

Charity registration number 1022427

Company registration number 00838325 (England and Wales)

THE HAMMOND SCHOOL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022

THE HAMMOND SCHOOL LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	K H Cowell J M Devoy C E Penny D A Silcock A Sutton A M Caldwell P J Edgington A F McGladrigan I Wynne-Smythe	(Appointed 18 November 2021) (Appointed 4 January 2022)
Secretary	J M Devoy	
Principal	J Roscoe	
Charity number	1022427	
Company number	00838325	
Registered office	Hoole Bank House Mannings Lane Chester CH2 4ES	
Auditor	Champion Accountants LLP 2nd Floor Refuge House 33-37 Watergate Row Chester CH1 2LE	

THE HAMMOND SCHOOL LIMITED

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THE HAMMOND SCHOOL LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 JULY 2022

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's governing document, the Companies Act 2006 and "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)" (as amended for accounting periods commencing from 1 January 2019).

We present the Annual Report and Accounts for the Academic year 2021/2022. The directors' report is included as part of the annual accounts as required by company law. The accounts were approved by the board on 8 December 2022.

Directors' Report

We present the Annual Report and Accounts for the Academic year 2021/2022. The directors' report is included as part of the annual accounts as required by company law. The accounts were approved by the board on 8th December 2022.

The academic year has been the first for two years without the disruption of COVID, we have completed all terms without the interruption of the global pandemic. To return to normality and the rhythm of the school year has been a huge benefit to students and all our staff. As a school we have made the most of the ability to plan and deliver an uninterrupted and rewarding learning experience for all our students.

This is indeed a year to celebrate. The school continues to grow and flourish. The school roll in September 2021 was 332, despite the pandemic and the challenging economic climate, parents and guardians showed confidence in the Hammond, recognising it as the best possible destination for their child's education and development. The higher than anticipated school roll was due in no small measure to the work done to enhance our marketing techniques, our outreach work and our revised and refreshed recruitment processes.

In September 2021, The Hammond welcomed the Independent Schools Inspectorate (ISI) team to conduct its standard compliance and educational quality inspection. Due to COVID this inspection was overdue. The Hammond was compliant in all regulatory, safeguarding, and health and safety areas, with several areas credited with exemplar practice. Inspectors were enthusiastic about the quality of teaching and learning and gave special commendation for the cutting-edge and inspirational pedagogy witnessed in performance classes. Inspectors also noted the impressive confidence of students; this was seen most evidently during a student voice session with senior students – inspectors commented the students would hold their own in any environment with any student from well-known and highly-esteemed independent schools. We were also thrilled with the commentary regarding well-being, welfare and pastoral care given to students; inspectors commented that students felt safe, valued, listened to, and therefore were able to thrive. An excellent outcome particularly set in the context of two years of disruption to teaching and learning.

The Hammond later welcomed the Council for Dance and Musical Theatre to inspect the College Professional Dance and Musical Theatre Courses. Inspectors were most impressed and enthusiastic about what they observed and all areas of the course were passed with no recommendations.

The Autumn term saw the revised structures and the newly formed boarding team being implemented. This was led by a new Head of Boarding and a new Assistant Head of Boarding. The fundamental change was the residential status of boarding staff, we have worked hard on the 'look and feel' to create a more home-from-home atmosphere rather than the traditional feel of the boarding environment. The experience of boarders, as evidenced through student voice and parental feedback, is transformational; boarders now have a team of qualified and dedicated professionals on hand at all times to assist them with their daily needs.

We continue to work in partnership with the University of Chester in relation to boarding accommodation and are progressing options as regards a longer-term boarding proposition. I am pleased to say that the sound financial management and control that has been embedded over the last few years had enabled us to provide this enhanced offer to students within our existing resources.

THE HAMMOND SCHOOL LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

The board continues to look for ways to mitigate the pressures on the extended school site in terms of available studio and classroom space. During the summer vacation The Hammond's estates team undertook a programme of work that has been instrumental in providing solutions to studio space, refurbishing classrooms with up-to-date technology and furniture and totally reshaping the ground floor of Hoole House. Reassigning curriculum areas and being creative in how timetables are structured has created a much-improved, more modern learning environment.

During 2021-2022 the relationship with the University of Chester continued to mature, leading to the revalidation of the Musical Theatre Performance course which was further enhanced through curriculum changes designed to offer students more opportunities upon graduation. Applications for the course were the highest on record and included many high-quality students. The relationship with the university was further strengthened as The Hammond was asked to co-deliver the Dance Degree with the university; the Summer Term saw the beginnings of curriculum planning and financial modelling. This co-delivered course will commence in September 2023.

The summer of 2022 saw the return of Hammond productions in dance, musical theatre, and theatre arts. The professionalism of all involved was wonderful and again reminded us of the immense talent at The Hammond; productions such as 'The Addams Family' and 'Grease' again demonstrated the West-End quality of student training as well as the world-class creativity of teaching and support staff. The degree students performed a challenging and cutting-edge musical 'Spring Awakening' which marked a turning point in the maturity of the degree course and was highly praised by critics and audiences. The Hammond's two exclusive dance performances again demonstrated the growth and development of the dance provision, and how students and staff truly are at the top of their game.

Destinations for graduating students, both Diploma and Degree, remain highly impressive. The Hammond's graduate development team continue to advise and support destinations; for 2022 these include: cruise ship contracts (featured singers and dancers), employment in professional dance companies within the UK and Europe, further professional training, PGCE training (The Hammond again welcomed a graduate from the degree course to commence teacher training within the Theatre Arts department).

GCSE and A Level students sat public examinations in 2022, exams having been cancelled for the previous two years. The dedication of the teaching staff, working in close partnership with parents, ensured students were well-prepared, confident, and offered the best possible opportunity to succeed. Results were outstanding and again significantly above the national average. One key metric of GCSE results is the percentage of students who achieve five or more GCSEs graded Level 4 or above: all Hammond students achieved this.

Furthermore, all students who embarked on the senior school professional qualification in dance or musical theatre passed the course, with high recommendations from external examiners. The degree students also excelled with their examination results, with more than 75% of the cohort achieving first-class honours degrees, the remaining with 2.1-degree results.

As a Board, we take very seriously, our role, both in terms of safeguarding and our holistic approach to the wellbeing of our students. The Hammond's 'Every Body ' movement continues to grow and evolve, led by Hammond Parliament students it is very much in response to the demands placed on young people in the performance industry. The movement has developed with student leadership and again demonstrates how forward-thinking, innovative and caring The Hammond is. Crucially, we listen.

During the year we have made several changes in response to feedback from students, parents and staff.

Students have given us feedback that the principal of a 'prize giving' day was outdated and out of touch with the ethos of the school where all talents and skills are recognised equally. In response to this in June we held our first 'Celebration Day' which was a huge success. As part of this work, we took the opportunity to review the values and behaviours framework and have relaunched this as the standards expected from our school family.

THE HAMMOND SCHOOL LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

In response to feedback from both students and parents about an expensive and not fit for purpose school uniform, we ran several focus groups. I am proud to say that we now have a modern and practical school dress code that has been embraced by the school. In line with this consultation, we took the opportunity to review our branding and update the school logo and website.

Of course, as a Board we actively managed our finances. The school continues to receive three government funding streams. The Dance and Drama Award (DaDA) from the Education Funding Agency supports the school's post-16 provision while the Music and Dance Scheme (MDS) which comes directly from the Department for Education, does the same for under-16s. Thirdly the Higher Education Funding Council of England (HEFCE), in respect of the Chester University accredited BA degree course in Musical Theatre Performance.

This year as previously mentioned the board has allocated funds to update areas of the fabricate of the estate.

We continue to enjoy a good relationship and support from our bankers. Barclays Bank is currently working to support us with our revised Estate Strategy

Yet again the preparation of this Annual Report, I am reminded of the continued excellence and reputation of The Hammond. The directors recognise that it is the hard work, commitment and dedication of the people who work at the School who make this possible. As a Board we respect the professionalism, hard work and dedication to help students fulfil the ambitions.

History and Development

As a Board we are ever mindful of the history and traditions of the school. Indeed, the celebration of its centenary in 2017 marked a new phase in the modernisation of the school whilst respecting the vision and ambition that had led to the development of the school to that landmark 100 years anniversary.

The school comprises five year groups from the age of 11 to 16 and, in addition to the provision of the full national curriculum key stage 3 and 4 subjects, broadens the music and dance curriculum further. A similarly extensive range of extra-curricular activities is offered to junior school students.

The College takes boys and girls aged 16+. In addition to their vocational training students are offered a wide range of educational options, again of the highest standard, for those students who wish to continue to pursue further academic qualifications.

Our 18+ provision offers a BA Honours Course linked with the University of Chester.

Objectives and activities

The Hammond continues to provide education for young people and in particular in the performing arts. It gives students the skills, knowledge and confidence necessary for their future for its pupils aged between 11 and 21 plus.

The School's caring and supportive ethos, where the welfare and development of the individual is of the utmost importance, is one of its real strengths. This together with the School's enviable academic and specialist dance, music and drama results place it in a pre-eminent position within the region. The School attracts both local day students and boarders from all parts of the UK, and a number of international students.

Our school continues to welcome pupils from all backgrounds. An individual's economic status, gender, ethnicity, race, religion or disability do not form part of our entrance assessment criteria. It is important to us that access to the education we provide is not restricted to those who can afford our fees. Our Bursary Policy enables access by children of families who might otherwise not be able to afford the fees and our Outreach Programme enables access to our facilities by the wider community.

THE HAMMOND SCHOOL LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) **FOR THE YEAR ENDED 31 JULY 2022**

The School operates a limited bursary policy. The School's board and senior management team assess students for grant funding and other financial support, on a case-by-case basis, taking into account both the student's talent and the financial circumstances of the family. The aim is to ensure that the policy of welcoming students from all backgrounds described above, is met.

The School continues to produce well-educated, rounded individuals, with the life skills to take their places as contributory members of society. Self-discipline and self-motivation are stressed and the School expects the students to be its ambassadors, setting high standards of behaviour in the eyes of the general public.

Every pupil attending The Hammond School receives a high-quality academic education, tailored to the individual. Dance students have full vocational training, specialising as necessary, according to the talents and aspirations of the individual. Drama students are offered an extensive and varied drama supplement to their general academic education. Dance, music and drama students have regular opportunities to perform publicly and to develop their individual talents fully.

The School works closely with all parents and actively involves them in the progress of their children. The Parent Teacher and Friends Association is an important body in this respect. The School also seeks to ensure that equal opportunities are available to all staff for training, professional development and promotion. The school complies with disability legislation. All the School's activities are undertaken with due regard to the wider public benefit. More information on significant activities to achieve these objectives can be found in the Principal's Review of the Year.

THE HAMMOND SCHOOL LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 JULY 2022

Principal Risks and Uncertainties

The Hammond, like any other organisation, is subject to a range of potential risks and uncertainties which can have an impact on future performance to a greater or lesser degree. Of these risks and uncertainties some cannot be anticipated and as a result, no financial management tool can cater for these. However, identifying risks and planning for uncertain future events enables the organisation to react more quickly to mitigate risks when they arise as well as reducing the risk in the first instance.

During the year the board has continued to develop and embed systems of internal control and risk management which are designed to protect the school's assets and reputation.

The board has continued its annual review of the school's business plan to identify the risks to which it is exposed and to identify the systems and procedures in place to mitigate those risks. Internal controls have been implemented and each year the effectiveness of those controls will be reviewed. As well as an annual review, the board will also consider during the course of the year any risks which might arise as a result of new areas of work being undertaken by the school.

The work currently being undertaken by the School specifically with regard to the business plan has confirmed that the key risks and uncertainties identified in previous years remain unchanged. These are set out below together with the actions taken or planned to mitigate the financial impact.

- Reduction in student numbers. The school continues to adapt its strategies to this challenge, with significant success over the last 3 years.
- The successful launch of the BA course, in conjunction with the University of Chester, has been a significant boost to school numbers. Work is ongoing to continuously improve the offering of the Hammond, to ensure a continued flow of undergraduates.
- A new BA course is currently in development
- Reductions in available grant funding is a major threat, as these scholarships are subject to political and social changes. In the short to medium term, funding of talented but underfinanced individuals, by central Government, looks relatively secure. The school is however looking to build up its Bursary funding to offer additional support or alternatives to Government funding, in the future.
- Supply and cost of staff. The school relies on a smaller pool of suitably qualified specialist staff than the mainstream education sector, and so may be more at risk in this area. Despite this, the Hammond continues to attract a steady supply of high-quality staff.
- The current cost of living crisis has been added to our risk register
- Financial: The school has a very favourable loan facility (base rate +0.95%) of just under £2m, fixed in 2008 for 25 years. Increases to the bank base rate would quickly increase interest payments and represents a risk.

These are the principal risks to the school. The Board believes that the foregoing narrative demonstrates that it is doing everything possible at present to mitigate these key risks.

Challenges and Opportunities

The board identifies the challenges as stated above however it considers there are opportunities available to the School including, increased revenue funding from existing providers, targeted pupil growth with expanded boarding facilities, and general continued rationalisation of costs.

THE HAMMOND SCHOOL LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 JULY 2022

Achievements and performance

The School is recognised as a Centre of Excellence within the Government's Music and Dance Scheme (MDS). This recognition, among other things, enables the School to help highly talented young people from a wide range of backgrounds to realise their potential.

The school remains committed to increasing its involvement in a wide range of community-based projects. These projects, which cover a range of activities and vary considerably in size, are very beneficial to both the local and wider community as well as being extremely rewarding for the staff and students who take part. Hammond pupils and students continue to support several charities through a variety of fund-raising events, such as local hospice charities, Save the Family, and organisations that support the mental health of young people. We also continue to work closely with Cheshire Young Carers. The Hammond also works closely with Passion for Learning charity and is in the process of planning a live on-site event to support those involved (this was postponed due to Covid restrictions).

This Annual Report allows the directors the opportunity, once again to express their thanks and appreciation to all the staff for the work carried out within the school. The development and achievement of the students and the resulting burgeoning reputation of The Hammond would not be possible without the hard work, enthusiasm and commitment willingly given by our exceptional team. This is something which I as the Chairman and my colleague Board of Directors recognise. We are immensely grateful to them.

The Directors regularly review the School's business plan both at board and sub-committee level. The detailed management information, forecasts and supporting documentation is an on-going part of the directors' robust financial and strategic plan for the School in the short to medium term.

The school retains a close working relationship with its bankers who are supportive of the school's plans to continue to improve the provision to our students.

Financial review

The financial year to 31 July 2022 has been one of post-pandemic consolidation for the School. Total income, including grant monies received was £5.02m compared to £4.78m in 2021. Student numbers decreased from 331 to 321.

Total staff costs were £2.73m in the year to 31 July 2022, overheads increased by £522k in the year to £2.09m.

The financial position over the last five years is summarised below:

	2022	2021	2020	2019	2018
Pupil numbers	321	331	324	334	329
	£000	£000	£000	£000	£000
Income	5,024	4,776	4,887	5,113	5,027
Grants received	1,844	1,847	1,908	1,839	1,812
Income less grants	3,180	2,929	2,979	3,274	3,215
Salaries	2,732	3,134	2,962	3,027	2,950
Overheads	2,086	1,564	1,474	1,785	1,706
Operating profit/(loss)	206	78	451	301	371
Interest payable	-30	-26	-36	-44	-39
Net profit/(loss) for the year	176	52	415	257	332
	£	£	£	£	£
Ave. contribution/pupil	9,907	8,849	9,194	9,802	9,772

THE HAMMOND SCHOOL LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 JULY 2022

Reserves

The net assets of the school stood at £2.00m at the end of the year, an increase of £176k compared to last year's balance of £1.83m. Restricted funds accounted for £14,457.

The Directors are very conscious of the requirement to continually review the reserves and assets of the School and maintain a target of reserves accounting for 6 months operating costs. The Hammond's reserves currently account for 4.9 months of operating costs. The directors maintain their vigilance over the School's finances by reviewing a monthly finance report, which includes management accounts and cash reporting. The monthly results are reviewed at board and board sub-committee level with reference to the regularly updated rolling 3-year forecast.

Bank balances

The School ended the year with a bank balance of £47k, compared to an overdrawn balance of £223k at the end of the last financial year. Outstanding mortgage debt at year-end was £1.62m.

Forecasts

The school maintains a rolling 3-year profit and cash flow forecast which is used by the senior management team and board to monitor actual performance against forecast. The forecast is prepared using a rigorous methodology consistently applied from year to year.

The forecasting methodology used in the last three years has significantly assisted in obtaining and managing the finance required to complete the capital projects discussed above.

The board of directors retains its commitment to this financial management process and is continually looking at ways to further refine and develop these processes.

Fundraising Activities

The Trustees of School wish to thank the continued support of the PTFA who are unstinting in their work to support the School.

Material Financial Expenditure

There was no material financial expenditure during the year.

Plans for the Future

The Board has continued its review of the estate strategy. We recognise that with the increasing number of students there is pressure on our existing accommodation. The Board is keen to ensure that any short-term solutions do not adversely impact on the medium- and long-term plans to improve our real estate.

- Continued improvements and updates to facilities, equipment and teaching, to provide the best possible learning experience, across all ages in the school. Specific attention is currently being given to the long-term School boarding provision;
- Development of options to significantly enhance boarding accommodation
- Continually review pupil numbers to maintain the unique nature of the school; with the exception of the BA course which is due to start in 2023
- Maintaining a watching brief for opportunities to further grow the School in a range of ways;
- Continued close involvement of the wider community to present the Hammond Experience to an ever-increasing audience, through Productions, Outreach activities, Summer school, Hammond Youth Theatre and Hammond Associates.

THE HAMMOND SCHOOL LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

Structure, governance and management

The financial statements comply with current statutory requirements, the Memorandum and Articles of Association of the company and the Statements of Recommended Practice for Accounting and Reporting by Charities (effective January 2015).

The Senior Management Team is responsible for presenting the School's existing short, medium and long-term strategic plans to the Directors for approval.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

K H Cowell

J M Devoy

C E Penny

D A Silcock

A Sutton

J Sykes

(Resigned 25 March 2022)

A M Caldwell

P J Edgington

A F McGladrigan

(Appointed 18 November 2021)

I Wynne-Smythe

(Appointed 4 January 2022)

The Board of Directors is responsible for the appointment of additional Directors, and in doing so seeks individuals with appropriate experience and interest to provide the board with the necessary skills and outlook required. New Directors have a formal induction process, and School policies are made available to all Directors.

The directors have a formal risk management process to assess business risks and implement risk management strategies. This is discussed more fully in the concluding section of this report.

The charity's internal financial and management controls conform to the current SORP requirements and to operational guidelines issued by the Charity Commission.

Financial Management and Control

The day-to-day financial operation of the school, the implementation of its budgets, application of the relevant internal controls and preparation of regular financial information is the responsibility of the Finance department of the School, led by the Head of Finance under the supervision of the finance sub-committee which constitutes two directors, an external finance expert, the principal, the Head of Finance and members of the finance department.

The monthly reporting structure used in previous years continues to be employed.

The pay of the School's senior staff is reviewed annually and normally increased in accordance with average earnings. In view of the nature of the charity, the Trustees benchmark against pay levels in its peer educational establishments. The Trustees believe that this policy is currently appropriate with successful recruitment in a challenging environment. However, should this change, this benchmark would be reviewed by the Board and senior management team.

THE HAMMOND SCHOOL LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 JULY 2022

Statement of Trustees' responsibilities

The trustees, who are also the directors of The Hammond School Limited for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

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;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

In accordance with the company's articles, a resolution proposing that Champion Accountants LLP be reappointed as auditor of the company will be put at a General Meeting.

THE HAMMOND SCHOOL LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

PRINCIPAL'S END OF YEAR REPORT

The Hammond commenced the 2021-22 academic year in September and, for the first time in two years, completed all terms without interruption from the global pandemic. This was a wonderful relief for all students and staff at The Hammond, and we certainly embraced the opportunities re-opened to us.

The Hammond has enjoyed another successful year on many fronts. The school has continued to grow, and the roll for September 2021 was 332 pupils and students. Even considering the impact of the pandemic, as well as the challenging economic climate for parents, we were thrilled at the higher-than-anticipated school roll; this was a result of enhanced marketing techniques, outreach work, and a re-organised recruitment process.

In September 2021, The Hammond welcomed the Independent Schools Inspectorate (ISI) team to conduct its standard compliance and educational quality inspection. The inspection was overdue and able to be completed in September due to covid-based relaxation. The Hammond was compliant in all regulatory, safeguarding, and health and safety areas, with several areas credited with exemplar practice. Inspectors were enthusiastic about the quality of teaching and learning, and gave special commendation for the cutting-edge and inspirational pedagogy witnessed in performance classes. Inspectors also noted the impressive confidence of students; this was seen most evidently during a student voice session with senior students – inspectors commented the students would hold their own in any environment with any student from well-known and highly-esteemed independent schools. We were also thrilled with the commentary regarding wellbeing, welfare and pastoral care given to students; inspectors commented that students felt safe, valued, listened to, and therefore were able to thrive. The Hammond later welcomed the Council for Dance and Musical Theatre to inspect the College Professional Dance and Musical Theatre Courses. Inspectors were thrilled with all areas and passed the courses with no recommendations.

The Autumn Term also saw the realisation of the newly reformed and restructured boarding team, led by a new Head of Boarding and a new Assistant Head of Boarding. The fundamental change was the residential status of boarding staff, thereby enabling a more homely and traditional feel to the boarding environment. The experience of boarders, as evidenced through student voice and parental feedback, is transformational; boarders now have a team of qualified and dedicated professionals to assist them with their daily needs.

We continue to work in partnership with the University of Chester in relation to boarding accommodation and are progressing options as regards longer-term boarding accommodation. I am pleased to say that the sound financial management and control that has been embedded over the last few years had enabled us to deal with these issues within our existing resources.

The School retains the support of Barclays Bank who we see as an important partner in the School. Their continued support for both current and future projects is much appreciated.

The School continues to receive three government funding streams. The Dance and Drama Award (DaDA) from the Education Funding Agency supports the School's post-16 provision while the Music and Dance Scheme (MDS) which comes directly from the Department for Education, does the same for under-16s. Thirdly the Higher Education Funding Council of England (HEFCE), in respect of the Chester University accredited BA degree course in Musical Theatre Performance.

Previous reports have highlighted the pressure on the extended school site in terms of available studio and classroom space. The Hammond's estates team has been instrumental in providing solutions to studio space by reassigning curriculum areas and being creative as regards timetabling. This is still an area of focus, especially as The Hammond explores the growth of some courses and the instigation of others.

THE HAMMOND SCHOOL LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 JULY 2022

I also continue forge strong relationships with the Principals and Headteachers of the other MDS-funded performance schools, and in 2021 I took over as Vice Chair of the MDS Head Teachers group. These relationships help further align The Hammond with schools similar to ours, enabling the sharing of good practice, including, amongst other things, participating in safeguarding conferences.

The Hammond's relationship with the University of Chester continued to grow in 2021-22, leading to the revalidation of the Musical Theatre Performance course which was further enhanced through curriculum changes designed to offer students more opportunities upon graduation. Applications for the course were the highest on record and included high quality students. The relationship with the university was further strengthened as The Hammond was asked to co-deliver the Dance Degree with the university; the Summer Term saw the beginnings of curriculum planning and financial modelling. The co-delivered course will commence September 2023.

In the summer of 2022 saw the return of Hammond productions in dance, musical theatre, and theatre arts. The professionalism of all involved was wonderful and again reminded us of the immense talent at The Hammond; productions such as 'The Addams Family' and 'Grease' again demonstrated the West-End quality of student training as well as the world-class creativity of teaching and support staff. The degree students performed a challenging and cutting-edge musical 'Spring Awakening' which marked a turning point in the maturity of the degree course and was highly praised by critics and audiences. The Hammond's two exclusive dance performances again demonstrated the growth and development of the dance provision, and how students and staff truly are at the top of their game.

Destinations for graduating students, both Diploma and Degree, remain highly impressive. The Hammond's graduate development team continue to advice and support destinations; for 2022 these include: cruise ship contracts (featured singers and dancers), employment in professional dance companies within the UK and Europe, further professional training, PGCE training (The Hammond again welcomed a graduate from the degree course to commence teacher training within the Theatre Arts department).

GCSE and A Level students sat public examinations in 2022, exams having been cancelled for the previous two years. The dedication of teaching staff, working in close partnership with parents, ensured students were well-prepared, confident, and offered the best possible opportunity to succeed. Results were outstanding and again significantly above the national average. One key metric of GCSE results is the percentage of students who achieve five or more GCSEs graded Level 4 or above: all Hammond students achieved this metric.

Furthermore, all students who embarked on the senior school professional qualification in dance or musical theatre passed the course, with high recommendations from external examiners. The degree students also excelled with their examination results, with more than 75% of the cohort achieving first-class honours degrees, the remaining with 2.1 degree results.

Hammond's Every Body movement continues to grow and evolve, led by Hammond Parliament students it is very much in response to the demands placed on young people and young people in the performance industry. The movement has developed with student leadership and again demonstrates how forward-thinking, innovative and caring The Hammond is. Crucially, we listen.

The summer of 2022 saw The Hammond's rebranding exercise launched, which included a new vision statement and values, re-designed logo and visual aesthetics as well as a new and more current website. The changes have been transformative and highlight the strong, vibrant and relevant direction of travel.

It is a privilege to lead The Hammond, and I am delighted to have such a strong, positive, and expert team to guide and nurture. All educators are aware of the challenges ahead, and I am optimistic we will inspire and thrive.



Jennifer Roscoe
Principal

THE HAMMOND SCHOOL LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

Disclosure of information to auditor

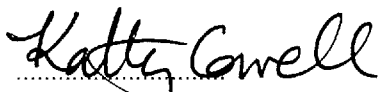
Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

Public Benefit

In setting The School's objectives and planning its activities the Directors have given careful consideration to the duty placed on them by Section 17(5) of the Charities Act 2011 to have due regard to Public Benefit guidance published by the Charity Commission and in particular to its supplemental guidance on advancing education and on fee charging.

Specifically, the Directors take every step to ensure that the intake, activities and achievements of the school are focussed on maximising the benefit, to both the students and the wider community, of the academic, pastoral and social activities of the school. The Board of Directors regularly reviews the School's activities in this regard as part of its monthly meeting.

The Trustees' report was approved by the Board of Trustees.



K H Cowell

Chairman

Dated: 8/12/22

THE HAMMOND SCHOOL LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF THE HAMMOND SCHOOL LIMITED

Opinion

We have audited the financial statements of The Hammond School Limited (the 'charity') for the year ended 31 July 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2022 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 financial statements* section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements 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 charity'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 financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements 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 financial statements 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 financial statements 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 our audit:

- the information given in the Trustees' report for the financial year for which the financial statements are prepared, which includes the directors' report prepared for the purposes of company law, is consistent with the financial statements; and
- the directors' report included within the Trustees' report has been prepared in accordance with applicable legal requirements.

THE HAMMOND SCHOOL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF THE HAMMOND SCHOOL LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the Trustees' report.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' 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 financial statements 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of Trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the charity'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 to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 financial statements.

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

Extent to which the audit is considered capable of detecting irregularities, including fraud

The responsibility for the prevention and detection of irregularities, including fraud, lies with the trustees and with those charged with governance. The objectives of our audit in respect of irregularities and fraud are to assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient, appropriate audit evidence regarding the assessed risks and to respond appropriately to fraud or suspected fraud identified during the audit.

THE HAMMOND SCHOOL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF THE HAMMOND SCHOOL LIMITED

Audit procedures

We determine significant applicable laws and regulations through discussion with those charged with governance and our own knowledge of the industry and design audit procedures to help identify instances of non-compliance with those laws and regulations that may have a material effect on the financial statements.

We consider the applicable laws and regulations to be the financial reporting framework (FRS 102 and the Companies Act 2006), Charity Law, the relevant tax regulations in the UK, employment law, the Health and Safety at Work Act 1974 and Safeguarding legislation.

We consider the control environment and the procedures in place to address identified risks, including management override, non-compliance with laws and regulations and to prevent and detect fraud or irregularity. Our procedures are designed to provide reasonable assurance that the financial statements are free from material misstatement or error and include: enquiries of management and of staff in key compliance functions; review of reports from regulators; review of minutes of meetings of those charged with governance; review and testing of manual journals, relevant nominals and significant transactions outside the normal course of business; review of financial statement disclosures and testing to supporting documentation; performance of analytical procedures.

We are not responsible for preventing non-compliance and due to the inherent limitations of an audit, as described above, the audit cannot be relied upon to detect all instances of non-compliance with laws and regulations

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

Use of our report

This report is made solely to the charitable company'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 charitable company's members those matters we are required to state to them in an auditors' 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Champion Accountants LLP

**Susan Harris MA ACA (Senior Statutory Auditor)
for and on behalf of Champion Accountants LLP**

8 December 2022

**Chartered Accountants
Statutory Auditor**

2nd Floor Refuge House
33-37 Watergate Row
Chester
CH1 2LE

THE HAMMOND SCHOOL LIMITED

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 JULY 2022

		Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £
<u>Income and endowments from:</u>							
Donations and legacies	3	7,801	-	7,801	135,347	-	135,347
<u>Charitable activities</u>							
School fees and associated income	4	4,881,562	-	4,881,562	4,602,986	-	4,602,986
Investments	5	-	-	-	5	-	5
Other income	6	134,667	-	134,667	37,186	-	37,186
Total income		5,024,030	-	5,024,030	4,775,524	-	4,775,524
<u>Expenditure on:</u>							
<u>Charitable activities</u>							
Education	7	4,846,318	1,889	4,848,207	4,722,421	636	4,723,057
Total charitable expenditure		4,846,318	1,889	4,848,207	4,722,421	636	4,723,057
Net income/(expenditure) for the year/							
Net movement in funds		177,712	(1,889)	175,823	53,103	(636)	52,467
Fund balances at 1 August 2021		1,810,993	16,346	1,827,339	1,757,890	16,982	1,774,872
Fund balances at 31 July 2022		1,988,705	14,457	2,003,162	1,810,993	16,346	1,827,339

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

THE HAMMOND SCHOOL LIMITED

BALANCE SHEET

AS AT 31 JULY 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	12		4,445,386		4,442,356
Current assets					
Debtors	13	217,442		198,165	
Cash at bank and in hand		46,871		276	
		<u>264,313</u>		<u>198,441</u>	
Creditors: amounts falling due within one year	14	(1,548,256)		(1,198,415)	
Net current liabilities			(1,283,943)		(999,974)
Total assets less current liabilities			3,161,443		3,442,382
Creditors: amounts falling due after more than one year	15		(1,158,281)		(1,615,043)
Net assets			<u>2,003,162</u>		<u>1,827,339</u>
Income funds					
Restricted funds	18		14,457		16,346
<u>Unrestricted funds - general</u>					
Designated funds	19	18,165		13,036	
General unrestricted funds		4,384,772		4,212,189	
Share capital		10,000		10,000	
Revaluation reserve		(2,424,232)		(2,424,232)	
			<u>1,988,705</u>		<u>1,810,993</u>
			<u>2,003,162</u>		<u>1,827,339</u>

The financial statements were approved by the Trustees on ...8/12/22....



K H Cowell
Trustee

Company Registration No. 00838325

THE HAMMOND SCHOOL LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	23		439,659		314,014
Investing activities					
Purchase of tangible fixed assets		(38,121)		(23,376)	
Proceeds on disposal of tangible fixed assets		-		318	
Investment income received		-		5	
Net cash used in investing activities			(38,121)		(23,053)
Financing activities					
Repayment of bank loans		(132,116)		(136,462)	
Net cash used in financing activities			(132,116)		(136,462)
Net increase in cash and cash equivalents			269,422		154,499
Cash and cash equivalents at beginning of year			(222,551)		(377,050)
Cash and cash equivalents at end of year			46,871		(222,551)
Relating to:					
Cash at bank and in hand			46,871		276
Bank overdrafts included in creditors payable within one year			-		(222,827)

THE HAMMOND SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2022

1 Accounting policies

Charity information

The Hammond School Limited is a private company limited by shares incorporated in England and Wales. The registered office is Hoole Bank House, Mannings Lane, Chester, CH2 4ES.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, [modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value]. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Grants are recognised in the period in which they are received.

School fees and similar income are accounted for in the period to which they relate. Fees receivable are stated after deducting allowances and Bursaries allowed by the School.

Bank interest is recognised in the period in which it is receivable.

Rental income is recognised in the period in which it is due.

THE HAMMOND SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

1 Accounting policies

(Continued)

1.5 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.

Expenditure is charged on an accruals basis and is inclusive of VAT where appropriate.

Due to the nature of the charity, all expenditure is currently considered to be expenditure on charitable activities and therefore the governance costs are all apportioned to this area.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	See below
Plant and equipment	10% per annum reducing balance basis
Fixtures and fittings	10% per annum reducing balance basis
Computers	25% per annum straight line basis
Motor vehicles	25% per annum reducing balance basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

Freehold land and buildings (including new buildings), some of which are listed properties, are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Valuations are undertaken on a regular basis, with a formal valuation every five years, to ensure that the carrying amount does not differ materially from the fair value. Gains and losses on revaluation are recognised in the SOFA. The directors do not consider it appropriate to depreciate such buildings as they do not consider that the depreciation would be material having regard to the life of the assets. In addition to the costs of minor repairs, which are written off as incurred, provision is made for major repairs which are likely to arise in the future. An impairment review is carried out annually by the charity.

1.7 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

THE HAMMOND SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

1 Accounting policies

(Continued)

1.9 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.10 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

THE HAMMOND SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Donations and legacies

	Unrestricted funds general 2022 £	Unrestricted funds general 2021 £
Grants	7,801	135,347
Grants receivable for core activities		
Music and Dance Scheme Outreach Activities	-	5,231
CJRS grant	7,701	130,116
Other	100	-
	<u>7,801</u>	<u>135,347</u>

4 Charitable activities

	School fees and associated income 2022 £	School fees and associated income 2021 £
School fees and associated income	4,881,562	4,602,986

5 Investments

	Total 2022 £	Unrestricted funds general 2021 £
Interest receivable	-	5

THE HAMMOND SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

6 Other income

	Unrestricted funds general 2022 £	Unrestricted funds general 2021 £
Rent received	134,667	37,186

THE HAMMOND SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

7 Charitable activities

	Education 2022 £	Education 2021 £
Staff costs	2,732,110	3,133,866
Depreciation and impairment	35,091	35,944
Production costs	176,333	20,740
School books and equipment	42,432	43,867
Exam fees	57,846	41,907
Telephone	25,327	20,917
Printing, postage and stationery	13,295	9,478
Licenses	15,950	17,639
Catering and cleaning contract	532,934	324,928
Motor expenses	5,231	2,365
School transport	106,267	73,520
School trips	50,471	3,391
General expenses	46,076	54,059
Degree course expenses	247,185	257,731
Subscriptions and donations	16,672	15,736
	<u>4,103,220</u>	<u>4,056,088</u>
Share of support costs (see note 8)	655,939	584,670
Share of governance costs (see note 8)	89,048	82,299
	<u>4,848,207</u>	<u>4,723,057</u>
Analysis by fund		
Unrestricted funds - general	4,846,318	4,722,421
Restricted funds	1,889	636
	<u>4,848,207</u>	<u>4,723,057</u>
For the year ended 31 July 2021		
Unrestricted funds - general	4,722,421	
Restricted funds	636	
	<u>4,723,057</u>	

THE HAMMOND SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

8 Support costs	Support costs	Governance costs	2022 Support costs		Governance costs	2021
	£	£	£	£	£	£
Operating lease charges	10,984	-	10,984	9,557	-	9,557
Rent and rates	309,874	-	309,874	276,381	-	276,381
Insurance	27,490	-	27,490	24,826	-	24,826
Light and heat	118,609	-	118,609	137,674	-	137,674
Repairs and renewals	41,267	-	41,267	45,340	-	45,340
Ground maintenance	28,991	-	28,991	32,237	-	32,237
Cleaning	32,104	-	32,104	34,155	-	34,155
Advertising and marketing	33,137	-	33,137	299	-	299
Recruitment	14,944	-	14,944	15,118	-	15,118
Bad debts	8,240	-	8,240	(17,133)	-	(17,133)
Bank loan interest	30,299	-	30,299	26,216	-	26,216
Audit fees	-	14,449	14,449	-	8,330	8,330
Accountancy	-	-	-	-	7,000	7,000
Legal and professional	-	59,254	59,254	-	51,581	51,581
Bank charges	-	15,345	15,345	-	15,388	15,388
	<u>655,939</u>	<u>89,048</u>	<u>744,987</u>	<u>584,670</u>	<u>82,299</u>	<u>666,969</u>
Analysed between						
Charitable activities	<u>655,939</u>	<u>89,048</u>	<u>744,987</u>	<u>584,670</u>	<u>82,299</u>	<u>666,969</u>
9 Net movement in funds					2022	2021
					£	£
Net movement in funds is stated after charging/(crediting)						
Fees payable to the company's auditor for the audit of the company's financial statements					14,449	8,330
Depreciation of owned tangible fixed assets					35,090	35,944
Operating lease charges					10,984	9,557
					<u>60,523</u>	<u>53,831</u>

10 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

THE HAMMOND SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

11 Employees

Number of employees

The average monthly number of employees during the year was:

	2022	2021
	Number	Number
Full time	63	61
Part time	47	48
	<u>110</u>	<u>109</u>

The average number of full-time equivalent employees during the year was:

Teaching	52	50
Non-teaching	36	35
	<u>88</u>	<u>85</u>

Employment costs

	2022	2021
	£	£
Wages and salaries	2,451,567	2,834,985
Social security costs	220,640	232,875
Other pension costs	59,903	66,006
	<u>2,732,110</u>	<u>3,133,866</u>

The number of employees whose annual remuneration was £60,000 or more were:

	2022	2021
	Number	Number
£60,000 - £70,000	<u>1</u>	<u>1</u>

Redundancy costs during the year were NIL (2021 - £33,326)

THE HAMMOND SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

12 Tangible fixed assets

	Freehold land and buildings	Plant and equipment	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£	£	£
Cost or valuation						
At 1 August 2021	4,150,000	142,066	858,426	274,002	31,762	5,456,256
Additions	-	27,262	3,754	7,105	-	38,121
At 31 July 2022	4,150,000	169,328	862,180	281,107	31,762	5,494,377
Depreciation and impairment						
At 1 August 2021	-	61,684	657,347	264,108	30,762	1,013,901
Depreciation charged in the year	-	10,242	20,097	4,501	250	35,090
At 31 July 2022	-	71,926	677,444	268,609	31,012	1,048,991
Carrying amount						
At 31 July 2022	4,150,000	97,402	184,736	12,498	750	4,445,386
At 31 July 2021	4,150,000	80,381	201,081	9,894	1,000	4,442,356

The accounting policy with regard to freehold property requires valuations to be undertaken on a regular basis and a formal valuation every five years. A formal external valuation was carried out by Mason Owen Property Consultants as at 31 July 2020 which valued the property portfolio at £4,150,000. Consequently an impairment adjustment of £2,424,232 was made. As at 31 July 2022, the trustees are of the opinion that the carrying value of freehold property does not materially differ from the fair value.

All assets are used for direct charitable purposes.

The comparable amounts for Land and Buildings determined according to the historical cost convention are as follows:

Cost at 1 August 2021	6,467,220
Additions	-
Net book value at 31 July 2022	6,467,220

13 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Trade debtors	139,053	148,866
Prepayments and accrued income	78,389	49,299
	217,442	198,165

THE HAMMOND SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

14 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Bank loans and overdrafts	16	459,554	357,735
Other taxation and social security		54,912	70,258
Trade creditors		385,588	171,823
Other creditors		147,050	162,427
Accruals and deferred income		501,152	436,172
		<u>1,548,256</u>	<u>1,198,415</u>

The bank loan and overdraft are secured by a first legal charge over the company's freehold property.

Deferred income of £130,612 (2021 - £64,092) which is included in the above figures relates to school fees paid in advance which would be potentially refundable.

15 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Bank loans	16	<u>1,158,281</u>	<u>1,615,043</u>

16 Loans and overdrafts

	2022 £	2021 £
Bank overdrafts	-	222,827
Bank loans	1,617,835	1,749,951
	<u>1,617,835</u>	<u>1,972,778</u>
Payable within one year	459,554	357,735
Payable after one year	1,158,281	1,615,043
	<u>1,617,835</u>	<u>1,972,778</u>

Analysis of debt maturity

Within one year or on demand	459,554	357,735
Between one and two years	105,659	134,908
Between two and five years	316,978	641,458
After five years	735,644	838,677
	<u>1,617,835</u>	<u>1,972,778</u>

THE HAMMOND SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

16 Loans and overdrafts

(Continued)

The bank loans are secured by a first legal charge over the company's freehold property. The first loan, for £2.3M over 25 years, has an interest rate of 0.95% over the bank's base rate. The second loan, for £490K over 5 years, has an interest rate of 2.75% over the bank's base rate. The secured bank loans and overdraft represent 39% of the value (2021 - 48%) of the freehold property they are secured against based on its market value per the accounts at 31 July 2022.

17 Share capital	2022	2021
	£	£
Ordinary share capital		
Issued and fully paid		
10,000 Ordinary shares of £1 each	10,000	10,000

18 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 August 2020	Resources expended	Balance at 1 August 2021	Resources expended	Balance at 31 July 2022
	£	£	£	£	£
Diverse Dance Project	16,982	(636)	16,346	(1,889)	14,457

Diverse Dance Project

Monies received from The Bank of America Charitable Foundation towards the support of The Hammond School's Diverse Dance Project through three outreach programmes.

THE HAMMOND SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

19 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Movement in funds			Movement in funds			Balance at 31 July 2022
	Balance at 1 August 2020	Incoming resources	Resources expended	Balance at 1 August 2021	Incoming resources	Resources expended	
	£	£	£	£	£	£	£
PTFA - minibus	4,000	-	-	4,000	-	-	4,000
Welfare Fund	8,161	1,573	(698)	9,036	6,854	(1,725)	14,165
	<u>12,161</u>	<u>1,573</u>	<u>(698)</u>	<u>13,036</u>	<u>6,854</u>	<u>(1,725)</u>	<u>18,165</u>

An amount of £4,000 was received from the PTFA which was designated for the purpose of buying a minibus.

The welfare fund was created during 2019/20 and receives income from amounts recovered on bad debts that have previously been written off. The fund is to be used to provide short term help for parents struggling to pay the fees.

20 Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Total	Total
	2022	2022	2022	2021
	£	£	£	£
Fund balances at 31 July 2022 are represented by:				
Tangible assets	4,445,386	-	4,445,386	4,442,356
Current assets/(liabilities)	(1,298,400)	14,457	(1,283,943)	(999,974)
Long term liabilities	(1,158,281)	-	(1,158,281)	(1,615,043)
	<u>1,988,705</u>	<u>14,457</u>	<u>2,003,162</u>	<u>1,827,339</u>

Of the total funds in 2021, £16,346 was restricted and was represented by net current assets.

21 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022	2021
	£	£
Within one year	252,886	259,620
Between two and five years	20,833	270,833
	<u>273,719</u>	<u>530,453</u>

THE HAMMOND SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

22 Related party transactions

Remuneration of key management personnel

The key management personnel of the charity comprise the Principal, the Vice-Principals, the Head of Operations and the Heads of Departments.

The remuneration of key management personnel is as follows.

	2022 £	2021 £
Aggregate compensation	308,435	415,974

Transactions with related parties

During the year the charity entered into the following transactions with related parties:

Mr J Devoy is a director of the company and a partner of Aaron & Partners LLP Solicitors who invoiced £nil (2021 - £4,200) during the year in respect of Legal and Professional charges. These charges have been incurred at fair market value.

23 Cash generated from operations	2022 £	2021 £
Surplus for the year	175,823	52,467
Adjustments for:		
Investment income recognised in statement of financial activities	-	(5)
Depreciation and impairment of tangible fixed assets	35,091	35,944
Movements in working capital:		
(Increase) in debtors	(19,277)	(32,836)
Increase in creditors	248,022	258,444
Cash generated from operations	439,659	314,014

THE HAMMOND SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

24 Analysis of changes in net (debt)/funds

	At 1 August 2021 £	Cash flows £	At 31 July 2022 £
Cash at bank and in hand	276	46,595	46,871
Bank overdrafts	(222,827)	222,827	-
	<u>(222,551)</u>	<u>269,422</u>	<u>46,871</u>
Loans falling due within one year	(134,908)	(324,646)	(459,554)
Loans falling due after more than one year	(1,615,043)	456,762	(1,158,281)
	<u>(1,972,502)</u>	<u>401,538</u>	<u>(1,570,964)</u>