

Company registration number 07703800 (England and Wales)

**TESTWOOD SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2022**

TESTWOOD SCHOOL

CONTENTS

	Page
Reference and administrative details	1
Trustees' report	2 - 7
Governance statement	8 - 11
Statement on regularity, propriety and compliance	12
Statement of Trustees' responsibilities	13
Independent auditor's report on the accounts	14 - 17
Independent reporting accountant's report on regularity	18 - 19
Statement of financial activities including income and expenditure account	20 - 21
Balance sheet	22
Statement of cash flows	23
Notes to the accounts including accounting policies	24 - 42

TESTWOOD SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Members

D Bushrod
V Ford
C Bell
G Young
N Whitcher

Trustees

D Bushrod
H Garland
J Pitman (Headteacher & Accounting officer)
V Ford (Chairperson)
C Bell
G Young
N Whitcher (Vice Chairperson)
N Cheung
J Munro
K Oddy (Resigned 22 July 2022)
T Sillence
D Vann (Resigned 10 November 2021)
K Williams
A Cottle
T Tomley (Appointed 28 September 2022)

Senior management team

- Headteacher	J Pitman
- Deputy Headteacher	T Webber
- Assistant Headteacher	D Murphy
- Assistant Headteacher	P Ward
- Assistant Headteacher	C Sim
- Director of Finance and Administration	J D Barker

Company secretary

J D Barker

Company registration number

07703800 (England and Wales)

Principal and registered office

Testwood Lane
Totton
Southampton
Hampshire
SO40 3ZW

Independent auditor

Moore (South) LLP
33 The Clarendon Centre
Salisbury Business Park
Dairy Meadow Lane
Salisbury
Wiltshire
SP1 2TJ

Bankers

Lloyds Bank Plc
PO Box 1000
BX1 1LT

TESTWOOD SCHOOL

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2022

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2021 to 31 August 2022. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy trust operates an academy for pupils aged 11 to 16 serving a catchment area of Totton, Southampton. It has a pupil capacity of 1215 and had a roll of 824 in the school census on 6 October 2022.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The trustees of Testwood School are also the directors of the charitable company for the purposes of company law.

The charitable company operates as Testwood School.

Details of the Trustees who served during the year, and to the date these accounts are approved, are included in the Reference and Administrative Details on page 1.

Members' liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Trustees' indemnities

Since the incorporation of the Charitable Company on 13 July 2011 the Trustees have been indemnified in respect of their legal liability for financial loss arising as a result of a negligent act, accidental error or omission in the course of their official duties.

The school has taken out appropriate indemnity insurance to protect the governors' interests.

Method of recruitment and appointment or election of Trustees

Recruitment of trustees would be done by advertising the post and seeking nominations. If there are more nominations than posts a ballot would be held. Candidates will meet with the chair of the trustees, the chairs of the committees and the Headteacher to discuss the work and role of a trustee, the expectations and the workload. Each candidate would be asked to submit an application. This and ballot papers will be circulated to all eligible voters. Candidates will be invited to the count and the winner(s) announced. Existing trustees may also nominate a person for consideration.

Policies and procedures adopted for the induction and training of Trustees

New trustees will be given an induction programme, which makes clear the rules, demands and expectations of the role. They attend training provided by Hampshire Governor Services and will shadow an existing trustee for at least their first year in office. This would often be the chair of the committee they are joining.

TESTWOOD SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Organisational structure

The structure consists of three levels: the Trustees, Senior Management Team and Middle Managers. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Trustees are responsible for setting general policy and strategic direction, adopting an annual improvement plan and budget, monitoring the Academy by the use of budgets, learning walks, visits and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments.

The Senior Management Team are, the Headteacher also known as the Accounting Officer, one Deputy
Testwood School Trustees' Report (continued)

Headteacher, three Assistant Headteachers, one also known as the SENDCo and the Director of Finance.

Middle Managers are responsible for the achievement, behaviour, quality of teaching and learning in their area and for their own leadership and management. Middle managers are responsible for either a curriculum area or a cohort of students.

Arrangements for setting pay and remuneration of key management personnel

All performance, pay and remuneration is carried out as set in the academy's published pay policy. Key management personnel including, Headteacher, Senior Management Team, Staff Trustees and academy staff undergo a robust and rigorous annual pay review. The performance management year begins in October with targets set, reviewed mid cycle in March and completed in the following October. All targets must be measurable and linked in most cases to the academy's improvement plan. The Headteacher scrutinizes the judgements and presents the reviews and judgements to the trustee's staffing and staff performance panel. The trustees act as independent verifiers to the anonymised performance reviews.

The Headteacher makes recommendations for pay and remuneration and the trustees make their decision based upon the Headteacher's recommendations.

The Headteacher's performance cycle is as other senior staff, however the targets set are in consultation with Headteacher's review panel and external verifier. The Headteacher's targets encompass strategic development for the whole academy and are agreed at the review panel meeting. The Headteacher is subject to a mid-year review held in March and a final review is undertaken the following November.

Any member of managerial staff at risk of not meeting their targets will be supported by the Headteacher and if necessary receive external support.

If it is identified the Headteacher is at risk at not achieving their targets, further support will be secured through the external advisor network.

Exceptional performance maybe rewarded in accordance to the academy's published pay policy.

TESTWOOD SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	2
Full-time equivalent employee number	83.00

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	107
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	-
Total pay bill	4,227,847
Percentage of the total pay bill spent on facility time	-

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	-
---	---

Related parties and other connected charities and organisations

The Trust is not related or connected to any charities and organisations.

Objectives and activities

Objects and aims

The principle object and activity of the charitable company is the operation of Testwood School to provide the education of students of different abilities between the ages of 11 and 16.

Objectives, strategies and activities

During 2021/2022 the focus for Testwood was to continue to mitigate the impact of disruption from the national school closures. Staff wellbeing continued to be a focus throughout the year as did the continuation of refreshing IT hardware throughout the school.

Public benefit

The trustees have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

In setting our objectives and planning activities the trustees have carefully considered the Charity Commission's general guidance on public benefit.

TESTWOOD SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Strategic report

Achievements and performance

2022's results are not be compared with those from 2020 or 2021 due to the use of centre assessed and teacher assessed grades during the pandemic. This year's students sat slightly modified examinations which were nationally adjusted to one third of the pass rates compared with 2019. Nationally, published results were re-established and the Trustees, senior team and staff were pleased with the outcomes overall.

This cohort's learning in their Year 9 and Year 10 was significantly disrupted by the national school closures. A return to 'the new normal' in September, was welcomed however, the cohort had significantly lower attendance compared with 2019. Attendance for the whole school for 2021/22 was 89.1% and for Year 11 it was 85.5%. In 2019, attendance for the whole school was 94% and for Year 11 it was 91.9%. This is a nationally recognised phenomenon and Testwood, the county and national focus remains high to restore attendance to pre-pandemic figures.

The heightened level of anxiety and mental health issues within the cohort should also be considered. Suffice to say that confirmation of the return to externally assessed formal examinations came relatively late in the Autumn term, leaving many of the students and their parents/carers bewildered at the demands placed on them after significant disruption to their learning. With this backdrop, the teachers devoted themselves to re-motivating their classes; the pastoral care of the cohort was prioritised; a significantly higher number of students requiring alternative arrangements to accommodate anxiety and well-being were in place and the use of low-stress, highly repetitive testing had to replace 2019- style assessment techniques.

Key performance indicators

2022's results are only comparable with those from 2019 with the caveat that some of the subjects had slightly modified examination content and the examination season was stretched to more than 5 weeks to give students more time between each examination for support.

In 2022, the Progress 8 was -0.4 which is significantly lower than 2019 (-0.03)

Attainment 8 was 43.5 which is in line with 2019 (43.41)

The percentage of students whose Maths and (best of) English was grade 5 or better was 41% compared with 2019 (40%)

The percentage of students whose Maths and (best of) English was grade 4 or better was 58% compared with 2019 (60%)

The KPI include areas of focus for subgroups including narrowing the gender gap and in 2022 the gap widened with boys Progress 8 of -0.5 (-0.11 in 2019) and girls Progress 8 at -0.29 (0.05 in 2019) which represents a gender gap of -0.21 (-0.16 in 2019) across all subjects. This will be a key focus for 2022/23.

The second sub-group KPI targeted narrowing the disadvantage gap which was -0.45 in 2022. FSM Progress 8 was -0.74 and non-FSM Progress 8 was -0.29 in 2022. In 2019, FSM Progress 8 was -0.01 and non-FSM was -0.03 resulting in a disadvantage gap of 0.03. It will be a key focus for 2022/23 to return disadvantaged student outcomes to their 2019 level.

The third KPI on sub-groups looks at prior attainment outcomes. In 2022, our high prior attainer Progress 8 dropped from -0.1 in 2019 to -0.34. The outcome for middle prior attainer Progress 8 was -0.4 (in 2019 this figure was 0.0) and low prior attainer Progress 8 was -0.45 (in 2019 this figure was -0.1). The priority for 2022/23 will be to secure significantly higher outcomes for the entire cohort of 139 students back to the strong performance in 2019.

In summary, the wider school priorities include significant efforts to secure accelerated progress for all 139 students in Year 11 in order to improve the outcomes in the 2023 examinations. Across the school, we are also focused on improving attendance and punctuality as well as improving teaching and learning through Rosenshine's Principals of Instruction and coaching. We will be increasing attention on reading outcomes and comprehension skills; developing transition work with our primary linked schools to ensure more of the children are Secondary Ready and developing wider staff skills in mental health first aid.

TESTWOOD SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial review

The Academy Trust has reported a revenue surplus in year of £213,335 (2021:£223,385) and the year-end value of the reserves has increased from £716,877 to £930,212. This is due to an increase of number on roll, a reduction in expenditure and unspent funds, to be spent during 22/2023. It is anticipated that the number of teaching staff, teaching assistants and pastoral support staff, will increase during 2022/23 to meet demand. The number on roll is expected to remain at current levels for 2023/24 & 2024/25.

The strategic measures implemented to reduce costs together with an anticipated revenue increase, the trustees feel it is appropriate to adopt the going concern basis of accounting when preparing the financial statements.

The majority of the Academy's income is obtained from the Education & Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2022 and associated expenditure as shown as restricted funds in the statement activities.

The financial statement details the main incoming revenue from educational grants totalling £4,894,675 (2021: £4,496,391). Additionally, income from activities for generating funds and other income was £350,625 (2021: £181,081).

During the year ended 31 August 2022, total expenditure was covered by recurrent grant funding from the ESFA together with other incoming resources.

The main revenue expenditure was on staffing costs totalling £4,057,174 (2021: £3,904,290), excluding the FRS102 pension service cost. Further significant expenditure included curriculum costs of £329,767 (2021:£191,941) and premises and facilities management £249,542 (2021: £236,262).

Expenditure was targeted to support the key objectives of the Academy Trust.

At 31 August 2022, the balances in the Trust's revenue funds were:

Restricted fund	£560,717
Restricted capital fund	£12,773,372
Unrestricted funds	£369,495
Pension deficit	£285,000

The financial summary of the year's activities is set out on page 20 of the financial statements attached to this report.

Reserves policy

Reserves will be carried forward to finance the school in the future delivery of the Academy's prime objectives and support the growth of the school.

The trust does not specifically designate unrestricted funds.

At 31 August 2022, the balances in the Trusts revenue funds were:

Restricted general funds	£560,717
Unrestricted funds	£369,495

TESTWOOD SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Investment policy

At 31 August 2022, Testwood School hold ring-fenced funds of £152,651 to enable the resurface and the redevelopment of its 3G artificial turf pitch.

Principal risks and uncertainties

The partially funded increased staff costs to cover the 2022 pay awards will impact on reserves as will current and turbulent energy costs.

Fundraising

The academy trust did not enter into any fundraising activities during 2021-2022

Plans for future periods

Trustees continue to focus on ensuring sufficient funds will be available to redevelop the existing artificial turf pitch. It is proposed to redevelop the facility in the summer 2023 with matched fund received from The Football Foundation.

Funds held as custodian trustee on behalf of others

Trustees hold a school fund bank account which holds funds for students. This is kept in a separate bank account.

Auditor

Insofar as the trustees are aware:

- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.
- There is no relevant audit information of which the charitable company's auditor is unaware.

Moore (South) LLP were reappointed as auditor of the charitable company, June 2022.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 12 December 2022 and signed on its behalf by:


V Ford
Chairperson

TESTWOOD SCHOOL

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2022

Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Testwood School has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

As trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The board of trustees has delegated the day-to-day responsibility to the Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Testwood School and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
D Bushrod	3	4
H Garland	3	4
J Pitman (Headteacher & Accounting officer)	4	4
V Ford (Chairperson)	4	4
C Bell	2	4
G Young	2	4
N Whitcher (Vice Chairperson)	3	4
N Cheung	3	4
J Munro	3	4
K Oddy (Resigned 22 July 2022)	3	4
T Sillence	2	4
D Vann (Resigned 10 November 2021)	1	1
K Williams	4	4
A Cottle	3	4
T Tomley (Appointed 28 September 2022)	0	0

Governance reviews

In 2021/22 the focus for the trustees has been to support the school to regain the progress lost during the time education was affected by Covid. A key priority is to improve attendance as good attendance is the foundation for good progress. Senior leadership have been robustly challenged in this area and strategies have been thoroughly explained.

Trustees have reverted to holding many Board/panel meetings in person and are looking to build on this.

Monitoring visits with curriculum leaders are held regularly as are reviews of specific areas of focus, such as Safeguarding and Health & Safety. A trustee was appointed to the new role of Conservation link.

TESTWOOD SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

An external review of governance was commissioned and a whole body trustee exercise was held. Following on from the review an action plan was formulated. The main areas of focus are:

- Triangulation – How do we know that the data we are given is accurate?
- Stakeholder interaction
- Trustee training
- New trustee induction

Work has already started on the findings of the evaluation exercise.

The Buildings & Finance panel is a sub-committee of the main board of trustees. Its purpose is to monitor and make strategic financial decisions and report to the main board, the Academy's financial health and position.

Trustees	Meetings attended	Out of possible
D Bushrod	3	3
J Pitman (Headteacher & Accounting officer)	3	3
V Ford (Chairperson)	2	3
C Bell	0	3
N Whitcher (Vice Chairperson)	3	3
N Cheung	3	3
K Oddy (Resigned 22 July 2022)	3	3
T Sillence	2	3
K Williams	3	3
A Cottle	3	3

Review of value for money

As accounting officer, the Headteacher has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data or by using a framework where appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Reviewing and changing the Academy's MIS and reviewing and changing the added requirement to purchase third party software.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Testwood School for the period 01 September 2021 to 31 August 2022 and up to the date of approval of the annual report and financial statements.

TESTWOOD SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2021 to 31 August 2022 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The risk and control framework

The academy trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees
- regular reviews by the finance and general purposes committee of reports, which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- identification and management of risks.

The board of trustees has decided not to appoint an auditor for this purpose. However, the trustees have appointed Nick Whitcher a trustee, to carry out a programme of internal checks.

This option has been chosen because the internal reviewers's role includes giving advice on financial and other matters and performing a range of checks on the academy trust's financial and other systems. In particular, the checks carried out in the current period included:

- testing of business continuity processes
- effectiveness of Trustees
- ICT controls review
- review of the Risk Register

On an annual basis the reviewer reports to the board of trustees, prepares a summary report to the board outlining the areas reviewed, key findings, recommendations and conclusions to help the board consider actions and assess year on year progress.

Internal scrutiny of the Academy's systems and controls have been termly reported at building and finance panel meetings and annually reported to the board of trustees. Checks made, found internal controls secure and effective and procedures for budget planning sound.

Review of effectiveness

As accounting officer, the headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal reviewer
- the work of the Director of Finance within the academy trust who has responsibility for the development and maintenance of the internal control framework
- the work of the external auditor

TESTWOOD SCHOOL

GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Buildings and Finance Committee and a plan to ensure continuous monitoring of the system is in place.

Approved by order of the members of the board of trustees on 12th December 2022 and signed on its behalf by:



J Pitman
Headteacher & Accounting officer



V Ford
Chairperson

TESTWOOD SCHOOL

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2022

As accounting officer of Testwood School I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020.

I confirm that I and the Academy Trust's Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academy Trust Handbook 2021.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and ESFA.



J Pitman
Accounting Officer

12 December 2022

TESTWOOD SCHOOL

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2022

The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

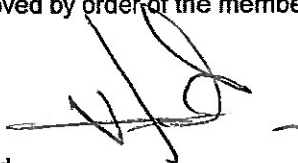
- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 12th December 2022 and signed on its behalf by:



V Ford
Chairperson

TESTWOOD SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TESTWOOD SCHOOL FOR THE YEAR ENDED 31 AUGUST 2022

Opinion

We have audited the accounts of Testwood School for the year ended 31 August 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the accounts, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2022 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the accounts' section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Academy Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the accounts and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the accounts themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report including the incorporated strategic report and directors' report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the Trustees' report including the incorporated strategic report and directors' report have been prepared in accordance with applicable legal requirements.

TESTWOOD SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TESTWOOD SCHOOL (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report, including the incorporated strategic report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities, the Trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error. In preparing the accounts, the Trustees are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the accounts due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the Academy Trust.

TESTWOOD SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TESTWOOD SCHOOL (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Our approach was as follows:

- The engagement partner selected staff for the audit, led by persons who it was deemed had sufficient experience and who had the required competence and skills to be able to identify or recognise non-compliance with laws and regulations.
- We assessed the risk of irregularities as part of our audit planning, and ongoing review, including those due to fraud, management override was identified as a significant fraud risk. This is due to the ability to bypass controls through inappropriate expenditure and accounting policies adopted.
- Completeness of income was identified as a significant risk to the audit, as grant income may not be recognised in accordance with the SORP.
- We obtained an understanding of the legal and regulatory requirements applicable to the charity and we considered the most significant to be Academies Accounts Direction, the Charity SORP, UK financial reporting standards as issued by the Financial Reporting Council and UK Taxation legislation. We considered how the Academy Trust complies with these requirements by discussions with management and those charged with governance.
- We enquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations. Consideration was also made of the internal controls in place to mitigate the identified risks.
- We assessed the control environment, documenting the systems, controls and processes adopted. The audit approach incorporated a combination of controls where appropriate, analytical review and substantive procedures involving tests of transactions and balances. Any irregularities noted were discussed with management and additional corroborative evidence was obtained as required.
- We obtained an understanding and assessed the impact of Covid-19 on the operations of the Academy Trust and adapted our audit approach accordingly. We enquired and obtained evidence to support the going concern assumption and reviewed support received through the Coronavirus support schemes, dovetailed with work undertaken on management override.

To address the risk of fraud through management override we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify any unusual transactions;
- tested items of expenditure to ensure that they were valid and appropriate;
- confirmed monthly management accounts were reviewed by the board;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- reviewed the disclosures within the accounts to ensure they meet the requirements of the accounting standards and relevant legislation.

In response to the risk of irregularities with regards to completeness of income we:

- completed analytical work;
- reviewed third party documentation to confirm that relevant entries were reflected in the accounting records and
- reviewed minutes of governors meetings and confirmed income sources mentioned were included correctly within the accounts.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

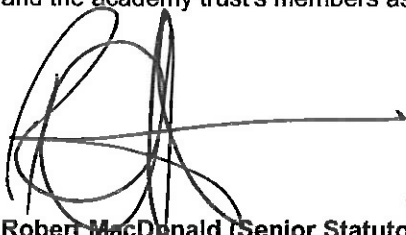
TESTWOOD SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TESTWOOD SCHOOL (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Use of our report

This report is made solely to the academy trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Robert MacDonald (Senior Statutory Auditor)
for and on behalf of Moore (South) LLP**

16 December 2022

**Chartered Accountants
Statutory Auditor**

33 The Clarendon Centre
Salisbury Business Park
Dairy Meadow Lane
Salisbury
Wiltshire
SP1 2TJ

TESTWOOD SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO TESTWOOD SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2022

In accordance with the terms of our engagement letter dated 21 August 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2022, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Testwood School during the period 1 September 2021 to 31 August 2022 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Testwood School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Testwood School and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Testwood School and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Testwood School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Testwood School's funding agreement with the Secretary of State for Education dated 17 August 2011 and the Academy Trust Handbook, extant from 1 September 2021, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2021 to 2022. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2021 to 31 August 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- consideration of the evidence supporting the accounting officers statement on regularity, propriety and compliance;
- analytical procedures on the general activities of the academy trust;
- a review of minutes of committees and board meetings which may be relevant to regularity;
- consideration of discussions with key personnel including the accounting officer and governing body;
- tests of control have been carried out on a control activity which are relevant to regularity;.
- substantive testing of individual transactions

TESTWOOD SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO TESTWOOD SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2021 to 31 August 2022 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Moore (South) LLP

Reporting Accountant

Moore (South) LLP

Dated: 16 December 2022

TESTWOOD SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	Unrestricted funds £	Restricted funds: General £	Fixed asset £	Total 2022 £	Total 2021 £
Income and endowments from:						
Donations and capital grants	3	-	-	(12,661)	(12,661)	2,361,768
Charitable activities:						
- Funding for educational operations	4	-	4,894,675	-	4,894,675	4,496,391
Other trading activities	5	128,210	222,415	-	350,625	181,081
Investments	6	129	-	-	129	104
Total		128,339	5,117,090	(12,661)	5,232,768	7,039,344
Expenditure on:						
Charitable activities:						
- Educational operations	8	74,406	5,227,721	258,349	5,560,476	4,871,755
Total	7	74,406	5,227,721	258,349	5,560,476	4,871,755
Net income/(expenditure)		53,933	(110,631)	(271,010)	(327,708)	2,167,589
Transfers between funds	16	-	(17,967)	17,967	-	-
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	18	-	2,050,000	-	2,050,000	147,000
Net movement in funds		53,933	1,921,402	(253,043)	1,722,292	2,314,589
Reconciliation of funds						
Total funds brought forward		315,562	(1,645,685)	13,026,415	11,696,292	9,381,703
Total funds carried forward		369,495	275,717	12,773,372	13,418,584	11,696,292

TESTWOOD SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2022

Comparative year information Year ended 31 August 2021	Notes	Unrestricted funds £	Restricted funds: General £	Fixed asset £	Total 2021 £
Income and endowments from:					
Donations and capital grants	3	-	-	2,361,768	2,361,768
Charitable activities:					
- Funding for educational operations	4	-	4,496,391	-	4,496,391
Other trading activities	5	59,805	121,276	-	181,081
Investments	6	104	-	-	104
Total		59,909	4,617,667	2,361,768	7,039,344
Expenditure on:					
Charitable activities:					
- Educational operations	8	11,497	4,621,363	238,895	4,871,755
Total	7	11,497	4,621,363	238,895	4,871,755
Net income/(expenditure)		48,412	(3,696)	2,122,873	2,167,589
Transfers between funds	16	-	(31,331)	31,331	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	18	-	147,000	-	147,000
Net movement in funds		48,412	111,973	2,154,204	2,314,589
Reconciliation of funds					
Total funds brought forward		267,150	(1,757,658)	10,872,211	9,381,703
Total funds carried forward		315,562	(1,645,685)	13,026,415	11,696,292

TESTWOOD SCHOOL

BALANCE SHEET

AS AT 31 AUGUST 2022

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Tangible assets	12		12,718,842		12,229,209
Current assets					
Debtors	13	111,555		1,298,277	
Cash at bank and in hand		1,136,088		739,458	
		<u>1,247,643</u>		<u>2,037,735</u>	
Current liabilities					
Creditors: amounts falling due within one year	14	(262,901)		(523,652)	
Net current assets			<u>984,742</u>		<u>1,514,083</u>
Net assets excluding pension liability			<u>13,703,584</u>		<u>13,743,292</u>
Defined benefit pension scheme liability	18		(285,000)		(2,047,000)
Total net assets			<u>13,418,584</u>		<u>11,696,292</u>
Funds of the Academy Trust:					
Restricted funds	16				
- Fixed asset funds			12,773,372		13,026,415
- Restricted income funds			560,717		401,315
- Pension reserve			(285,000)		(2,047,000)
Total restricted funds			<u>13,049,089</u>		<u>11,380,730</u>
Unrestricted income funds	16		<u>369,495</u>		<u>315,562</u>
Total funds			<u>13,418,584</u>		<u>11,696,292</u>

The accounts on pages 20 to 42 were approved by the Trustees and authorised for issue on 12 December 2022 and are signed on their behalf by:

V Ford
Chairperson



Company registration number 07703800

TESTWOOD SCHOOL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Net cash provided by operating activities	19		78,391		396,972
Cash flows from investing activities					
Dividends, interest and rents from investments		129		104	
Capital grants from DfE Group		1,066,092		1,283,015	
Purchase of tangible fixed assets		(747,982)		(1,595,893)	
Net cash provided by/(used in) investing activities			<u>318,239</u>		<u>(312,774)</u>
Net increase in cash and cash equivalents in the reporting period			396,630		84,198
Cash and cash equivalents at beginning of the year			739,458		655,260
Cash and cash equivalents at end of the year			<u><u>1,136,088</u></u>		<u><u>739,458</u></u>

TESTWOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

Testwood School is a charitable company limited by guarantee incorporated in England and Wales. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Trustees' report.

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation

The accounts of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the 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) (Charities SORP (FRS 102)), the Academies Accounts Direction 2021 to 2022 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the academy trust and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern.

The Academy Trust has reported a revenue surplus in year of £213,335 (2021: £223,385) and the year end value of the reserves has increased slightly from £716,877 to £930,212. This is due to restructuring and natural wastage of staff and an increase of number on roll. It is anticipated the number on roll will remain similar for 2022/23.

The strategic measures implemented to reduce costs together with an anticipated revenue increase, the trustees feel it is appropriate to adopt the going concern basis of accounting when preparing the financial statements.

1.3 Income

All incoming resources are recognised when the Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

TESTWOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Academy Trust has provided the goods or services.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

These are costs incurred on the Academy Trust's educational operations, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

1.5 Tangible fixed assets and depreciation

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Freehold land and buildings	Land is not depreciated, buildings are depreciated 2% Straight Line
Assets under construction	Assets under construction are not depreciated
Computer equipment	33% Straight Line
Fixtures, fittings & equipment	10% Straight Line

TESTWOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities.

1.6 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.7 Leased assets

Rentals under operating leases are charged on a straight-line basis over the lease term.

1.8 Financial instruments

The Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy Trust and their measurement basis are as follows.

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.9 Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.10 Pensions benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary based on quadrennial valuations using a prospective unit credit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

TESTWOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to net income or expenditure are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.11 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the Trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency and Department for Education.

2 Critical accounting estimates and areas of judgement

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Academy Trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

On conversion to an academy trust, the asset and liabilities of the Trust are measured at fair value. This includes any buildings. The valuation of the buildings involves a significant degree of estimation, refer to Note 12 for further detail of this estimation.

TESTWOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2022 £	Total 2021 £
Capital grants	-	(12,661)	(12,661)	2,361,768

4 Funding for the Academy Trust's charitable activities

	Unrestricted funds £	Restricted funds £	Total 2022 £	Total 2021 £
DfE/ESFA grants				
General annual grant (GAG)	-	4,340,674	4,340,674	3,819,089
Other DfE/ESFA grants:				
- Pupil premium	-	207,767	207,767	195,196
- Others	-	63,794	63,794	217,689
	-	4,612,235	4,612,235	4,231,974
Other government grants				
Other government grants	-	140,914	140,914	123,732
COVID-19 additional funding				
DfE/ESFA				
Catch-up premium	-	36,173	36,173	61,360
Other DfE/ESFA COVID-19 funding	-	47,380	47,380	33,767
Non-DfE/ESFA				
Other COVID-19 funding	-	57,973	57,973	45,558
	-	141,526	141,526	140,685
Total funding	-	4,894,675	4,894,675	4,496,391

The academy trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "exceptional government funding".

- The academy received £36k (2021: £61k) of funding for catch-up premium and costs incurred in respect of this funding totalled £80k (2021: £17k).

TESTWOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2022 £	Total 2021 £
Hire of facilities	38,412	39,854	78,266	41,157
Catering income	-	119,728	119,728	45,300
Trips and Activities	67,258	-	67,258	17,513
Other income	22,540	62,833	85,373	77,111
	<u>128,210</u>	<u>222,415</u>	<u>350,625</u>	<u>181,081</u>

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2022 £	Total 2021 £
Other investment income	129	-	129	104
	<u>129</u>	<u>-</u>	<u>129</u>	<u>104</u>

7 Expenditure

	Staff costs £	Non-pay expenditure		Total 2022 £	Total 2021 £
		Premises £	Other £		
Academy's educational operations					
- Direct costs	3,398,946	-	482,825	3,881,771	3,428,740
- Allocated support costs	893,087	511,697	273,921	1,678,705	1,443,015
	<u>4,292,033</u>	<u>511,697</u>	<u>756,746</u>	<u>5,560,476</u>	<u>4,871,755</u>

Net income/(expenditure) for the year includes:

	2022 £	2021 £
Fees payable to auditor for:		
- Audit	8,150	7,760
- Other services	4,056	3,250
Operating lease rentals	-	25,359
Depreciation of tangible fixed assets	258,349	238,895
Net interest on defined benefit pension liability	34,000	32,000
	<u>304,555</u>	<u>307,264</u>

TESTWOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2022 £	Total 2021 £
Direct costs				
Educational operations	74,406	3,807,365	3,881,771	3,428,740
Support costs				
Educational operations	-	1,678,705	1,678,705	1,443,015
	<u>74,406</u>	<u>5,486,070</u>	<u>5,560,476</u>	<u>4,871,755</u>
Analysis of costs			2022 £	2021 £
Direct costs				
Teaching and educational support staff costs			3,401,432	3,181,057
Staff development			8,016	7,157
Technology costs			102,560	68,165
Educational supplies and services			163,253	78,938
Examination fees			62,954	44,838
Educational consultancy			13,420	-
Other direct costs			130,136	48,585
			<u>3,881,771</u>	<u>3,428,740</u>
Support costs				
Support staff costs			900,742	793,685
Depreciation			258,349	238,895
Recruitment and support			10,068	6,965
Maintenance of premises and equipment			86,507	80,485
Cleaning			10,466	17,205
Energy costs			112,712	74,102
Rent, rates and other occupancy costs			27,809	39,767
Insurance			15,854	14,664
Security and transport			12,048	10,403
Catering			108,443	79,278
Finance costs			34,000	32,000
Legal costs			915	4,810
Other support costs			88,586	39,261
Governance costs			12,206	11,495
			<u>1,678,705</u>	<u>1,443,015</u>

TESTWOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

9 Staff

Staff costs

Staff costs during the year were:

	2022	2021
	£	£
Wages and salaries	3,059,103	2,875,698
Social security costs	283,697	267,058
Pension costs	885,047	761,534
Staff costs - employees	4,227,847	3,904,290
Agency staff costs	64,186	65,460
	4,292,033	3,969,750
Staff development and other staff costs	18,157	12,149
Total staff expenditure	4,310,190	3,981,899

Staff numbers

The average number of persons employed by the Academy Trust during the year was as follows:

	2022	2021
	Number	Number
Teachers	48	47
Administration and support	36	35
Management	6	6
Site Team	3	3
Cleaners	11	11
Catering & other staff	4	4
	108	106

The number of persons employed, expressed as a full time equivalent, was as follows:

	2022	2021
	Number	Number
Teachers	42	40
Administration and support	23	19
Management	6	6
Site Team	3	3
Cleaners	6	6
Catering & other staff	3	3
	83	77

TESTWOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

9 Staff

(Continued)

Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs and employer national insurance contributions) exceeded £60,000 was:

	2022 Number	2021 Number
£60,001 - £70,000	1	1
£70,001 - £80,000	1	1
£90,001 - £100,000	1	1
	<u> </u>	<u> </u>

Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 3. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £544,269 (2021: £537,930).

10 Trustees' remuneration and expenses

The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as Trustees. During the year, no expenses were reimbursed to trustees (2021: £Nil).

The value of Trustees' remuneration was as follows:

J Pitman (Headteacher and trustee):

Remuneration £90,001 - £95,000 (2021: £95,001 - £100,000)

Employer's pension contributions £20,001 - £25,000 (2021: £20,001 - £25,000)

Other related party transactions involving the Trustees are set out within the related parties note.

11 Trustees' and officers' insurance

The Academy Trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

TESTWOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

12 Tangible fixed assets

	Freehold land and buildings	Assets under constru- ction	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£	£
Cost					
At 1 September 2021	12,772,509	1,369,202	87,871	166,541	14,396,123
Transfer	2,084,515	(2,084,515)	-	-	-
Additions	-	715,313	1,467	31,202	747,982
At 31 August 2022	14,857,024	-	89,338	197,743	15,144,105
Depreciation					
At 1 September 2021	2,020,093	-	47,500	99,321	2,166,914
Charge for the year	231,005	-	17,224	10,120	258,349
At 31 August 2022	2,251,098	-	64,724	109,441	2,425,263
Net book value					
At 31 August 2022	12,605,926	-	24,614	88,302	12,718,842
At 31 August 2021	10,752,416	1,369,202	40,371	67,220	12,229,209

The land and buildings were valued on depreciation replacement cost method in an exercise undertaken by the Education Funding agency as at the 31 August 2013. The land is valued at £2,264,523 and the buildings at £9,369,592. The Academy has not obtained a separate valuation. The Academy did not consider it an effective use of public funds to obtain an additional valuation.

13 Debtors

	2022 £	2021 £
Trade debtors	8,110	6,920
VAT recoverable	30,840	126,664
Prepayments and accrued income	72,605	1,164,693
	111,555	1,298,277

14 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	75,200	12,052
Other creditors	142,087	133,595
Accruals and deferred income	45,614	378,005
	262,901	523,652

TESTWOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

15 Deferred income

	2022	2021
	£	£
Deferred income is included within:		
Creditors due within one year	25,073	16,604
	<u> </u>	<u> </u>
Deferred income at 1 September 2021	16,604	29,824
Released from previous years	(16,604)	(29,824)
Resources deferred in the year	25,073	16,604
	<u> </u>	<u> </u>
Deferred income at 31 August 2022	25,073	16,604
	<u> </u>	<u> </u>

Deferred income refers to income received in the year to 31 August 2022 which actually relates to the year ending 31 August 2023. The above deferred income figure relates to the following;

Ecorys school games funding	£13,826
School Trips	£10,327
Parental contributions	<u>£920</u>
Total	<u>£25,073</u>

TESTWOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

16 Funds

	Balance at 1 September 2021 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2022 £
Restricted general funds					
General Annual Grant (GAG)	215,317	4,340,674	(4,172,664)	(17,967)	365,360
Pupil premium	-	207,767	(207,767)	-	-
Catch-up premium	44,320	36,173	(80,493)	-	-
Other DfE/ESFA COVID-19 funding	-	47,380	(47,380)	-	-
Other Coronavirus funding	-	57,973	(51,863)	-	6,110
Other DfE/ESFA grants	-	63,794	(63,794)	-	-
Other government grants	10,558	140,914	(130,853)	-	20,619
Other restricted funds	131,120	222,415	(184,907)	-	168,628
Pension reserve	(2,047,000)	-	(288,000)	2,050,000	(285,000)
	<u>(1,645,685)</u>	<u>5,117,090</u>	<u>(5,227,721)</u>	<u>2,032,033</u>	<u>275,717</u>
Restricted fixed asset funds					
DfE group capital grants	13,026,415	(12,661)	(258,349)	17,967	12,773,372
	<u>13,026,415</u>	<u>(12,661)</u>	<u>(258,349)</u>	<u>17,967</u>	<u>12,773,372</u>
Total restricted funds	<u>11,380,730</u>	<u>5,104,429</u>	<u>(5,486,070)</u>	<u>2,050,000</u>	<u>13,049,089</u>
Unrestricted funds					
General funds	315,562	128,339	(74,406)	-	369,495
	<u>315,562</u>	<u>128,339</u>	<u>(74,406)</u>	<u>-</u>	<u>369,495</u>
Total funds	<u>11,696,292</u>	<u>5,232,768</u>	<u>(5,560,476)</u>	<u>2,050,000</u>	<u>13,418,584</u>

The specific purposes for which the funds are to be applied are as follows:

The fixed asset fund was created with the donation of the schools land and buildings to the academy. Additional assets are added to the fund which is also written down by depreciation each year.

The restricted general funds are made up of the General Annual Grant received, to be spent on education within the academy, and other related DfE grants and other authority grants.

The restricted fund carried forward balance includes £157,330 (2021: £119,280) ATP restricted lettings income for use on the Astroturf football pitch.

Unrestricted funds are general donations and fund raising activities of the academy and are used to support the provision of education within the academy.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2022.

TESTWOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

16 Funds

(Continued)

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2020 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2021 £
Restricted general funds					
General Annual Grant (GAG)	82,744	3,819,089	(3,655,185)	(31,331)	215,317
Pupil premium	-	195,196	(195,196)	-	-
Catch-up premium	-	61,360	(17,040)	-	44,320
Other DfE/ESFA COVID-19 funding	-	33,767	(33,767)	-	-
Other Coronavirus funding	-	45,558	(45,558)	-	-
Other DfE/ESFA grants	-	217,689	(217,689)	-	-
Other government grants	11,849	123,732	(125,023)	-	10,558
Other restricted funds	131,749	121,276	(121,905)	-	131,120
Pension reserve	(1,984,000)	-	(210,000)	147,000	(2,047,000)
	<u>(1,757,658)</u>	<u>4,617,667</u>	<u>(4,621,363)</u>	<u>115,669</u>	<u>(1,645,685)</u>
Restricted fixed asset funds					
DfE group capital grants	10,872,211	2,361,768	(238,895)	31,331	13,026,415
	<u>10,872,211</u>	<u>2,361,768</u>	<u>(238,895)</u>	<u>31,331</u>	<u>13,026,415</u>
Total restricted funds	<u>9,114,553</u>	<u>6,979,435</u>	<u>(4,860,258)</u>	<u>147,000</u>	<u>11,380,730</u>
Unrestricted funds					
General funds	267,150	59,909	(11,497)	-	315,562
	<u>267,150</u>	<u>59,909</u>	<u>(11,497)</u>	<u>-</u>	<u>315,562</u>
Total funds	<u>9,381,703</u>	<u>7,039,344</u>	<u>(4,871,755)</u>	<u>147,000</u>	<u>11,696,292</u>

17 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2022 are represented by:				
Tangible fixed assets	-	-	12,718,842	12,718,842
Current assets	369,495	823,618	54,530	1,247,643
Current liabilities	-	(262,901)	-	(262,901)
Pension scheme liability	-	(285,000)	-	(285,000)
	<u>369,495</u>	<u>275,717</u>	<u>12,773,372</u>	<u>13,418,584</u>
Total net assets	<u>369,495</u>	<u>275,717</u>	<u>12,773,372</u>	<u>13,418,584</u>

TESTWOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

17 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2021 are represented by:				
Tangible fixed assets	-	-	12,229,209	12,229,209
Current assets	315,562	924,967	797,206	2,037,735
Current liabilities	-	(523,652)	-	(523,652)
Pension scheme liability	-	(2,047,000)	-	(2,047,000)
Total net assets	315,562	(1,645,685)	13,026,415	11,696,292

18 Pension and similar obligations

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hampshire Council. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

There were £204,700 (2021: £67,151) of outstanding contributions at the end of the financial year.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academy trusts. All teachers have the option to opt out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary. These contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019.

TESTWOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

18 Pension and similar obligations

(Continued)

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2024.

The pension costs paid to the TPS in the period amounted to £486,209 (2021: £468,166).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are set out below for employers and 5.5-12.5 per cent for employees. The estimated value of employer contributions for the forthcoming year is £147,000 (2021: £375,000).

The level of employer contributions have been set as follows to assist in reducing the pension deficit:

Period (1 April - 31 March)	Employer Primary Contribution Rate	Annual Monetary Amount
2021/22	18.9%	£Nil
2022/23	18.9%	£Nil
2023/24	18.9%	£Nil

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Total contributions made	2022 £	2021 £
Employer's contributions	142,000	118,000
Employees' contributions	45,000	38,000
Total contributions	187,000	156,000

TESTWOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

18 Pension and similar obligations (Continued)

Principal actuarial assumptions	2022 %	2021 %
Rate of increase in salaries	3.8	3.7
Rate of increase for pensions in payment/inflation	2.8	2.7
Discount rate for scheme liabilities	4.1	1.7
Inflation assumption (CPI)	2.8	2.7

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	2022 Years	2021 Years
Retiring today		
- Males	22.9	23.1
- Females	25.4	25.5
Retiring in 20 years		
- Males	24.7	24.8
- Females	27.1	27.3

Scheme liabilities would have been affected by changes in assumptions as follows:

Defined benefit pension scheme net liability	2022 £	2021 £
Scheme assets	3,801,000	3,941,000
Scheme obligations	(4,086,000)	(5,988,000)
Net liability	(285,000)	(2,047,000)

The Academy Trust's share of the assets in the scheme

	2022 Fair value £	2021 Fair value £
Equities	2,202,000	2,262,000
Bonds	578,000	713,000
Cash	34,000	28,000
Property	296,000	240,000
Other assets	691,000	698,000
Total market value of assets	3,801,000	3,941,000

The actual return on scheme assets was £(291,000) (2021: £604,000).

TESTWOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

18 Pension and similar obligations	(Continued)	
Amount recognised in the statement of financial activities	2022	2021
	£	£
Current service cost	254,000	178,000
Interest income	(68,000)	(56,000)
Interest cost	102,000	88,000
	<u>288,000</u>	<u>210,000</u>
Total operating charge	288,000	210,000
Changes in the present value of defined benefit obligations		2022
		£
At 1 September 2021		5,988,000
Current service cost		396,000
Interest cost		102,000
Employee contributions		45,000
Actuarial (gain)/loss		(2,409,000)
Benefits paid		(36,000)
		<u>4,086,000</u>
At 31 August 2022		<u>4,086,000</u>
Changes in the fair value of the Academy Trust's share of scheme assets		2022
		£
At 1 September 2021		3,941,000
Interest income		68,000
Actuarial loss/(gain)		(359,000)
Employer contributions		142,000
Employee contributions		45,000
Benefits paid		(36,000)
		<u>3,801,000</u>
At 31 August 2022		<u>3,801,000</u>

TESTWOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

19 Reconciliation of net (expenditure)/income to net cash flow from operating activities

	Notes	2022 £	2021 £
Net (expenditure)/income for the reporting period (as per the statement of financial activities)		(327,708)	2,167,589
Adjusted for:			
Capital grants from DfE and other capital income		12,661	(2,361,768)
Investment income receivable	6	(129)	(104)
Defined benefit pension costs less contributions payable	18	254,000	178,000
Defined benefit pension scheme finance cost	18	34,000	32,000
Depreciation of tangible fixed assets		258,349	238,895
Decrease/(increase) in debtors		107,969	(112,333)
(Decrease)/increase in creditors		(260,751)	254,693
Net cash provided by operating activities		78,391	396,972

20 Analysis of changes in net funds

	1 September 2021 £	Cash flows £	31 August 2022 £
Cash	739,458	396,630	1,136,088

21 Long-term commitments

Operating leases

At 31 August 2022 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2022 £	2021 £
Amounts due within one year	42,277	21,908
Amounts due in two and five years	93,978	38,505
	136,255	60,413

22 Capital commitments

	2022 £	2021 £
Expenditure contracted for but not provided in the accounts	52,188	797,206

The capital commitments at the year end relate to ongoing CIF project work for replacement of the heating system.

TESTWOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

23 Related party transactions

Owing to the nature of the Academy Trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

The following related party transactions took place in the financial period:

Income related party transactions

PACE Football Club - a community organisation in which Rob Motherwell (trustee until 24/3/21) has an interest. Transactions in 2020/21, the final year in which he was a trustee were:

- Total income received was 2021: £24,110. A debtor of 2021: £57 was owing to the Trust at the year end. PACE received no concessionary rates in their service level agreement.

In entering into these transactions, the Academy Trust has complied with the requirements of the Academies Financial Handbook 2021.

24 Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.