

Lee Chapel Multi Academy Trust

Audit completion report to the Board
Year ended 31 August 2025

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1. Introduction & executive summary

Introduction

We take great pleasure in presenting our audit completion report to the board for the year ended 31 August 2025. This report covers the findings from our audit – the scope of which was communicated to you prior to commencing the work – and the form of audit opinion we expect to issue.

This report also includes some recommendations for improving the accounting and internal control systems as well as highlighting some future developments that may be of interest to you.

We hope the recommendations are practical and can be implemented. We would be grateful if you could discuss the points and send us a written response. Please extend our thanks to Ann Burrows and the finance teams at all the schools for all their help with the audit.

We value feedback from all our clients. Please [click here](#) or scan the QR code to complete our client feedback form.

If you have any concerns or questions arising from this report, please contact James Saunders or Alfie King.

Moore Kingston Smith LLP

Moore Kingston Smith LLP

4 November 2025



This report has been prepared for the sole use of the members of Lee Chapel Multi Academy Trust and must not be shown to any third parties without our prior consent. No responsibility is accepted by Moore Kingston Smith LLP towards any third party acting or refraining from action as a result of this report.



Executive summary

Overview

This report summarises key findings in relation to the audit of Lee Chapel Multi Academy Trusts financial position and the results for the year ended 31 August 2025.

Our audit procedures are now completed, and we expect to issue an unmodified audit opinion on the financial statements of the academy trust for the fiscal year ended 31 August 2025 in accordance with the mutually agreed timeline.

Audit approach

As outlined in our audit planning report dated 23 September 2025, our audit approach is based on an assessment of the audit risk relevant to the individual financial statement areas. Areas of risk are categorised according to their susceptibility to material misstatement, whether through complexity of transactions or accounting treatment. For each area, we calculated a level of testing and review sufficient to give assurance the financial statements are free from material misstatement.

The tables in section 2 list any risks identified at the planning stage and during the course of the audit, our approach to address the risk and our overall conclusions.

Independence

We confirm that Moore Kingston Smith, its partners and staff involved in the audit remain independent of the academy trust in accordance with the FRC's Ethical Standard.

We have implemented policies and procedures to meet the requirements of the Financial Reporting Council's (FRC) Ethical Standards. We considered our independence and objectivity in respect of the audit for the period under review before commencing audit planning and communicated them with you in our audit planning report dated 23 September 2025.

No other matters have come to our attention during the audit which we are required to communicate to you.

Executive summary (continued)

Going concern

The trust's financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future.

Final materiality

The academy trust's materiality was determined based on revenue.

There were no changes to final materiality and triviality from that reported in our audit planning report.

Internal control recommendations

We detail in section 3 other matters concerning the operation of the accounting and internal control systems that we consider should be brought to your attention. The observations have been ranked in order of potential risk to the trust.

Significant internal control issues which we believe need immediate attention are denoted using a red flag. We have also included an assessment of the extent to which our previous recommendations have been implemented.

Thank you for providing your responses on the points raised.

Due to the nature of an audit, we may not have identified all weaknesses within the accounting and internal control systems which may exist, and the contents of this section, and any items disclosed in this report should not, therefore, be taken as a comprehensive list of such weaknesses.

Misstatements and reclassifications

We are required under International Standards on Auditing to request you correct all misstatements identified during our audit, with the exception of those that are clearly trivial.

Corrected material misstatements and reclassifications

Included in section 4 are the corrected, material misstatements and reclassifications identified during the course of our audit, which have been discussed and agreed with you.

Uncorrected immaterial misstatements and reclassifications

There were no uncorrected misstatements and reclassifications identified during the course of our audit.

Qualitative aspects of accounting practices, accounting policies and financial reporting

Based on our audit, we believe the trustees' report and financial statements for the period under review comply with United Kingdom Accounting Standards and the Companies Act 2006.

During the course of our audit of the financial statements for the period under review, we did not identify any inappropriate accounting policies or practices.

Executive summary (continued)

Letter of representation

A draft of our proposed management representation letter has been sent to you under separate cover. All matters included in this letter on which we seek the Governors' formal confirmation are in respect of routine matters except for the following:-

- Point 14 which relates to the valuation of the pension scheme.
- Point 15 which relates to the ownership of Chapel Hill's premises.

Matters specifically required by other auditing standards to be communicated to those charged with governance

Other than as already explained in our engagement letter, audit planning report and this audit completion report, there are no other specific matters to communicate as a result of our audit of the financial statements under review.

2. Identified audit risks



Identified audit risks – an overview

As identified in our audit planning report we assessed the following matters as being the most significant risks of material misstatement in the financial statements or an area of focus for our audit. These high-risk areas had a significant impact on our overall audit strategy, including how we allocated resources and directed the efforts of our audit team.

	Audit risk	Risk characteristic	Uncorrected misstatements	Corrected misstatements	Relevant control observations	Specific letter of representation point
1	Management override of controls	Significant	No	No	No	No
2	Fraud in revenue recognition	Significant	No	No	No	No
3	Staff costs	Normal	No	No	No	No
4	LGPS	Normal	No	No	No	No
5	Fund allocation	Normal	No	No	No	No
6	Capital expenditure and cut-off	Normal	No	No	No	No

Identified audit risks – key findings and conclusion

	Audit risk	Risk characteristic	Procedures performed	Key findings and conclusion
1	Management override of controls	Significant	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> enquiries of management about the risks of fraud, the controls implemented to mitigate those risks, and the oversight provided by those charged with governance regarding management's processes to address fraud risks; assessment of the design and implementation of controls that address fraud risk; review of management's estimates and judgements in the financial statements for evidence of any systemic bias; testing the appropriateness and verification of any large and unusual journal entries recorded in the general ledger including any consolidation and manual adjustments made in the preparation of the financial statements; review of journals posted in the relevant accounting period and those raised before and after the year end; evaluating the business rationale for significant unusual transactions. 	From the testing completed, no instances of management override have been noted.

Identified audit risks – key findings and conclusion (continued)

	Audit risk	Risk characteristic	Procedures performed	Key findings and conclusion
2	Fraud in revenue recognition	Significant	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • assessing the design and implementation of key controls relating to this risk and evaluate if we can place reliance on such controls; • evaluating and testing the application of the accounting policy for income recognition to ensure it is consistent with the requirements of FRS 102 and your accounting policy; • performing proof in total testing on annual government grant income; • sample testing sources of income outside of the annual government grant testing above and obtaining evidence to ensure appropriate revenue recognition. 	From the samples selected for testing we have not identified any instances of income being incorrectly recognised.

Identified audit risks – key findings and conclusion (continued)

	Description of risk	Risk characteristic	Procedures performed	Key findings and conclusion
3	Staff costs	Normal	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • assessing the design and implementation of key controls relating to this risk and evaluate if we can place reliance on such controls; • agreeing wages costs to payroll reports; • for a sample of joiners and leavers, agreeing joining/leaving date per payroll to personnel records; • reviewing of payroll reports to identify duplicate employees; • testing an appropriate sample of calculations of gross, net pay and deductions, by agreeing overtime and bonuses to supporting documentation and agreeing rates of pay to contracts. 	No material differences were identified from the testing conducted.
4	LGPS	Normal	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • reviewing actuarial valuations; • comparing actuarial assumptions with other academies; • ensuring that SOFA charge and actuarial gain/loss are not offset if balance sheet movement is £nil. 	From our testing conducted the defined benefit liability is materially correct in the financial statements.

Identified audit risks – key findings and conclusion (continued)

	Description of risk	Risk characteristic	Procedures performed	Key findings and conclusion
5	Fund allocation	Normal	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • testing a sample of income and expenditure transactions to examine the allocation and completeness of restricted funds; • examining the processes and procedures in place to check that any restricted items are identified and processed accordingly. 	No material misallocations were identified from our testing conducted.
6	Capital expenditure and cut-off	Normal	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • agreeing capital expenditure to supporting documentation; • reviewing additions to ensure the assets are disclosed within the correct asset categories. 	No material valuation or cut-off issues have been noted from our testing performed on fixed assets.




The background features a close-up, slightly blurred view of a filing cabinet's drawers. Each drawer is filled with papers, and the edges of the drawers are marked with colorful plastic tabs in shades of green, red, blue, yellow, and white. A large, solid teal triangle is positioned on the right side of the image, pointing towards the top-left corner, partially overlapping the filing cabinet. The text is centered within this teal area.

3. Internal control recommendations


Internal control recommendations

We are required to report to you, in writing, significant deficiencies in the internal control environment identified during the course of our audit. These matters are limited to those we have concluded are of sufficient importance to be reported to you. Our audit cannot necessarily be expected to disclose all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist. As part of our work, we considered internal controls relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.



We have categorised the internal deficiencies, noted via the following colour-scale rating system.

	We consider this to be of critical importance and recommend it is addressed as a matter of urgency.
	The control should be strengthened to enhance operational efficiency. The recommendation should be actioned in the near future.
	This is provided for either information only or we do not consider there to be a risk of material loss.



Internal control recommendations (continued)

	Current year observation	Recommendation	Response
Northlands Primary School			
	<p>Formulas within the fixed asset register During our review of the fixed asset register for Northlands Primary School, we identified two formula errors which resulted in depreciation not being calculated correctly for certain assets. This led to depreciation being overstated by £424 in the financial statements.</p> <p>Although the error is considered trivial in value and does not materially impact the financial statements, it highlights a weakness in the spreadsheet controls and review processes surrounding the fixed asset register.</p>	<p>We recommend the school implements a formal review procedure for the fixed asset register prior to finalising the financial statements. This should include checks for formula integrity and consistency to ensure depreciation is calculated accurately across all assets.</p>	<p>Noted. I have advised schools to cross reference end of year accruals to the invoices received post year end to ensure the depreciation is not overstated, as it was in this instance.</p>

Internal control recommendations (continued)

	Prior year observation	Recommendation	Implementation progress
Northlands Primary School			
	<p>Error in bank reconciliation A review of the year-end bank reconciliation indicated that two erroneous reconciling items were not identified and cleared due to an oversight.</p>	<p>Whilst these items were trivial, we would recommend that bank reconciliations are performed and reviewed on a monthly basis and all reconciling items followed-up for explanation to ensure that any erroneous transactions are identified on a timely basis.</p>	<p>There were no issues in relation to this for the year ending 31 August 2025 therefore this can be removed going forward.</p>
All Schools			
	<p>Fixed asset disposals The fixed assets register contains several fully written-down assets acquired over 10 years ago. There are indications that many of these items may have been disposed/scrapped in prior periods.</p>	<p>Whilst the inclusion of these items has no effect on the net carrying value of the assets disclosed within the financial statements, we recommend an exercise to review and confirm the fixed assets held is undertaken and updates are made to the fixed asset register accordingly.</p>	<p>There were no issues in relation to this for the year ending 31 August 2025 therefore this can be removed going forward.</p>

Internal control recommendations (continued)

	Prior year observation	Recommendation	Implementation progress
	<p><u>Duplicate joiners and leavers'</u> We note there are duplicate names included in the joiners and leavers list provided, resulting in individuals being included more than once.</p> <p>When a new contract is issued the individual is included as a leaver and a new starter. This is also the case for when an individual has multiple roles.</p>	<p>We recommend a review of the starters and leavers list is performed to ensure individuals are only included once as well as ensuring the system is only recording when individuals' are actual joiners and leavers.</p>	<p>There were no issues in relation to this for the year ending 31 August 2025 therefore this can be removed going forward.</p>
	<p><u>Lack of documentation for leavers</u> We note a casual worker ended their employment, however no formal documentation was created or kept in relation to this.</p>	<p>We recommend you ensure when notified of an employee leaving, a written letter is given stating the date of leaving and the reason why.</p>	<p>There were no issues in relation to this for the year ending 31 August 2025 therefore this can be removed going forward.</p>



4. Summary of misstatements

Corrected misstatements and reclassifications

#	Description	Balance sheet		Statement of Financial Activities		Effect on surplus
		Dr	Cr	Dr	Cr	
Draft surplus for the year presented for audit:						£1,256,000
1	Trade creditors (Lee Chapel)	22				
	Trade creditors (Northlands)	9,638				
	Accruals and deferred income (Lee Chapel)		22			
	Accruals and deferred income (Northlands)		9,638			
	<i>Being the adjustment to reanalyse negative trade creditor balances.</i>					-

Corrected misstatements and reclassifications

#	Description	Balance sheet		Statement of Financial Activities		Effect on surplus
		Dr	Cr	Dr	Cr	
2	Staff pension costs (Trust)				575,000	
	Gains on defined benefit pension schemes (Trust)			575,000		
	<i>Being the recognition of the costs in relation to the pension report.</i>					-
Final surplus for the year						£1,256,000

There were no uncorrected misstatements or reclassifications identified from our audit work.



5. Appendices

Employment Law Updates

Over the next few years, employers can expect significant changes in employment law that will impact their operations and workforce management. From enhanced protections against sexual harassment, neonatal leave and pay and the Employment Rights Bill, which introduces a massive 28 worker-friendly changes to employment law, it has never been more important for not for profit, already under increased costs pressures, to keep informed and take proactive steps to navigate and adapt to these changes, ensuring compliance whilst maintaining a productive and supportive work environment.

Prevention of Sexual Harassment

From 26 October 2024, not-for-profit organisations must take reasonable steps to prevent sexual harassment, including by third parties. The government intends to strengthen this obligation, making it a duty to take 'all' reasonable steps to prevent sexual harassment and expressly adding third-party harassment because of any protected characteristic into the statute. Not-for-profits will need to protect staff from a range of individuals, including clients, contractors, and visitors, and ensure that any actions taken align with safeguarding procedures.

National Minimum Wage

The National Minimum Wage for workers over 21 will rise to £12.21 from April 2025, with larger increases for lower age groups as the government begins the process of creating one National Minimum Wage for all. Not-for-profits must pay the new rates and may experience upward pressure on wages from lower-paid staff as wages improve across the economy because of the changes, while also experiencing downward pressure from other factors such as rising employer National Insurance costs.

Neonatal leave and pay

From April 2025, employees will have the right, from day one of employment, to take up to 12 weeks' neonatal leave to care for children who require neonatal care for 7 or more days within the first 28 days of birth. The leave can be taken within 68 weeks of the birth. Employees with over 26 weeks' continuous service will also be entitled to neonatal pay, at the same statutory rate as all types of family leave. Employees exercising or seeking to exercise their right to take neonatal leave and / or pay are protected from dismissal or unfavourable treatment for doing so. Not for profits should update their policies, contracts and handbooks and payroll systems, ensure that employees are aware of their rights and that managers are trained in dealing with applications for neonatal leave and pay.

Recent insights (continued)

The Employment Rights Bill

The Employment Rights Bill (ERB), published on 10 October 2024, contains 28 worker-friendly changes to employment law. Additional changes will be introduced outside of the ERB and, in the longer term, the government intends to review various areas of employment law.

Most of the changes will not be coming in until 2026 (unfair dismissal changes will come in no sooner than Autumn 2026), although at the rate the Bill is progressing through the legislative stage (the House of Commons approved the Bill on 12 March 2025, so it now goes to the House of Lords for debate and potentially amendments) some commentators are predicting that parts of the Bill, particularly the extension to Tribunal time limits, the ban on fire and rehire and the reintroduction to statute of employer liability for third party harassment could come in as early as October 2025.

Not for profits should be monitoring developments and preparing to react when the full and final details of the changes become known. This update summarises the key changes you need to be aware of.

New Day One Rights

New rights, from day one of employment, are:

- Unfair dismissal rights, subject to a statutory probationary period. The government is now consulting about this and how the probationary period will work in practice, so we will wait and see what finer details emerge, but we know that it favours clear and communicated objectives, the right

to appeal any decisions made during the probationary period and a 9-month duration.

- Paternity leave and unpaid parental leave will become day-one rights. Pregnant employees and those returning from family leave will receive additional protection against redundancy for six months post-return. Not for profits will need to update their policies ready for the law to come in in 2026 and prepare for increased requests.

Statutory Sick Pay

The waiting time for statutory sick pay will be abolished, allowing employees to receive SSP from day one. The lower earnings limit will be abolished and a lower level of sick pay will be introduced for people earning below the SSP rate. Businesses will need to keep abreast of and apply any changes to SSP rates and prepare for greater SSP liabilities.

Recent insights (continued)

Flexible working

Employees will continue to have the right to request flexible working, and not-for-profits will continue to have the right to reject requests for reasons allowed by statute. However, they must be able to show that it was not practicable to allow a request if they wish to reject it. They will also need to include flexible working options in job adverts where appropriate to the role. Not-for-profits should consider how they will manage increased requests for atypical working arrangements whilst ensuring that their operations are not compromised.

Restricted ability to fire and rehire

It will be automatically unfair for an employer to dismiss an employee for refusing to agree a change in their contract of employment unless the employer can show evidence of financial difficulties and demonstrate that the need to make the change was not reasonably avoidable. The government will double the cap on protective awards for failing to inform and consult collective from 13 to 26 weeks per affected employee. The government has, however, dropped its plan to grant employees a new right to apply to tribunals for interim relief, which would have essentially prevented employers carrying out its proposed course of action pending the outcome of litigation.

Ban on 'exploitative' zero hours contracts

Employers will need to offer staff on zero-hours or low-hours contracts a more stable arrangement based on actual hours worked over a reference period, expected to be 12 weeks. To avoid the emergence of any potential loophole, agency workers engaged on zero-hours contracts too will have the right to be offered guaranteed hours by the end user (e.g., the not-for-profit organisation) to reflect the hours worked during a reference period. There will be provisions requiring employers to provide reasonable notice of shifts, changes, or cancellations and compensation for cancelled shifts. Not-for-profits who use casual staff should consider carefully the impact that these changes may have on their business model in preparation for the changes.

Equality Action Plans

Employers with more than 250 employees will have to develop and publish action plans relating to gender equality, closing gender pay gaps and supporting employees through the menopause.

Extension to Tribunal Time Limits

The time limit for bringing many tribunal claims will rise from 3 months to 6 months, which may lead to a heightened risk of tribunal claims with employees having more time to prepare and plan for litigation and seek legal advice.

Recent insights (continued)

Tackling Non-Compliance in the Umbrella Company Market

Responding to a consultation by the previous government, the current government has said that it intends to amend the Employment Rights Bill to ensure that workers will have comparable rights and protections when working through umbrella companies as they would with direct recruitment agencies. Enforcement action will be taken against non-compliant umbrella companies.

Trade Unions

The new Bill will enhance trade union rights, potentially leading to increased union activity and industrial action in not-for-profits. The previous government's anti-union laws will be repealed and the legislative framework for trade unions will be updated to make it easier for unions to be recognised, organised, recruit and represent members. Not-for-profits should prepare to deal with increased requests for union recognition and, where unions are recognised, establish clear communication channels with staff and unions.

Collective Redundancies

The threshold for collective redundancy consultation (20 employees) will apply across an entire workforce rather than each workplace location. The government will increase the maximum period of the protective award from 90 days to 180 days and issue further guidance for employers on consultation processes for collective redundancies. This aims to deter employers from ignoring consultation obligations and ensure it is not

financially beneficial to do so.

Equality

This government is committed to advancing equality, diversity and inclusion. Not-for-profits should be prepared for changes to equality law. Pay gap reporting obligations will be extended to disability and race. Larger employers will be required to publish equality action plans, while smaller employers will receive guidance on various areas.

Changes outside of the Employment Rights Bill

Additional developments include a new statutory code of practice giving employees the right to disconnect (although recent news indicates that this may not now proceed), banning of unpaid internships, expansion of pay gap reporting obligations and further consideration about merging employee and worker status are also included.

Recent insights (continued)

The government announced that they intend to mandate the payrolling of benefits-in-kind the initial date was from April 2026, this has now been postponed to April 2027. While the government will further consult on these changes before implementation, this is a significant development in this area. Employers not already payrolling benefits will now need to familiarise themselves with the process, explore the advantages of payrolling benefits, and prepare for these changes before April 2027.

What is payrolling benefits?

Payrolling benefits is a mechanism whereby the employer processes the cash equivalent of a taxable benefit through the payroll.

Currently, the most common benefit provided to employees is private medical insurance. However, payrolling benefits can be applied to other benefits such as company cars, gym memberships, dental plans, etc. With the exception of living accommodation and loans, payrolling benefits can be applied to most benefits.

Why payroll employee benefits?

The key benefits of payrolling benefits can be summarised as follows:

- Employers are not required to include payrolled benefits on a form P11D or P46(Car). The P11D year-end benefit reporting process can be administratively burdensome for employers and confusing for employees in equal measure.

- Once registered, HMRC automatically identifies the employees with payrolled benefits and removes the benefits from their tax codes. Employees' tax codes are therefore often simpler and pay-as-you-earn (PAYE) deductions more accurate.
- Employers have fewer related administrative obligations when benefits are payrolled, potentially resulting in reduced professional fees or internal administrative work.
- The payrolling of benefits is usually simpler for employees, which can result in HR teams receiving fewer P11D and payroll queries.
- Where the benefit is withdrawn, this is immediately reflected in the employee's monthly salary.

While no P11D form is required where benefits are payrolled, the employer still needs to submit a P11D(b) form by 6 July after the end of the tax year. The P11D(b) is required to report the employer's Class 1A national insurance contributions (NICs) due on the payrolled benefits. The employer's liability is subsequently due to be paid by 22 July.

Recent insights (continued)

How does payrolling benefits work?

The employer calculates the amount of the taxable benefit provided and divides that amount equally between the number of months in the tax year. The monthly amount will be treated as a notional payment, subject to tax only.

For example, if an employee is paid monthly and the employer intends to payroll a benefit with a value of £1,500, an amount of £125 ($£1,500/12$) is put through payroll each month and taxed accordingly.

Employers can decide which benefits to payroll and for which employee. Not all benefits have to be payrolled.

Is it possible to payroll benefits early and how do you register and what is the deadline?

Payrolling benefits in kind is currently an option available to all employers, and many employers have payrolled benefits for several years.

Where an employer has decided to payroll their benefits, they need to register online with HMRC using their Government Gateway and access PAYE online services.

To operate payrolling benefits, registration must be made before the start of the relevant tax year (i.e. before 6 April 2025).

How can Moore Kingston Smith help?

At Moore Kingston Smith, our team of specialists are experienced in helping employers meet their tax and NIC obligations regarding employment taxes.

If you would like to discuss any of the above or are already payrolling benefits and would like independent confirmation that you are operating it correctly, please contact James Saunders or Alfie King.

Recent insights (continued)

Applicable to financial statements for accounting periods commencing on or after 1 January 2026

Amendments to FRS 102 and other FRSs

The Financial Reporting Council issued comprehensive amendments to FRS 102 and other FRSs on 27 March 2024, as a result of its second periodic review of the UK GAAP. Except for the amendment in relation to supplier finance arrangements, all other amendments to FRS 102 and FRS 105 apply to accounting periods commencing on or after 1 January 2026. The headline amendments are as follows:

- A single comprehensive five-step revenue recognition model similar to that under IFRS 15 is introduced to FRS 102. For micro-entities, similar amendments are made to FRS 102 with additional simplifications.
- The lease accounting requirements for lessees under FRS 102 are aligned with IFRS, bringing more leases onto the balance sheet with the recognition of right-of-use assets and lease liabilities. For micro-entities, there is no change to the lease accounting requirements for lessees under FRS 105.

Other amendments to FRS 102 include clarifying which disclosures would be necessary to give a true and fair view for small entities reporting under Section 1A, as well as more alignment with IFRS in terms of fair value measurement, share-based payment, accounting for uncertain tax positions etc. For entities applying Section 34 Specialised Activities, various improvements and clarifications have been made. There have been various minor amendments to a number of other sections of the Standard.

A copy of the amendments can be downloaded [here](#). Separately, the FRC has issued a minor update to its [Staff Factsheet 8 Climate-related matters](#).

Recent insights (continued)

Updated Company Size Thresholds

The UK government has announced plans to lay legislation before Parliament this summer to increase the company size thresholds by 50%, which are intended to apply to accounting periods beginning on or after 1 October 2024.

The new company thresholds in comparison with the current ones are shown in the table below –

	Micro		Small		Medium		Large	
	Current	New	Current	New	Current	New	Current	New
Turnover	<=£632k	<=£1m	<=£10.2m	<=£15m	<=£36m	<=£54m	£36m+	£54m+
Gross assets	<=£316k	<=£500k	<=£5.1m	<=£7.5m	<=£18m	<=£27m	£18m+	£27m+
Average employee numbers	<=10	<=10	<=50	<=50	<=250	<=250	251+	251+

Key <= means less than or equal to

LLP Regulations Updated

The LLPs regulations have been updated to incorporate changes in equivalent company legislation from the Economic Crime and Corporate Transparency Act. Key updates affect areas such as:

Restrictions on an LLP's name and change of name.

The requirement to make a statement to the registrar that the LLP's future activities are lawful, which will be made at the same time as the confirmation statement.

The latest statutory instrument "The Limited Liability Partnerships (Application of Company Law) Regulations 2024" can be accessed [here](#).

Recent insights (continued)

Financial Statement Filing Changes Announced

The Economic Crime and Corporate Transparency Act came into effect on 4 March 2024, which introduces the following changes:

- Companies Houses now have greater powers to query information, request supporting evidence and tackle and remove factually inaccurate information. They can also share data with other government departments and law enforcement agencies.
- Stronger checks on company names
- All companies must have appropriate registered office addresses (e.g. PO Box addresses not allowed)
- All companies must supply a registered email address
- All companies must confirm that a company is formed for a lawful purpose and to confirm its intended future activities will be lawful on its confirmation statement

Further key revisions to Company and Limited Liability Partnership (LLP) filing requirements will be implemented after the passing of a secondary legislation, as follows:

- All entities will be required to file accounts with Companies House by software only within the next two to three years. This applies to directors and members who lodge accounts themselves and those who use third

parties to file accounts. Businesses will need to find suitable software and implement it before web-based and paper filing options are no longer available. The timetable for the roll-out of software-only filing is expected to be published soon.

- The option to prepare 'abridged' accounts will be removed.
- The option to file filleted accounts will be removed. Small and micro-entity businesses will need to file their profit and loss accounts. Details of what they need to include in those accounts will be set out in secondary legislation. Small companies that are not micro entities will also need to file directors' reports.
- Any company or LLP claiming an audit exemption will need to include an additional statement from their directors on the balance sheet to specify which exemption is being utilised and to confirm that they qualify for the exemption.

A full factsheet on the Economic Crime and Corporate Transparency Act 2023 is available [here](#).

Recent insights (continued)

Updated Narrative Reporting Guidance

The importance of narrative reporting to investors, shareholders and potential financial providers should not be underestimated. In recent years, there have been a number of extra requirements have been added, based on company size. These include explaining how the directors have promoted the success of the company and energy and carbon-reporting.

The FRC has published/updated a number of their narrative reporting guides. We recommend that all preparers review these, confirming their disclosures comply with the various regulatory requirements. The links to the guides are:

- [Guidance on the Strategic Report](#)
- [Materiality mindset for better corporate reporting](#)
- [Digital security disclosures](#)
- [Collecting and using ESG Data](#)

Recent insights (continued)

The Economic Crime and Corporate Transparency Act 2023 (ECCT Act) – Failure to prevent fraud

One of the key changes being brought about by the ECCT Act is the new criminal offence of failure to prevent fraud.

Although this currently applies to organisations (whether incorporated in the UK or outside the UK) that have **more than 250 employees, £36m of turnover/income or total assets of more than £18m**, this is likely to filter down to all organisations and it would be advisable for small and medium-sized organisations to also take heed of the guidance issued, especially as they may also be liable if they form part of the chain.

Although this applies to incorporated organisations, only, unincorporated organisations are advised to consider the proposals for good governance purposes.

Under the new legislation, as of **1 September 2025** (only 5 months left to comply), large organisations would become criminally liable to a fraud offence committed by an employee, subsidiary or agent, for the organisation's benefit, where the organisation did not have reasonable fraud prevention procedures in place. In certain circumstances, the offence will **also** apply where the fraud offence is committed with the intention of benefitting a client of the organisation (even if there is no advantage gained). It **does not need to be demonstrated** that directors or senior managers ordered, or knew about, the fraud.

The offence of failure to prevent fraud applies to specific fraud offences, which the guidance refers to as 'base fraud' offences. These are listed in Schedule 13 of the Economic Crime and Corporate Transparency Act 2023 ([Economic Crime and Corporate Transparency Act 2023](#)).

The issue of who is intended to benefit from the underlying fraud is key to determining whether a relevant organisation can be held accountable for the offence of failure to prevent fraud. However, an organisation does not need to receive any benefit for the offence to apply. It is enough that the organisation was **intended** to be the beneficiary.

Individuals who carried out the actual fraud can still be prosecuted under existing laws, but, crucially, the organisation which employs them will now face a prosecution too if investigators can reasonably conclude that **they failed to prevent the crime**.

The processes and controls that organisations should have in place should be informed by the following six principles:-

- Top level commitment
- Risk assessment
- Proportionate risk-based prevention procedures
- Due diligence
- Communication (including training)
- Monitoring and review

Recent insights (continued)

Organisations, must start planning properly for compliance with this new regime and ensuring their systems, policies and procedures are brought up to date and are in place to avoid falling foul of the new legislation. There is no “grace period” provided for, so organisations with multi-lingual staff and where the concepts of economic crime compliance requirements may be very different, will find this a challenge.

Suffice to say that this change is something the Serious Fraud Office (SFO) is intending to take advantage of, as this will assist them to improve their enforcement record when it comes to economic crime.

For areas of the business identified as being particularly high risk of fraud, consider obtaining professional advice on policies and procedures to ascertain whether there are sufficient checks and balances in place and to obtain advice as to additional checks, balances and safeguards which could be introduced. The fact that professional advice has been obtained may assist in the event of a prosecution as it demonstrates that proper steps have been taken to consider policies, procedures and safeguards.

The onus will lie with businesses to demonstrate they have taken steps to prevent fraud, and they will no longer be able to turn a blind eye to the actions of employees and associates.

Further information regarding the new guidance can be found here: [Economic Crime and Corporate Transparency Act 2023: Guidance to organisations on the offence of failure to prevent fraud \(accessible version\) - GOV.UK](#)

Recent insights (continued)

Cyber Crime

The latest survey reports indicate the 3 out of 10 charities have experienced cyber security breaches in the last year, equating to around 61,000 registered charities.

The annual cybersecurity breaches survey reports that 30% of charities experienced a cybersecurity breach or attack in the previous 12 months, equating to around 61,000 registered charities.

The most common attacks (86% of charities surveyed) are phishing attacks, in which staff receive fraudulent emails or are directed to bogus websites, followed closely by people impersonating organisations in emails or online and then viruses and malware.

Charities with an income of over £500,000 were more likely to see cybersecurity as a high priority (88%). However, the findings suggest that only one or two board members possess the required technical skills/knowledge in cyber security.

Furthermore, limited training appears to have been spent on cyber security awareness for charity staff. There has also been a marked decline in deploying activities to identify cybersecurity risks, reviewing immediate supplier risks and having a formal cybersecurity strategy in place.

There are 169,029 registered charities in England and Wales with an annual sector revenue value of £99.7 billion. All of these charities collect huge volumes of data from donors through to beneficiaries, and a significant number of these share data with external organisations such as marketing companies or donor management providers. It is therefore quite easy to see the motives for direct attacks on charities and cyber criminals aim to access charities' networks and/or information through the supply chain.

The Board is ultimately responsible for making sure a charity is taking

appropriate measures to protect itself from a cyber attack (**not** the IT team) and taking steps to stay secure online is deemed to be a core component of good governance.

Trustees don't need to be technical experts, but they do need to know enough about the importance of cyber security, to facilitate educated discussions and collaboration with key staff, volunteers and stakeholders

On this note, and in the face of relentless cyber attacks on UK organisations, DSIT (Department for Science, Innovation and Technology) and NCSC (National Cyber Security Centre) have produced a range of documents and advice, much of it targeted at Boards including a new Cyber Security Governance Code (which can be accessed here: [Cyber Governance Code of Practice - NCSC.GOV.UK](#))

In summary, the risks to all charities from cyber-crime are increasing in terms of impact, significance, cost and repercussions. The nature of the sector model and its reliance on financial donations (often processed by a third-party), means that all organisations need to be aware of (and guard against) the cyber threat.

Further information on the role of trustees can be found here: [DATA PRIVACY: Understanding the responsibilities of the Trustee - MOORE ClearComm](#)

A copy of the cybersecurity breaches survey can be found here: [Cyber security breaches survey 2025 - GOV.UK](#)

A copy of the Cyber Security Toolkit for Boards can be found here: [Cyber Security Toolkit for Boards - NCSC.GOV.UK](#)

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At Moore Kingston Smith, we believe in the potential of people to make a positive impact, fuelled by the power of genuine understanding.

Supporting a range of clients, we are a multi-disciplinary advisory, tax and audit firm with expertise across multiple sectors, uniquely positioned to help people realise their ambitions. Our teams deliver quality results nationally, and internationally as part of the Moore Global network.

Through respect, collaboration and active listening, understanding is at the heart of everything we do with our clients, colleagues and communities. We value people and projects that promote positive change for the future.

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