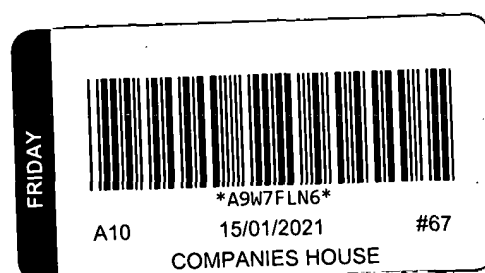


Company Registration No. 07703800 (England and Wales)

TESTWOOD SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2020



TESTWOOD SCHOOL

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 9
Governance statement	10 - 12
Statement on regularity, propriety and compliance	13
Statement of Trustees' responsibilities	14
Independent auditor's report on the accounts	15 - 17
Independent reporting accountant's report on regularity	18 - 19
Statement of financial activities including income and expenditure account	20 - 21
Balance sheet	22
Statement of cash flows	23
Notes to the accounts including accounting policies	24 - 42

TESTWOOD SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Members

D Bushrod
J Lawrence (Resigned 03 August 2020)
G Pike (Resigned 13 August 2020)
V Ford
C Bell
G Young

Trustees

J Lawrence (Resigned 3 August 2020)
G Pike (Resigned 10 August 2020)
D Bushrod (Chair to 30 July 2020)
H Garland
J Pitman (Headteacher & Accounting officer)
V Ford (Chair from 01 August 2020)
N Gilbert (Staff trustee) (Resigned 11 December 2019)
C Bell
G Young
N Whitcher
R Motherwell
N Cheung
J Munro
K Oddy
T Sillence
D Vann (Appointed 1 September 2020)

Senior management team

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

Company secretary

J D Barker

Company registration number

07703800 (England and Wales)

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

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The 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 769 in the school census on 1st October 2020.

Structure, governance and management

Constitution

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

The charitable company operates as Testwood School.

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

Members' liability

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

Trustees' indemnities

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

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

Method of recruitment and appointment or election of Trustees

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

Policies and procedures adopted for the induction and training of Trustees

New trustees will be given an induction programme, which makes clear the rules, demands and expectations of the role. They 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 2020

Organisational structure

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

The Trustees are responsible for setting general policy and strategic direction, adopting an annual improvement plan and budget, monitoring the Academy by the use of budgets 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, Staff Trustees and academy staff undergo a robust and rigorous annual pay review. The performance management year begins in October with targets set, reviewed mid cycle in March and completed in the following October. All targets must be measurable and linked in most cases to the academy's improvement plan. The Headteacher scrutinizes the judgements and presents the reviews and judgements to the trustee's staffing and staff performance panel. The trustees act as independent verifiers to the anonymised performance reviews.

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

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

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

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

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

TESTWOOD SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	2
Full-time equivalent employee number	76.44

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	111
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	398
Total pay bill	3,441,481
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	3%
---------------------------------------------------------------------------------------------	----

Related parties and other connected charities and organisations

The Trust is linked to PACE Football club, one of the trustees, Rob Motherwell, is part of the management committee of the club.

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

Testwood school's objectives for 2019/20 are set out in the School Improvement Plan which follow the 4 headings of our strategic intents. These follow the Ofsted Inspection Framework of May 2019: quality of education; behaviour and attitudes; a personal development; leadership and management.

1. In September 2020, 169 students joined Year 7 with 134 leaving from Year 11 showing a significant rise in numbers and continuing the trend of increasing numbers since 2015/16. The school roll stood at 763 on 3rd September 2020. This represents growth of 20% since September 2015 when numbers stood at 643.
2. Staff Continuing Professional Development was focused on improving behaviour for 2019/20 and we employed the services and strategies of Pivotal Education to assist. Inset and one of the performance targets for teachers were centred on analysis of and the development of enhanced classroom strategies, a modified 'ready to learn' practice and a reduction in low level disruption in lessons.
3. During 2019/20 the challenge of timetabling with a higher proportion of part time experienced staff was overcome to a great extent through earlier planning, closer liaison and negotiation; and the appointment of additional staff in shortage areas (Performing arts and English).
4. Student attendance is a key priority for Testwood and attendance in the Autumn term rose from 94.5% (2018/2019) to 94.9% (2019/2020).

TESTWOOD SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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.

Strategic report

Key performance indicators

During 2019 / 20 the targets for the 5 Year groups were aspirational and linked to Fischer Family Trust potential outcomes within a range of FFT50 and FFT20.

The outcomes for Year 11 put the school in line with FFT50 targets. The caveat to this data is explained below in light of these results being Centre Assessed Grades agreed during the COVID-19 pandemic.

Key Performance Indicator	Actual Results (CAGs)	FFT50 Target	2019 results
Attainment 8	46.84	45.96	42.44
Progress 8	0.07	0.11	-0.09
Best English and Maths 4+	61%	69%	60%
Best English and Maths 5+	36%	43%	39%
English 4+	75.37%	91.47%	71%
English 5+	53.73%	67.44%	55%
Maths 4+	67.91%	72.09%	65%
Maths 5+	45.52%	44.96%	45%
Baccalaureate APS	3.95%	3.75%	3.54%
Disadvantaged Progress 8	-0.63	0	-0.09
Disadvantaged Attainment 8	33.05	42.22	34.57

Virus control measures

The priorities for the SLT, staff and trustees during the COVID-19 pandemic have been to:

- A. Maintain provision every day since March 23rd in a safe environment for children and adults according to the current guidance and advice from Government. Risk assessments and agreed procedures were put in place to reduce the risk of C-19 transmission.
- B. Deliver safe, good quality care to those who were entitled to access school based contact – the Priority school: made up of children from Key worker families and those identified as vulnerable. This included provision of food and drink, opportunities to exercise and have social interaction with friends and adults as well as access to the online lessons provided by their teachers in socially distanced surroundings which were safe for students and staff alike.
- C. Provide appropriate, meaningful learning opportunities for all students on roll at Testwood via Google Classroom in every curriculum subject, in every year group depending on ability and aptitude with a focus on making learning accessible, relevant and fun. Learning was measured following a modified marking policy that required teachers to assess work submitted once every 6 lessons or 3 weeks using our WWW/EBI (What went well / even better if) scheme with students reflecting on feedback.
- D. Mimic the on-line provision for students by the production of work-packs. Students who could not access online resources / or whose context made it difficult for them to have access to technology were sent resources weekly in each subject from their timetable. (Approximately 30% of Testwood students fell into this category.)

TESTWOOD SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

The Testwood risk assessments have been updated regularly in light of national guidance, local advice and school requirements. School activities were significantly affected from March when the lockdown closed school for all but Key Worker and Vulnerable Students. Staff rotas ensured that students' and staff safety was paramount. Control measures were in place throughout lockdown and evolved over time. An example of this is that initially temperature checks, hand sanitising and social distancing were in place for all. National guidance stated that temperature checks were not needed in schools and so we adjusted our risk assessment accordingly.

COVID-19 – impact on staff, volunteers and beneficiaries (students) and implications for 2020/21

The pandemic has had far-reaching implications on all those associated with Testwood due to the global infection levels and the national restrictions we have all faced. Year 11 students accessed resources from their college provider. Year 11 exams were cancelled and Centre Assessed grades were submitted. Contact was maintained for students in year 11 by their tutors who made welfare checks with families throughout the lockdown. Year 7-10 students were educated using on-line resources for a significant period and approximately 30% preferred paper copies that proved to be costly for staff to produce and for the school to send home. The learning returns of paper resources were challenging to assess. Those who used the on-line resources fared better during the lock down period as did those from keyworker and vulnerable backgrounds who attended school.

During the lockdown, teaching staff worked on a rota basis in school to support those children in school. Whilst at home teachers set work for their classes using Google Classroom. Teachers were overwhelmingly supportive of this arrangement. When keyworker and vulnerable numbers rose towards the end of the summer term; and when Year 10 students were asked to return to partial education on site; the rota system was amended accordingly. Teaching staff were initially less satisfied with this arrangement. For the last two weeks of the summer term, all teachers were expected to attend school according to their contracts. A higher proportion of teachers were unhappy with this arrangement.

Support staff were also required to serve their roles on a rota basis like teachers. Catering, student support, site management and cleaning were the key roles that required staff on site. As the summer term progressed, support staff time required in school became more frequent. Similarly, to the teaching staff, support staff were required to be in school for their contracted hours for the last 3 weeks of term. Some support staff found this challenging however, the vast majority were satisfied with the risk assessments.

Most significantly, anxiety and nervousness about working in the school environment accounted for concerns and absence. A small handful of staff had medical conditions, which impacted on their status as 'shielding staff'. As a result, leadership increased training on anxiety management and a health and safety staff representative was appointed at the end of the summer term to provide a conduit between staff and leadership. This was well received by all concerned (as evidenced in staff wellbeing survey data).

The implications for 2020/21 were set out in the Recovery Plan (July 2020) and the school improvement plan (Autumn 2020) with priorities on safeguarding, safety and catch-up.

Contribution of Volunteers

During lockdown, volunteers were unable to support the work of the trust in their normal capacity. In normal circumstances, we have three volunteers who assist with maths and literacy intervention but they did not continue their service from March to July 2020.

Financial and Operational effects of the virus and control measures

All risk assessments have been in place for the duration of the pandemic and continue to be modified as and when necessary.

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

TESTWOOD SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Financial review

The Academy Trust has reported a revenue surplus in year of £179,168 and the year-end value of the reserves has increased from £314,324 to £493,492. This is due to restructuring and natural wastage of staff and an increase of number on roll. It is anticipated the number on roll will increase for 2021/22 and will remain similar for 2022/23.

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

The majority of the Academy's income is obtained from the Education & Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2020 and associated expenditure as shown as restricted funds in the statement activities.

The financial statement details the main incoming revenue from educational grants totalling £4,147,907. Additionally, income from activities for generating funds and other income was £271,862.

During the year ended 31 August 2020, total expenditure was covered by recurrent grant funding from the ESFA together with other incoming resources.

The main revenue expenditure was on staffing costs totalling £3,552,950, excluding the FRS102 pension service cost. Further significant expenditure included curriculum costs of £214,705 and premises and facilities management £248,070.

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

At 31 August 2020, the balances in the Trust's revenue funds were:

Restricted fund	£226,342
Restricted Capital Fund	£10,872,211
Unrestricted funds	£267,150
Pension deficit	£1,984,000

The financial summary of the year's activities is set out on page 21 of the financial statements attached to this report.

Reserves policy

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

The trust does not specifically designate unrestricted funds.

At 31 August 2020, the balances in the Trusts revenue funds were:

Restricted general funds	£226,342
Unrestricted funds	£267,150

At 31 August 2020, Testwood School holds ring-fenced funds of £107,125 to enable the resurface and redevelopment of its 3G artificial turf pitch. These are included in the restricted general funds above.

Investment policy

The Articles of Association list the powers that the academy has with regards to investments. At 31 August 2020 the net assets of the academy include cash at bank of £655,260. The academy has made no investments.

TESTWOOD SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Principal risks and uncertainties

During the initial lockdown from 23rd March 2020, significant financial uncertainties became apparent. The lockdown affected all forms of income for the school. We had to suspend all lettings activities. Our in house catering continued to serve Key worker and Vulnerable children whilst in lockdown which was significantly lower numbers than normal.

Fundraising

Fundraising with the PTA during 2019/20 was not as significant a feature of the school in the Autumn term 2019. The PTA were keen to move forward however, since March 2020 no fundraising has occurred by them. Technology and Art continue to secure contributions from students for practical project equipment. These monies are collected by the finance assistant as per our financial guidance.

Plans for future periods

Governors continue to focus on ensuring sufficient funds will be available to resurface the artificial turf pitch at the end of its current life span, an obligation as a condition of the grant funding received from The Football Foundation to build an artificial turf pitch facility in 2004. The school is in further discussions with The Football Foundation of the feasibility of securing additional grant funding to enable the redevelopment of the existing facility, to provide improved provision to meet the increased demand in the community, as identified in the recently published Local Football Facility Plan for The New Forest, written by The Football Foundation for the growth for girls and boys grass roots football.

However, should virus control measures continue and local restrictions impede on being able to hire out the facility of the 3G pitch, the sinking fund for resurfacing of the pitch and possible redevelopment of the facility will seriously impact the funds required to meet the costs involved.

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.

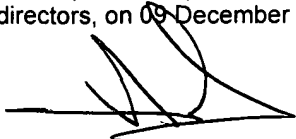
Auditor

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.
- There is no relevant audit information of which the charitable company's auditor is unaware.

A resolution proposing that Moore (South) LLP be reappointed as auditor of the charitable company will be put to the members.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 09 December 2020 and signed on its behalf by:



V Ford

Chair from 01 August 2020

TESTWOOD SCHOOL

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2020

Scope of responsibility

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

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

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

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. Due to Covid19 restrictions the board of trustees met formally twice during the autumn term 2019. From March 2020 governance was continued by virtual meetings attended by the Chair, Vice Chair, Internal Scrutineer, the accounting officer and a member of the board of trustees. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
J Lawrence (Resigned 3 August 2020)	2	2
G Pike (Resigned 13 August 2020)	1	2
D Bushrod (Chair to 30 July 2020)	3	4
H Garland	1	2
J Pitman (Headteacher & Accounting officer)	4	4
V Ford (Chair from 01 August 2020)	4	4
N Gilbert (Staff trustee) (Resigned 11 December 2019)	1	1
C Bell	1	2
G Young	1	2
N Whitcher	4	4
R Motherwell	1	2
N Cheung	1	2
J Munro	1	2
K Oddy	1	2
T Sillence	2	2

The area of focus for 2019/20 was to restructure the staffing and ensure policy changes have been implemented and proven effective. This has been evidenced and reported to trustees, through individual trustee monitoring, visits and results. Between March and August 2020, visits were curtailed but monitoring continued by trustees meeting virtually. Trustees continue to be encouraged to attend training to broaden their knowledge to enable trustees to achieve a deeper understanding of the data provided. The quality of data used by the Board has been challenged in meetings and verified by the results achieved by students.

The full board has met four times throughout the year. The trustees did not deem it necessary to meet more frequently due to the additional meetings held by the finance and buildings panel, and the internal scrutiny work carried out by the responsible officer. Both of these functions has allowed the trustees to maintain effective oversight of the funds throughout the year.

The **finance and buildings panel** is a panel reporting to 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.

TESTWOOD SCHOOL

GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

During the year, R Mothwell became chair of the panel and K Oddy, vice chair. Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
J Lawrence (Resigned 3 August 2020)	2	2
G Pike (Resigned 13 August 2020)	2	3
D Bushrod (Chair to 30 July 2020)	2	2
J Pitman (Headteacher & Accounting officer)	4	4
V Ford (Chair from 01 August 2020)	2	2
N Whitcher	4	4
R Motherwell	2	4
N Cheung	1	2
K Oddy	2	2
T Sillence	2	2

Review of value for money

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

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

- Restructuring staffing.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Testwood School for the period 1 September 2019 to 31 August 2020 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 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

TESTWOOD SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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
- delegation of authority and segregation of duties
- identification and management of risks

The board of trustees has decided not to appoint an internal auditor. However, the trustees have appointed Nick Whitcher, a trustee, to carry out a programme of internal checks. The reviewer's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular, the checks carried out in the current period included:

- Review of the Risk Register
- Review of the Business Continuity Plan / Disaster Recovery
- Review of the requirements and testing of compliance of the Academies Financial Handbook 2019

On a scheduled basis, termly, the reviewer reports to the board of trustees, through the buildings and finance committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. Checks made, found internal controls secure and effective and procedures for budget planning sound.

The board of trustees can confirm that the internal reviewer has delivered their schedule of work as planned. No material control issues were identified.

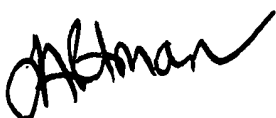
Review of effectiveness

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:

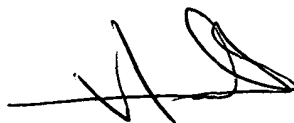
- the work of the reviewer
- the work of the external auditor
- the work of the Director of Finance within the academy trust who has responsibility for the development and maintenance of the internal control framework

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

Approved by order of the members of the board of trustees on 4th December 2019 and signed on its behalf by:



J Pitman
Headteacher & Accounting officer



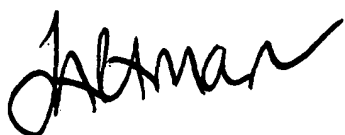
V Ford
Chair from 01 August 2020

TESTWOOD SCHOOL

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2020

As accounting officer of Testwood School I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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 EFA.



J Pitman
Accounting Officer

09 December 2020

TESTWOOD SCHOOL

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2020

The trustees (who act as governors of Testwood School and 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 Annual Accounts Direction published by the Education 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 2015 and the Academies Accounts Direction 2018 to 2019
- 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 EFA/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 11th December 2019 and signed on its behalf by:



V Ford
Chair from 01 August 2020

TESTWOOD SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TESTWOOD SCHOOL FOR THE YEAR ENDED 31 AUGUST 2020

Opinion

We have audited the accounts of Testwood School for the year ended 31 August 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of 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 2019 to 2020 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 2020 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 2019 to 2020.

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the Trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the academy trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

Other information

The Trustees are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Other information includes the trustees' report (incorporating the strategic report and directors' report) the governance statement and the statement of regularity, propriety and compliance. 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.

In connection with our audit of the accounts, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement of the other information. 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.

TESTWOOD SCHOOL

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

FOR THE YEAR ENDED 31 AUGUST 2020

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.

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 and directors' 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 (who are also the directors of the academy trust for the purposes of company law) 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 academy trust, 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.

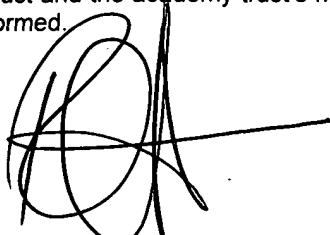
TESTWOOD SCHOOL

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

FOR THE YEAR ENDED 31 AUGUST 2020

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

Chartered Accountants
Statutory Auditor

22nd December 2020

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 2020

In accordance with the terms of our engagement letter dated 21 August 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020, 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 2019 to 31 August 2020 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 Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. 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 2019 to 31 August 2020 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 Academies Accounts Direction 2019 to 2020 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 2020

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 2019 to 31 August 2020 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: 22nd December 2020

TESTWOOD SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	Unrestricted funds £	Restricted funds: General £ Fixed asset £	Total 2020 £	Total 2019 £
Income and endowments from:					
Donations and capital grants	3	-	-	15,983	65,925
Charitable activities:					
- Funding for educational operations	4	-	4,147,907	-	3,826,569
Other trading activities	5	100,422	171,440	-	399,000
Investments	6	321	-	-	331
Total		100,743	4,319,347	15,983	4,291,825
Expenditure on:					
Charitable activities:					
- Educational operations	8	42,885	4,357,740	227,727	4,483,363
Total	7	42,885	4,357,740	227,727	4,483,363
Net income/(expenditure)		57,858	(38,393)	(211,744)	(191,538)
Transfers between funds	16	-	(7,297)	7,297	-
Other recognised gains/(losses)					
Actuarial losses on defined benefit pension schemes	18	-	(11,000)	-	(553,000)
Net movement in funds		57,858	(56,690)	(204,447)	(744,538)
Reconciliation of funds					
Total funds brought forward		209,292	(1,700,968)	11,076,658	9,584,982
Total funds carried forward		267,150	(1,757,658)	10,872,211	9,381,703

TESTWOOD SCHOOL

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

FOR THE YEAR ENDED 31 AUGUST 2020

Comparative year information		Unrestricted	Restricted funds:		Total
Year ended 31 August 2019		funds	General	Fixed asset	2019
	Notes	£	£	£	£
Income and endowments from:					
Donations and capital grants	3	-	6,616	59,309	65,925
Charitable activities:					
- Funding for educational operations	4	-	3,826,569	-	3,826,569
Other trading activities	5	146,098	252,902	-	399,000
Investments	6	331	-	-	331
Total		146,429	4,086,087	59,309	4,291,825
Expenditure on:					
Charitable activities:					
- Educational operations	8	53,459	4,198,359	231,545	4,483,363
Total	7	53,459	4,198,359	231,545	4,483,363
Net income/(expenditure)		92,970	(112,272)	(172,236)	(191,538)
Transfers between funds	16	(8,698)	8,533	165	-
Other recognised gains/(losses)					
Actuarial losses on defined benefit pension schemes	18	-	(553,000)	-	(553,000)
Net movement in funds		84,272	(656,739)	(172,071)	(744,538)
Reconciliation of funds					
Total funds brought forward		125,020	(1,044,229)	11,248,729	10,329,520
Total funds carried forward		209,292	(1,700,968)	11,076,658	9,584,982

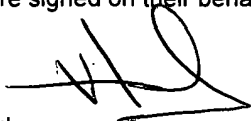
TESTWOOD SCHOOL

BALANCE SHEET

AS AT 31 AUGUST 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Tangible assets	12		10,872,211		11,058,090
Current assets					
Debtors	13	107,191		104,526	
Cash at bank and in hand		655,260		434,931	
		762,451		539,457	
Current liabilities					
Creditors: amounts falling due within one year	14	(268,959)		(206,565)	
Net current assets			493,492		332,892
Net assets excluding pension liability			11,365,703		11,390,982
Defined benefit pension scheme liability	18		(1,984,000)		(1,806,000)
Total net assets			9,381,703		9,584,982
Funds of the Academy Trust:					
Restricted funds	16				
- Fixed asset funds			10,872,211		11,076,658
- Restricted income funds			226,342		105,032
- Pension reserve			(1,984,000)		(1,806,000)
Total restricted funds			9,114,553		9,375,690
Unrestricted income funds	16		267,150		209,292
Total funds			9,381,703		9,584,982

The accounts on pages 20 to 42 were approved by the Trustees and authorised for issue on 09 December 2020 and are signed on their behalf by:



V Ford

Chair from 01 August 2020

Company Number 07703800

TESTWOOD SCHOOL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Net cash provided by operating activities	19		245,873		61,986
Cash flows from investing activities					
Dividends, interest and rents from investments		321		331	
Capital grants from DfE Group		15,983		59,309	
Purchase of tangible fixed assets		(41,848)		(106,608)	
Net cash used in investing activities			(25,544)		(46,968)
Net increase in cash and cash equivalents in the reporting period			220,329		15,018
Cash and cash equivalents at beginning of the year			434,931		419,913
Cash and cash equivalents at end of the year			655,260		434,931

TESTWOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

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

The Academy Trust has reported a revenue surplus in year of £179,168 and the year end value of the reserves has increased slightly from £314,324 to £493,492. This is due to restructuring and natural wastage of staff and an increase of number on roll. It is anticipated the number on roll will increase for 2021/22 and will remain similar for 2022/23.

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

1.3 Income

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

Grants

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

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

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

TESTWOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

Donations

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

Other income

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

1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

1.5 Tangible fixed assets and depreciation

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

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

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

Freehold land and buildings	Land is not depreciated, buildings are depreciated 2% Straight Line
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 2020

1 Accounting policies

(Continued)

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

1.6 Liabilities

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

1.7 Leased assets

Rentals payable under operating leases are charged against income on a straight-line basis over the period of the lease.

1.8 Financial instruments

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

Financial assets

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

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

Financial liabilities

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

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

1.9 Taxation

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

1.10 Pensions benefits

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

TESTWOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

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.

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

1.11 Fund accounting

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

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

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

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. 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.

TESTWOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

2 Critical accounting estimates and areas of judgement

(Continued)

Critical areas of judgement

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

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Capital grants	-	15,983	15,983	59,309
Other donations	-	-	-	6,616
	-	15,983	15,983	65,925

4 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
DfE / ESFA grants				
General annual grant (GAG)	-	3,642,300	3,642,300	3,492,268
Other DfE group grants	-	398,128	398,128	229,427
	-	4,040,428	4,040,428	3,721,695
Other government grants				
Other government grants	-	101,655	101,655	104,874
Exceptional government funding				
Coronavirus exceptional support	-	5,824	5,824	-
Total funding	-	4,147,907	4,147,907	3,826,569

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

The funding received for coronavirus exceptional support covers £2.4k of free school meal vouchers and £3.4k of cleaning costs. These costs are included in notes 7 and 8 below as appropriate.

TESTWOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Hire of facilities	22,611	22,901	45,512	73,416
Catering income	-	86,432	86,432	133,060
Trips and Activities	44,243	-	44,243	58,528
Fundraising	716	-	716	300
Other income	32,852	62,107	94,959	133,696
	<u>100,422</u>	<u>171,440</u>	<u>271,862</u>	<u>399,000</u>

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Other investment income	<u>321</u>	<u>-</u>	<u>321</u>	<u>331</u>

7 Expenditure

	Staff costs £	Non-pay expenditure Premises Other £ £		Total 2020 £	Total 2019 £
Academy's educational operations					
- Direct costs	2,918,187	-	299,922	3,218,109	3,083,056
- Allocated support costs	749,977	467,905	192,361	1,410,243	1,400,307
	<u>3,668,164</u>	<u>467,905</u>	<u>492,283</u>	<u>4,628,352</u>	<u>4,483,363</u>

Net income/(expenditure) for the year includes:

	2020 £	2019 £
Fees payable to auditor for:		
- Audit	7,390	7,250
- Other services	2,955	2,850
Operating lease rentals	16,915	17,018
Depreciation of tangible fixed assets	227,727	231,545
Net interest on defined benefit pension liability	31,000	29,000
	<u></u>	<u></u>

TESTWOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Direct costs				
Educational operations	42,885	3,175,224	3,218,109	3,083,056
Support costs				
Educational operations	-	1,410,243	1,410,243	1,400,307
	<u>42,885</u>	<u>4,585,467</u>	<u>4,628,352</u>	<u>4,483,363</u>
Analysis of costs			2020 £	2019 £
Direct costs				
Teaching and educational support staff costs			2,920,687	2,721,384
Staff development			16,676	11,295
Technology costs			66,041	57,743
Educational supplies and services			90,989	126,933
Examination fees			48,490	56,769
Other direct costs			75,226	108,932
			<u>3,218,109</u>	<u>3,083,056</u>
Support costs				
Support staff costs			751,587	721,259
Depreciation			227,727	231,545
Recruitment and support			21,675	5,720
Maintenance of premises and equipment			106,744	109,778
Cleaning			12,361	12,618
Energy costs			64,863	57,691
Rent, rates and other occupancy costs			40,676	37,979
Insurance			15,534	16,250
Security and transport			7,892	9,978
Catering			69,738	91,140
Finance costs			31,000	29,000
Legal costs			3,602	8,300
Other support costs			46,209	57,583
Governance costs			10,635	11,466
			<u>1,410,243</u>	<u>1,400,307</u>

TESTWOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

9 Staff

Staff costs

Staff costs during the year were:

	2020 £	2019 £
Wages and salaries	2,703,970	2,493,736
Social security costs	232,603	226,575
Pension costs	698,116	537,630
Staff costs	3,634,689	3,257,941
Agency staff costs	33,475	160,529
Staff restructuring costs	-	21,438
Staff development and other staff costs	20,786	14,030
Total staff expenditure	3,688,950	3,453,938

Staff restructuring costs comprise:

Redundancy payments	-	2,477
Severance payments	-	12,500
	-	21,438

During the year ended 31 August 2020 £15,500 of staffing costs related to facilitation of the School Games Organiser Programme.

Staff numbers

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

	2020 Number	2019 Number
Teachers	50	42
Administration and support	36	29
Management	6	6
Site Team	3	3
Cleaners	12	12
Catering & other staff	4	4
	111	96

TESTWOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

9 Staff

(Continued)

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

	2020 Number	2019 Number
Teachers	39	34
Administration and support	20	18
Management	6	6
Site Team	3	3
Cleaners	6	7
Catering & other staff	3	3
	<u>77</u>	<u>71</u>

Higher paid staff

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

	2020 Number	2019 Number
£60,001 - £70,000	2	1
£80,001 - £90,000	-	1
£90,001 - £100,000	1	-
	<u> </u>	<u> </u>

Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 3. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £482,880 (2019: £402,276).

TESTWOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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 (2019: £Nil).

The value of Trustees' remuneration was as follows:

J Pitman (Headteacher and trustee):

Remuneration £90,001 - £95,000 (2019: £85,001 - £90,000)

Employer's pension contributions £20,001 - £25,000 (2019: £10,001 - £15,000)

N Gilbert (Other staff governor):

Remuneration £15,001 - £20,000 (2019: £45,001 - £50,000)

Employer's pension contributions £0 - £5,000 (2019: £5,001 - £10,000)

Staff trustee for the period to 11/12/2019

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

11 Insurance for Trustees and officers

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.

12 Tangible fixed assets

	Freehold land and buildings £	Computer equipment £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 September 2019	12,588,169	36,615	133,598	12,758,382
Additions	13,000	12,178	16,670	41,848
At 31 August 2020	12,601,169	48,793	150,268	12,800,230
Depreciation				
At 1 September 2019	1,604,769	21,188	74,335	1,700,292
Charge for the year	206,513	9,499	11,715	227,727
At 31 August 2020	1,811,282	30,687	86,050	1,928,019
Net book value				
At 31 August 2020	10,789,887	18,106	64,218	10,872,211
At 31 August 2019	10,983,400	15,427	59,263	11,058,090

TESTWOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

12 Tangible fixed assets

(Continued)

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

13 Debtors

	2020 £	2019 £
Trade debtors	4,354	2,640
VAT recoverable	22,637	29,909
Prepayments and accrued income	80,200	71,977
	<u>107,191</u>	<u>104,526</u>

14 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	82,250	52,357
Other creditors	120,457	108,384
Accruals and deferred income	66,252	45,824
	<u>268,959</u>	<u>206,565</u>

15 Deferred income

	2020 £	2019 £
Deferred income is included within:		
Creditors due within one year	<u>29,824</u>	<u>29,968</u>
Deferred income at 1 September 2019	29,968	67,469
Released from previous years	(29,968)	(67,469)
Resources deferred in the year	<u>29,824</u>	<u>29,968</u>
Deferred income at 31 August 2020	<u>29,824</u>	<u>29,968</u>

Deferred income refers to income received in the year to 31 August 2020 which actually relates to the year ending 31 August 2021. The above deferred income figure relates to the following;

Ecorys school games funding	£13,883
Rates grant	£12,604
Trips	<u>£3,337</u>
Total	<u>£29,824</u>

TESTWOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

16 Funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2020 £
Restricted general funds					
General Annual Grant (GAG)	-	3,642,300	(3,552,259)	(7,297)	82,744
Other DfE / ESFA grants	-	398,128	(398,128)	-	-
Other government grants	273	107,479	(95,903)	-	11,849
Other restricted funds	104,759	171,440	(144,450)	-	131,749
Pension reserve	(1,806,000)	-	(167,000)	(11,000)	(1,984,000)
	<u>(1,700,968)</u>	<u>4,319,347</u>	<u>(4,357,740)</u>	<u>(18,297)</u>	<u>(1,757,658)</u>
Restricted fixed asset funds					
DfE group capital grants	<u>11,076,658</u>	<u>15,983</u>	<u>(227,727)</u>	<u>7,297</u>	<u>10,872,211</u>
Total restricted funds	<u>9,375,690</u>	<u>4,335,330</u>	<u>(4,585,467)</u>	<u>(11,000)</u>	<u>9,114,553</u>
Unrestricted funds					
General funds	<u>209,292</u>	<u>100,743</u>	<u>(42,885)</u>	<u>-</u>	<u>267,150</u>
Total funds	<u>9,584,982</u>	<u>4,436,073</u>	<u>(4,628,352)</u>	<u>(11,000)</u>	<u>9,381,703</u>

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

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

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

The restricted fund carried forward balance includes £107,205 (2019: £89,199) 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 2020.

TESTWOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

16 Funds

(Continued)

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
Restricted general funds					
General Annual Grant (GAG)	-	3,492,268	(3,500,801)	8,533	-
Other DfE / ESFA grants	-	229,427	(229,427)	-	-
Other government grants	-	104,874	(104,601)	-	273
Other restricted funds	67,771	259,518	(222,530)	-	104,759
Pension reserve	(1,112,000)	-	(141,000)	(553,000)	(1,806,000)
	<u>(1,044,229)</u>	<u>4,086,087</u>	<u>(4,198,359)</u>	<u>(544,467)</u>	<u>(1,700,968)</u>
Restricted fixed asset funds					
DfE group capital grants	<u>11,248,729</u>	<u>59,309</u>	<u>(231,545)</u>	<u>165</u>	<u>11,076,658</u>
Total restricted funds	<u>10,204,500</u>	<u>4,145,396</u>	<u>(4,429,904)</u>	<u>(544,302)</u>	<u>9,375,690</u>
Unrestricted funds					
General funds	<u>125,020</u>	<u>146,429</u>	<u>(53,459)</u>	<u>(8,698)</u>	<u>209,292</u>
Total funds	<u>10,329,520</u>	<u>4,291,825</u>	<u>(4,483,363)</u>	<u>(553,000)</u>	<u>9,584,982</u>

17 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2020 are represented by:				
Tangible fixed assets	-	-	10,872,211	10,872,211
Current assets	267,150	495,301	-	762,451
Creditors falling due within one year	-	(268,959)	-	(268,959)
Defined benefit pension liability	-	(1,984,000)	-	(1,984,000)
Total net assets	<u>267,150</u>	<u>(1,757,658)</u>	<u>10,872,211</u>	<u>9,381,703</u>

TESTWOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

17 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	11,058,090	11,058,090
Current assets	209,292	311,597	18,568	539,457
Creditors falling due within one year	-	(206,565)	-	(206,565)
Defined benefit pension liability	-	(1,806,000)	-	(1,806,000)
Total net assets	209,292	(1,700,968)	11,076,658	9,584,982

18 Pension and similar obligations

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

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

There were £62,101 (2019: £51,710) 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 academies. All teachers have the option to opt out of the TPS following enrolment.

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

Valuation of the Teachers' Pension Scheme

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

TESTWOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

18 Pension and similar obligations

(Continued)

The key elements of the valuation and subsequent consultation are:

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

The next valuation result is due to be implemented from 1 April 2023.

The pension costs paid to the TPS in the period amounted to £420,381 (2019: £270,396).

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 £122,000 (2019: £165,000).

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

Period (1 April - 31 March)	Employer Primary Contribution Rate	Annual Monetary Amount
2020/21	18.9%	£Nil
2021/22	18.9%	£Nil
2022/23	18.9%	£Nil

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

Total contributions made	2020 £	2019 £
Employer's contributions	143,000	155,000
Employees' contributions	36,000	34,000
Total contributions	179,000	189,000

TESTWOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

18 Pension and similar obligations

(Continued)

Principal actuarial assumptions	2020 %	2019 %
Rate of increase in salaries	3.3	3.6
Rate of increase for pensions in payment/inflation	2.3	2.1
Discount rate for scheme liabilities	1.7	1.8
Inflation assumption (CPI)	2.3	2.1

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

	2020 Years	2019 Years
Retiring today		
- Males	23.0	23.1
- Females	25.5	25.8
Retiring in 20 years		
- Males	24.7	24.7
- Females	27.2	27.6

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

Defined benefit pension scheme net liability

Scheme assets	3,218,000	3,104,000
Scheme obligations	(5,202,000)	(4,910,000)
Net liability	(1,984,000)	(1,806,000)

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

	2020 Fair value £	2019 Fair value £
Equities	1,826,000	1,870,000
Bonds	624,000	639,000
Cash	51,000	59,000
Property	193,000	223,000
Other assets	524,000	313,000
Total market value of assets	3,218,000	3,104,000

The actual return on scheme assets was £11,000 (2019: £171,000).

TESTWOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

18 Pension and similar obligations

(Continued)

Amount recognised in the Statement of Financial Activities	2020 £	2019 £
Current service cost	212,000	30,000
Past service cost	-	82,000
Interest income	(57,000)	(80,000)
Interest cost	88,000	109,000
Benefit changes, curtailments and settlements gains or losses	(76,000)	-
Total operating charge	167,000	141,000

Changes in the present value of defined benefit obligations

2020
£

At 1 September 2019	4,910,000
Current service cost	279,000
Interest cost	88,000
Employee contributions	36,000
Actuarial (gain)/loss	(35,000)
Benefits paid	(76,000)
At 31 August 2020	5,202,000

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

2020
£

At 1 September 2019	3,104,000
Interest income	57,000
Actuarial loss/(gain)	(46,000)
Employer contributions	143,000
Employee contributions	36,000
Benefits paid	(76,000)
At 31 August 2020	3,218,000

TESTWOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

19 Reconciliation of net expenditure to net cash flow from operating activities

	2020 £	2019 £
Net expenditure for the reporting period (as per the statement of financial activities)	(192,279)	(191,538)
Adjusted for:		
Capital grants from DfE and other capital income	(15,983)	(59,309)
Investment income receivable	(321)	(331)
Defined benefit pension costs less contributions payable	136,000	112,000
Defined benefit pension scheme finance cost	31,000	29,000
Depreciation of tangible fixed assets	227,727	231,545
(Increase) in debtors	(2,665)	(2,930)
Increase/(decrease) in creditors	62,394	(56,451)
Net cash provided by operating activities	245,873	61,986

20 Analysis of changes in net funds

	1 September 2019 £	Cash flows £	31 August 2020 £
Cash	434,931	220,329	655,260

21 Commitments under operating leases

At 31 August 2020 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2020 £	2019 £
Amounts due within one year	10,910	14,407
Amounts due in two and five years	8,995	14,862
	19,905	29,269

22 Capital commitments

	2020 £	2019 £
Expenditure contracted for but not provided in the accounts	-	1,585

The school had no capital commitments at the year end (2019: £1,585 in relation to ongoing CIF project work for a roof replacement).

TESTWOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

23 Related party transactions

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

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

Income related party transactions

PACE Football Club - a community organisation in which Rob Motherwell (trustee of the trust) has an interest.

- The school has a service level agreement with PACE for the hire of the AstroTurf pitch. Total income received for 2019-20 was £18,755 (2019: £28,058). PACE receive no concessionary rates in their service level agreement.

In entering into these transactions, the Academy Trust has complied with the requirements of the Academies Financial Handbook 2019.

24 Members' liability

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