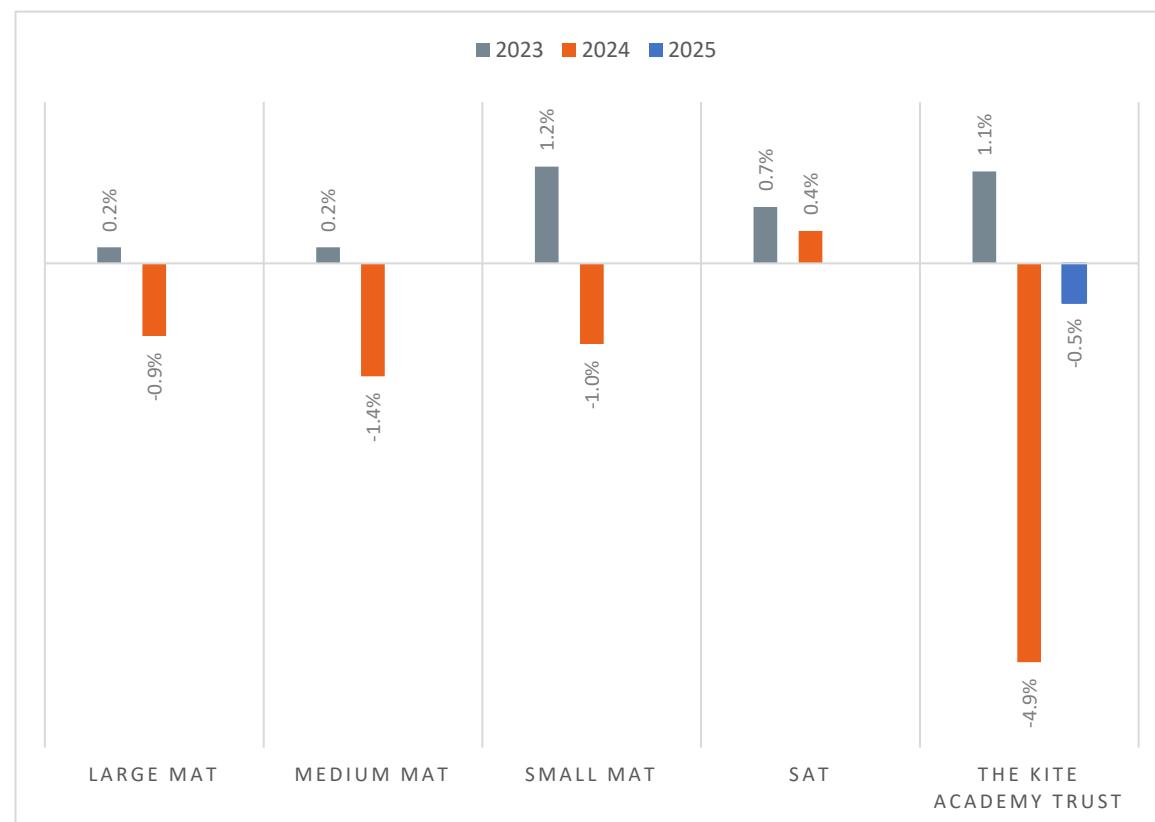
Observation and Implication	Recommendation	Management comment
<p>B Declarations of interest</p> <p>Declaration of interest forms had not been completed by some members of the Senior Leadership Team and Executive Team. Furthermore, the some of the Declaration of Interest forms completed did not contain specific details of close family members. There is a risk that related party disclosures are incomplete and that the finance office and trustees are unaware of potential conflicts of interests.</p>	<p>We recommend that Declaration of Interests are completed by all staff who would be considered to be key management personnel (the Senior Leadership Team and the Executive Team) as well as the Trustees and Members. We also recommend that the Declarations of Interest include names of all close family members as required by the SORP.</p>	<p>Person responsible: Governance Professional</p> <p>Date for implementation: January 2026</p>
<p>C AI policy</p> <p>The Trust does not currently have an approved policy for the use of AI by staff. Recent years have seen rapid growth in the use of AI, and should there be no policy in place there is a risk that it could result in, for example, an unanticipated data breach. With no policy in place, should an employee use AI in an inappropriate manner, taking appropriate disciplinary action may be challenging.</p>	<p>We recommend that the Trust seek to implement a policy on the use of AI by staff members and that key elements of this form part of staff training on data protection.</p>	<p>Person responsible: Director of Operations</p> <p>Date for implementation: 31 March 2025</p>

Observation and Implication	Recommendation	Management comment
C Reserves policy	<p>We note the Academy Trust has a free reserves policy of £500,000. However, the latest guidance from the DfE suggests a minimum policy of 5% of annual operational income which would equate to c.£795,000.</p> <p>Should a Trust have reserves under this threshold, the DfE may contact the Academy to look to understand the position and determine any potential support which may be required.</p> <p>In light of the free reserves held by the Trust at 31 August 2025 of £720,000, which is below the DfE suggested minimum policy, we recommend the Board revisit the reserves policy and whether the current budgets for the next three years adequately address the reserves requirements.</p>	<p>Person responsible: CEO</p> <p>Date for implementation: Level of reserves will be reviewed on an ongoing basis taking into consideration growth and any updated DfE guidance.</p>
C Cyber Essentials Accreditation	<p>The Academy Trust does not currently hold any cyber security accreditation.</p> <p>We recommend that the Trust seeks to obtain cyber security accreditation as a performance of best practice in order to add further assurance over the security of sensitive data held at the schools.</p>	<p>Person responsible: Director of Operations</p> <p>Date for implementation: TBC - following a review of work involved in achieving accreditation and the associated cost.</p>

Appendix 3: Comparison of financial ratios

The analysis of ratios is split between Single Academy Trusts and Small (fewer than 2,500 pupils), Medium (2,501- 9,000 pupils) and Large (9,001+ pupils) MATs.

Operational margin after transfers from revenue funds



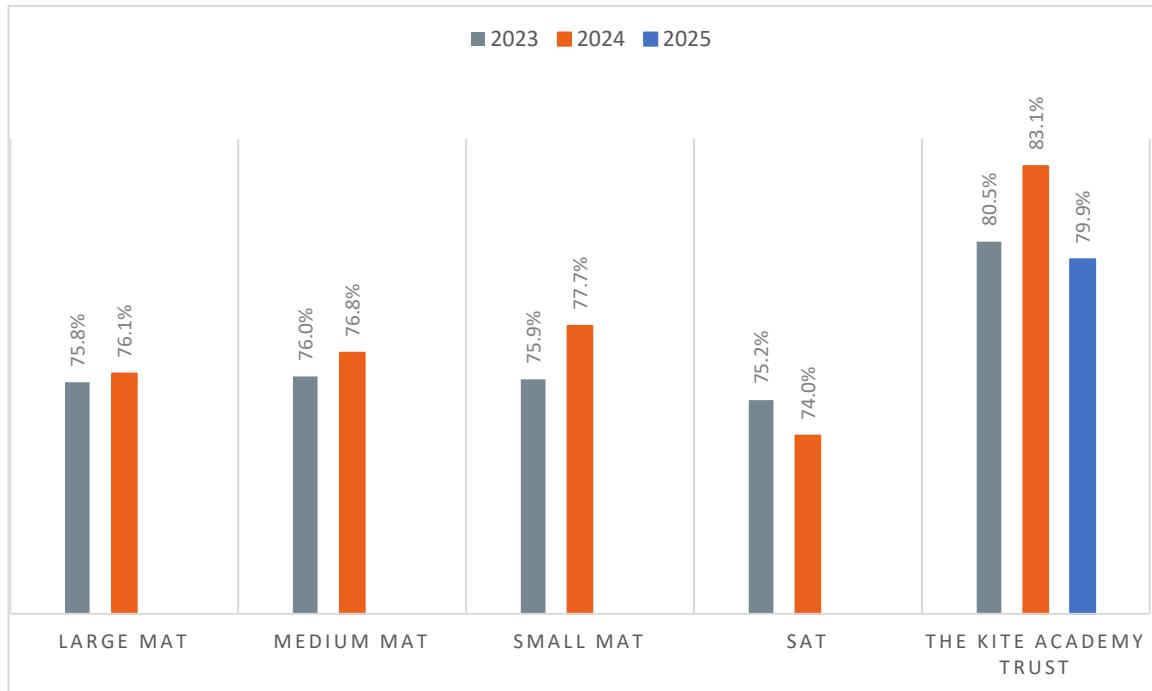
Formula: Surplus (deficit) for the year excluding fixed asset fund, LGPS adjustments and amounts donated on conversion ÷ Total income excluding fixed asset fund income and amounts donated on conversion.

The aim of an academy trust is not to generate profits on trading or capital gains, but to provide quality education and fully utilise its resources in so doing.

The most significant factor on the operations margin of trusts is payroll, the largest of a trust's costs. Though schools set their teachers' pay, these are determined by national pay scales, which along with employer pension and national insurance contributions are not within the control of an academy trust.

The impact of rising costs relative to funding levels began to be seen in 2022, with operational margins reducing across the sector and this has continued since, with the year ended 31 August 2024 being the first year that, on average, trusts within the sector made operating deficits.

Payroll as a % of operational income



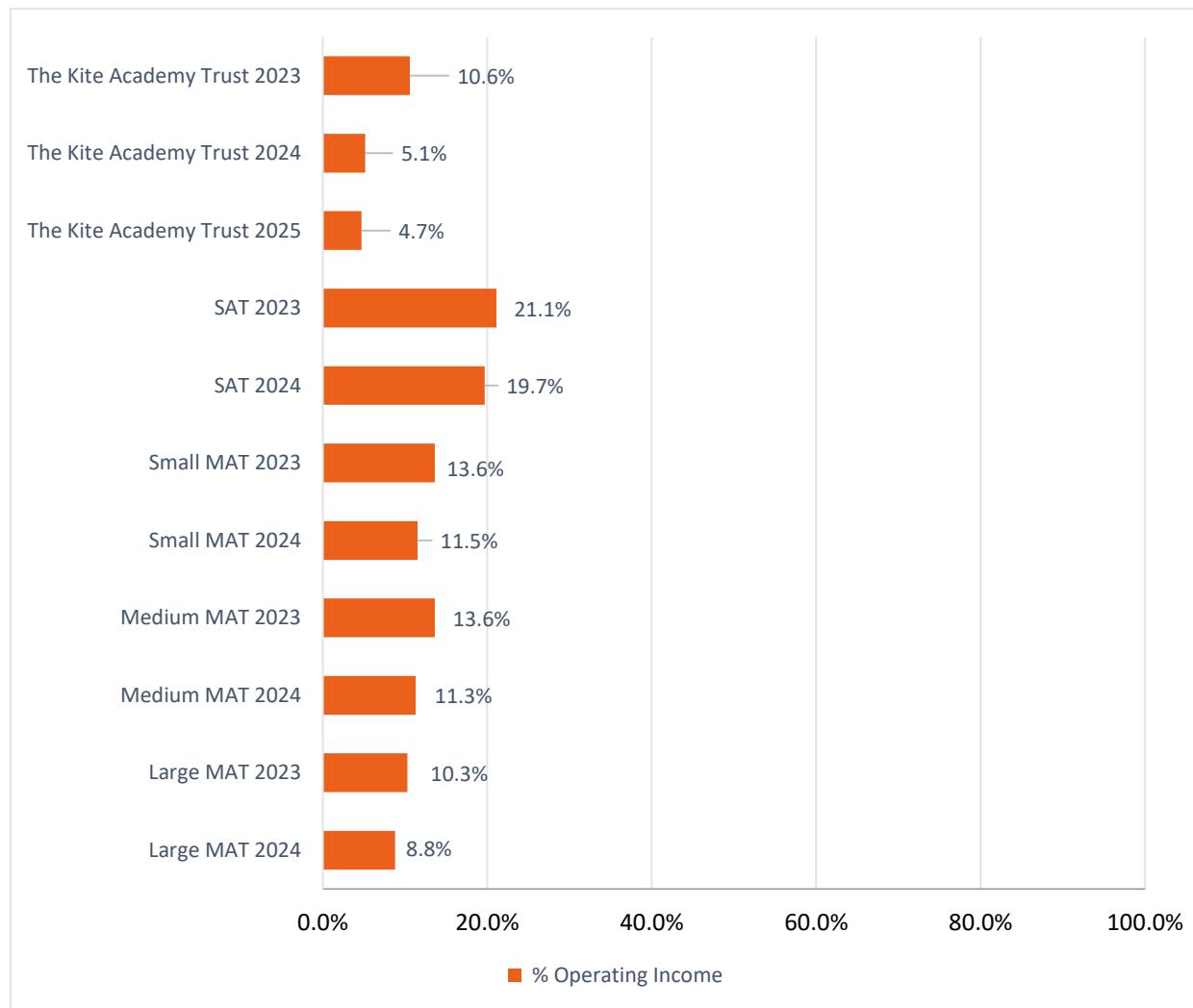
Formula: Total payroll costs (including agency costs but excluding defined benefit pension scheme adjustments and one-off severance payments) ÷ Total income (excluding capital grants, conversion balances, sponsorship and start up grants)

Staff costs represent the most significant area of expenditure for all academies and are viewed by third parties as a critical indicator of financial and operational efficiency. Typically, staff costs make up 70% - 80% of total costs. The sector has seen increases in pay costs with significant pay agreements reached in recent years and although elements of this has been funded, the net result has been an increase in payroll as a percentage of operational income between 2023 and 2024.

Using the data for 2023 and 2024, we also considered the overall payroll ratio by banding, which demonstrates a continued overall trend towards a higher payroll ratio.

Payroll banding	% Trusts 2024	% Trusts 2023
< 70%	9.8	11.8
70 – 75%	27.5	34.2
75 – 80%	42.2	35.1
80 - 85%	17.6	18.0
> 85%	2.9	0.9

Revenue reserves



The graph to the left shows the revenue reserves of the Trust as a percentage of operating income.

The government recommend that the amount an academy trust set aside is based on the type and size of the academy trust as well as the particular risks that it faces (for instance, if they are locked into a PFI contract). They encourage academy trusts to ensure that they keep at least one-month's salary cost as a revenue reserve. DfE guidance is published at <https://www.gov.uk/government/publications/academy-trust-financial-management-good-practice-guides/academy-trust-reserves>

When considering a reserves policy, academy trusts should consider wider financial risks and future plans to determine the appropriate level of reserves in the academy trust's own context. MATs should also consider how the reserves policy applied across constituent schools and to what extent risk can be spread across the trust. As a trust grows in size, the reserves held on a per school basis will typically be lower. In 2024 a "Large MAT" held on average around 8.8% of operating income within revenue reserves compared to 11.5% for a "Small MAT".

Actuarial assumptions

As for all academy trusts, support staff are eligible to participate in a relevant Local Government Pension Scheme, a multi-employer defined benefit scheme. In accordance with the requirements of the reporting standards, the Trust has included its share of the net asset in the scheme on its balance sheet, as estimated by the scheme actuary. As slight changes in the actuarial assumptions used can have a substantial impact on the overall net pension asset, we have provided in the table below a comparison of the 2024/25 LGPS retirement benefit assumptions against those of other educational organisations.

Assumptions	Sector Average	The Kite Academy Trust
Price increases	2.7%	2.7%
Salary increases	3.7%	3.6%
Pension increases	2.7%	2.7%
Discount rate	6.0%	6.0%
Life expectancy (male aged 65)	22.7	22.4
Life expectancy (female aged 65)	25.9	25.4

Appendix 4: Sector developments

Policy and compliance

Changes to UK GAAP

Financial statements of academy trusts are prepared in accordance with the Charity SORP and UK GAAP (FRS102) as well as the Academy Accounts Direction. Amendments to the SORP and FRS102 are in the process of being finalised, and will be reflected in the 2027 Academy Accounts Direction.

In March 2024, the Financial Reporting Council published amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The amendments encompass a number of changes including:

- a new model of revenue recognition designed to align UK GAAP with IFRS 15 Revenue from Contracts with Customers;
- a new model of lease accounting which brings assets under operating leases on to the balance sheet, designed to align UK GAAP with IFRS 16 Leases; and
- various other incremental improvements and clarifications which will need to be factored in to reporting in due course, for examples changes to requirements for disclosures within accounting policies.

The amendments will be effective for accounting periods beginning on or after 1 January 2026, meaning the year ending 31 August 2027 for academy trusts, and can be read at:

https://media.frc.org.uk/documents/Amendments_to_FRS_102_and_other_FRS_s.pdf

Development of new Charity Statement of Recommended Practice (SORP)

The Academies Accounts Direction is based on the Charities SORP which has been published following consultation with an effective date of 1 January 2026. Accordingly, we expect that the new SORP will also impact academy trust financial statements for the year ending 31 August 2027.

We will provide practical assistance for academies in managing the transition over the course of the coming twelve months.

Further details are available at: <https://charitysorp.org/>

Martyn's Law and the impact on academies

Martyn's Law, officially known as the Terrorism (Protection of Premises) Act 2025, introduces new security requirements for public venues, including academy schools, to better prepare for and mitigate the impact of terrorist attacks.

<https://www.legislation.gov.uk/ukpga/2025/10/contents>

The new requirements build on existing safeguarding and health-and-safety strategies. The key impact on academies relate to:

- Risk Assessment and Planning: Schools must assess the risk of terrorist incidents and implement protective measures. This includes developing evacuation, invacuation, and lockdown procedures;

- Tiered Requirements: Schools fall under the "standard" tier if they have a capacity of over 100 individuals. Larger venues with public-facing spaces, like theatres or sports halls, fall under the "enhanced" tier, which requires more detailed security plans and regular liaison with emergency services;
- Training and Awareness: Staff must receive appropriate terrorism awareness training to ensure they can respond effectively in an emergency; and
- Compliance and Oversight: Schools need to appoint a senior staff member, such as a site or business manager, to oversee compliance with the law. This individual will work closely with safeguarding leads and health-and-safety coordinators.

VAT Recovery

Recent from HMRC reviews with the sector have an emphasis on those trusts that are not registered for VAT and are submitting VAT 126 refund claims.

HMRC findings indicate that many trusts will automatically assume they can recover all the VAT they incur, however this is not correct. Technically academies who are not VAT registered cannot recover VAT attributable to business income. This could include for example rental and sports letting income and fees charged for the use of laptops.

HMRC expect to see a restriction of VAT on direct costs and an element of overhead VAT also restricted. Ie partial exemption calculations.

There is a risk of challenge from HMRC if trusts are recovering all VAT costs and it is recommended that trusts seek to ensure the methodology applied for VAT recovery purposes is in line with the above guidance.

VAT Reverse Charges

Although the reverse charge rule is not new, many organisations are failing to comply with VAT legislation when dealing with suppliers outside of the UK. This is particularly the case in the advent of increased spend with companies such as Google and Meta who do not charge VAT on their supplies invoiced through countries including Ireland

As a result, UK based organisations must account for VAT on these invoices as if it were an ordinary UK supplier resulting in a likely VAT liability being incurred and it is therefore imperative that charities carefully review each supplier invoice to ensure that the reverse charge mechanism is correctly being applied.

Department for Education Guidance

Digital and technology standards

The DfE continues to regularly update its guidance document "Meeting digital and technology standards in schools and colleges" with four sets of updates made in 2024/25, most recently on 10 March 2025.

Full details of changes made and available at the "updates" section of the below link.

<https://www.gov.uk/guidance/meeting-digital-and-technology-standards-in-schools-and-colleges>

Generative artificial intelligence (AI) in education

In June 2025 the DfE published updates to its policy paper on the use of AI in the education sector. This paper sets out the opportunities, including the potential to improve efficiencies and free up workload time for teachers, and challenges that AI presents to the sector from the perspective of the Department.

The publication also provides useful information in relation to the management of data and impact on intellectual property and is a useful resource for schools in determining their own policies in this area.

<https://www.gov.uk/government/publications/generative-artificial-intelligence-in-education/generative-artificial-intelligence-ai-in-education>

In addition, also in June 2025, Ofsted published a report on its findings on challenges observed within schools and further education colleges who had been early adopters of AI. The report also highlights gaps in knowledge about how AI may hinder education providers from using tools effectively to improve educational outcomes.

<https://www.gov.uk/government/publications/ai-in-schools-and-further-education-findings-from-early-adopters>

Financial support and oversight for Academy Trusts

In July 2025 the DfE published guidance providing information to academies as to how the DfE manages financial oversight and works with the sector in matters relating to financial health and compliance. The guidance also provides information as to how and when advice and support from the DfE can be accessed: <https://www.gov.uk/government/publications/financial-support-and-oversight-for-academy-trusts>

Best practice guides

During 2024/25, the DfE has updated best practice guidance with four areas receiving significant updates:

- Streamlined Energy and Carbon Reporting (SECR) for Academy Trusts

Provides more detailed guidance for academies in determining the most appropriate basis of making these calculations. The guide also notes that trusts which fall below the threshold for compulsory reporting within financial statements are encouraged to voluntarily publish this information on their website.

<https://www.gov.uk/government/publications/streamlined-energy-and-carbon-reporting-secr-for-academy-trusts/streamlined-energy-and-carbon-reporting-secr-for-academy-trusts>

- Management accounting

Provides an overview of the key features of management accounts which the DfE would expect from trusts, and the role of those charged with governance in the scrutiny of the management records.

<https://www.gov.uk/government/publications/academy-trust-management-accounting/academy-trust-management-accounting-good-practice-guide>

- Academy trust reserves

DfE guidance to the sector on academy trust reserves was updated on 2 June 2025. The updated guidance provides detail to trustees and trust leaders with respect to reserves, regulatory requirements and areas to consider in determining reserves policy.

As part of this guidance, the DfE strongly recommends that the reserves policy is reviewed annually, and that the period which the policy is intended to cover – for example, that two academic years form part of the policy.

The full guidance is available at:

<https://www.gov.uk/government/publications/managing-academy-trust-reserves/academy-trust-reserves--2>

The full list of available best practice guides is available at:

<https://www.gov.uk/government/publications/academy-trust-financial-management-good-practice-guides>

Assurance themes

On 17 September 2025, the DfE published an update detailing common themes arising from reporting in the 2024 to 2025 assurance year (covering the period ended 31 August 2024).

The report notes that just under 96% of accounts were submitted in advance of the 31 December 2024 deadline (from 95% in the prior year).

The financial statements of 0.6% of trusts included a qualified audit opinion (2022/23: 0.4%). The main reason for this was due to the basis of valuation of Local Government Pension Schemes. There was also a 3.5% increase in the number of audit reports including an emphasis of matter or material uncertainty from 9.5% in 2022/23.

The percentage of modified regularity conclusions on the 2023 to 2024 financial statements was 7.9%. This was similar to 2022 to 2023 when it was 7.8%.

The full report can be read at:

<https://www.gov.uk/government/publications/academy-trusts-themes-arising-from-esfas-assurance-work/...>

Safeguarding

Keeping Children Safe in Education

The latest version of the Keeping Children Safe in Education (KCSIE) guidance was published in draft in July 2025. The full guidance is available here:

<https://www.gov.uk/government/publications/keeping-children-safe-in-education--2>

As in previous versions, the guidance emphasises that it is essential that everybody working in a school or college understands their responsibilities with respect to safeguarding. All staff at academy trusts must therefore read Section 1 of the document at the very least. The 2025 update introduces several notable changes, aimed at enhancing safeguarding practices within schools and colleges.

Key changes include:

- Online Safety: The definition of online harms has been expanded to include misinformation, disinformation, and conspiracy theories.
- AI and Technology: New guidance on the use of AI in education and updated tools for filtering and monitoring systems have been included.
- Alternative Provision: There are clearer expectations for safeguarding responsibilities when a child is placed in AP. Schools must obtain written confirmation of completed safeguarding checks on AP staff and keep accurate records of the child's location.
- Attendance and Absences: The 2024 "Working Together to Improve School Attendance" guidance is now statutory. This includes sharing daily attendance registers with the DfE and integrating safeguarding and attendance policies.
- SEND: The language has been updated to align with the SEND Code of Practice, removing terms like 'spectrum' and 'disorder'.

Cyber security and fraud updates

Charity Fraud Trends and Prevention Strategies

Survey results from 139 UK charities show that fraud was as prevalent in 2024 as in 2023, affecting over one in four organisations. The most common types of fraud in 2024 were in respect of asset misappropriation, payment diversions and false expense claims which is broadly consistent with the previous year, with the cost-of-living crisis being cited as a contributing factor of the increased fraud

risk. The survey indicated that the perpetrators are usually internal to the charity (staff, volunteers or trustees) rather than external stakeholders.

Charity leaders must continue to take steps to reduce fraud risk within their organisations by strengthening financial controls (considering the use of technology to do so), increasing awareness of fraud through training and clearly defined and followed policies and promoting a culture of transparency from the top.

Findings from the Charity Fraud Report have been analysed in detail at: <https://www.buzzacott.co.uk/insights/charity-fraud-trends-and-prevention-strategies>

Reducing fraud in the education sector

The DfE updated guidance in June 2025 focussing on reducing fraud within the education sector. The guide provides context to users as to common fraud within the sector including theft, falsification of invoices and credit card fraud as well as preventative measures that can be applied.

Additionally, advice is provided as to how fraud reports can be made and on follow up procedures, including response plans to suspicious activity.

The full guidance is available at:

<https://www.gov.uk/guidance/reducing-fraud-in-the-education-sector>