

Private & Confidential

The Trustees
Kibblesworth Academy
West View
Kibblesworth
Gateshead
Tyne & Wear
NE11 0XP

Our ref: KIB0001NER/JR01/JLT

Your ref:

Date: 23 September 2016

Dear Trustees

Engagement letter audit services

The purpose of this letter, along with the attached schedule of professional services and related terms of business, is to set out the basis on which we act as auditors of Kibblesworth Academy (the academy) and the respective areas of responsibility of the trustees (being governors and company directors) and of ourselves.

1 Professional services provided

The professional services you have asked us to carry out are as follows:

- Audit of the financial statements (appendix 1)

The scope of these services is set out in the attached schedule of professional services and should be read in conjunction with our most recent terms of business dated August 2016. Any additional services that you ask us to provide will be subject to new or amended terms of engagement.

2 Agreement of terms

- 2.1 The terms set out in this letter, which includes the schedule of professional services and terms of business, shall take effect immediately upon your countersigning this letter and returning it to us or upon the commencement of the audit for the accounting period ended 31 August 2016, whichever is the earlier.
- 2.2 These terms will also apply to any matter dealt with in respect of periods prior to the period ended 31 August 2016.
- 2.3 Once it has been agreed, this letter will remain effective, from one engagement to another, until it is replaced or in exceptional circumstances where we are removed before the expiry of the term of office. We shall be grateful if you could confirm in writing your agreement to these terms by signing and returning the enclosed copy of this letter, or let us know if they are not in accordance with your understanding of our terms of engagement.

Here's to the future. We plan it. You shape it.

Evolution is a trading name of Evolution Business and Tax Advisors LLP, a limited liability partnership registered in England and Wales no. OC355799.
Registered office: Wynyard Park House, Wynyard Avenue, Wynyard TS22 5TB where a list of members' names is open to inspection.
Registered to carry on audit work in the UK & Ireland and regulated for a range of investment business activities by the Institute of Chartered Accountants in England and Wales.

Yours faithfully

C. Fitzgerald

.....

Signed for and on behalf of Baldwins (Wynyard) Limited t/a Evolution

We agree to the terms of this letter, together with the attached schedule of professional services and terms of business.

.....
Signed for and on behalf of Kibblesworth Academy

.....
Print name/position

.....
Date

KIBBLESWORTH ACADEMY

APPENDIX 1 – SCHEDULE OF PROFESSIONAL SERVICES: AUDIT OF THE FINANCIAL STATEMENTS

1 Responsibilities of trustees and auditors

1.1 As trustees of Kibblesworth Academy (the academy), you are responsible for keeping adequate accounting records that are sufficient to show and explain the academy's transactions and disclose with reasonable accuracy at any time the financial position of the academy and to enable you to ensure that the financial statements comply with the Companies Act 2006. You are also responsible for preparing financial statements which give a true and fair view and have been prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), the Academies Accounts Direction issued by the Education Funding Agency, the Companies Act 2006 and regulations made under it.

1.2 In preparing these financial statements, you are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy will continue in operation;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

You also have a responsibility not to approve these financial statements unless you are satisfied that they give a true and fair view.

1.3 Your responsibility for preparation of the financial statements extends to the application of exemptions and options on transition to, and application of, new accounting standards. As trustees of the academy you should also consider the impact of new accounting standards on the business, including the impact on going concern.

1.4 In accordance with the academy's funding agreement with the Secretary of State for Education you are required to ensure that the academy abides by the requirements of, and has regard to, the guidance in the Academies Financial Handbook and any subsequent amendments or variations including the Academies Accounts Direction. The Academies Financial Handbook sets out in detail provisions for the financial management of the academy including guidance on financial systems and controls and accounting and reporting requirements in so far as these are not inconsistent with any accounting and reporting requirements and guidance that the academy may be subject to by virtue of it being a charity.

- 1.5 As trustees of an academy, you have a duty under the Companies Act 2006 to prepare a strategic report, a directors' report and also an annual report (including a statement of trustees' responsibilities, governance statement and statement on regularity, propriety and compliance) for each financial year, complying in its form and content with requirements set out in the academy's funding agreement with the Secretary of State for Education. You should also have regard to Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) issued by the joint SORP-making body, and any subsequent amendments or variations to this statement. You should have regard to the Academies Accounts Direction issued by the Education Funding Agency and any subsequent amendments and variations made in respect of the relevant financial year.
- 1.6 You are responsible for such internal control as you determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error and which conform to the requirements both of propriety and good financial management. Additionally, you are also responsible for safeguarding the assets of the academy, complying with laws and regulations and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.
- 1.7 You are responsible for making available to us, as and when required, all the academy's accounting records and all other relevant records and related information, including minutes of all trustees' and management meetings and additional information that we may request. You will also provide us with unrestricted access to persons within the academy from whom we determine it is necessary to obtain audit evidence.
- 1.8 You are required to confirm in the statement of trustees' responsibilities that so far as you are aware, there is no relevant audit information of which we, as the academy's auditors, are unaware and that you have taken all the steps that you ought to take as directors in order to make yourselves aware of any relevant audit information and to establish that we are aware of that information. We are entitled to require from the academy's officers and employees such other information and explanations as we think necessary for the performance of our duties as auditors.
- 1.9 We have a statutory responsibility to report to the members of the academy whether in our opinion the financial statements:
- give a true and fair view of the state of the academy's affairs as at the year end and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
 - have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction issued by the Education Funding Agency.

We also have a statutory responsibility to state in our report whether in our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements. In addition, we have a statutory responsibility to report by exception if, in our opinion:

- adequate accounting records have not been kept by the academy or returns adequate for our audit have not been received from branches not visited by us;
- the academy's financial statements are not in agreement with the accounting records and returns;
- certain disclosures of directors' remuneration specified by law are not made;
- we have not received all the information and explanations which we consider necessary for the purposes of our audit.

If we have nothing to report in respect of the above matters we will include a statement in our report confirming this.

Where the financial statements do not disclose details of directors' benefits: remuneration, pensions and compensation for loss of office, the Companies Act 2006 also requires us, so far as we are reasonably able to do so, to include a statement in our report giving the required particulars.

- 1.10 We have a professional responsibility to report if the financial statements do not comply in any material respect with applicable accounting standards, unless in our opinion the non-compliance is justified in the circumstances. In determining whether or not the departure is justified we consider whether:
- the departure is required in order for the financial statements to give a true and fair view; and
 - adequate disclosure has been made concerning the departure.
- 1.11 Our professional responsibilities also include considering whether other information in documents containing audited financial statements is consistent with those financial statements and knowledge gained during the course of the audit.
- 1.12 As noted above, our report will be made solely to the academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work will be undertaken so that we might state to the academy's members those matters we are required to state to them in an auditor's report and for no other purpose. In those circumstances, to the fullest extent permitted by law, we will not accept or assume responsibility to anyone other than the academy and the academy's members as a body, for our audit work, for the audit report, or for the opinions we form. The audit of the financial statements does not relieve you of your responsibilities.
- 1.13 Joanne Regan is responsible for the auditor's report, and is therefore the Senior Statutory Auditor for the purpose of s504 of the Companies Act 2006, and will sign the auditor's report in his own name on behalf of the firm.
- 1.14 Under the Charities (Accounts and Reports) Regulations 2008 you are required to report as to whether you have given consideration to the major risks to which the academy is exposed, and to the systems designed to manage those risks. We are not required to audit this statement, or to form an opinion on the effectiveness of the risk management and control procedures.

- 1.15 We have a statutory duty to report to the Charity Commission under section 156 of the Charities Act 2011 such matters (concerning activities or affairs of the academy or any connected institution or body corporate) of which we become aware during the course of our audit which are (or are likely to be) of material significance to the regulator in the exercise of their powers of enquiry into, or acting for, the protection of charities.
- 1.16 Part 9 of the Academies Accounts Direction also requires us to report matters of material significance direct to the Education Funding Agency. To the extent necessary to enable us to comply with the Academies Accounts Direction you waive the academy's right of confidentiality. This waiver extends to any report made, document produced or information disclosed to the Education Funding Agency in good faith pursuant to these instructions, even though it may subsequently transpire that we were mistaken in our belief that there was cause for concern.
- 1.17 The provision of audit services is a business in the regulated sector under the Proceeds of Crime Act 2002 and, as such partners and staff in audit firms have to comply with this legislation which includes provisions that may require us to make a money laundering disclosure in relation to information we obtain as part of our normal audit work. It is not our practice to inform you when such a disclosure is made or the reasons for it because of the restrictions imposed by the 'tipping off' provisions of the legislation.
- 1.18 In the event that we cease to act as statutory auditors for the academy we are required by paragraph 9(3) of schedule 10 of the Companies Act 2006 to make available, if requested, all relevant information concerning the audit of the academy to our successors as statutory auditors. You agree to cover any reasonable costs of making such information available that we may incur in fulfilling our statutory duty.
- 1.19 In the event that we resign as statutory auditors for the academy a statement of the circumstances connected with ceasing to hold office shall be deposited along with the notice of resignation in accordance with section 519 of the Companies Act 2006. We also draw your attention to the requirements of sections 510 to 526 of the Companies Act 2006 in relation to auditor removal and resignation.

2 Scope of audit

- 2.1 Our audit will be conducted in accordance with the International Standards on Auditing (UK and Ireland) and will include such tests of transactions and of the existence, ownership and valuation of assets and liabilities as we consider necessary.

Those standards require that we plan and perform our audit in order to obtain reasonable assurance about whether the academy's financial statements as a whole are free from material misstatement, whether due to fraud or error. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of whether accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates and judgments made by you and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired

by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Our work will be planned in advance and incorporated into an audit plan. This may be varied on the basis of our findings during the course of an audit from year to year. Accordingly, we may modify our audit scope, rotate our audit emphasis and propose matters of special audit emphasis, as circumstances dictate.

- 2.2 We shall obtain an understanding of the accounting and internal control systems in order to assess their adequacy as a basis for the preparation of the financial statements, and to establish whether adequate accounting records have been maintained by the academy. We shall expect to obtain such appropriate evidence as we consider sufficient to enable us to draw reasonable conclusions therefrom.
- 2.3 The nature and extent of our procedures will vary according to our assessment of the academy's accounting system and, where we wish to place reliance on it, the internal control system, and may cover any aspect of the academy's operations that we consider appropriate. Our audit is not designed to identify all significant weaknesses in the academy's systems but, if such weaknesses come to our notice during the course of our audit which we think should be brought to your attention, we shall report them to you. We understand that you are required to provide a copy of this report to the Education Funding Agency. 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 as concerns the report. No responsibilities are accepted by Baldwins (Wynyard) Limited t/a Evolution towards any party acting or refraining from action as a result of this report.
- 2.4 The information used by you in preparing the financial statements will invariably include facts or judgments which are not themselves recorded in the accounting records. As part of our normal audit procedures, we will ask you to provide written confirmation each year of such facts or judgments and any other oral representations that we have received from you during the course of the audit on matters having a material effect on the financial statements. In particular, where we bring misstatements in the financial statements to your attention that are not adjusted, we shall require written representation as to whether you believe the effects of the uncorrected misstatements are immaterial, individually or in aggregate, to the financial statements as a whole. In connection with representations and the supply of information to us generally, we draw your attention to section 501 of the Companies Act 2006 under which it is an offence for an officer or employee of the academy to knowingly or recklessly make misleading, false or deceptive statements to auditors.
- 2.5 In order to assist us with the examination of your financial statements, we shall request sight of all documents or statements, including the Trustees' Annual Report, which are due to be issued with the financial statements. We are also entitled to attend all general meetings of the academy and to receive notice of all such meetings as well as to receive details of all written resolutions that are to be circulated to members.

- 2.6 The responsibility for safeguarding the assets of the academy and for the prevention and detection of fraud, error and non-compliance with laws or regulations rests with yourselves. However, we shall plan our audit so that we have a reasonable expectation of detecting material misstatements in the financial statements or accounting records (including those resulting from fraud, error or non-compliance with laws or regulations), but our examination should not be relied upon to disclose all such material misstatements or frauds, errors or instances of non-compliance as may exist.
- 2.7 We shall not be treated as having notice, for the purposes of our audit responsibilities, of information provided to members of our firm other than those engaged on the audit (for example information provided in connection with accounting, taxation and other services).
- 2.8 In respect of the expected form and content of our report, we refer you to the most recent bulletin on auditor's reports published by the Financial Reporting Council at www.frc.org.uk and the Academies Accounts Direction issued by the Education Funding Agency. The form and content of our report may need to be amended in the light of our findings.
- 2.9 Once we have issued our report we have no further direct responsibility in relation to the financial statements for that financial year. However, we expect that you will inform us of any material event occurring between the date of our report and the date that the financial statements are sent out in accordance with section 423 Companies Act 2006 which may affect the financial statements.
- 2.10 Where audited information is published on the academy's website or by other electronic means, it is your responsibility to advise us of any intended electronic publication before it occurs and to ensure that any such publication properly presents the financial information and auditor's report. We reserve the right to withhold consent to the electronic publication of our report if it or the financial statements are to be published in an inappropriate manner. It is your responsibility to ensure there are controls in place to prevent or detect quickly any changes to that information. We are not required to review such controls nor to carry out ongoing reviews of the information after it is first published. The maintenance and integrity of the academy's website is your responsibility and we accept no responsibility for changes made to audited information after it is first posted.
- 2.11 We assist in preparing iXBRL-tagged financial statements for submission to HMRC with the academy's tax return. We are not currently required by auditing standards to verify the iXBRL tagging or the underlying data as part of our statutory audit. The accuracy of this information remains your responsibility.

3 Communication

- 3.1 In order to promote effective two-way communication between us we set out below the expected form and timing of such communications.
- We shall contact Ken Etherington before the Summer holidays each year-end for preliminary discussions concerning the audit. We will confirm in writing the matters discussed and any agreed action.

During this discussion:

- We will arrange a meeting to discuss the forthcoming audit, including an overview of the planned scope and timing of the audit. Again we will confirm in writing the matters discussed and any agreed action.
- We will arrange a meeting to discuss the significant findings from the audit within 2 weeks of completing the on-site work. Again we will confirm in writing the matters discussed and any agreed action.
- The formal communications set out above are the minimum required to comply with auditing standards. We shall of course contact you on a more frequent and regular basis regarding both audit and other matters.

4 Limitation of liability

- 4.1 We will provide services as outlined in this letter with reasonable care and skill. Our liability to you is limited to losses, damages, costs and expenses caused by our negligence or wilful default. However, to the fullest extent permitted by law, we will not be responsible for any losses, penalties, surcharges, interest or additional tax liabilities where you or others supply incorrect or incomplete information, or fail to supply any appropriate information or where you fail to act on our advice or respond promptly to communications from us or the tax authorities.
- 4.2 You will not hold the directors or employees of Baldwins (Wynyard) Limited responsible, to the fullest extent permitted by law, for any loss suffered by you arising from any misrepresentation (intentional or unintentional) supplied to us orally or in writing in connection with this agreement. You have agreed that you will not bring any claim in connection with the services we provide to you against any of our members or employees personally.
- 4.3 Our work is not, unless there is a legal or regulatory requirement, to be made available to third parties without our written permission and we will accept no responsibility to third parties for any aspect of our professional services or work that is made available to them.