

Company registration number 07703800 (England and Wales)

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

**ANNUAL REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

# TESTWOOD SCHOOL

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# TESTWOOD SCHOOL

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Members

D Bushrod  
V Ford  
C Bell (Resigned 21 June 2023)  
G Young  
N Whitcher

### Trustees

Ms D Bushrod  
H Garland  
J Pitman (Headteacher & Accounting officer) (Resigned 31 August 2023)  
V Ford (Chairperson until 31 August 2023)  
Mr C Bell (Resigned 21 June 2023)  
Ms G Young  
N Whitcher (Vice Chairperson)  
N Cheung (Resigned 23 March 2023)  
J Munro  
T Sillence  
K Williams (Chairperson from 01 September 2023)  
A Cottle  
T Tomley (Appointed 28 September 2022)  
T Webber (Headteacher & Accounting officer) (Appointed 1 September 2023)  
K Willoughby (Appointed 21 July 2023)

### Senior management team

- Headteacher until 31 August 2023
- Headteacher from 1 September 2023
- Deputy Headteacher
- Deputy Headteacher
- Assistant Headteacher
- Assistant Headteacher
- Assistant Headteacher
- Director of Finance

J Pitman  
T Webber  
R Magee  
P Ward  
N Gilbert  
J Housham  
D Murphy  
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

# TESTWOOD SCHOOL

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Bankers

Lloyds Bank Plc  
PO Box 1000  
Andover  
BX1 1LT

# TESTWOOD SCHOOL

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2023

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The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2022 to 31 August 2023. 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 880 in the school census on 5 October 2023.

#### **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 chair of the trustees and the Headteacher to discuss the work and role of a trustee, the expectations and workload. Each candidate would be asked to submit their 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 2023

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#### Organisational structure

The structure consists of three levels: the Trustees, Senior Management team and Middle Manager. The aim of the management structure is to dissolve 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 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 and academy staff undergo a robust and rigorous annual pay review. The performance management year begins in October with objectives set, reviewed mid cycle in March and completed the following October.. All objectives must be measurable and linked in most cases to the academy's improvement plan, The Headteacher scrutinises the reviews and judgements and presents their pay recommendations to the trustee's staffing and staff performance panel. The trustees act as independent verifiers and base their decision upon the anonymised Headteacher's pay recommendations report.

The Headteacher's performance cycle is as other senior staff, however the objectives set are in consultation with the Headteacher's review panel and external verifier. The Headteacher's objectives 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 October.

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

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

Exceptional performance may be rewarded in accordance with the academy's published pay policy.

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

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

# TESTWOOD SCHOOL

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2023

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#### Trade union facility time

##### *Relevant union officials*

Number of employees who were relevant union officials during the relevant period

3

Full-time equivalent employee number

87.73

##### *Percentage of time spent on facility time*

Percentage of time

Number of employees

0%

-

1%-50%

113

51%-99%

-

100%

-

##### *Percentage of pay bill spent on facility time*

Total cost of facility time

3,459

Total pay bill

4,323,839

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

1%

#### 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 2022/2023 Testwood carried out the following objectives;

- To continue to mitigate the impact from the national school closures on attendance and progress.
- To recruit a new Headteacher ready for the start of the 23/23 academic year.
- To increase the staffing levels to cope with the increasing school roll.
- To improve staff welfare and wellbeing through investment in staff training and development.
- To refresh the IT hardware and networks.
- To invest in the Design Technology area following a prolonged period of contraction and retrenchment.

##### 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 2023**

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### **Strategic report**

#### **Achievements and performance**

2023's results are not to be compared with 2020, 2021 or 2022 due to the centre assessed grades, teacher assessed grades, and the phased return to pre-pandemic grading. 2023 saw the return to pre-pandemic grading and although the levels of attainment were largely in line with pre-pandemic levels the progress was measure was not which has caused concern for the trustees, the senior leadership team and the staff.

The 2023 cohort's learning in their Year 8 and Year 9 was significantly disrupted by the national school closures. During Year 10 this cohort had 90% attendance and during Year 11 this fell to 85%. In 2019 attendance for the whole school was 94% and in 2022-23 it was 89%. The national average for 2022-23 was 90.7%. In 2018-19 Year 11 attendance at Testwood was 92%. Although the decline in school attendance is a national problem, the decline has been steeper and more prolonged at Testwood than the national average.

The heightened level of anxiety and mental health issues within the cohort should also be considered, and is both additional to and related to the decline in school attendance. The industrial action carried out during Year 11 also had a detrimental impact on student progress.

#### Key performance indicators

In 2023 the Progress 8 score was -0.40, which was significantly lower than in 2019 (-0.03) and has placed the school in the Below Average category rather than the Average category where it was from 2016 until 2019.

The Attainment 8 score was 42.33, a slight decline on 2019 (43.41).

The percentage of students achieving the 'Basics' (English and Maths) at grade 5 or above was 36%, a decline on 2019 (39%).

Whole school attendance was 88.67% in 2022-23, compared with 94% in 2018-19.

#### 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. The academy trust has revenue reserves at the year end of £958,737 and a strong cash balance of £1m.

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.



# TESTWOOD SCHOOL

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2023

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#### Financial review

The Academy Trust has reported a revenue surplus in year of £28,525 (2022: Surplus £213,355) and the year-end value of the reserves has increased from £930,212 to £958,737. This is due an increased number on roll. However, lagged government funding and the requirement to upgrade the school's ICT infrastructure and equipment, the impact of the increase in energy costs, the school's catering provision to provide free breakfast to its most vulnerable students, the general increase in costs for academic resources has reduced the in-year surplus compared to previous years. It is anticipated that the number of teachers, teaching assistants and pastoral support staff will increase during 2023/24 to meet a growing demand, The number on roll is expected to remain at current levels for 2024/2025 and 2025/2026. However, the increased demand for high needs provision will continue to impact the school's financial position.

The school positively continues to strategically plan to reduce costs and improve efficiency despite external influences and together with increased revenue from a growing number on roll, 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 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 2023 and associated expenditure as shown as restricted funds in the statement activities. The financial statement details the main incoming revenue from educational grants totalling £5,459,645 (2022: £4,894,675). Additionally, income from activities for generating funds and other income was £361,577 (2022: £350,625).

During the year ended 31 August 2023, total expenditure was covered by recurrent grant funding from the ESFA together with other incoming resources and reserves

The main revenue expenditure was on staffing costs totalling £4,749,783 (2022 £4,056,190), excluding the FRS102 pension service costs. Further significant expenditure included curriculum costs of £361,441 (2022 £329,767) premises and facilities management £255,101 (2022: £249,542)

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

At 31 August 2023, the balances in the Trust's revenue funds were:

Restricted revenue fund   £521,886

Restricted capital fund   £12,587,545

Unrestricted funds       £436,851

Pension deficit           £(115,000)

The financial summary of the year's activities is set out on page 22 of the financial statements attached to this report.

# TESTWOOD SCHOOL

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2023

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#### Reserves policy

The Balance Sheet shows total funds carried forward at the year end of £13,431,282 (2022: £13,418,584). This figure includes:

- restricted general funds surplus of £521,886 (2022: surplus £560,717)
- unrestricted general funds surplus of £436,851 (2022: £369,495) <sup>1</sup>
- a defined benefit pension scheme liability of £115,000 (2022: £285,000) and
- a fixed asset reserve of £12,587,545 (2022: £12,773,372) which is only realisable through the disposal of assets or as security for a loan.

The Academy Trust aims to hold reserves in the General Fund to ensure expenditure commitments can be met, and education is not disrupted, in the event of a delay in receipt of government or other funding and to manage the consequences of reduced grant income due to falling pupil numbers. These funds are restricted and must be used in accordance with the Academy's Funding Agreement with the ESFA.

At the year end the Academy held a restricted general reserve surplus of £521,886 (2022: £560,717). 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.

In addition to the restricted funds, the Academy Trust has (unrestricted) reserves of £436,851 (2022: £369,495). This includes a designated fund of £195,391 (2022: £157,330) generated from ATP restricted lettings income for use on the replacement and maintenance of the 3G astroturf football pitch. The remaining balance of £241,460 is free reserves as has been generated mainly through the letting of school facilities.

The pension fund deficit is included within restricted funds. The governors have no control over this fund and Hampshire County Council manage the fund and set the contribution rates, see note 19 for future contribution rates.

#### Investment policy

All bank accounts held by the Academy Trust are instant access accounts. The Academy Trust currently has no plans to invest any of its cash balances.

At 31 August 2023, Testwood School is holding ring-fenced funds of £195,391 to enable the resurface and the redevelopment of its 3G artificial turf pitch. These are held within the schools cash balance at the year end.

#### Principal risks and uncertainties

The partially funded increased staff costs to cover the 2023 pay awards, lagged funding to provide for a growing NOR, current inflation rates, greater demand for high needs provision and turbulent energy costs are pressures that will continue to impact reserves.

The trust is in need of submitting a CIF bid in the autumn 2023 to reroof the leaking performing arts block which, having patched repaired over the years, is now requiring capital investment to replace and insulate the entire roof. If unsuccessful consideration will have to be taken to closing the block until sufficient funds are available to undertake the work without affecting the school's financial position.

Trustees are kept aware of the condition of the school's estate and manage the risks by regular meetings, link visits with staff and health & safety inspections by the appointed H&S trustee.

#### **Fundraising**

The academy trust did not enter into any fundraising activities during 2022-2023.

#### **Plans for future periods**

Trustees continue to focus on ensuring sufficient funds will be available to redevelop the existing artificial turf pitch. Planning has been submitted to the local council and it is proposed to redevelop the facility in summer 2024 with matched funding received from the Football Foundation, community grant funding from the local council and funding from a local community football club regularly using the 3G artificial pitch and grass pitches for matches and training.

# TESTWOOD SCHOOL

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2023**

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### **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 in June 2022.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 07 December 2023 and signed on its behalf by:

 7/12/23

K Williams  
Chairperson

# TESTWOOD SCHOOL

## GOVERNANCE STATEMENT

### FOR THE YEAR ENDED 31 AUGUST 2023

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#### 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 Trustee's Report and in the Statement of trustees' responsibilities. The full board of trustees has formally met 4 times during the year and the finance panel met a further 3 times during the year and updated the full board through published reports, recommendations and minutes from their panel meetings, thus maintaining effective oversight of the academy trust's financial position. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
Ms D Bushrod	4	4
H Garland	2	4
J Pitman (Headteacher & Accounting officer) (Resigned 31 August 2023)	4	4
V Ford (Chairperson until 31 August 2023)	4	4
Mr C Bell (Resigned 21 June 2023)	3	4
Ms G Young	2	4
N Whitcher (Vice Chairperson)	4	4
N Cheung (Resigned 23 March 2023)	0	4
J Munro	2	4
T Sillence	3	4
K Williams (Chairperson from 01 September 2023)	3	4
A Cottle	3	4
T Tomley (Appointed 28 September 2022)	2	4
T Webber (Headteacher & Accounting officer) (Appointed 1 September 2023)	0	0
K Willoughby (Appointed 21 July 2023)	0	0

#### Conflicts of interest

The Trust maintains an up-to-date and complete register of interests of trustees and staff and avoids conflicts of interest by avoiding engagement with organisations, companies, joint ventures or associates of trustees and staff.

# TESTWOOD SCHOOL

## GOVERNANCE STATEMENT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2023

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#### Governance reviews

In 2022/23 trustees have continued to focus on supporting the school in their efforts to regain the ground lost to Covid. Attendance remains a key issue and to ensure that it is prioritised a Link Trustee to oversee attendance was appointed.

Trustees have maintained their schedule of link visits with curriculum leaders and following on from a Safeguarding Review, safeguarding has been added as an additional standing item for each visit.

The trustee action plan remains in place with several items being considered as ongoing. Others, such as reviewing the School's vision and ethos along with the review of the three year key stage 4 have been carried forward to 2023/24. A significant amount of trustee support was required in the recruitment process for a new Headteacher, 2 x Deputy Headteachers and 2 x Assistant Headteachers required for September 2023, during the spring of 2023.

The trustees have successfully appointed a new strong leadership team for autumn term 2023.

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
Ms D Bushrod	1	3
J Pitman (Headteacher & Accounting officer) (Resigned 31 August 2023)	2	3
V Ford (Chairperson until 31 August 2023)	2	3
Mr C Bell (Resigned 21 June 2023)	1	3
N Whitcher (Vice Chairperson)	3	3
N Cheung (Resigned 23 March 2023)	1	2
T Sillence	3	3
K Williams (Chairperson from 01 September 2023)	3	3
A Cottle	3	3
T Tomley (Appointed 28 September 2022)	2	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, as well as estates safety and management, 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 the 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 by:

- Reducing the requirement of using classroom projectors that require expensive bulb replacement, reducing the number of old interactive whiteboards by re-equipping classrooms with interactive touch screen panels to enhance teaching and learning.
- Secured fixed gas costs for a 3 year period. Due to be reviewed Spring 2024 for renewal in October 2024. Continued use of using experienced brokers to negotiate fixed electricity costs for a further year to safeguard the school during the predicted volatile market going into the winter of 2023.
- Continued practice to obtain and review quotes from preventive maintenance contractors to establish and follow the principle of best value.
- Continued use of the RPA.

# TESTWOOD SCHOOL

## GOVERNANCE STATEMENT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2023

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#### **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 the 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 2022 to 31 August 2023 and up to the date of approval of the annual report and financial statements.

#### **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 2022 to 31 August 2023 and up to the date of approval of the annual report and financial statements. The 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 reviewer'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 check carried out in the current period included:

- The review of the whole of the Academy's Risk Register
- The Academy's information systems, data and security.
- Financial management.

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.

The planned review of 2022/23 has been completed and reported to trustees.

The reviewer will agree with the trustees at the buildings & finance panel on 15 November 2023 the 2023-2024 programme of internal review and take to the full board of trustees on 7 December 2023.

# TESTWOOD SCHOOL

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2023**

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### 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

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 Board of Trustees on 07 December 2023 and signed on its behalf by:



7/12/23



8/12/23

K Williams  
Chairperson

T Webber  
Headteacher & Accounting officer

# TESTWOOD SCHOOL

## STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

**FOR THE YEAR ENDED 31 AUGUST 2023**

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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, including for estates safety and management, 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 Trust Handbook 2022, including for estates safety and management.

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 2022.

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.



T Webber  
**Accounting Officer**

07 December 2023



# TESTWOOD SCHOOL

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

**FOR THE YEAR ENDED 31 AUGUST 2023**

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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 07 December 2023 and signed on its behalf by:

 7/12/23

K Williams  
Chairperson

# TESTWOOD SCHOOL

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TESTWOOD SCHOOL FOR THE YEAR ENDED 31 AUGUST 2023

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### Opinion

We have audited the accounts of Testwood School for the year ended 31 August 2023 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 2022 to 2023 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 2023 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 2022 to 2023.

### 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 2023**

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### **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 2023

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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, Companies Act 2006, 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.

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;
- agreed a sample of income from source documentation to the accounting records to ensure that income is complete and recognised in the correct accounting period 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 2023**

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### 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

13 December 2023

**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 2023**

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In accordance with the terms of our engagement letter dated 05 October 2021 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2023, 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 2022 to 31 August 2023 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 2022, 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 2022 to 2023. 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 2022 to 31 August 2023 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 2023**

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### 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 2022 to 31 August 2023 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: 13 December 2023

# TESTWOOD SCHOOL

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2023

	Notes	Unrestricted funds £	Restricted funds: General £ Fixed asset £	Total 2023 £	Total 2022 £
<b>Income and endowments from:</b>					
Donations and capital grants	3	-	19,572	22,155	41,727
Charitable activities:					
- Funding for educational operations	4	-	5,459,645	-	5,459,645
Other trading activities	5	123,315	238,262	-	361,577
Investments	6	150	-	-	150
<b>Total</b>		123,465	5,717,479	22,155	5,863,099
<b>Expenditure on:</b>					
Charitable activities:					
- Educational operations	8	56,109	5,786,532	286,760	6,129,401
<b>Total</b>	7	56,109	5,786,532	286,760	6,129,401
<b>Net income/(expenditure)</b>		67,356	(69,053)	(264,605)	(266,302)
Transfers between funds	18	-	(78,778)	78,778	-
<b>Other recognised gains/(losses)</b>					
Actuarial gains on defined benefit pension schemes	20	-	279,000	-	279,000
<b>Net movement in funds</b>		67,356	131,169	(185,827)	12,698
<b>Reconciliation of funds</b>					
Total funds brought forward		369,495	275,717	12,773,372	13,418,584
Total funds carried forward		436,851	406,886	12,587,545	13,431,282



# TESTWOOD SCHOOL

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

**FOR THE YEAR ENDED 31 AUGUST 2023**

<b>Comparative year information</b>		<b>Unrestricted</b>	<b>Restricted funds:</b>		<b>Total</b>
<b>Year ended 31 August 2022</b>		<b>funds</b>	<b>General</b>	<b>Fixed asset</b>	<b>2022</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Income and endowments from:</b>					
Donations and capital grants	<b>3</b>	-	-	(12,661)	(12,661)
Charitable activities:					
- Funding for educational operations	<b>4</b>	-	4,894,675	-	4,894,675
Other trading activities	<b>5</b>	128,210	222,415	-	350,625
Investments	<b>6</b>	129	-	-	129
<b>Total</b>		<b>128,339</b>	<b>5,117,090</b>	<b>(12,661)</b>	<b>5,232,768</b>
<b>Expenditure on:</b>					
Charitable activities:					
- Educational operations	<b>8</b>	74,406	5,227,721	258,349	5,560,476
<b>Total</b>	<b>7</b>	<b>74,406</b>	<b>5,227,721</b>	<b>258,349</b>	<b>5,560,476</b>
<b>Net income/(expenditure)</b>		<b>53,933</b>	<b>(110,631)</b>	<b>(271,010)</b>	<b>(327,708)</b>
Transfers between funds	<b>18</b>	-	(17,967)	17,967	-
<b>Other recognised gains/(losses)</b>					
Actuarial gains on defined benefit pension schemes	<b>20</b>	-	2,050,000	-	2,050,000
<b>Net movement in funds</b>		<b>53,933</b>	<b>1,921,402</b>	<b>(253,043)</b>	<b>1,722,292</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		315,562	(1,645,685)	13,026,415	11,696,292
Total funds carried forward		369,495	275,717	12,773,372	13,418,584

# TESTWOOD SCHOOL

## BALANCE SHEET

AS AT 31 AUGUST 2023

	Notes	2023 £	£	2022 £	£
<b>Fixed assets</b>					
Intangible assets	12		19,313		-
Tangible assets	13		12,568,901		12,718,842
			<u>12,588,214</u>		<u>12,718,842</u>
<b>Current assets</b>					
Debtors	14	188,706		111,555	
Cash at bank and in hand		1,069,039		1,136,088	
		<u>1,257,745</u>		<u>1,247,643</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	15	(280,089)		(262,901)	
<b>Net current assets</b>			<u>977,656</u>		<u>984,742</u>
<b>Total assets less current liabilities</b>			<u>13,565,870</u>		<u>13,703,584</u>
Creditors: amounts falling due after more than one year	16		(19,588)		-
<b>Net assets excluding pension liability</b>			<u>13,546,282</u>		<u>13,703,584</u>
Defined benefit pension scheme liability	20		(115,000)		(285,000)
<b>Total net assets</b>			<u>13,431,282</u>		<u>13,418,584</u>
<b>Funds of the Academy Trust:</b>					
<b>Restricted funds</b>	18				
- Fixed asset funds			12,587,545		12,773,372
- Restricted income funds			521,886		560,717
- Pension reserve			(115,000)		(285,000)
<b>Total restricted funds</b>			<u>12,994,431</u>		<u>13,049,089</u>
<b>Unrestricted income funds</b>	18		<u>436,851</u>		<u>369,495</u>
<b>Total funds</b>			<u>13,431,282</u>		<u>13,418,584</u>

The accounts on pages 22 to 44 were approved by the Trustees and authorised for issue on 07 December 2023 and are signed on their behalf by:

 7/12/23.

K Williams  
Chairperson

Company registration number 07703800 (England and Wales)

# TESTWOOD SCHOOL

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2023

	Notes	2023 £	£	2022 £	£
<b>Cash flows from operating activities</b>					
Net cash provided by operating activities	21		43,629		78,391
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		150		129	
Capital grants from DfE Group		22,155		1,066,092	
Purchase of intangible fixed assets		(19,313)		-	
Purchase of tangible fixed assets		(136,819)		(747,982)	
<b>Net cash (used in)/provided by investing activities</b>			(133,827)		318,239
<b>Cash flows from financing activities</b>					
Repayment of long term bank loan		23,149		-	
<b>Net cash provided by/(used in) financing activities</b>			23,149		-
<b>Net (decrease)/increase in cash and cash equivalents in the reporting period</b>			(67,049)		396,630
Cash and cash equivalents at beginning of the year			1,136,088		739,458
<b>Cash and cash equivalents at end of the year</b>			1,069,039		1,136,088

# TESTWOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

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### 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 2022 to 2023 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. They 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 £28,525 (2022: £213,335) and the year end value of the reserves has increased slightly from £930,212 to £958,737. This is due to the tightened budgets and an increase of number on roll. It is anticipated the number on roll will remain similar for 2023/24.

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.

##### 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.

# TESTWOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2023

---

#### 1 Accounting policies

(Continued)

##### 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 Intangible fixed assets and amortisation

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Purchased computer software 10 year useful life

#### 1.6 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
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 2023

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### 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.

#### 1.7 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.

#### 1.8 Leased assets

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

#### 1.9 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.

#### 1.10 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.

#### 1.11 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 2023

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#### 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.

#### 1.12 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 20, 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 2022 has been used by the actuary in valuing the pensions liability at 31 August 2023. 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 13 for further detail of this estimation.

# TESTWOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

### 3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
Capital grants	-	22,155	22,155	(12,661)
Other donations	-	19,572	19,572	-
	-	41,727	41,727	(12,661)

### 4 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
<b>DfE/ESFA grants</b>				
General annual grant (GAG)	-	4,680,949	4,680,949	4,340,674
Other DfE/ESFA grants:				
- Pupil premium	-	252,156	252,156	207,767
- Others	-	230,853	230,853	63,794
	-	5,163,958	5,163,958	4,612,235
<b>Other government grants</b>				
Local authority grants	-	168,556	168,556	109,469
Other government grants	-	25,350	25,350	31,445
	-	193,906	193,906	140,914
<b>COVID-19 additional funding</b>				
<b>DfE/ESFA</b>				
Catch-up premium	-	36,955	36,955	36,173
Other DfE/ESFA COVID-19 funding	-	64,826	64,826	47,380
<b>Non-DfE/ESFA</b>				
Other COVID-19 funding	-	-	-	57,973
	-	101,781	101,781	141,526
<b>Total funding</b>	-	5,459,645	5,459,645	4,894,675



# TESTWOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

### 5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
Hire of facilities	38,736	41,314	80,050	78,266
Catering income	-	139,206	139,206	119,728
Trips and Activities	64,239	-	64,239	67,258
Other income	20,340	57,742	78,082	85,373
	<u>123,315</u>	<u>238,262</u>	<u>361,577</u>	<u>350,625</u>

### 6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
Other investment income	150	-	150	129
	<u>150</u>	<u>-</u>	<u>150</u>	<u>129</u>

### 7 Expenditure

	Staff costs £	Non-pay expenditure Premises £	Other £	Total 2023 £	Total 2022 £
Academy's educational operations					
- Direct costs	3,929,248	-	496,362	4,425,610	3,881,771
- Allocated support costs	885,416	546,108	272,267	1,703,791	1,678,705
	<u>4,814,664</u>	<u>546,108</u>	<u>768,629</u>	<u>6,129,401</u>	<u>5,560,476</u>

### Net income/(expenditure) for the year includes:

	2023 £	2022 £
Depreciation of tangible fixed assets	286,760	258,349
Fees payable to auditor for:		
- Audit	8,800	8,150
- Other services	5,267	4,056
Net interest on defined benefit pension liability	14,000	34,000
	<u>286,760</u>	<u>258,349</u>

# TESTWOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

### 8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
<b>Direct costs</b>				
Educational operations	56,109	4,369,501	4,425,610	3,881,771
<b>Support costs</b>				
Educational operations	-	1,703,791	1,703,791	1,678,705
	<u>56,109</u>	<u>6,073,292</u>	<u>6,129,401</u>	<u>5,560,476</u>

Analysis of costs	2023 £	2022 £
<b>Direct costs</b>		
Teaching and educational support staff costs	3,931,591	3,401,432
Staff development	17,557	8,016
Technology costs	110,149	102,560
Educational supplies and services	184,964	163,253
Examination fees	66,328	62,954
Educational consultancy	8,166	13,420
Other direct costs	106,855	130,136
	<u>4,425,610</u>	<u>3,881,771</u>
<b>Support costs</b>		
Support staff costs	895,635	900,742
Depreciation	286,760	258,349
Recruitment and support	20,732	10,068
Maintenance of premises and equipment	91,159	86,507
Cleaning	14,004	10,466
Energy costs	118,575	112,712
Rent, rates and other occupancy costs	18,810	27,809
Insurance	16,800	15,854
Security and transport	12,553	12,048
Catering	129,499	108,443
Finance costs	14,000	34,000
Legal costs	538	915
Other support costs	70,659	88,586
Governance costs	14,067	12,206
	<u>1,703,791</u>	<u>1,678,705</u>

# TESTWOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2023

#### 9 Staff

##### Staff costs

Staff costs during the year were:

	2023	2022
	£	£
Wages and salaries	3,510,610	3,059,103
Social security costs	309,014	283,697
Pension costs	826,834	885,047
Staff costs - employees	4,646,458	4,227,847
Agency staff costs	168,206	64,186
	4,814,664	4,292,033
Staff development and other staff costs	30,119	18,157
Total staff expenditure	4,844,783	4,310,190

##### Staff numbers

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

	2023	2022
	Number	Number
Teachers	52	48
Administration and support	33	36
Management	6	6
Site Team	3	3
Cleaners	12	11
Catering & other staff	7	4
	113	108

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

	2023	2022
	Number	Number
Teachers	46	42
Administration and support	22	23
Management	6	6
Site Team	3	3
Cleaners	7	6
Catering & other staff	4	3
	88	83

# TESTWOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

### 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:

	2023 Number	2022 Number
£60,001 - £70,000	3	1
£70,001 - £80,000	1	1
£90,001 - £100,000	1	1
	<u>5</u>	<u>3</u>

#### Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £577,531 (2022: £544,269).

### 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 (2022: £Nil).

The value of Trustees' remuneration was as follows:

J Pitman (Headteacher and trustee):

Remuneration £95,001 - £100,000 (2022: £90,001 - £95,000)

Employer's pension contributions £20,001 - £25,000 (2022: £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 2023

### 12 Intangible fixed assets

	Computer software £
<b>Cost</b>	
At 1 September 2022	-
Additions	19,313
At 31 August 2023	19,313
<b>Carrying amount</b>	
At 31 August 2023	19,313
At 31 August 2022	-

### 13 Tangible fixed assets

	Freehold land and buildings £	Computer equipment £	Fixtures, fittings & equipment £	Total £
<b>Cost</b>				
At 1 September 2022	14,857,024	89,338	197,743	15,144,105
Additions	40,102	59,698	37,019	136,819
At 31 August 2023	14,897,126	149,036	234,762	15,280,924
<b>Depreciation</b>				
At 1 September 2022	2,251,098	64,724	109,441	2,425,263
Charge for the year	252,254	20,522	13,984	286,760
At 31 August 2023	2,503,352	85,246	123,425	2,712,023
<b>Net book value</b>				
At 31 August 2023	12,393,774	63,790	111,337	12,568,901
At 31 August 2022	12,605,926	24,614	88,302	12,718,842

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.

# TESTWOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

### 14 Debtors

	2023 £	2022 £
Trade debtors	8,081	8,110
VAT recoverable	34,703	30,840
Prepayments and accrued income	145,922	72,605
	<u>188,706</u>	<u>111,555</u>

### 15 Creditors: amounts falling due within one year

	2023 £	2022 £
Government loans	3,561	-
Trade creditors	70,737	75,200
Other creditors	170,597	142,087
Accruals and deferred income	35,194	45,614
	<u>280,089</u>	<u>262,901</u>

### 16 Creditors: amounts falling due after more than one year

	2023 £	2022 £
Government loans	19,588	-
	<u>19,588</u>	<u>-</u>

Analysis of loans	2023 £	2022 £
Wholly repayable within five years	23,149	-
Less: included in current liabilities	(3,561)	-
	<u>19,588</u>	<u>-</u>

#### Loan maturity

Debt due in one year or less	3,561	-
Due in more than one year but not more than two years	3,561	-
Due in more than two years but not more than five years	10,683	-
Due in more than five years	5,344	-
	<u>23,149</u>	<u>-</u>

# TESTWOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

### 17 Deferred income

	2023 £	2022 £
Deferred income is included within:		
Creditors due within one year	2,298	25,073
Deferred income at 1 September 2022	25,073	16,604
Released from previous years	(25,073)	(16,604)
Resources deferred in the year	2,298	25,073
Deferred income at 31 August 2023	2,298	25,073

Deferred income refers to income received in the year to 31 August 2023 which actually relates to the year ending 31 August 2024. The above deferred income figure relates to the following;

School Trips	<u>£2,298</u>
Total	<u>£2,298</u>

### 18 Funds

	Balance at 1 September 2022 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2023 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	365,360	4,680,949	(4,663,341)	(78,778)	304,190
Pupil premium	-	252,156	(252,156)	-	-
Catch-up premium	-	36,955	(36,955)	-	-
Other DfE/ESFA COVID-19 funding	-	64,826	(64,826)	-	-
Other Coronavirus funding	6,110	-	(6,110)	-	-
Other DfE/ESFA grants	-	230,853	(230,853)	-	-
Other government grants	20,619	193,906	(194,814)	-	19,711
Other restricted funds	168,628	257,834	(228,477)	-	197,985
Pension reserve	(285,000)	-	(109,000)	279,000	(115,000)
	<u>275,717</u>	<u>5,717,479</u>	<u>(5,786,532)</u>	<u>200,222</u>	<u>406,886</u>
<b>Restricted fixed asset funds</b>					
DfE group capital grants	12,773,372	22,155	(286,760)	78,778	12,587,545
<b>Total restricted funds</b>	<u>13,049,089</u>	<u>5,739,634</u>	<u>(6,073,292)</u>	<u>279,000</u>	<u>12,994,431</u>
<b>Unrestricted funds</b>					
General funds	<u>369,495</u>	<u>123,465</u>	<u>(56,109)</u>	<u>-</u>	<u>436,851</u>
<b>Total funds</b>	<u>13,418,584</u>	<u>5,863,099</u>	<u>(6,129,401)</u>	<u>279,000</u>	<u>13,431,282</u>

# TESTWOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

### 18 Funds

(Continued)

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 £195,391 (2022: £157,330) 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 2023.

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

	Balance at 1 September 2021 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2022 £
<b>Restricted general funds</b>					
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>
<b>Restricted fixed asset funds</b>					
DfE group capital grants	<u>13,026,415</u>	<u>(12,661)</u>	<u>(258,349)</u>	<u>17,967</u>	<u>12,773,372</u>
<b>Total restricted funds</b>	<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>
<b>Unrestricted funds</b>					
General funds	<u>315,562</u>	<u>128,339</u>	<u>(74,406)</u>	<u>-</u>	<u>369,495</u>
<b>Total funds</b>	<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>



# TESTWOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

### 19 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
<b>Fund balances at 31 August 2023 are represented by:</b>				
Intangible fixed assets	-	-	19,313	19,313
Tangible fixed assets	-	-	12,568,901	12,568,901
Current assets	439,149	796,116	22,480	1,257,745
Current liabilities	(2,298)	(274,230)	(3,561)	(280,089)
Non-current liabilities	-	-	(19,588)	(19,588)
Pension scheme liability	-	(115,000)	-	(115,000)
<b>Total net assets</b>	<b>436,851</b>	<b>406,886</b>	<b>12,587,545</b>	<b>13,431,282</b>
<b>Fund balances at 31 August 2022 are represented by:</b>				
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)
<b>Total net assets</b>	<b>369,495</b>	<b>275,717</b>	<b>12,773,372</b>	<b>13,418,584</b>

### 20 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 2020 (replacing the valuation dated 31 March 2016) and of the LGPS 31 March 2022.

There were £86,322 (2022: £204,700) 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.

# TESTWOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

### 20 Pension and similar obligations

(Continued)

#### 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 2020. The valuation report was published by the Department for Education on 26 October 2023. The 31 March 2016 TPS actuarial valuation results were implemented from 1 September 2019.

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 2020 valuation result is due to be implemented from 1 April 2024. Published outcomes of the valuation of the Teachers' Pension Scheme based upon 2020 data include:

- employer contribution rates increasing to 28.6% from 1 April 2024.
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222,200 million giving a notional past service deficit of £39,800 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 1.7% above the rate of CPI.

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 £523,853 (2022: £486,209).

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 £165,000 (2022: £147,000).

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
2022/23	17.9%
2023/24	17.9%
2024/25	17.9%

# TESTWOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

### 20 Pension and similar obligations

(Continued)

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 and on 21 July 2022, the Department for Education reaffirmed its commitment to the guarantee, with a parliamentary minute published on GOV.UK.

Total contributions made	2023 £	2022 £
Employer's contributions	170,000	142,000
Employees' contributions	56,000	45,000
Total contributions	226,000	187,000

Principal actuarial assumptions	2023 %	2022 %
Rate of increase in salaries	4.05	3.8
Rate of increase for pensions in payment/inflation	3.05	2.8
Discount rate for scheme liabilities	5.25	4.1
Inflation assumption (CPI)	3.05	2.8

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

	2023 Years	2022 Years
Retiring today		
- Males	22.1	22.9
- Females	24.7	25.4
Retiring in 20 years		
- Males	22.6	24.7
- Females	25.7	27.1

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

	2023 £'000	2022 £'000
Discount rate - 0.1%	63	86
Mortality assumption + 1 year	148	110
Pension increase rate + 0.1%	64	82
Salary increase rate + 0.1%	1	4

# TESTWOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

### 20 Pension and similar obligations

(Continued)

Defined benefit pension scheme net liability	2023 £	2022 £
Scheme assets	3,594,000	3,801,000
Scheme obligations	(3,709,000)	(4,086,000)
Net liability	(115,000)	(285,000)

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

	2023 Fair value £	2022 Fair value £
Equities	2,120,460	2,202,000
Bonds	1,150,080	578,000
Cash	107,820	34,000
Property	215,640	296,000
Other assets	-	691,000
Total market value of assets	3,594,000	3,801,000

The actual return on scheme assets was £(244,000) (2022: £(291,000)).

#### Amount recognised in the statement of financial activities

	2023 £	2022 £
Current service cost	95,000	254,000
Interest income	(156,000)	(68,000)
Interest cost	170,000	102,000
Total operating charge	109,000	288,000

#### Changes in the present value of defined benefit obligations

	2023 £
At 1 September 2022	4,086,000
Current service cost	265,000
Interest cost	170,000
Employee contributions	56,000
Actuarial gain	(679,000)
Benefits paid	(189,000)
At 31 August 2023	3,709,000

# TESTWOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

### 20 Pension and similar obligations

(Continued)

#### Changes in the fair value of the Academy Trust's share of scheme assets

	2023 £
At 1 September 2022	3,801,000
Interest income	156,000
Actuarial loss	(400,000)
Employer contributions	170,000
Employee contributions	56,000
Benefits paid	(189,000)
At 31 August 2023	3,594,000

### 21 Reconciliation of net expenditure to net cash flow from operating activities

	2023 £	2022 £
Net expenditure for the reporting period (as per the statement of financial activities)	(266,302)	(327,708)
Adjusted for:		
Capital grants from DfE and other capital income	(22,155)	12,661
Investment income receivable	6 (150)	(129)
Defined benefit pension costs less contributions payable	20 95,000	254,000
Defined benefit pension scheme finance cost	20 14,000	34,000
Depreciation of tangible fixed assets	286,760	258,349
(Increase)/decrease in debtors	(77,151)	107,969
Increase/(decrease) in creditors	13,627	(260,751)
<b>Net cash provided by operating activities</b>	<b>43,629</b>	<b>78,391</b>

### 22 Analysis of changes in net funds

	1 September 2022 £	Cash flows £	31 August 2023 £
Cash	1,136,088	(67,049)	1,069,039
Loans falling due within one year	-	(3,561)	(3,561)
Loans falling due after more than one year	-	(19,588)	(19,588)
	1,136,088	(90,198)	1,045,890

# TESTWOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

### 23 Long-term commitments

#### Operating leases

At 31 August 2023 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2023 £	2022 £
Amounts due within one year	42,403	42,277
Amounts due in two and five years	73,286	93,978
	<u>115,689</u>	<u>136,255</u>

### 24 Capital commitments

	2023 £	2022 £
Expenditure contracted for but not provided in the accounts	-	52,188
	<u>-</u>	<u>52,188</u>

### 25 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 ATH, 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.

No related party transactions took place in the period of account, other than certain Trustees' remuneration and expenses already disclosed in note 10.

### 26 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.