

HEATH MOUNT SCHOOL TRUST LIMITED

**(A COMPANY LIMITED BY GUARANTEE
AND NOT HAVING A SHARE CAPITAL)**

**ANNUAL REPORT
AND FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2022**

Company Registration No. 983758

Charity Registration No. 311069

HEATH MOUNT SCHOOL TRUST LIMITED

ANNUAL REPORT OF THE GOVERNORS

FOR THE YEAR ENDED 31 AUGUST 2022

CONTENTS PAGE

Organisation	3
Structure, Governance and Management	4
Objects, Aims and Objectives	5 - 6
Public Benefit	7 - 8
Strategic Report	9 - 10
Financial Review & Principal Risks	11 - 12
Future Plans	13
Statement of Responsibilities	13 - 14
Audit Report	15 - 17
Statement of Financial Activities	18
Balance Sheet	19
Cash Flow	20
Accounting Policies & Notes	21 - 34

HEATH MOUNT SCHOOL TRUST LIMITED

ANNUAL REPORT OF THE GOVERNORS

FOR THE YEAR ENDED 31 AUGUST 2022

GOVERNORS, DIRECTORS AND CHARITY TRUSTEES

Heath Mount School (the “School”) is owned by Heath Mount School Trust Limited (the “Charitable Company” or the “Charity”), a registered charity. The Governors of the School serve as Directors of the Charitable Company and as Trustees of the Charity. All are non-executive. Details of the Governors who served during the year ended 31 August 2022 and up to the date of this report are set out below:

	(1)	(2)	(3)	(4)	(5)
Mrs Juliette Hodson (Chair)	•	•	•	•	•
Mr James Steel (Secretary)		•	•	•	•
Mr Edward Campbell-Gray		•	•		
Dr Richard Dent	•			•	•
Mr Ian Neale (until 19 August 2022)			•		
Mrs Helen Rayfield		•		•	•
Mrs Karen Sallybanks				•	•
Mr Martin Collier	•				
Mr Alex Mitchell	•				
Mrs Sarah Capewell	•				
Mr Christopher Scrope* (appointed 29 January 2022)			•		
Mr Ian Hodges-Jackson (appointed 3 October 2022)			•		
Mr Richard Fiddes (appointed 30 January 2023)			•		

(1) Member of Education Committee

(2) Member of Finance Committee

(3) Member of Buildings Committee

(4) Member of Strategy Committee

(5) Member of Governance Committee

* Parent of pupil at the school

KEY MANAGEMENT PERSONNEL

Headmaster Mr C Gillam BEd
Bursar Miss S A E Owen BSc

ADMINISTRATIVE INFORMATION

Address: Heath Mount School, Woodhall Park
 Watton-at-Stone, Herts. SG14 3NG

Website: www.heathmount.org

ADVISERS

Auditors Haysmacintyre LLP, 10 Queen Street Place, London, EC4R 1AG

Solicitors Hewitsons LLP, Shakespeare House, 42 Newmarket Rd, CB5 8EP

Bankers Lloyds Bank plc.

Insurance Brokers Hettle Andrews & Associates Limited, Eleven Brindley Place, 2 Brunswick Square, Birmingham. B1 2LP

HEATH MOUNT SCHOOL TRUST LIMITED

ANNUAL REPORT OF THE GOVERNORS

FOR THE YEAR ENDED 31 AUGUST 2022

GOVERNORS' REPORT

The Governors of Heath Mount School present the annual report and financial statements incorporating the Strategic Report for the year ended 31 August 2022. The Governors confirm that the financial statements comply with the Charity's governing documents, the Statement of Recommended Practice (SORP 2019) "Accounting and Reporting by Charities" and the Companies Act 2006.

STRUCTURE, GOVERNANCE AND MANAGEMENT

History and structure

Heath Mount School was founded in 1817 and moved to its current location in 1934. The house and grounds, comprising Woodhall Park, are leased from the Abel Smith Trust along with the girls' boarding house and the Headmaster's house.

In 1970 the School incorporated as Heath Mount School Trust Limited, a company limited by guarantee registered in England and Wales with company number 983758. It is also registered as a charity with registration number 311069.

Governing Document

The Charity is governed by the Memorandum of Association and Articles of Association of the Charitable Company.

Governing Body

The Governing Body is self-appointing. The Governors aim to ensure access within the Governing Body both to educational experience and a range of other skills. New members of the Governing Body are selected based on their professional qualities, experience, personal competence and local availability. The Governors who served during the year are listed on page 3.

New Governors are inducted into the workings of the School through attendance at meetings with the Chair and executive officers. Governors also attend specialist external courses and have specific in-house training sessions throughout the year.

HEATH MOUNT SCHOOL TRUST LIMITED

ANNUAL REPORT OF THE GOVERNORS

FOR THE YEAR ENDED 31 AUGUST 2022

Organisational Management

The Governors, as Trustees of the Charity (and also as directors of Heath Mount School Limited for the purposes of company law), are legally responsible for running and developing the School as a Pre-Prep and Preparatory School for boys and girls. A full meeting of the Governors takes place once a term and the three main committees meet at least once a term.

The Governors have established five sub-committees:

The **Education Committee** considers educational and pastoral policy including all safeguarding. The committee is chaired by Dr Richard Dent.

The **Finance Committee** scrutinises the revenue, budget and capital expenditure. This Committee also supervises the preparation of the annual report and financial statements for approval by the Governing Body. The committee is chaired by James Steel.

The **Buildings & Infrastructure Committee** supervises and monitors capital building projects and maintenance, and IT infrastructure. It also oversees all Health and Safety matters. The committee is chaired by Edward Campbell-Gray.

The **Strategy Committee** meets a minimum of once a year to consider proposals for the development of the School. The committee is chaired by Juliette Hodson.

The **Governance Committee** meets a minimum of once a year to scrutinise and review all aspects of the running of the school underpinned by legislation or statutory regulation. The committee is chaired by Juliette Hodson.

The Governors delegate the day-to-day running of the School to the Headmaster assisted by his Senior Management Team (SMT). The Headmaster and appropriate members of the Senior Management Team attend meetings of the Governors.

Remuneration for the Headmaster and Bursar is set by the Finance Committee and approved by the Full Board. Remuneration for the remainder of the SMT is set by the Headmaster and Bursar and approved by the Finance Committee. Remuneration is set at levels to reward staff fairly and responsibly and is reviewed periodically with reference to comparison with other independent schools.

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES

Charitable Objects

The Objects of the Charity are set out in the Memorandum of Association of the Charitable Company and are to promote and provide for the advancement of education and in connection therewith to conduct, carry on, acquire and develop in the United Kingdom any boarding or day school or schools for the education of either sex or both sexes.

HEATH MOUNT SCHOOL TRUST LIMITED

ANNUAL REPORT OF THE GOVERNORS

FOR THE YEAR ENDED 31 AUGUST 2022

Within these Objects, the Governors aim to provide a first-class independent education for boys and girls aged 3 to 13 years in a community where all members are valued and to provide an excellent well-resourced environment for teaching and learning in order to enable them to move on confidently to the senior school of their choice. Pupils from a wide ability range succeed in at least some area of the curriculum whether it is academic, art, music, design technology, sport, drama or outdoor pursuits.

Mission Statement

The School aims to provide the best possible education within a friendly and nurturing environment which promotes well-being. It seeks to uncover and develop potential whilst maintaining a balance with traditional childhood experiences. The School wishes its pupils to develop self-confidence, self-discipline, and a strong values system.

Primary objectives

In fulfilling its objectives, the School aims:

Educational

- To provide the best possible education for every child ensuring that value is added across the entire curriculum;
- To ensure that strong pastoral care is at the heart of the school and its values and that every child can develop as a happy, confident individual ready to realise their full potential;
- To ensure that every child is prepared for entry to an appropriate senior school;

Staffing

- To employ and develop high quality teaching and support staff to ensure the best possible education for every child;

Financial

- To ensure that the School creates a healthy surplus to reinvest in the fabric of the site and maintain high teaching standards;
- To ensure that the School meets its charitable status targets;

Governance

- To achieve the highest standard of governance ensuring that the School fulfils its duty of care towards pupils and staff, meeting all regulatory requirements;

Engagement

- To ensure effective levels of communication between Governors, School staff, pupils, parents and prospective parents;

Buildings and Infrastructure

- To invest in new and existing facilities to enhance the School's educational offering and;
- To maintain and develop the School's relationship with the Woodhall Estate.

HEATH MOUNT SCHOOL TRUST LIMITED

ANNUAL REPORT OF THE GOVERNORS

FOR THE YEAR ENDED 31 AUGUST 2022

PUBLIC BENEFIT

The Governors give careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary guidance on advancing education and on fee-charging.

The School remains committed to providing public benefit in accordance with its founding principles. Charity legislation includes a requirement to demonstrate that public benefit for any charitable purpose where it had hitherto been presumed in the absence of evidence to the contrary. This calls in turn for commensurate disclosure of our public benefit aims.

The Governors are committed to broadening access to the School by offering to eligible parents or guardians means-tested financial support with the payment of school fees. Such bursaries may be awarded in the form of a discount of up to 100% of tuition fees payable, depending on the financial, compassionate or other pertinent circumstances of applicants. During the year ended 31 August 2022, the School awarded bursaries worth £176,062 to 20 pupils.

In addition to bursaries, the School has engaged in other activities that provide benefit to the public. These include sharing our cultural and sporting facilities with local community groups, sharing ideas with local primary schools and staff involvement in supporting local community groups such as the Brownies and as a governor of a local pre-school.

Teaching links

Specific projects with local schools include

- Free provision of our facilities, resources and transport for local schools;
- Free provision of Inset training for local schools;
- Collaboration on knowledge sharing across specific topics;
- Reciprocal agreement for training of NQT's with a local primary school; and
- Provision of work experience for teachers undergoing their training.

Community engagement and charitable activities

Other community activities during the year include:

- Raising nearly £50,000 over the course of the year for our School's chosen charity, It's Never You, in memory of Hugh Menai-Davis. Various events took place including a "Run for Hugh", an online auction event, Pupils in Years 7 and 8 covering a distance of 4,424 miles cycling, running, walking and skiing between Easter and the end of summer term and a group of Pre-Prep parents completing the Yorkshire Three Peaks Challenge;
- Generous Harvest donations to local families in need through Hertford and Haven First and elderly residents of Glebe Court in Watton-at-Stone;
- Pre-Prep charity cake sale raising funds for Macmillan Cancer Support and Alice's Arc
- Christmas Jumper Day raising over £1,000 for Alice's Arc;
- Delivering food, toiletries and Christmas treats to Haven First with Lower School's "Reverse Advent Calendar";

HEATH MOUNT SCHOOL TRUST LIMITED

ANNUAL REPORT OF THE GOVERNORS

FOR THE YEAR ENDED 31 AUGUST 2022

- Raising a total of £1,000 on Non Uniform Day for the UNICEF Ukraine Appeal and The Anti-Slavery Collective, by either wearing colours of the Ukraine flag or sustainable, ethical fashion in tribute to The ASC's fight against slave labour in the fashion industry;
- Supporting The Toy Project and donating 6 crates-worth of new toys to 35 local families; and
- Regular letting of our facilities to local community and sports groups at discounted rates.

We are also grateful for the ongoing support from our parents Association, the Du Maurier Society. The children enjoyed a fun-filled start to the school social calendar with Du Maurier's annual Fun Day in September, selling a record number of tickets. The children enjoyed giant inflatables, pony rides, tug-of-war, face painting and a fancy-dress competition while parents enjoyed, stalls, raffle and tombola tickets, a fantastic BBQ, bar and tea and cakes stall. In November, Du Maurier hosted the School's first ever Fireworks Night, welcoming nearly 1,000 spectators to the pyro-musical treat which was masterminded by Titanium, the company behind the Mayor of London's New Year's Show. In December the Du Maurier Society created a magical Christmas woodland fairy and orienteering trail leading to a winter wonderland grotto and meet and greet with Father Christmas for Pre-Prep children and discos for the Prep School. At Easter, Du Maurier provided ice cream treats for all pupils following their traditional Easter Bonnet parade and Cross-Country run. A Midsummer Night's Dream theme was decided on for the annual Summer Ball raising significant funds for both the School and Keech Children's Hospice. Throughout the year, the School Uniform Shop has continued to be a huge success – providing a valuable service to parents whilst also providing a more sustainable approach.

The School does not currently subscribe to any specific fundraising standards or schemes for fundraising regulation but considers that it has set appropriate standards for the operation and management of its fundraising activities. In particular, the School considers that its processes and controls should ensure that vulnerable people and other members of the public are protected from any unreasonable intrusion on a person's privacy and that no fundraising activities should be unreasonably persistent or place undue pressure on a person to give money or other property.

EMPLOYMENT POLICIES AND SAFEGUARDING

The School is an equal opportunities employer. Full and fair consideration is given to job applications from disabled persons and due consideration is given to their training and employment needs. Consultation with employees, or their representatives, has continued at all levels with the aim of taking the views of employees into account when decisions are made that are likely to affect their interests.

Employees are made aware of the financial and economic performance of the School. Communication with employees continues through normal management channels in a variety of forms.

The Governors are committed to safeguarding and promoting the welfare of the pupils and expect the staff and volunteers to share this commitment. All those who work or assist in the School undergo the necessary regulatory checks, and the panel that interviews them will contain at least one member who has successfully undertaken an appropriate course of Safer Recruitment.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

At the end of August 2022, we had 516 pupils on roll.

Academic

In 2022, the School continued its excellent performance in the attainment of scholarships to senior schools. 12 pupils out of a cohort of 40 were awarded a total of 19 scholarships for art, music, sport and academic achievement. We were delighted to see our children moving on to such a wide range of prestigious senior schools across the country.

Sport

In Sport this academic year the School thrived on the return of regular fixture afternoons, festivals, competitions and galas. Our vision for having a consistent, inclusive fixtures programme for all pupils whilst also looking for opportunities for our most able pupils has become a reality. We are incredibly proud of all the pupils' achievements on the sports field and in the pool this year and the developments they have made.

The Lent netball Term at Heath Mount was nothing short of incredible this year, in what was the best season on record for the School. The U10A's achievement included victory at the Cheltenham Prep Festival, champions of the U10 Belmont Tournament and also the prestigious Haileybury Shield Competition. The girls remained unbeaten in every game played. The U11A netball team went on to win both the St Edmunds Tournament and Heath Mount pre-Season Festival before being crowned regional champions of the prestigious IAPS Netball Tournament, remaining unbeaten all day. The girls also qualified for the National Finals at Bryanston finishing as the 'Bowl' Champions.

It was good to have the return of competitive school rugby to the sports fields and the season started earlier so that the children could experience the phase of rugby that they had missed because of the pandemic. Year 5 boys also took part in the innovative St Alban's School Rugby Day with the chance to receive coaching from a former England international Kyran Bracken and other professional coaches before playing in a festival against other invited schools.

In swimming, both Year 5 boys and Year 7 girls and Year 6 squads qualified for national competitions. The Year 5 boys were thrilled to participate in the IAPS National Finals held at the iconic London Aquatic Centre.

Music

The Music department has been a hive of activity this academic year as our busy concert and rehearsal schedule resumed in full flow after two years of pandemic restrictions.

The performing Arts Centre was buzzing with excitement as we held our first Orchestras and Ensembles Concert since February 2020. Seventy-five instrumentalists performed and the audience were treated to an engaging programme.

The title of this year's summer concert 'The Greatest Showman' could not have been more apt in describing this outstanding production. There were so many different musical movements to revel in with offerings from

HEATH MOUNT SCHOOL TRUST LIMITED

ANNUAL REPORT OF THE GOVERNORS

FOR THE YEAR ENDED 31 AUGUST 2022

the Wind Band, Senior Orchestra and our Jazz and Concert Bands, all showcasing the vast range of instruments played at Heath Mount.

Bax Choir returned to the prestigious Llangollen International Musical Eisteddfod in July 2022 for the first festival since they were crowned Children's Choir of the World in 2019. They sang a technically challenging programme that saw them win third prize with a high score of 87.

Art

Senior Animation Club proved to be a success with the Middle School group this year who explored a variety of techniques and apps. The children spent Michaelmas term creating 'The Countdown to Christmas'. The short film showed Heath Mount getting ready for Christmas with members of staff preparing themselves and their classrooms for the holidays in charming, handmade 3D dioramas.

Pupils in Years 4 and 5 spent a term exploring the landscape inspired by the paintings of David Hockney and the ink drawings of Van Gogh. The Year 5-7 Drawable Club listened to cat scratching sounds and worked with 'claws' of different materials to create experimental, expressive drawings.

One of the Year 8 Art Scholars had work selected for The Royal Academy Young Artists' Summer Show Online Exhibition for the second year in a row – a rare accolade.

Development

The improvement of facilities is under constant review, and small capital projects completed during the year include:

- Extension of the Lower School building to create an additional classroom, permitting a four form entry point from Year 3 upwards from September 2022.
- Enhancement of our IT infrastructure, including a whole School Wi-Fi upgrade.
- Resurfacing of the roads in front of the Lower School.
- Repairs to pathway leading to the Pavilion.
- Several improvements to the School grounds, including the removal of tree stumps to expand the children's playing area.
- Ongoing upgrades to the Swimming Pool.
- Re-decorating works throughout the Main House.

Staff development is key and we continue to invest in high quality staff and development opportunities. This academic year we have had one SDS trainee who completed their teacher training year and will remain at School now as a qualified teacher. We also have our previous trainee teacher who previously successfully completed their NQT year and continues to remain within the School as an ECT who is now in their second year of teaching.

Marketing

In October 2022 the School published its fourth annual School Magazine looking back at the achievements of the academic year. The Jubilee special edition was the biggest yet at 136 pages and featured advertisements from 15 prestigious senior schools. The magazine is shared with all prospective parents as well as current families.

The School's internal newsletter, The Griffin, was re-launched using Microsoft Sway and each week averages around 1,000 views and has been positively received. The School has significantly increased the use of video

HEATH MOUNT SCHOOL TRUST LIMITED

ANNUAL REPORT OF THE GOVERNORS

FOR THE YEAR ENDED 31 AUGUST 2022

footage to help engage with the parent body and increase their awareness of all that is being achieved both inside and outside of the classroom.

In September 2021 the marketing department launched an official Instagram page for the first time, curating a gallery of high-quality images and video footage of school life. Over the year it gained an impressive 583 followers and the profile was visited over 6,000 times. The School also re-launched an official Facebook page and started to pay for Facebook ads around Open Morning events. The total reach over the last 12 months was 126,431 including paid social. A LinkedIn page was also set-up to boost career vacancies reach and to highlight CPD. The School continues to use Twitter and one tweet regarding the visit by The Anti-Slavery Collective received 23,453 impressions.

After months of planning the marketing department spent 3 days filming the new school film which was then added to the website landing page. A Nursery-specific film was also produced to show 'a day in the life' of a Heath Mount Nursery pupil. Both films were very well received and helped to energise the School's open morning marketing campaigns.

For the first time the School achieved Google ranking for 'nursery in Hertfordshire' by using SEO consultants to raise its profile in this area in conjunction with changes to the website. The School ranks 1st on google ad search for 'Private School Hertfordshire' and in general the SEO is in a very healthy place. The total amount of website traffic is up 14% from the year before with more referrals from social media than the previous year.

FINANCIAL REVIEW

Total income for the year totalled £8,234,415 (2021: £7,921,353) and total expenditure amounted to £7,907,322 (2021: £7,312,556), resulting in a surplus of £327,093 (2021: £608,797).

The School endeavours to achieve best value for money through effective procurement and better use of school resources. Year on year we have seen a growth in income through increased pupil numbers, fees and hire of facilities.

As at 31 August 2022, the School had cash at bank and short term deposits of £2,279,174 (2021: £2,469,515).

The Governors continue to reinvest any surplus in facilities across the School and repaying the bank loans.

RESERVES POLICY AND FINANCIAL VIABILITY

The Governors carefully monitor the School's cash flow to ensure that it maintains sufficient working capital for its future operations. Their policy is normally to maintain minimum liquidity (defined as liquid assets plus undrawn credit facilities) equivalent to eight weeks' expenditure.

As at 31 August 2022 the Charitable Company had total reserves of £6,692,004.

The Governors' policy is that General funds should ideally represent between four and twelve weeks' expenditure (£0.6m – £1.8m) but may vary outside this range depending on the status of new building development plans. As at 31 August 2022 the Charitable Company had General funds of £1,987,391 (2021:

HEATH MOUNT SCHOOL TRUST LIMITED

ANNUAL REPORT OF THE GOVERNORS

FOR THE YEAR ENDED 31 AUGUST 2022

£1,660,298) which the Governors believe is sufficient to cover the purposes for which they are intended. The designated fund of £4,704,613 represents the reserves for Buildings and Capital expenditure.

PRINCIPAL RISKS AND UNCERTAINTIES

The Governors consider economic and political uncertainties and the affordability of fees by parents, impacting pupil numbers, across the independent sector to be the principal risks faced by the school and the Governors believe the School remains in a strong position to withstand any short-term issues. The School focuses closely on delivering value for money to ensure that any fee rises can be kept to a minimum while continuing to deliver high educational standards. Increasing financial pressures including those from the potential Teachers Pensions contribution rises, rising costs / inflation and the uncertainty facing the leadership of the country are challenging times for the Independent sector, and therefore the School recognises the need to reduce costs where possible.

Risk Management

The Governors are satisfied that the major risks have been identified and mitigated through the established risk management processes. It is recognised that systems can only provide reasonable but not absolute assurance the major risks have been adequately managed.

The Board of Governors has overall responsibility for the identification and management of risks. The School maintains a detailed risk register of the principal risks and uncertainties facing the Charity and this is regularly reviewed by the Governors. The key controls used by the Charity include:

- A Strategy committee is responsible for setting the overall strategic direction and plan, and delegating to the Senior Management team for delivery;
- Governance committee which oversees the review of policies;
- Risks allocated to individual sub committees for review;
- Agendas and minutes for all meetings of the Governing bodies and its sub-committees;
- Comprehensive strategic planning to inform the budget and development processes;
- Formal written policies; and
- A safer recruitment process which includes a Disclosure and Barring service check and references for all those who come into regular contact with our pupils.

GOING CONCERN

The financial statements of the School have been prepared on the basis that the School is a going concern and will continue operations for the foreseeable future.

FUTURE PLANS

The School continues to invest in its staff and infrastructure as well as working closely with the Woodhall Estate on our Landscape Masterplan which forms the basis of our long term Strategic Development Plan. The primary focus for next year involves creating a new bar area and drama office in the PAC foyer, renovating the School Library and completing the roll-out of our new door access control system across the entire School site. We are

HEATH MOUNT SCHOOL TRUST LIMITED

ANNUAL REPORT OF THE GOVERNORS

FOR THE YEAR ENDED 31 AUGUST 2022

also planning to continue our rolling maintenance program on the Main House, including the repair and reinstatement of the top and ground floor sash windows, continued upgrades to the roads and pathways and ongoing improvements to the School swimming pool. This is in addition to other smaller projects to support the overall development of the School site. The focus remains firmly on maintaining our academic expectations across the board to ensure that every pupil reaches his / her full potential. We will also be investing in upgrades to existing infrastructure and placing even more emphasis on targeting pastoral well-being.

STATEMENT OF ACCOUNTING AND REPORTING RESPONSIBILITIES

The Governors (who are also the directors of Heath Mount School Trust Limited for the purposes of company law) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards). The Governing Body members 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 the incoming resources and application of resources, including the income and expenditure, of the Charitable Company for that period.

In preparing these financial statements, the Governing Body members are required to:

- select the most appropriate accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable 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 Charitable Company will continue in business.

The members of the Governing Body are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions, 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 and the provisions of the Charity's constitution. 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.

HEATH MOUNT SCHOOL TRUST LIMITED

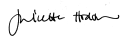
ANNUAL REPORT OF THE GOVERNORS

FOR THE YEAR ENDED 31 AUGUST 2022

Relevant audit information

Insofar as each of the Governors, as directors of the Charitable Company, at the date of approval of this report is aware there is no relevant audit information (information needed by the Charitable Company's auditor in connection with preparing the audit report) of which the Charitable Company's auditor is unaware. Each member of the Governing Body has taken all the steps that he or she should have taken as a member of the Governing Body in order to make himself or herself aware of the relevant audit information and to establish that the Charitable Company auditor is aware of that information.

This report, which incorporates the Strategic Report, was approved by the Governors on 19 April 2023 and signed on its behalf by



Mrs Juliette Hodson
Chair of Governors

HEATH MOUNT SCHOOL TRUST LIMITED

INDEPENDENT AUDITORS REPORT

FOR THE YEAR ENDED 31 AUGUST 2022

Opinion

We have audited the financial statements of Heath Mount School Trust Limited for the year ended 31 August 2022 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash flows and notes to the financial statements, 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 August 2022 and of the Charitable Company's net movement in funds, including the income and expenditure, 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 charitable company 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 Governors' 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 Charitable Company'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 Governors with respect to going concern are described in the relevant sections of this report.

Other information

The Governors are responsible for the other information. The other information comprises the information included in the Annual Report of the Governors.

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.

In connection with our audit of the financial statements, 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 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

HEATH MOUNT SCHOOL TRUST LIMITED

INDEPENDENT AUDITORS REPORT

FOR THE YEAR ENDED 31 AUGUST 2022

misstatement in the financial statements 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.

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 Annual Report of the Governors (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Annual Report of the Governors has 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 Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Report of the Governors (which incorporates the strategic report and the directors' 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 by the Charitable Company; or
- the Charitable Company 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

Responsibilities of Governors for the financial statements

As explained more fully in the Governors' responsibilities statement set out on page 13, the Governors (who are also the directors of the Charitable Company for the purposes 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 Governors 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 Governors are responsible for assessing the Charitable Company'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 Governors 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities,

HEATH MOUNT SCHOOL TRUST LIMITED

INDEPENDENT AUDITORS REPORT

FOR THE YEAR ENDED 31 AUGUST 2022

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

Based on our understanding of the charity and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to The Education (Independent School Standards) Regulations 2014, safeguarding regulations, health and safety requirements, GDPR, employment law and charity law and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011 and Companies Act 2006 and consider other factors such as payroll taxes.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to improper recognition of income and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted at the year end; and
- Challenging assumptions and judgements made by management in their accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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 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 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.



Tracey Young (Senior Statutory Auditor)
for and on behalf of Haysmacintyre LLP, Statutory Auditor

10 Queen Street Place
London EC4R 1AG

Date: 9 May 2023

HEATH MOUNT SCHOOL TRUST LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 AUGUST 2022

(Incorporating Income & Expenditure Account)

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2022 £	Total 2021 £
INCOME FROM					
Charitable Activities					
School fees	2	8,074,904	-	8,074,904	7,696,665
Ancillary trading income	3	142,628	-	142,628	140,968
Other Trading Activities					
Other income	4	16,539	-	16,539	8,160
Investment Income					
Bank and other interest	5	338	-	338	256
Income from Donations and Grants					
Government Grants and Donations	6	-	6	6	75,304
TOTAL INCOME		<u>8,234,409</u>	<u>6</u>	<u>8,234,415</u>	<u>7,921,353</u>
EXPENDITURE					
Raising Funds					
Financing Costs	7	44,530	-	44,530	38,734
Charitable Activities					
Education and grant making	8	<u>7,862,786</u>	<u>6</u>	<u>7,862,792</u>	<u>7,273,822</u>
TOTAL EXPENDITURE		<u>7,907,316</u>	<u>6</u>	<u>7,907,322</u>	<u>7,312,556</u>
NET INCOME BEFORE TRANSFERS		<u>327,093</u>	<u>-</u>	<u>327,093</u>	<u>608,797</u>
Transfer between funds		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET MOVEMENT IN FUNDS AFTER TRANSFERS		<u>327,093</u>	<u>-</u>	<u>327,093</u>	<u>608,797</u>
RECONCILIATION OF FUNDS					
Funds as at 1 September 2021		<u>6,364,911</u>	<u>-</u>	<u>6,364,911</u>	<u>5,756,114</u>
FUNDS CARRIED FORWARD AT 31 AUGUST 2022	16	<u><u>6,692,004</u></u>	<u><u>-</u></u>	<u><u>6,692,004</u></u>	<u><u>6,364,911</u></u>

The notes on pages 21 to 34 form part of these financial statements.

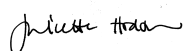
HEATH MOUNT SCHOOL TRUST LIMITED

BALANCE SHEET

AS AT 31 AUGUST 2022

	Notes	2022		2021	
		£	£	£	£
FIXED ASSETS					
Tangible assets	11		6,581,707		6,581,656
CURRENT ASSETS					
Stock		1,343		-	
Debtors	12	560,413		519,012	
Cash at bank and short term deposits		2,279,174		2,469,515	
		<u>2,840,931</u>		<u>2,988,527</u>	
CREDITORS: amounts falling due within one year	13	<u>(1,643,611)</u>		<u>(1,614,466)</u>	
NET CURRENT ASSETS			<u>1,197,320</u>		<u>1,374,061</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>7,779,027</u>		<u>7,955,717</u>
CREDITORS: amounts falling due after more than one year	14		<u>(1,087,023)</u>		<u>(1,590,806)</u>
NET ASSETS			<u><u>6,692,004</u></u>		<u><u>6,364,911</u></u>
FUNDS					
Unrestricted funds:					
General fund	16	1,987,391		1,660,298	
Designated funds	16	4,704,613		4,704,613	
Restricted funds	16	<u>-</u>		<u>-</u>	
TOTAL FUNDS			<u><u>6,692,004</u></u>		<u><u>6,364,911</u></u>

The financial statements were approved and authorised for issue by the Board of Governors on 19 April 2023 and were signed below on its behalf by:



Juliette Hodson
Chair of Governors



James Steel
Chair of Finance Committee

The notes on pages 21 to 34 form part of these financial statements.

HEATH MOUNT SCHOOL TRUST LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2022

	2022		2021	
	£	£	£	£
CASH FLOWS FROM OPERATING ACTIVITIES				
Net cash inflow from operations				
Net cash provided by operating activities	18	749,559		1,027,533
Cash flows from investing activities				
Payments to acquire tangible fixed assets	(391,925)		(208,908)	
Investment income	338		256	
Net cash used in investing activities		(391,586)		(208,652)
Cash inflow before financing		357,972		818,881
Cash flows from financing activities				
Repayments and bank borrowing	(503,783)		(138,777)	
Finance costs paid	(44,530)		(38,734)	
Net cash outflow from financing		(548,313)		(177,511)
Change in cash and cash equivalents in the reporting period		(190,340)		641,370
Cash and cash equivalents at the beginning of the reporting period		2,469,515		1,828,145
Cash and cash equivalents at the end of the reporting period		2,279,174		2,469,515

RECONCILIATION OF NET DEBT	1 September 2021	Cash-flows	Other Non Cash changes	31 August 2022
	£	£	£	£
Cash	2,469,515	(190,340)	-	2,279,174
Loans falling due within one year	(191,111)	-	-	(191,111)
Loans falling due after more than one year	(1,590,806)	503,783	-	(1,087,023)
Total	687,598	313,443	-	1,001,040

The notes on pages 21 to 34 form part of these financial statements.

HEATH MOUNT SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2022

1. ACCOUNTING POLICIES

1.1 Basis of accounting

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Companies Act 2006 and the Statement of Recommended Practice for Charities (SORP) (Second Edition, effective 1 January 2019) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland.

The functional currency of the School is considered to be GBP because that is the currency of the primary economic environment in which the School operates.

The School is a Public Benefit Entity registered as a charity in England and Wales and a company limited by guarantee. It was incorporated on 3 July 1970 (company number: 983758) and is also registered as a charity number 311069.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, Governors are required to make judgements, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods.

The Governors consider the following items to be areas subject to estimation and judgement:

Depreciation:

The useful economic lives of tangible fixed assets are based on management's judgement and experience. When management identifies that actual, useful economic lives differ materially from the estimates used to calculate depreciation, that charge is adjusted prospectively. Although tangible fixed assets are significant, variances between actual and estimated useful economic lives will not have a material impact on the operating results. Historically, no changes have been required.

Bad debt provision:

The recoverability of debtors is assessed and a provision against doubtful debts is included based on management's judgement and experience.

In the view of the Governors, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

1.2 Going concern

At the time of approving the financial statements the Governors have assessed the Charity's forecasts and plans for the coming twelve months. They have concluded that the Charitable Company has adequate resources to continue in operational existence for the foreseeable future. Thus the Governors continue to adopt the going concern basis of accounting in preparing the financial statements and have concluded that there are no material uncertainties at this time.

The following principal accounting policies have been applied:

1.3 Income

All income is recognised when the criteria of entitlement, measurement and probability of receipt have been satisfied.

Interest is included on an accruals basis.

Donations and legacies and other voluntary income

HEATH MOUNT SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2022

Voluntary income is accounted for as and when entitlement arises, the amount can be reliably quantified and the economic benefit to the School is considered probable.

Donations received for the general purposes of the School are credited to Unrestricted Funds. Donations subject to the specific wishes of the donors are credited to the relevant Restricted Funds.

Legacies are recognised when the School has entitlement to the funds, the amount can be reliably quantified and the economic benefit to the School is considered probable. Entitlement is the earlier of the School being notified of an impending distribution or the legacy being received.

Government revenue grants are recognised on a systematic basis over the periods in which the School recognises the related costs for which the grant is intended to compensate.

Fees and similar earned income

Fees receivable and charges for services and use of the premises are accounted for in the year in which the services are provided. Fees receivable are stated after deducting bursaries, scholarships and other remissions allowed by the School.

Registration fees are non-refundable and are credited to income when received.

Deposits are included as a liability until refunded or, on ceasing to be refundable, are credited to income. Advance fees are credited to income as and when the fees fall due.

1.4 Expenditure

Expenditure is accounted for on an accruals basis where there is a legal and constructive obligation to make a payment to a third party and the amount of the obligation can be measured reliably. Expenditure is allocated to the appropriate headings relevant to the charitable activities on a direct basis. Support costs mainly represent office administration. Irrecoverable VAT is charged to the Statement of Financial Activities as incurred. Governance costs comprise the costs of running the School, including strategic planning for its future development, external audit, legal advice and all the costs of complying with constitutional and statutory requirements. Charitable expenditure represents the costs of running the School including salaries, catering, premises and welfare costs. Costs of raising funds include non-ancillary trading, financing, investment management and fundraising and development costs.

1.5 Tangible fixed assets

All fixed assets are initially recorded at cost. Expenditure on the acquisition, construction or enhancement of land and buildings costing more than £5,000 together with expenditure on vehicles, furniture, machinery, ICT infrastructure and other equipment costing more than £500 is capitalised and carried in the balance sheet at historic cost.

1.6 Depreciation

Depreciation is provided on fixed assets to write off the cost or valuation over their estimated useful economic lives at the following rates:

Buildings	-	4-50 years
Leasehold improvements	-	4-50 years
Fixtures, fittings and equipment	-	2-10 years

1.7 Operating lease agreements

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly on a straight-line basis over the lease term.

1.8 Fund accounting

The School has different types of funds;

HEATH MOUNT SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2022

- Restricted – where the purpose for which the funds may be used has been restricted by donors; and
- Unrestricted – where the fund is not restricted as to use other than in furthering the objects of the School. These include Designated Funds, where the funds are unrestricted but the Governors have designated them for a specific purpose.

1.9 Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost. Financial assets held at amortised cost comprise cash at bank and cash equivalents, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and cash equivalents is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions.

Cash and cash equivalents

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

Debtors and creditors

Debtors and creditors are measured at the transaction price less any provision for impairment. Any losses arising from impairment are recognised as expenditure.

Bank borrowing

Liabilities for borrowings which are subject to a market rate of interest are measured at the value of the amount advanced, less capital repayments.

1.10 Advanced fee funds

The Charity has an advance fees scheme whereby parents and others make advance payments, which together with the discount accruing thereon, provide for a set contribution each term towards the pupils' fees. The capital portion outstanding is recognised as a liability and the amount of discount crystallised in the year is included in the Statement of Financial Activities.

1.11 Provisions for liabilities

Provisions are made where an event has taken place that gives the School a legal or constructive obligation that probably requires settlement by a transfer of economic benefits, and a reliable estimate can be made of the amount of the obligation.

HEATH MOUNT SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2022

1.12 Staff benefits including pension costs

The school contributes to the following schemes:

- i. The Teachers' Pension Scheme. This is a multi-employer pension scheme and it is not possible to identify the School's share of the underlying assets and liabilities on a consistent and reasonable basis. As required by FRS 102, the School therefore accounts for the scheme as if it were a defined contribution scheme. The School's contributions, which are in accordance with the recommendations of the Government Actuary, are charged in the period in which the salaries to which they relate are payable.
- ii. A contributory Group Personal Pension Plan. This is a defined contribution scheme, contributions to the plan are made in accordance with the rules of the plan and are charged to expenditure when they are payable. Pension costs are charged as a percentage of salaries and paid over to the Pensions Trust on a monthly basis.

Short term benefits

Short term benefits, including holiday pay, are recognised as an expense in the period in which the service is received.

Employee termination benefits

Termination benefits are accounted for on an accruals basis and in accordance with FRS 102.

2. CHARITABLE ACTIVITIES – SCHOOL FEES	2022 £	2021 £
Fees	8,405,984	8,155,788
Boarding fees	111,338	33,850
Gross fees	8,517,321	8,189,638
Bursaries	(176,062)	(146,740)
Scholarships	(3,883)	(16,836)
Other fee discounts	(262,473)	(329,397)
	8,074,904	7,696,665

Bursaries totalling £176,062 were paid to 20 pupils (2021: £146,740 to 23 pupils).

Scholarship payments totalling £3,883 were paid to scholars (2021: £16,836 to 17 pupils).

3. ANCILLARY TRADING INCOME	2022 £	2021 £
Registration fees	6,300	5,775
School trips and activities	102,534	131,092
Other income	33,793	4,101
	142,628	140,968

HEATH MOUNT SCHOOL TRUST LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 AUGUST 2022**

4. OTHER INCOME	2022	2021
	£	£
Lettings	14,466	8,337
Transport recoveries	1,424	(177)
Catering recoveries	649	-
	<u>16,539</u>	<u>8,160</u>
	<u><u>16,539</u></u>	<u><u>8,160</u></u>
5. BANK AND OTHER INTEREST	2022	2021
	£	£
Bank interest receivable	338	256
	<u>338</u>	<u>256</u>
	<u><u>338</u></u>	<u><u>256</u></u>
6. GRANTS AND DONATIONS	2022	2021
	£	£
Donations	6	219
Government CJRS grant	-	75,085
	<u>6</u>	<u>75,304</u>
	<u><u>6</u></u>	<u><u>75,304</u></u>
7. FINANCE AND OTHER COSTS	2022	2021
	£	£
Bank charges and interest	44,530	38,734
	<u>44,530</u>	<u>38,734</u>
	<u><u>44,530</u></u>	<u><u>38,734</u></u>

HEATH MOUNT SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2022

8. ANALYSIS OF EXPENDITURE

	Staff costs £	Other £	Depreciation £	2022 £	2021 £
Charitable expenditure:					
School activities					
Teaching	4,597,532	205,000	33,561	4,836,094	4,520,461
Welfare	166,698	760,212	-	926,910	848,554
Premises	185,553	535,626	306,206	1,027,385	893,311
Support and governance costs	584,121	436,176	52,106	1,072,403	1,011,496
	<u>5,533,905</u>	<u>1,937,014</u>	<u>391,873</u>	<u>7,862,792</u>	<u>7,273,822</u>

Support costs include governance costs related to the one activity of running the School. Governance costs total £18,343 (2021: £17,443) and include the audit fee. Other support costs comprise:

	2022 £	2021 £
Legal and professional fees	79,755	44,221
Telephones, postage, stationery and other costs	235,175	221,711
Advertising, marketing & PR expenditure	47,519	50,660
Transport, trips including related costs	62,368	18,527
Other costs	11,359	3,874
	<u>436,176</u>	<u>338,993</u>

COMPARATIVE FIGURES: ANALYSIS OF EXPENDITURE

Charitable expenditure:	Staff costs £	Other £	Depreciation £	2021 £	2020 £
School Activities					
Teaching	4,309,744	175,133	35,585	4,520,461	4,277,342
Welfare	232,772	615,782	-	848,554	862,127
Premises	190,098	413,097	290,116	893,311	944,407
Support and governance	608,660	338,993	63,843	1,011,496	879,117
	<u>5,341,273</u>	<u>1,543,005</u>	<u>389,544</u>	<u>7,273,822</u>	<u>6,962,993</u>

HEATH MOUNT SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2022

9. STAFF COSTS	2022	2021
	£	£
Total staff costs comprised:		
Wages and salaries	4,396,884	4,283,948
Social security costs	450,518	412,504
Pension contributions	686,504	644,821
	<u>5,533,905</u>	<u>5,341,273</u>

Total staff costs include £nil of redundancy and termination payments (2021: £36,985).

None of the Governors received any remuneration or other benefit from the School or from any connected body. Total reimbursements of £90 were made to Governors during the year (2021: Nil). See note 17 for further details.

Average number of employees in the year:	2022	2021
	No.	No.
Teaching staff	105	105
Support staff	42	38
	<u>147</u>	<u>143</u>
Number of staff		
	<u>147</u>	<u>143</u>
Number of employees with emoluments in the following bands:		
£60,000 - £69,999	2	3
£70,000 - £79,999	1	1
£120,000 - £129,999	1	1
	<u>4</u>	<u>5</u>

Employer pension contributions for the higher earners total £81,718 (2021: £74,374).

	2022	2021
	£	£
Aggregate employee benefits of Key Management Personnel	750,229	705,748
	<u>750,229</u>	<u>705,748</u>

10. NET INCOME FOR THE YEAR	2022	2021
	£	£
This is stated after charging:		
Staff pension contributions	686,504	644,821
Depreciation	391,873	389,544
Auditors' remuneration:		
- audit of financial statements (excluding VAT)	14,500	12,950
-for other services (excluding VAT)	1,000	3,000

HEATH MOUNT SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2022

11. TANGIBLE FIXED ASSETS	Buildings	Short L/hold Improvements	Motor Vehicles	Furniture and Equipment	IT	Total
	£	£	£	£	£	£
Cost						
At 1 September 2021	8,286,836	1,769,169	195,434	385,141	632,289	11,268,869
Additions	130,712	168,836	3,857	34,234	54,285	391,925
Disposals	-	-	-	-	-	-
At 31 August 2022	<u>8,417,548</u>	<u>1,938,005</u>	<u>199,291</u>	<u>419,375</u>	<u>686,574</u>	<u>11,660,794</u>
Depreciation						
At 1 September 2021	2,289,249	1,404,700	140,737	315,265	537,262	4,687,213
Charge for the year	214,320	79,439	12,447	33,561	52,106	391,873
Disposals	-	-	-	-	-	-
At 31 August 2022	<u>2,503,569</u>	<u>1,484,138</u>	<u>153,185</u>	<u>348,826</u>	<u>589,366</u>	<u>5,079,085</u>
Net Book Value						
At 31 August 2022	<u>5,913,980</u>	<u>453,867</u>	<u>46,106</u>	<u>70,549</u>	<u>97,208</u>	<u>6,581,709</u>
At 31 August 2021	<u>5,997,587</u>	<u>364,469</u>	<u>54,697</u>	<u>69,876</u>	<u>95,027</u>	<u>6,581,656</u>

12. DEBTORS	2022	2021
	£	£
School fees	433,938	414,131
Prepayments	101,541	89,354
Other debtors	24,934	15,527
	<u>560,413</u>	<u>519,012</u>

13. CREDITORS: amounts falling due within one year	2022	2021
	£	£
Bank loans	191,111	191,111
Trade creditors	115,939	84,360
Michaelmas fees received in advance	880,931	923,145
Advance fee payment schemes	33,014	60,235
Pupil deposits	373,005	335,065
Other creditors	33,112	5,010
Accruals	16,500	15,540
	<u>1,643,611</u>	<u>1,614,466</u>

HEATH MOUNT SCHOOL TRUST LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 AUGUST 2022**

14. CREDITORS: amounts falling due after more than one year	2022	2021
	£	£
Bank loans	1,087,023	1,590,806
	<u>1,087,023</u>	<u>1,590,806</u>

Advanced fee payments:

Parents may enter into a contract to pay to the School up to the equivalent of five years' tuition fees in advance and the amount received forms part of the School's working capital. It is treated as deferred income, until the pupil's fees become due where upon the fees for each school term are charged against the remaining balance and taken to income.

A discount rate is agreed at the contract's inception and this is treated as a deduction from the school fee income in the relevant period. The money may be returned subject to specific conditions on the receipt of one term's notice.

Assuming pupils will remain in the School, advance fees will be applied as follows:

	2022	2021
	£	£
After 5 years	-	-
Within 2 to 5 years	-	-
Within 1 to 2 years	-	-
	<u>-</u>	<u>-</u>
Within one year	33,014	60,235
	<u>33,014</u>	<u>60,235</u>

The balance represents the accrued liability under the contracts, and the movements during the year were:

	2022	2021
	£	£
Balance at 1 September 2021	60,235	49,344
New contracts	36,444	92,256
	<u>60,235</u>	<u>92,256</u>
Amounts utilised in payment of fees	(63,665)	(81,365)
	<u>(63,665)</u>	<u>(81,365)</u>
Balance at 31 August 2022	<u>33,014</u>	<u>60,235</u>

HEATH MOUNT SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2022

14. CREDITORS: amounts falling due after more than one year (continued)

Bank loans:

The bank loan creditor falling due within one year and after more than one year is secured by the company and is disclosed as follows:

	2022 £	2021 £
After 5 years	563,320	955,991
Within 2 to 5 years	332,593	443,704
Within 1 to 2 years	191,111	191,111
	<u>1,087,023</u>	<u>1,590,806</u>
Within one year	191,111	191,111
	<u>1,278,134</u>	<u>1,781,917</u>

The bank loans, including the additional CBILS loan for £500,000 are secured by a first legal charge over the leasehold of Heath Mount School Trust Limited as follows:

- A 1st legal charge over Commercial Leasehold Property known as Land/bldgs at Woodhall Park, Watton-at-Stone, Hertfordshire SG14 3NG relating to an unlimited debenture dated 27 January 2017.
- An unlimited debenture incorporating a fixed and floating charge over all property and undertaking of the Charitable Company.

During the financial year 2019/20, the School took out a Coronavirus Business Interruption Loan (CBILS) to mitigate any potential downside scenario as a result of the COVID-19 pandemic. The loan is for £500,000 over a 6 year period, with a 6 month capital repayment holiday and the interest costs covered by a Business Interruption Payment (BIP) from the Government for a period of 12 months. The interest rate is now fixed at 2.32% for the remainder of the term.

During the financial year 2021/22, the School made an additional repayment on the bank loan of £325,858. The balance outstanding on the bank loan at 31 August 2022 was £963,319 and the balance outstanding on the CBILS was £314,815.

15. COMMITMENTS UNDER OPERATING LEASES

At 31 August 2022, the Charitable Company had annual commitments under non-cancellable operating leases as set out below.

	Assets other than land and buildings	
	2022 £	2021 £
Operating leases which expire:		
Within 1 year	186,180	186,180
Within 2 to 5 year	612,620	648,240
In more than 5 years	2,107,840	2,258,400
	<u>2,906,640</u>	<u>3,092,820</u>

HEATH MOUNT SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2022

16. STATEMENT OF FUNDS	Balance at 1 September 2021	Income	Expenditure	Balance at 31 August 2022
	£	£	£	£
Unrestricted funds				
General funds	1,660,298	8,234,409	(7,907,316)	1,987,391
Designated funds				
Building and Capital improvement fund	4,704,613	-	-	4,704,613
Total Unrestricted funds	6,364,911	8,234,409	(7,907,316)	6,692,004
Total Restricted funds	-	6	(6)	-
Total Unrestricted funds	6,364,911	8,234,415	(7,907,322)	6,692,004

The Buildings and Capital improvement fund reflects the Charitable Company's investment in existing buildings and the construction of a new classroom block and Performing Arts Centre.

**COMPARATIVE STATEMENT
OF FUNDS**

	Balance at 1 September 2020	Income	Expenditure	Balance at 31 August 2021
	£	£	£	£
Unrestricted funds				
General funds	1,051,501	7,921,134	(7,312,337)	1,660,298
Designated funds				
Building and Capital improvement fund	4,704,613	-	-	4,704,613
Total Unrestricted funds	5,756,114	7,921,134	(7,312,337)	6,364,911
Total Restricted funds	-	219	(219)	-
Total Unrestricted funds	5,756,114	7,921,353	(7,312,556)	6,364,911

17. RELATED PARTY TRANSACTIONS

As at 31 August 2022, 1 Governor had children who were pupils at the School during the year (2021: 1). School fees paid and discounts received were at the same rate and on the same terms as for all other parents of pupils at the school and amounted to £19,185 (2021: £35,210). The Governor is not involved in decision making processes relating to their own children. No Governors' children received a scholarship this year (2021: Nil). The School made no payments to Governors this year (2021: £10,800). Governors are not remunerated for their duties; however, they may be reimbursed travelling costs to attend meetings from time to time. 1 Governor was reimbursed £90 for travel costs in the year (2021: Nil). There were no Governor costs paid to third parties.

HEATH MOUNT SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2022

18. RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2022	2021
	£	£
Net income before transfers	327,093	608,798
Elimination of non-operating cash flows:		
Add: interest payable	44,530	38,734
Less: interest receivable	(338)	(256)
Depreciation	391,873	389,545
Increase in debtors	(41,401)	(227,850)
Increase in creditors	29,145	213,652
(Increase)/decrease in stock	(1,343)	4,910
	<hr/>	<hr/>
Net cash inflow from operating activities	<u>749,559</u>	<u>1,027,533</u>

19. PENSION COMMITMENTS

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £611,255 (2021: £569,916) and at the year-end £Nil (2021: £Nil) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. The government announced on 4 February 2021 that it intends to proceed with a deferred choice underpin under which members will be able to choose either legacy or reformed scheme benefits in respect of their service during the period between 1 April 2015 and 31 March 2022 at the point they become payable.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020, and a consultation was launched on 24 June on proposed changes to the cost control mechanism following a review by the Government Actuary. Following a public consultation, the Government have accepted three key proposals recommended by the Government Actuary, and are aiming to implement these changes in time for the 2020 valuations.

HEATH MOUNT SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2022

The 2016 cost control valuations have since been completed in January 2022, and the results indicated that there would be no changes to benefits or member contributions required. The results of the cost cap valuation are not used to set the employer contribution rate, and HM Treasury has confirmed that any changes to the employer contribution rate resulting from the 2020 valuations will take effect in April 2024.

Until the 2020 valuation is completed it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly, no provision for any additional past benefit pension costs is included in these financial statements.

Support Staff Pension Fund

The School operates the following schemes for non-teaching staff: The Pensions Trust Pension Scheme which is a defined contribution scheme. The School contributes up to 10% of salary and the employees contribute no less than 2% of salary. Total employer contributions for the year were £75,249 (2021: £74,905). Total contributions outstanding at 31 August 2022 amounted to £Nil (2021: £Nil).

20. ANALYSIS OF NET ASSET MOVEMENTS BETWEEN FUNDS

	General	Designated	Restricted	2022
	£	£	£	£
Fixed Assets	1,877,094	4,704,613	-	6,581,707
Current Assets	2,840,931	-	-	2,840,931
Creditors: Less than 1 year	(1,643,611)	-	-	(1,643,611)
Creditors: Over 1 year	(1,087,023)	-	-	(1,087,023)
	<u>1,987,391</u>	<u>4,704,613</u>	<u>-</u>	<u>6,692,004</u>
				2021
	£	£	£	£
Fixed Assets	1,877,043	4,704,613	-	6,581,656
Current Assets	2,988,527	-	-	2,988,527
Creditors: Less than 1 year	(1,614,466)	-	-	(1,614,466)
Creditors: Over 1 year	(1,590,806)	-	-	(1,590,806)
	<u>1,660,298</u>	<u>4,704,613</u>	<u>-</u>	<u>6,364,911</u>

HEATH MOUNT SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2022

21. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES (2021)

	Unrestricted funds General Funds £	Designated Funds £	Restricted Funds	Total 2021 £
INCOME FROM				
Charitable Activities				
School fees	7,696,665	-	-	7,696,665
Ancillary trading income	140,968	-	-	140,968
Other Trading Activities				
Other income	8,160	-	-	8,160
Investment Income				
Bank and other interest	256	-	-	256
Income from Donations and Legacies				
Grants and donations	75,085	-	219	75,304
TOTAL INCOME	<u>7,921,134</u>	<u>-</u>	<u>219</u>	<u>7,921,355</u>
EXPENDITURE				
Raising Funds				
Financing Costs	38,734	-	-	38,734
Charitable Activities				
Education and grant making	7,273,603	-	219	7,273,822
TOTAL EXPENDITURE	<u>7,312,337</u>	<u>-</u>	<u>219</u>	<u>7,312,556</u>
NET INCOME BEFORE TRANSFERS	608,798	-	-	608,798
Transfer between funds	-	-	-	-
NET MOVEMENT IN FUNDS AFTER TRANSFERS	608,798	-	-	608,798
RECONCILIATION OF FUNDS				
Funds as at 1 September 2020	5,756,114	-	-	5,756,114
FUNDS CARRIED FORWARD AT 31 AUGUST 2021	<u>6,364,911</u>	<u>-</u>	<u>-</u>	<u>6,364,911</u>