# THE HAMMOND SCHOOL LIMITED

England & Wales · Charity number 1022427

## Details

| | |
|---|---|
| **Other names** | HAMMOND SCHOOL LIMITED |
| **Status** | Registered |
| **Legal form** | Charitable company |
| **Company number** | 00838325 |
| **Registered** | 1993-06-09 |
| **Register** | View on the Charity Commission register |

## Contact

| | |
|---|---|
| **Address** | The Hammond<br>Hoole Bank<br>Hoole Village<br>Chester<br>CH2 4ES |
| **Phone** | 01244 305350 |
| **Email** | info@thehammondschool.co.uk |
| **Website** | www.thehammondschool.co.uk |

## Activities

**Objects:** THE PROVISION OF EDUCATION FOR CHILDREN AND YOUNG PEOPLE AND IN PARTICULAR DANCE EDUCATION.

**Activities:** The Hammond is one of 4 UK vocational schools and colleges specialising in musical theatre and dance. It is a pre-eminent centre of excellence which leads the way in education and performance training. Its mission is to enable all talented young people, regardless of background or financial hardship an opportunity of a life changing experience through its bursary and community outreach schemes.

## Classification

- **How:** Makes Grants To Individuals, Provides Buildings/facilities/open Space, Other Charitable Activities
- **What:** Education/training, Accommodation/housing, Recreation, Other Charitable Purposes
- **Who:** Children/young People

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## Geography

- Cheshire East
- Cheshire West & Chester

## Finances

| Period end | Income | Expenditure | Assets | Employees |
|---|---|---|---|---|
| 2025-07-31 | £6,125,300 | £6,013,752 | £3,176,219 | 87 |
| 2024-07-31 | £5,848,038 | £5,776,372 | £3,108,096 | 88 |
| 2023-07-31 | £5,381,247 | £5,231,900 | £3,039,084 | 79 |
| 2022-07-31 | £5,024,030 | £4,846,318 | £2,003,162 | 88 |
| 2021-07-31 | £4,775,524 | £4,722,421 | £1,827,339 | 85 |
| 2020-07-31 | £4,887,066 | £4,472,257 | £1,774,872 | 82 |

## Trustees

| Name | Role | Appointed |
|---|---|---|
| **Kathrine Cowell** | Chair | 2017-10-12 |
| ANNA SUTTON | | 2026-03-18 |
| CAROL PENNY BA HONS | | |
| DEBORAH A SILCOCK | | 2016-09-01 |
| JOHN DEVOY | | 2012-03-26 |
| THOMAS OLIVER MATTHEWS | | 2024-02-26 |

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**THE HAMMOND SCHOOL LIMITED**

England & Wales - Charity number 1022427

# Accounts

Charity registration number 1022427 (England and Wales)

Company registration number 00838325

# THE HAMMOND SCHOOL LIMITED

# ANNUAL REPORT AND FINANCIAL STATEMENTS

# FOR THE YEAR ENDED 31 JULY 2025

# THE HAMMOND SCHOOL LIMITED

## LEGAL AND ADMINISTRATIVE INFORMATION

| | |
|---|---|
| **Trustees** | K H Cowell<br>J M Devoy<br>C E Penny<br>D A Silcock<br>A Sutton<br>A F McGladrigan<br>T O Matthews<br>E C Ratcliffe (Appointed 6 December 2024) |
| **Secretary** | J M Devoy |
| **Principal** | J Roscoe |
| **Charity number** | 1022427 |
| **Company number** | 00838325 |
| **Registered office** | Hoole Bank House<br>Mannings Lane<br>Chester<br>CH2 4ES |
| **Auditor** | Champion Accountants LLP<br>2nd Floor Refuge House<br>33-37 Watergate Row<br>Chester<br>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 2025*

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 2024/2025. This report also constitutes the directors' report of the charitable company for the purposes of the Companies Act 2006. The accounts were approved by the board at the Annual General Meeting on 4 December 2025.

**Chair's Report**
As we reflect on 2024/25, it has been a year marked by many successes and significant achievements. The year started with the largest school roll in its 117-year history, setting a pattern of sustained growth and demonstrating the reputation of the Hammond in offering a range of curriculum options for the performers of the future in their chosen field.

The running of the school is governed by a highly skilled group of Non-Executive Directors whose responsibility it is to set the strategy and governance framework for the Hammond. This year the board have reviewed and strengthen governance structures in response to recent inspection advice with emphasis on the school and boarding house environment.

The Hammond has a strong financial basis. However, this year has seen unprecedented pressure on our budgets from costs out with of our control. The Government's decision to impose VAT on school fees, the lifting of rate relief on school property and the increase of National Insurance rates has impacted the schools' running costs by an additional half a million pounds per year. We appointed a new Head of Finance who has worked with the board to ensure that we manage our resources effectively. The Board have a long- and well-established relationship with our bankers Barclays, and I would like to put on record my thanks to the team at Barclays for their continued advice and support.

All our success is, of course, down to the hard work, dedication, and professionalism of all our staff. The wellbeing of our students is our highest priority, and the culture of the school is one of care and commitment to nurturing the whole child.

I could not be prouder than when I see our students demonstrating their learned skills on stage. This year the Hammond has staged six major productions demonstrating our talented students progression to achieving the highest levels of professionalism and confidence in dance, acting, and musical theatre.

As a board we are committed to ensuring that our offer to students is sector leading and we will continue to review and refine our curriculum offer to students The challenges will remain but so will our ambition and drive to provide the best possible learning experience and environment for our students to thrive and develop their skills

A special thank you to my non-executive colleagues who give their time and commitment freely and bring such a wealth of experience in supporting both of dedicated staff, led by our principal, and our exceptional students.

I am confident that the Hammond will continue to be the place of choice for the performers of the future.

**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. As we look to the 110 Anniversary of the Hammond, the board are committed to providing a modern thriving environment for our students.

The school comprises 3-year groups from the age of 11 to 16 (the school) 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 our 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 in the performing arts. It helps students between 11 and 21 plus develop the skills, knowledge, and confidence necessary for their future.

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 and nationally. The school attracts both local day students and boarders from all parts of the UK, and several 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 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 school operates a limited bursary scheme. The school's Board and senior management team assess students for grant funding and other financial support, on a case-by-case basis, considering 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 contributing 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 public.

Every pupil attending The Hammond 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. All 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.

**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 provide an effective governance framework 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 emerge as a result of new areas of work being undertaken by the school.

The work currently being undertaken by the school specifically regarding 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 seen a significant boost to school numbers. Work is ongoing to continuously improve the offering of the Hammond, to ensure a continued flow of undergraduates.
- Reductions in available grant funding is a major threat, as scholarships funding is subject to political and social changes. In the short term, funding of talented but underfinanced individuals by the 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 and economic challenges have 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 previous narrative demonstrates that it is doing everything possible at present to mitigate the key risks which are reviewed in full half yearly at board away days. At the same time, the Board uses these meetings to review operational excellence and delivery against the five-year strategic plan.

**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 growth of day students, and general continued rationalisation of costs. The Board is also reviewing how we tap into the potential of Alumni Membership and sponsorship to enhance the reputation of the Hammond further.

**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 Royal Manchester Children's Hospital. We were delighted to invite a range of Cheshire Charites to experience the Hammond during National Volunteers Week in June when they joined us for a special celebration and 'thank you' for the difference they make in our communities.

**Financial review**
The financial year to 31 July 2025 has been one of growth and investment.

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

| | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| Pupil numbers | 366 | 331 | 335 | 321 | 331 |
| | £000 | £000 | £000 | £000 | £000 |
| Income | 6,125 | 5,848 | 5,381 | 5,024 | 4,776 |
| Grants received | 1,973 | 1,909 | 1,807 | 1,844 | 1,847 |
| Income less grants | 4,152 | 3,939 | 3,574 | 3,180 | 2,929 |
| Salaries | 3,425 | 3,278 | 2,932 | 2,732 | 3,134 |
| Overheads | 2,458 | 2,354 | 2,225 | 2,086 | 1,564 |
| Operating profit/(loss) | 242 | 216 | 224 | 206 | 78 |
| Interest payable | -130 | -148 | -77 | -30 | -26 |
| Net profit/(loss) for the year | 112 | 68 | 147 | 176 | 52 |
| | £ | £ | £ | £ | £ |
| Ave. contribution/pupil | 11,345 | 11,900 | 10,669 | 9,907 | 8,849 |

**Reserves**
The net assets of the school stood at £3.18m at the end of the year, an increase of £112k compared to last year's balance of £3.06m. Restricted funds accounted for £8,098 (2024: £9,631).

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 6.4 months of operating costs. The directors maintain vigilance over the school's finances by reviewing a monthly finance report, including management accounts and cash reporting. The monthly results are reviewed at both Board and Board sub-committee levels.

**Bank balances**
The School ended the year with an overdrawn bank balance of £385k, compared to an overdrawn balance of £255k at the end of the last financial year. Outstanding mortgage debt at year-end was £1.9m.

**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.
- Continually review pupil numbers to maintain the unique nature of the school.
- 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 and Summer School.

**Structure, governance and management**

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.

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 1 January 2019).

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 | |
| P J Edgington | (Resigned 24 April 2025) |
| A F McGladrigan | |
| K Newsam | (Resigned 14 October 2024) |
| T O Matthews | |
| E C Ratcliffe | (Appointed 6 December 2024) |

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. In response to a recommendation in the recent Inspectors Report we have recruited a new Director with experience in the performing arts arena. New Directors have a formal induction process, and School policies are made available to all Directors.

The Board took a decision this year to focus on our charity and have appointed a new fund-raising manager to focus on this work. 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 four directors, the Principal and the Head of Finance.

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.

**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.

### PRINCIPAL'S END OF YEAR REPORT

Overview

The 2024-25 academic year has been both transformative and challenging for The Hammond, with outstanding achievements across all areas of our provision. This year began with the largest number of students on roll in the school's history (out pacing the record-breaking figures from the previous year), a testament to the careful crafting of our curriculum and our strategic efforts to raise the national profile of the school, and counter to possible challenges due to government-imposed financial changes placed on independent schools.

Growth and Curriculum Development

Our exceptional growth reflects a purposeful and research-driven evolution of our curriculum, developed in partnership with an external panel of industry experts and underpinned by rigorous analysis from our course leaders. Each programme has been strategically refined to align with the dynamic and emerging needs of the creative industries, ensuring that every graduate is fully equipped for professional success.

This year, our validated degree course underwent further enhancement, following university approval, to embed a stronger competency-based learning model — enabling students to develop and evidence professional skills through authentic, practice-led experiences.

Our progress also stems from a targeted drive to raise The Hammond's national profile. We have deepened our engagement with the sector through events such as Can You Dance? and One Dance UK conferences, and a wide range of outreach activities across the UK and beyond. In addition, we reimagined our audition process to enhance accessibility and inclusivity, expanding our reach to new regions. For the first time, our school and outreach programme cultivated relationships with many local primary schools, proving highly successful and attracting outstanding new talent. Building on this momentum, we plan to further extend these initiatives in the coming years.

Student Destinations and Success

Our ongoing success is also a testament to the investment made in our staff and their professional development. This year, we have focused on upskilling our teaching and support teams to ensure that every student receives a truly personalised experience — one that recognises individual goals, learning styles, and pathways into the creative professions. By equipping staff with enhanced coaching, mentoring, and progress-tracking skills, we have strengthened our capacity to provide bespoke guidance that nurtures both artistic and academic excellence.

This commitment to continuous improvement has allowed us to maintain the highest standards of care and training, while responding flexibly to the evolving needs of our diverse student body. It ensures that The Hammond continues to offer a supportive, aspirational, and student-centred environment in which every learner can thrive.

Financial Control and Infrastructure Improvements

Significant progress has been made this year in strengthening The Hammond's financial control environment and physical infrastructure. Following detailed advice and recommendations from recent inspections, substantial works were undertaken across both boarding houses, with particular emphasis on health, safety, and compliance. These improvements included comprehensive reviews of fire safety systems and risk-management protocols — all of which were rigorously inspected, tested, and fully approved in July. The outcome has been a demonstrably safer and more compliant boarding environment, with clear systems of accountability and maintenance now embedded into routine operational practice.

The appointment of a new Head of Finance has also brought about a step change in the school's financial management and oversight. Within a short period, she has transformed and reinvigorated the finance team, implementing robust internal controls, clear segregation of duties, and improved reporting mechanisms. Real-time management information is now available to the Senior Leadership Team, enabling evidence-based decision-making and proactive financial planning. Budget monitoring, forecasting, and procurement processes have all been strengthened, ensuring transparency and value for money across the organisation.

During the year, the school also navigated the introduction of VAT on school fees with professionalism and care. In recognition of the financial pressures facing families, The Hammond made the decision to absorb the VAT on fees for the Spring Term, demonstrating its commitment to supporting students and parents during a period of significant policy change. From the Summer Term, VAT was applied to fees in line with new national requirements. The school sought specialist VAT guidance to ensure full compliance and a clear understanding of the partial exemption scheme, enabling the finance team to operate confidently and efficiently within this new framework. This process was managed smoothly and transparently, with positive communication and reassurance to parents throughout.

In addition, the creation of a new Director of Development post demonstrates the school's strategic commitment to long-term financial sustainability and external engagement. The appointment of an experienced fundraiser has already enhanced The Hammond's capacity to cultivate donor relationships, expand philanthropic partnerships, and build structured income streams to support bursaries, capital projects, and artistic enrichment. This new function ensures that the school's fundraising efforts are professionalised, data-informed, and fully aligned with its mission to widen access to elite training irrespective of financial background.

Together, these developments reflect a culture of strong governance, continuous improvement, and prudent stewardship of resources. The Hammond is now operating within a far more robust framework of financial control and sustainability — one that meets the expectations of regulators and auditors, supports future growth, and underpins the school's strategic ambitions for the next decade.

Academic Excellence and Enrichment

The continued development of The Hammond's academic curriculum remains central to the school's vision of providing a truly rounded education that complements elite vocational training. Our academic provision is designed to be ambitious, inclusive, and responsive, ensuring that students achieve strong outcomes while developing intellectual curiosity and critical thinking alongside their creative practice. Curriculum design across all key stages is continually reviewed to align with national expectations and higher education pathways, ensuring that students are well prepared for both professional and academic progression.

The integration of new digital learning and information systems has further strengthened the delivery and monitoring of academic progress. These platforms enable teachers to track attainment and engagement in real time, providing data-driven insights that inform classroom practice and targeted intervention. Parents now have direct access to key academic information — including progress reports, attendance, and assessment feedback — fostering greater transparency and collaboration between school and home. This digital transformation has not only enhanced the quality of teaching and learning but also empowered students to take ownership of their academic journey.

Academic outcomes across GCSE, A Level, and degree courses continue to reflect the high standards and individualised approach that define The Hammond's provision. GCSE and A Level students achieved strong results across both core and creative subjects, with many exceeding national benchmarks and progressing to leading vocational colleges, conservatoires, and universities. At degree level, students have continued to perform exceptionally well, demonstrating both academic and professional excellence. The recent introduction of competency-based assessment, approved by the validating university, has further enhanced graduate outcomes by ensuring that students can evidence practical skills and industry readiness alongside academic achievement.

Collectively, these developments underscore The Hammond's commitment to academic excellence as a foundation for lifelong success. By investing in curriculum quality, staff development, and technological innovation, the school continues to ensure that every student benefits from a holistic, future-focused education of the highest standard.

Professional Productions

Performance opportunities continue to be a defining strength of The Hammond's vocational provision and a vital component of our students' professional training. Over the past year, we have staged six major productions, spanning dance, acting, and musical theatre. These performances are not only showcases of student talent but also integral learning experiences that mirror the professional environment — developing technical skill, artistry, discipline, and collaboration under real-world conditions. The outcomes from these productions have been exceptional, with students consistently demonstrating the high levels of performance, professionalism, and creativity expected within the industry.

The quality of our training and performance provision has also been externally validated. The Hammond successfully completed its CDMT revalidation inspection this year, achieving excellent feedback. This outcome affirms the school's standing as a centre of excellence for vocational and professional arts education, meeting and exceeding national quality benchmarks. Together, these achievements underline the school's commitment to providing students with authentic professional experiences and the highest quality of training, ensuring they graduate as confident, skilled, and industry-ready performers.

Student Wellbeing and Leadership

The wellbeing of our students remains our highest priority and a defining hallmark of The Hammond's provision. This has been consistently recognised in successive inspection reports, which highlight the school's deeply embedded culture of care and its exceptional commitment to nurturing the whole child. Our approach to wellbeing is holistic, proactive, and rooted in the belief that true artistic excellence can only flourish when students feel safe, valued, and supported.

The Every Body Movement initiative continues to lead this work, promoting healthy, sustainable attitudes towards training, body image, and self-care. This whole-school ethos celebrates individuality and encourages students to recognise the importance of balance, recovery, and resilience. We have seen our young people grow not only as performers but as confident, grounded individuals with a strong sense of self-worth and belonging.

Our wellbeing provision has been further strengthened through the outstanding work of our Injury Prevention Co-ordinator, whose specialist expertise continues to safeguard the physical health and performance longevity of our students. Early-intervention strategies, bespoke rehabilitation plans, and collaborative work with teaching staff have ensured an exceptional standard of physical care. This has been complemented by the introduction of dedicated performance psychology support, providing students with tools to manage the mental and emotional demands of professional training and performance. Together, these provisions create a comprehensive framework that supports every aspect of our students' wellbeing — physical, mental, and emotional.

Student voice also plays a central role in shaping this culture. The Hammond Parliament, our student leadership body, continues to drive positive change through initiatives focused on charity work, community engagement, and enhancing school life. Their thoughtful leadership fosters empathy, social responsibility, and unity across the school community.

Collectively, these initiatives exemplify The Hammond's unwavering commitment to wellbeing as a cornerstone of its mission. Our students leave not only as accomplished performers but as resilient, self-aware, and compassionate young adults, fully prepared to contribute with confidence and integrity to the creative industries and the wider world.

Funding and National Recognition

The Hammond continues to play a nationally significant role in widening access to elite performing arts training through its participation in the Government's Music and Dance Scheme (MDS) and the Dance and Drama Awards (DaDA). These schemes remain vital in enabling talented young people from all backgrounds to access professional training regardless of financial circumstance. As one of two MDS schools in the North of England, The Hammond provides a critical contribution to social mobility, regional opportunity, and the levelling-up of access to the creative industries.

The school also successfully completed both its DaDA revalidation and a comprehensive DaDA audit, receiving excellent feedback and a completely clean outcome. These results affirm the school's strong governance, compliance, and stewardship of public funds.

In addition to its work within national funding frameworks, The Hammond has taken decisive steps to strengthen its own financial resilience and philanthropic reach. The appointment of a Director of Development has brought renewed energy and focus to fundraising and donor engagement. Through this enhanced strategy, the school has begun to diversify income streams, expand donor relationships, and build long-term sustainability for its bursary and outreach programmes.

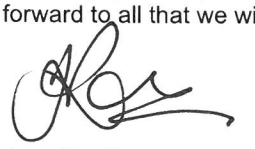
This year, The Hammond also received a generous donation from a local charity to establish a dedicated bursary fund, further supporting its mission to remove financial barriers and ensure that exceptional talent can flourish.

Together, these achievements reflect The Hammond's growing national recognition as both a centre of excellence in performing arts training and a leader in widening participation and social impact within the sector.

Conclusion and Thanks

I would like to extend my heartfelt thanks to the *Board of Directors*, whose ongoing support has been instrumental in driving our success. Their commitment to the school's vision and values has empowered us to achieve great things, and their trust in our leadership has allowed us to flourish. I would also like to express my gratitude to *Barclays* for their continued support, which has played a crucial role in helping us fund new initiatives and improve our facilities.

It is a true privilege to lead such an inspirational team of colleagues, whose talent and dedication know no bounds. I am equally honoured to work alongside our wonderful students, who amaze us daily with their creativity, passion, and resilience. Together, we have made The Hammond a beacon of excellence, and I look forward to all that we will achieve in the future.



**Jennifer Roscoe**
Principal

**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.

Kathy Cowell

**K H Cowell**
Chairman
Dated: 4 December 2025

# THE HAMMOND SCHOOL LIMITED

## INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS 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 2025 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 2025 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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.

**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.

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.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)
## TO THE MEMBERS 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 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.

**Susan Harris MA ACA (Senior Statutory Auditor)**
For and on behalf of Champion Accountants LLP, Statutory Auditor
Chartered Accountants
2nd Floor Refuge House
33-37 Watergate Row
Chester
CH1 2LE
Date: 4 December 2025

# THE HAMMOND SCHOOL LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES

## *FOR THE YEAR ENDED 31 JULY 2025*

| | Notes | Unrestricted funds 2025 £ | Restricted funds 2025 £ | Endowment funds 2025 £ | Total 2025 £ | Unrestricted funds as restated 2024 £ | Restricted funds as restated 2024 £ | Total as restated 2024 £ |
|---|---|---|---|---|---|---|---|---|
| **Income and endowments from:** | | | | | | | | |
| Donations and legacies | 3 | - | - | 100,000 | 100,000 | - | - | - |
| Charitable activities | | | | | | | | - |
| School fees and associated income | 4 | 5,992,048 | - | - | 5,992,048 | 5,628,411 | - | 5,628,411 |
| Other income | 5 | 33,252 | - | - | 33,252 | 188,362 | - | 188,362 |
| **Total income and endowments** | | 6,025,300 | - | 100,000 | 6,125,300 | 5,816,773 | - | 5,816,773 |
| **Expenditure on:** | | | | | | | | |
| Charitable activities | | | | | | | | |
| Charitable activities | 6 | 6,012,219 | 1,533 | - | 6,013,752 | 5,788,532 | 2,654 | 5,791,186 |
| **Total expenditure** | | 6,012,219 | 1,533 | - | 6,013,752 | 5,788,532 | 2,654 | 5,791,186 |
| **Net income/(expenditure) and movement in funds** | | 13,081 | (1,533) | 100,000 | 111,548 | 28,241 | (2,654) | 25,587 |
| **Reconciliation of funds:** | | | | | | | | |
| Fund balances at 1 August 2024 | | 3,055,040 | 9,631 | - | 3,064,671 | 3,026,799 | 12,285 | 3,039,084 |
| **Fund balances at 31 July 2025** | | 3,068,121 | 8,098 | 100,000 | 3,176,219 | 3,055,040 | 9,631 | 3,064,671 |

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

# THE HAMMOND SCHOOL LIMITED

## BALANCE SHEET

### *AS AT 31 JULY 2025*

| | Notes | 2025 £ | 2025 £ | 2024 as restated £ | 2024 as restated £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible assets | **12** | | 6,700,051 | | 6,505,176 |
| **Current assets** | | | | | |
| Debtors | **13** | 174,097 | | 197,146 | |
| Cash at bank and in hand | | 101,846 | | 1,637 | |
| | | 275,943 | | 198,783 | |
| **Creditors: amounts falling due within one year** | **14** | (2,043,156) | | (1,682,096) | |
| Net current liabilities | | | (1,767,213) | | (1,483,313) |
| **Total assets less current liabilities** | | | 4,932,838 | | 5,021,863 |
| **Creditors: amounts falling due after more than one year** | **15** | | (1,756,619) | | (1,957,192) |
| **Net assets** | | | 3,176,219 | | 3,064,671 |
| **Capital funds** | | | | | |
| Endowment funds | **17** | | 100,000 | | - |
| **Income funds** | | | | | |
| Restricted funds | **19** | | 8,098 | | 9,631 |
| Unrestricted funds - general | | | | | |
| Designated funds | **20** | 25,305 | | 9,750 | |
| General unrestricted funds | | 3,032,816 | | 3,035,290 | |
| Share capital | | 10,000 | | 10,000 | |
| | | | 3,068,121 | | 3,055,040 |
| | | | 3,176,219 | | 3,064,671 |

The financial statements were approved by the Trustees on 4 December 2025

K H Cowell
**Trustee**

**Company Registration No. 00838325**

# THE HAMMOND SCHOOL LIMITED

## STATEMENT OF CASH FLOWS

### *FOR THE YEAR ENDED 31 JULY 2025*

| | Notes | 2025 | | 2024 as restated | |
|---|---|---|---|---|---|
| | | £ | £ | £ | £ |
| **Cash flows from operating activities** | | | | | |
| Cash generated from/(absorbed by) operations | 24 | | 378,763 | | (55,201) |
| **Investing activities** | | | | | |
| Purchase of tangible fixed assets | | (254,279) | | (502,295) | |
| Proceeds from disposal of tangible fixed assets | | 1,251 | | - | |
| **Net cash used in investing activities** | | | (253,028) | | (502,295) |
| **Financing activities** | | | | | |
| Proceeds from new bank loans | | - | | 690,040 | |
| Repayment of bank loans | | (155,077) | | (109,957) | |
| **Net cash (used in)/generated from financing activities** | | | (155,077) | | 580,083 |
| **Net (decrease)/increase in cash and cash equivalents** | | | (29,342) | | 22,587 |
| Cash and cash equivalents at beginning of year | | | (253,574) | | (276,161) |
| **Cash and cash equivalents at end of year** | | | (282,916) | | (253,574) |
| **Relating to:** | | | | | |
| Cash at bank and in hand | | | 101,846 | | 1,637 |
| Bank overdrafts included in creditors payable within one year | | | (384,762) | | (255,211) |

## 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 Basis of preparation

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. 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 or grantors 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 to which they relate, in accordance with the underlying conditions and terms attached to each grant.

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.

**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. 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.

**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.

## 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.

The significant judgements considered to have the greatest risk of causing a material adjustment to the carrying amounts of assets and liabilities are as follow:

*Valuation of land and buildings*
Land and Buildings are measured at fair value at the reporting date based on judgements made by the directors having regard to general market conditions and any relevant information available to them.

## 3 Income from donations and legacies

| | Endowment funds 2025 £ | Endowment funds 2024 £ |
|---|---|---|
| Donations and gifts | 100,000 | - |

## 4 Charitable activities

| | School fees and associated income 2025 £ | School fees and associated income 2024 as restated £ |
|---|---|---|
| School fees and associated income | 5,992,048 | 5,628,411 |

## 5 Other income

| | Unrestricted funds 2025 £ | Unrestricted funds 2024 £ |
|---|---|---|
| Net gain on disposal of tangible fixed assets | 827 | - |
| Hire of theatre/studios | 32,425 | - |
| Rent received - student accommodation | - | 188,362 |
| | 33,252 | 188,362 |

## 6 Charitable activities

| | Education 2025 £ | Education 2024 as restated £ |
|---|---|---|
| Staff costs | 3,425,247 | 3,278,307 |
| Depreciation and impairment | 58,980 | 46,923 |
| Production costs | 172,105 | 226,458 |
| School books and equipment | 55,105 | 48,180 |
| Exam fees | 73,864 | 67,665 |
| Telephone | 19,300 | 14,924 |
| Printing, postage and stationery | 19,228 | 21,303 |
| Licenses | 27,196 | 23,887 |
| Catering and cleaning contract | 690,670 | 689,627 |
| Motor expenses | 3,341 | 7,201 |
| School transport | 91,950 | 102,087 |
| School trips | 66,922 | 139,485 |
| General expenses | 292,789 | 123,929 |
| Degree course expenses | 199,308 | 178,469 |
| Subscriptions and donations | 18,747 | 20,858 |
| | 5,214,752 | 4,989,303 |
| Share of support costs (see note 7) | 658,863 | 680,126 |
| Share of governance costs (see note 7) | 140,137 | 121,757 |
| | 6,013,752 | 5,791,186 |
| **Analysis by fund** | | |
| Unrestricted funds - general | 6,012,219 | 5,788,532 |
| Restricted funds | 1,533 | 2,654 |
| | 6,013,752 | 5,791,186 |

## 7 Support costs allocated to activities

| | 2025 | 2024 |
|---|---|---|
| | £ | £ |
| Operating lease charges | 7,536 | 11,042 |
| Rent and rates | 121,435 | 170,348 |
| Insurance | 38,751 | 35,011 |
| Light and heat | 140,345 | 132,453 |
| Repairs and renewals | 68,183 | 75,770 |
| Ground maintenance | 32,616 | 31,336 |
| Cleaning | 20,462 | 25,515 |
| Advertising and marketing | 23,121 | 26,032 |
| Recruitment | 45,602 | 28,285 |
| Bad debts | 31,230 | (3,263) |
| Bank loan interest | 129,582 | 147,597 |
| Governance costs | 140,137 | 121,757 |
| | 799,000 | 801,883 |
| **Analysed between:** | | |
| Charitable activities | 799,000 | 801,883 |

| **Governance costs comprise:** | 2025 £ | 2024 £ |
|---|---|---|
| Audit fees | 12,272 | 14,144 |
| Legal and professional | 106,173 | 87,231 |
| Bank charges | 21,692 | 20,382 |
| | 140,137 | 121,757 |

## 8 Net movement in funds

| | 2025 | 2024 |
|---|---|---|
| | £ | £ |
| 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 | 12,272 | 14,144 |
| Depreciation of owned tangible fixed assets | 58,980 | 46,923 |
| Operating lease charges | 7,536 | 11,042 |

## 9 Trustees

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

## 10 Employees

The average monthly number of employees during the year was:

| | 2025 Number | 2024 Number |
|---|---|---|
| Full time | 68 | 66 |
| Part time | 34 | 44 |
| | 102 | 110 |

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

| | | |
|---|---|---|
| Teaching | 53 | 52 |
| Non-Teaching | 34 | 36 |
| | 87 | 88 |

| **Employment costs** | 2025 £ | 2024 £ |
|---|---|---|
| Wages and salaries | 3,025,447 | 2,941,959 |
| Social security costs | 324,302 | 264,903 |
| Other pension costs | 75,498 | 71,445 |
| | 3,425,247 | 3,278,307 |

The number of employees whose annual remuneration was more than £60,000 is as follows:

| | 2025 Number | 2024 Number |
|---|---|---|
| £60,000 - £70,000 | - | 1 |
| £70,000 - £80,000 | - | - |
| £80,000 - £90,000 | 1 | 1 |

## 11 Taxation

The charity is exempt from taxation on its activities because all its income is applied for charitable purposes.

## 12 Tangible fixed assets

| | Freehold land and buildings | Plant and equipment | Fixtures and fittings | Computers | Motor vehicles | Total |
|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ |
| **Cost or valuation** | | | | | | |
| At 1 August 2024 (as restated) | 6,076,661 | 323,478 | 911,808 | 296,888 | 31,762 | 7,640,597 |
| Additions | 126,005 | 53,104 | 46,226 | 21,949 | 6,995 | 254,279 |
| Disposals | - | - | - | - | (31,762) | (31,762) |
| At 31 July 2025 | 6,202,666 | 376,582 | 958,034 | 318,837 | 6,995 | 7,863,114 |
| **Depreciation and impairment** | | | | | | |
| At 1 August 2024 | - | 104,060 | 717,003 | 283,020 | 31,339 | 1,135,422 |
| Depreciation charged in the year | - | 24,338 | 23,604 | 10,164 | 874 | 58,980 |
| Eliminated in respect of disposals | - | - | - | - | (31,339) | (31,339) |
| At 31 July 2025 | - | 128,398 | 740,607 | 293,184 | 874 | 1,163,063 |
| **Carrying amount** | | | | | | |
| At 31 July 2025 | 6,202,666 | 248,184 | 217,427 | 25,653 | 6,121 | 6,700,051 |
| At 31 July 2024 (as restated) | 6,076,661 | 219,419 | 194,805 | 13,868 | 423 | 6,505,176 |

The accounting policy with regard to freehold property requires valuations to be undertaken on a regular basis and a formal valuation every five years. Formal external valuations were carried out by Lambert Smith Hampton on the 15th December 2022 and Jones Peckover Chartered Surveyors on the 22nd May 2023 which valued the property portfolio at £5,055,000. As at 31 July 2025, 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 2024 (as restated) | 7,505,134 |
| Additions | 126,005 |
| Cost at 31 July 2025 | 7,631,139 |

## 13 Debtors

| Amounts falling due within one year: | 2025<br>£ | 2024<br>£ |
|---|---|---|
| Trade debtors | 106,171 | 102,714 |
| Prepayments and accrued income | 67,926 | 94,432 |
| | 174,097 | 197,146 |

## 14 Creditors: amounts falling due within one year

| | Notes | 2025<br>£ | 2024<br>as restated<br>£ |
|---|---|---|---|
| Bank loans and overdrafts | 16 | 576,527 | 401,480 |
| Other taxation and social security | | 262,372 | 58,615 |
| Trade creditors | | 467,420 | 442,480 |
| Other creditors | | 212,555 | 257,371 |
| Accruals and deferred income | | 524,282 | 522,150 |
| | | 2,043,156 | 1,682,096 |

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

Deferred income of £133,960 (2024 - £102,953) 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 | 2025<br>£ | 2024<br>£ |
|---|---|---|---|
| Bank loans | 16 | 1,756,619 | 1,957,192 |

## 16 Loans and overdrafts

| | 2025 | 2024 |
|---|---|---|
| | £ | £ |
| Bank overdrafts | 384,762 | 255,211 |
| Bank loans | 1,948,384 | 2,103,461 |
| | 2,333,146 | 2,358,672 |
| Payable within one year | 576,527 | 401,480 |
| Payable after one year | 1,756,619 | 1,957,192 |

**Analysis of debt maturity**

| | | |
|---|---|---|
| Within one year or on demand | 576,527 | 401,481 |
| Between one and two years | 203,643 | 184,552 |
| Between two and five years | 690,104 | 369,104 |
| After five years | 862,872 | 1,403,535 |
| | 2,333,146 | 2,358,672 |

The bank loans are secured by a first legal charge over the company's freehold property. The first loan, for £1.9M over 17 years, has an interest rate of 0.95% over the bank's base rate. The second loan, for £319K over 8 years, has an interest rate of 2.25% over the bank's base rate. The third loan, for £700k over 10 years, has an interest rate of 2.75% over the bank's base rate. The secured bank loans and overdraft represent 36% of the value (2024 - 37%) of the freehold property they are secured against based on its market value per the accounts at 31 July 2025.

## 17 Endowment funds

Endowment funds represent assets which must be held permanently by the charity. Income arising on the endowment funds can be applied towards the purposes of the fund, namely supporting student(s) from Cheshire who demonstrate exceptional talent, and is recognised as unrestricted income. Any capital gains or losses arising on the assets form part of the fund.

| | At 1 August 2024 | Incoming resources | At 31 July 2025 |
|---|---|---|---|
| | £ | £ | £ |
| **Permanent endowments** | | | |
| Prince's Pursary | - | 100,000 | 100,000 |

| 18 Share capital | 2025 | 2024 |
|---|---|---|
| | £ | £ |
| **Ordinary share capital** | | |
| **Issued and fully paid** | | |
| 10,000 Ordinary shares of £1 each | 10,000 | 10,000 |

**19 Restricted funds**

The restricted funds of the charity comprise the unexpended balances of donations and grants held on trust subject to specific conditions by donors as to how they may be used.

| | At 1 August 2024 | Resources expended | At 31 July 2025 |
|---|---|---|---|
| | £ | £ | £ |
| Diverse Dance Project | 9,631 | (1,533) | 8,098 |

| **Previous year:** | At 1 August 2023 | Resources expended | At 31 July 2024 |
|---|---|---|---|
| | £ | £ | £ |
| Diverse Dance Project | 12,285 | (2,654) | 9,631 |

**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.

## 20 Designated funds

The unrestricted funds of the charity comprise the unexpended balances of donations and grants which are not subject to specific conditions by donors and grantors as to how they may be used. These include 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 1 August 2023 | Incoming resources | Resources expended | Balance at 1 August 2024 | Incoming resources | Resources expended | Balance at 31 July 2025 |
| | £ | £ | £ | £ | £ | £ | £ |
| PTFA | 4,000 | - | - | 4,000 | - | (1,620) | 2,380 |
| Welfare Fund | 18,710 | 6,763 | (19,723) | 5,750 | 18,099 | (924) | 22,925 |
| | 22,710 | 6,763 | (19,723) | 9,750 | 18,099 | (2,544) | 25,305 |

An amount of £4,000 was received from the PTFA and designated by the trustees for the purchase of a minibus. Following a review, the trustees concluded that a minibus was no longer required and accordingly re-designated these funds to be used towards the cost of Duke of Edinburgh Award licences.

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

## 21 Analysis of net assets between funds

| | Unrestricted funds 2025 | Restricted funds 2025 | Endowment funds 2025 | Total 2025 | Total 2024 as restated |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| Fund balances at 31 July 2025 are represented by: | | | | | |
| Tangible assets | 6,700,051 | - | - | 6,700,051 | 6,505,176 |
| Current assets/(liabilities) | (1,875,311) | 8,098 | 100,000 | (1,767,213) | (1,483,313) |
| Long term liabilities | (1,756,619) | - | - | (1,756,619) | (1,957,192) |
| | 3,068,121 | 8,098 | 100,000 | 3,176,219 | 3,064,671 |

Of the total funds in 2024, £9,631 was restricted and was represented by net current assets.

## 22 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:

| | 2025 | 2024 |
|---|---|---|
| | £ | £ |
| Within one year | 8,130 | 10,386 |
| Between two and five years | 18,355 | - |
| | 26,485 | 10,386 |

**22 Operating lease commitments** **(Continued)**

**23 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.

| | 2025 | 2024 |
|---|---|---|
| | £ | £ |
| Aggregate compensation | 507,984 | 383,175 |

**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 (2024 - £1,243) during the year in respect of Legal and Professional charges. Income of £nil (2024 - £120) was recognised for advertisement within concert programmes. These charges and income have been incurred at fair market value.

**24 Cash generated from/(absorbed by) operations**

| | 2025 | 2024 as restated |
|---|---|---|
| | £ | £ |
| Surplus for the year | 111,548 | 25,587 |
| **Adjustments for:** | | |
| Gain on disposal of tangible fixed assets | (827) | - |
| Depreciation and impairment of tangible fixed assets | 58,980 | 46,923 |
| **Movements in working capital:** | | |
| Decrease in debtors | 23,049 | 959,371 |
| Increase/(decrease) in creditors | 186,013 | (1,087,082) |
| **Cash generated from/(absorbed by) operations** | 378,763 | (55,201) |

## 25 Analysis of changes in net (debt)/funds

| | At 1 August 2024 | Cash flows | At 31 July 2025 |
|---|---|---|---|
| | £ | £ | £ |
| Cash at bank and in hand | 1,637 | 100,209 | 101,846 |
| Bank overdrafts | (255,211) | (129,551) | (384,762) |
| | (253,574) | (29,342) | (282,916) |
| Loans falling due within one year | (146,269) | (45,496) | (191,765) |
| Loans falling due after more than one year | (1,957,192) | 200,573 | (1,756,619) |
| | (2,357,035) | 125,735 | (2,231,300) |

## 26 Prior period adjustment

During the year, it was identified that certain capital additions had been duplicated and a related prior year accrual had not been released. A prior year adjustment has been made to remove the duplicated additions, release the associated accrual and correct a small number of other minor opening balance differences.

This restatement reduces tangible fixed assets at 31 July 2024 by £327,960, reduces creditors falling due within one year by £284,535 and reduces net assets by £43,425. The comparative net movement in funds for the year ended 31 July 2024 is reduced by £43,425.

**Changes to the balance sheet**

| | At 31 July 2024 | | |
|---|---|---|---|
| | As previously reported | Adjustment | As restated |
| | £ | £ | £ |
| **Fixed assets** | | | |
| Tangible assets | 6,833,136 | (327,960) | 6,505,176 |
| **Creditors due within one year** | | | |
| Other creditors, accruals and deferred income | (1,064,056) | 284,535 | (779,521) |
| **Net assets** | 3,108,096 | (43,425) | 3,064,671 |
| **Income funds** | | | |
| Restricted funds | 9,631 | - | 9,631 |
| Unrestricted funds | 3,088,465 | (43,425) | 3,045,040 |
| **Total funds** | 3,098,096 | (43,425) | 3,054,671 |

**26 Prior period adjustment** **(Continued)**

**Changes to the statement of financial activities**

| | Period ended 31 July 2024 | | |
|---|---|---|---|
| | As previously reported | Adjustment | As restated |
| | £ | £ | £ |
| Charitable activities - income | 5,659,676 | (31,265) | 5,628,411 |
| Charitable activities - expenditure | 5,779,026 | 12,160 | 5,791,186 |
| Net movement in funds | 69,012 | (43,425) | 25,587 |

**THE HAMMOND SCHOOL LIMITED**

England & Wales - Charity number 1022427

# Accounts

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 2024

# THE HAMMOND SCHOOL LIMITED

## LEGAL AND ADMINISTRATIVE INFORMATION

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| | |
|---|---|
| **Trustees** | K H Cowell<br>J M Devoy<br>C E Penny<br>D A Silcock<br>A Sutton<br>P J Edgington<br>A F McGladrigan<br>Mr T O Matthews (Appointed 26 February 2024) |
| **Secretary** | J M Devoy |
| **Principal** | J Roscoe |
| **Charity number** | 1022427 |
| **Company number** | 00838325 |
| **Registered office** | Hoole Bank House<br>Mannings Lane<br>Chester<br>CH2 4ES |
| **Auditor** | Champion Accountants LLP<br>2nd Floor Refuge House<br>33-37 Watergate Row<br>Chester<br>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 2024*

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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 2023/2024. The directors' report is included as part of the annual accounts as required by company law. The accounts were approved by the board at the Annual General Meeting on 5 December 2024.

**Directors' Report**

This has been an outstanding year of growth and consolidation. The incredible work of our leadership team in conjunction with expert panel members supported by detailed research by our course leaders has ensured that with have a curriculum that meets the demands of an ever-evolving creative industry. This equips our students and prepares them with skills to deliver in the competitive world of work beyond their time at The Hammond.

All the work over the recent years and the changes introduced in this academic year were tested in March 2024 when The Hammond School underwent a rigorous Ofsted inspection. The Hammond achieved an Outstanding grade across all four categories. On behalf of the board I have congratulated the senior leadership team on this richly deserved outcome recognising the hard work determination and vision of a great team. The Inspectors made several positive references to the culture of the school and the wellbeing of our students, all of which remains our top priority.

Our mission is to uphold the highest academic standards at The Hammond. Our GCSE and GCE results once again surpassed national averages across all subjects and students have benefitted from a range of additional qualifications including Lamda and the London College of Music awards.

The school remains committed to increasing its involvement in a wide range of community based projects and enrichment opportunities. These projects which cover a range of activities, such as Duke of Edinburgh Awards schemes and the Ethics Cup competitions, are very beneficial to both the local and wider community as well as being extremely rewarding for the staff and students who take part. Students continue to support several charities through a variety of fundraising events. In June, the Hammond Community Appreciation Day was an opportunity for the students to better understand the role of charity, volunteers, and community networks in our society. A number of representatives from a range of local charities and voluntary organisations were invited to the school.

This enables our students to thrive, and I am delighted to report that all students who graduated from The Hammond College this year have signed with top-tier agents and are already securing employment within their chosen field.

The Board takes its fiscal responsibilities extremely seriously. I would like to put on record the Boards appreciation of our partnership with Barclays Bank. Barclays continue to support us in our plans for our site as we develop and improve our estate.

The Board of Directors wish to put on record our thanks to our facilities team for the amazing dedication, resilience and skills they demonstrated in providing a safe and inviting environment for students and staff.

The team continue with the programme of work on the school site to ensure our buildings are safe and fit for purpose

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. In response to some issues raised by our students the Board authorised the purchase of a wellbeing centre to provide a space dedicated to our students, away from the classroom to receive specialist care and advice.

As a Board we are always keen to hear the voice and opinions of our students. We start every Board meeting with a presentation from a group of our students. This may take the form of a performance or a discussion about how we as a Board can work to enhance their experience as students. Our students are never shy about sharing their views and opinions and they have influenced our thinking in the way we use our discretionary spending throughout the year.

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.

The October budget confirmed the new government's intention to change the VAT legislation making Independent School fees subject to VAT with effect from 1 January 2025.

This change has far reaching implications for both the finances of the school and the day to day operation and administration of its financial management. This is further complicated by the absence of clear guidance for specialist MDS schools, the small minority of Independent Schools receiving government grant funding for music and dance education, of which The Hammond is one.

A lot of detailed work has been undertaken already to ensure the school remains in a robust financial position in the short, medium and long-term and fully complies with the new legislative requirements.

While the board recognises the importance of minimising the financial impact on the school's students and their families it is also very cognisant of the overriding duty to ensure that the school's financial stability is not jeopardised and the school is able to continue to provide the high standards of education to all its students.

This year, the board has supported purchasing and equipping a new Wellbeing Centre and updating the school estate as much as it can.

Yet again in 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 colleagues who work at The Hammond who make this possible. As a Board we respect the professionalism, hard work, and dedication to help students fulfil their goals and 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. As we look to the 110 Anniversary of the Hammond, the board are committed to providing a modern thriving environment for our students.

The school comprises 3-year groups from the age of 11 to 16 (the school) 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 our 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 in the performing arts. It helps students between 11 and 21 plus develop the skills, knowledge and confidence necessary for their future.

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 and nationally. The school attracts both local day students and boarders from all parts of the UK, and several 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 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 school operates a limited bursary scheme. 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 contributing 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 public.

Every pupil attending The Hammond 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. All 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.

**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 provide an effective governance framework 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 emerge as a result of new areas of work being undertaken by the school.

The work currently being undertaken by the school specifically regarding 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 seen a significant boost to school numbers. Work is ongoing to continuously improve the offering of the Hammond, to ensure a continued flow of undergraduates.

- Reductions in available grant funding is a major threat, as scholarships funding is subject to political and social changes. In the short term, funding of talented but underfinanced individuals by the 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 and economic challenges have 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.

- General Election and a new Labour government may bring a change of policy for schools of performing Arts and Charities.

These are the principal risks to the school. The Board believes that the previous narrative demonstrates that it is doing everything possible at present to mitigate the key risks which are reviewed in full half yearly at board away days. At the same time, the Board uses these meetings to review operational excellence and delivery against the five-year strategic plan

**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 growth of day students, and general continued rationalisation of costs. The Board is also reviewing how we tap into the potential of Alumni Membership and sponsorship to enhance the reputation of the Hammond further.

**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 Royal Manchester Children's Hospital.

This Annual Report allows the directors the opportunity, once again to express their thanks and appreciation to all the colleagues for the work carried out within the school. The development and achievement of the students and the resulting 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 2024 has been one of growth and investment.

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

| | **2024** | **2023** | **2022** | **2021** | **2020** |
|---|---|---|---|---|---|
| Pupil numbers | 331 | 335 | 321 | 331 | 324 |
| | **£000** | **£000** | **£000** | **£000** | **£000** |
| Income | 5,848 | 5,381 | 5,024 | 4,776 | 4,887 |
| Grants received | 1,909 | 1,807 | 1,844 | 1,847 | 1,908 |
| Income less grants | 3,939 | 3,574 | 3,180 | 2,929 | 2,979 |
| Salaries | 3,278 | 2,932 | 2,732 | 3,134 | 2,962 |
| Overheads | 2,354 | 2,225 | 2,086 | 1,564 | 1,474 |
| Operating profit/(loss) | 216 | 224 | 206 | 78 | 451 |
| Interest payable | -148 | -77 | -30 | -26 | -36 |
| Net profit/(loss) for the year | 68 | 147 | 176 | 52 | 415 |
| | **£** | **£** | **£** | **£** | **£** |
| Ave. contribution/pupil | 11,900 | 10,669 | 9,907 | 8,849 | 9,194 |

**Reserves**
The net assets of the school stood at £3.11m at the end of the year, an increase of £70k compared to last year's balance of £3.04m. Restricted funds accounted for £9,631.

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 6.4 months of operating costs. The directors maintain vigilance over the school's finances by reviewing a monthly finance report, including management accounts and cash reporting. The monthly results are reviewed at both Board and Board sub-committee levels with reference to the regularly updated rolling 3-year forecast.

**Bank balances**
The School ended the year with an overdrawn bank balance of £254k, compared to an overdrawn balance of £278k at the end of the last financial year. Outstanding mortgage debt at year-end was £2.1m.

**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**
The academic year began with the completion of the extensive boarding house refurbishment project allowing our students to move in on time at the start of the new academic year. This project which cost in excess of £1m was part funded by an additional dedicated facility provided by our bankers, Barclays.

**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.

- Continually review pupil numbers to maintain the unique nature of the school.
- 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.

**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 1 January 2019).

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 | |
| P J Edgington | |
| A F McGladrigan | |
| I Wynne-Smythe | (Resigned 30 January 2024) |
| K Newsam | (Resigned 14 October 2024) |
| Mr T O Matthews | (Appointed 26 February 2024) |

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. In response to a recommendation in the recent Inspectors Report we have recruited a new Director with experience in the performing arts arena. 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.

**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.

### PRINCIPAL'S END OF YEAR REPORT

**Overview**

The 2023-24 academic year has been nothing short of transformative for The Hammond, with record-breaking achievements across all areas of our provision. The year ended with the largest number of students on roll for the start of the next academic year, a testament to the careful crafting of our curriculum and our strategic efforts to raise the national profile of the school.

**Growth and Curriculum Development**

The attractiveness of the school is due, among other reasons, to the work carried out in the 2023-24 academic year to refine each course offered by the school to meet the evolving demands of the creative industries, ensuring that our students are prepared for the competitive world beyond our walls. The academic and vocational offerings for 2024/5 will be even stronger, the result of the work referred to above carefully crafted in collaboration with an external panel and informed by detailed research carried out by our curriculum leaders.

This growth can also be attributed to the concerted efforts to elevate The Hammond's profile on a national scale. We engaged in numerous industry-focused events such as *Can You Dance?* (Liverpool and Northern Ireland), One Dance events, and a wide array of off-site outreach activities. Notably, we revamped our auditions process to make it more accessible, refining its focus and reach. For the first time, our audition panel travelled to Belfast and Jersey, and both ventures proved to be highly successful, attracting exceptional talent. Due to their success, we plan to repeat and expand these initiatives in the coming years.

**Student Destinations and Success**

We are thrilled to report that all students who graduated from The Hammond College this year have signed with top-tier agents and are already securing employment within the creative industries. A small number of graduates have opted to pursue further training, demonstrating our commitment to supporting students through diverse pathways. In addition, more Year 11 students have chosen to continue their journey with us in college than ever before, reflecting the distinct identity and outstanding quality of our vocational training.

The success of these outcomes is a direct result of our newly created *Industry and Outreach Team*, whose hard work has been recognised as "Outstanding" in recent inspections. Their influence has been instrumental in solidifying The Hammond as a leading institution in both training and graduate employability.

**Financial Control and Infrastructure Improvements**

Our school continues to exercise firm financial control, evidenced by our ability to complete key infrastructure projects while exploring new avenues for income. This year, we successfully completed an extensive renovation of our boarding houses, enabling 90 boarders to move back into beautifully restored accommodations this September. The feedback from both boarders and parents has been overwhelmingly positive. Our new facilities provide a warm, welcoming environment that students are proud to call home—further enhancing their Hammond experience.

Furthermore, our prudent financial management has allowed us to purchase a new *Wellbeing Centre*, an integral part of our ongoing commitment to providing the highest standard of physical and emotional health support. This new facility exemplifies our dedication to ensuring that all students receive the care they need to thrive, both in and out of the classroom.

**Academic Excellence and Enrichment**

We have continued to uphold the highest academic standards at The Hammond. This year, our leadership team has scrutinised every element of our teaching and learning to ensure that all students—especially target groups—make rapid progress. Our GCSE and GCE results from the summer of 2024 once again surpassed national averages across all subjects, highlighting the outstanding quality of our academic provision.

Beyond the classroom, we have offered students a wealth of enrichment opportunities, from LAMDA and LCM exams to Duke of Edinburgh Award schemes and the *Ethics Cup* competitions. Our comprehensive PSHE programme has broadened students' horizons, promoting personal development and well-roundedness. These initiatives not only enrich our students' educational experiences but also prepare them for the challenges of the wider world.

**Professional Productions**

Our productions are the culmination of the education and training students receive at The Hammond, and this year was no exception. We delivered industry-standard performances designed to give students the experience of working as part of a professional company. These productions are the pinnacle of our students' journeys, showcasing the skills they have honed through years of hard work and dedication. We are proud to say that our students leave The Hammond ready to compete at the highest level in the creative industries.

**Student Wellbeing and Leadership**

The wellbeing of our students remains our top priority. Our *Every Body Movement* initiative, which promotes healthy attitudes towards education, training, and self-care, has been a huge success. We have seen students flourish not only as performers but also as confident individuals with a strong sense of self-worth and belonging.

The *Hammond Parliament*, our student leadership body, has also continued to shape the student experience through a focus on charity work, community engagement, and enhancing school life. Their input has been invaluable in fostering a strong sense of community and responsibility among their peers.

**Funding and National Recognition**

The continuation of our three primary funding streams—MDS, DaDA, and tuition fees from the University of Chester course—has been instrumental in maintaining the high standard of our provision. The MDS and DaDA schemes, in particular, continue to prove The Hammond's national excellence, providing access to exceptional training for talented students from diverse socio-economic backgrounds. These grants ensure that financial barriers do not stand in the way of talent, helping to foster a more inclusive and representative creative industries workforce.

**Ofsted Inspection**

In March 2024, The Hammond School underwent a rigorous Ofsted inspection, and I am delighted to announce that we achieved an *Outstanding* grade across all four categories. This is an incredibly rare accomplishment, and it stands as a testament to the dedication, skill, and passion of every member of our staff. To be recognised as outstanding in leadership, teaching and learning, personal development, and behaviour and welfare is a true honour and reflects the immense effort we put into every aspect of the student experience.

**Conclusion and Thanks**

I would like to extend my heartfelt thanks to the *Board of Directors*, whose ongoing support has been instrumental in driving our success. Their commitment to the school's vision and values has empowered us to achieve great things, and their trust in our leadership has allowed us to flourish. I would also like to express my gratitude to *Barclays* for their continued support, which has played a crucial role in helping us fund new initiatives and improve our facilities.

It is a true privilege to lead such an inspirational team of colleagues, whose talent and dedication know no bounds. I am equally honoured to work alongside our wonderful students, who amaze us daily with their creativity, passion, and resilience. Together, we have made The Hammond a beacon of excellence, and I look forward to all that we will achieve in the future.

**Jennifer Roscoe**
Principal

**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.

Kathy Cowell
.....

**K H Cowell**
Chairman
Dated: 6/12/24

# THE HAMMOND SCHOOL LIMITED

## INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF THE HAMMOND SCHOOL LIMITED

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### Opinion

We have audited the financial statements of The Hammond School Limited (the 'charity') for the year ended 31 July 2024 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 2024 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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.

**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.

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.

**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 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.

Susa Harris

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

6/12/24

**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 2024*

| | Notes | Unrestricted funds 2024 £ | Restricted funds 2024 £ | Total 2024 £ | Unrestricted funds 2023 £ | Restricted funds 2023 £ | Total 2023 £ |
|---|---|---|---|---|---|---|---|
| **Income and endowments from:** | | | | | | | |
| Charitable activities | | | | | | | - |
| School fees and associated income | 3 | 5,659,676 | - | 5,659,676 | 5,256,242 | - | 5,256,242 |
| Other income | 4 | 188,362 | - | 188,362 | 125,005 | - | 125,005 |
| **Total income** | | 5,848,038 | - | 5,848,038 | 5,381,247 | - | 5,381,247 |
| **Expenditure on:** | | | | | | | |
| Charitable activities | | | | | | | |
| Charitable activities | 5 | 5,776,372 | 2,654 | 5,779,026 | 5,231,365 | 2,172 | 5,233,537 |
| Other expenditure | 10 | - | - | - | 535 | - | 535 |
| **Total expenditure** | | 5,776,372 | 2,654 | 5,779,026 | 5,231,900 | 2,172 | 5,234,072 |
| **Net income/(expenditure)** | | 71,666 | (2,654) | 69,012 | 149,347 | (2,172) | 147,175 |
| **Other recognised gains and losses:** | | | | | | | |
| Revaluation of tangible fixed assets | | - | - | - | 888,747 | - | 888,747 |
| **Net movement in funds** | 7 | 71,666 | (2,654) | 69,012 | 1,038,094 | (2,172) | 1,035,922 |
| **Reconciliation of funds:** | | | | | | | |
| Fund balances at 1 August 2023 | | 3,026,799 | 12,285 | 3,039,084 | 1,988,705 | 14,457 | 2,003,162 |
| **Fund balances at 31 July 2024** | | 3,098,465 | 9,631 | 3,108,096 | 3,026,799 | 12,285 | 3,039,084 |

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

# THE HAMMOND SCHOOL LIMITED

## BALANCE SHEET

### *AS AT 31 JULY 2024*

| | Notes | 2024 £ | 2024 £ | 2023 £ | 2023 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible assets | **12** | | 6,833,136 | | 6,049,804 |
| **Current assets** | | | | | |
| Debtors | **13** | 197,146 | | 1,156,517 | |
| Cash at bank and in hand | | 1,637 | | 1,632 | |
| | | 198,783 | | 1,158,149 | |
| **Creditors: amounts falling due within one year** | **14** | (1,966,631) | | (2,733,463) | |
| Net current liabilities | | | (1,767,848) | | (1,575,314) |
| **Total assets less current liabilities** | | | 5,065,288 | | 4,474,490 |
| **Creditors: amounts falling due after more than one year** | **15** | | (1,957,192) | | (1,435,406) |
| **Net assets** | | | 3,108,096 | | 3,039,084 |
| **Income funds** | | | | | |
| Restricted funds | **18** | | 9,631 | | 12,285 |
| Unrestricted funds - general | | | | | |
| Designated funds | **19** | 9,750 | | 22,710 | |
| General unrestricted funds | | 4,614,200 | | 4,529,574 | |
| Share capital | | 10,000 | | 10,000 | |
| Revaluation reserve | | (1,535,485) | | (1,535,485) | |
| | | | 3,098,465 | | 3,026,799 |
| | | | 3,108,096 | | 3,039,084 |

The financial statements were approved by the Trustees on 6/12/24

Kathy Cowell.

K H Cowell
**Trustee**

**Company Registration No. 00838325**

# THE HAMMOND SCHOOL LIMITED

## STATEMENT OF CASH FLOWS

### *FOR THE YEAR ENDED 31 JULY 2024*

| | Notes | 2024 £ | 2024 £ | 2023 £ | 2023 £ |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Cash generated from operations | **24** | | 272,759 | | 528,841 |
| **Investing activities** | | | | | |
| Purchase of tangible fixed assets | | (830,255) | | (757,416) | |
| **Net cash used in investing activities** | | | (830,255) | | (757,416) |
| **Financing activities** | | | | | |
| Proceeds of new bank loans | | 690,040 | | - | |
| Repayment of bank loans | | (109,957) | | (94,457) | |
| **Net cash generated from/(used in) financing activities** | | | 580,083 | | (94,457) |
| **Net increase/(decrease) in cash and cash equivalents** | | | 22,587 | | (323,032) |
| Cash and cash equivalents at beginning of year | | | (276,161) | | 46,871 |
| **Cash and cash equivalents at end of year** | | | (253,574) | | (276,161) |
| **Relating to:** | | | | | |
| Cash at bank and in hand | | | 1,637 | | 1,632 |
| Bank overdrafts included in creditors payable within one year | | | (255,211) | | (277,793) |

# THE HAMMOND SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## *FOR THE YEAR ENDED 31 JULY 2024*

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### 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. 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 or grantors 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 to which they relate, in accordance with the underlying conditions and terms attached to each grant.

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.

**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.

**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.

### 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.

The significant judgements considered to have the greatest risk of causing a material adjustment to the carrying amounts of assets and liabilities are as follow:

*Valuation of land and buildings*
Land and Buildings are measured at fair value at the reporting date based on judgements made by the directors having regard to general market conditions and any relevant information available to them.

### 3 Charitable activities

| | School fees and associated income 2024 £ | School fees and associated income 2023 £ |
|---|---|---|
| School fees and associated income | 5,659,676 | 5,256,242 |

### 4 Other income

| | Unrestricted funds 2024 £ | Unrestricted funds 2023 £ |
|---|---|---|
| Rent received | 188,362 | 125,005 |

## 5 Charitable activities

| | Education 2024 £ | Education 2023 £ |
|---|---|---|
| Staff costs | 3,278,307 | 2,931,644 |
| Depreciation and impairment | 46,923 | 41,210 |
| Production costs | 226,458 | 214,524 |
| School books and equipment | 48,180 | 43,763 |
| Exam fees | 67,665 | 56,908 |
| Telephone | 14,924 | 14,081 |
| Printing, postage and stationery | 21,303 | 19,844 |
| Licenses | 23,887 | 16,797 |
| Catering and cleaning contract | 689,627 | 607,536 |
| Motor expenses | 7,201 | 3,897 |
| School transport | 102,087 | 104,854 |
| School trips | 139,485 | 99,362 |
| General expenses | 111,769 | 39,022 |
| Degree course expenses | 178,469 | 177,026 |
| Subscriptions and donations | 20,858 | 19,133 |
| | 4,977,143 | 4,389,601 |
| Share of support costs (see note 6) | 680,126 | 727,189 |
| Share of governance costs (see note 6) | 121,757 | 116,747 |
| | 5,779,026 | 5,233,537 |
| **Analysis by fund** | | |
| Unrestricted funds - general | 5,776,372 | 5,231,365 |
| Restricted funds | 2,654 | 2,172 |
| | 5,779,026 | 5,233,537 |
| **For the year ended 31 July 2023** | | |
| Unrestricted funds - general | 5,231,365 | |
| Restricted funds | 2,172 | |
| | 5,233,537 | |

## 6 Support costs allocated to activities

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| Operating lease charges | 11,042 | 11,049 |
| Rent and rates | 170,348 | 314,995 |
| Insurance | 35,011 | 30,389 |
| Light and heat | 132,453 | 123,235 |
| Repairs and renewals | 75,770 | 60,337 |
| Ground maintenance | 31,336 | 27,899 |
| Cleaning | 25,515 | 16,399 |
| Advertising and marketing | 26,032 | 19,873 |
| Recruitment | 28,285 | 21,061 |
| Bad debts | (3,263) | 25,022 |
| Bank loan interest | 147,597 | 76,930 |
| Governance costs | 121,757 | 116,747 |
| | 801,883 | 843,936 |
| **Analysed between:** | | |
| Charitable activities | 801,883 | 843,936 |

| **Governance costs comprise:** | 2024 £ | 2023 £ |
|---|---|---|
| Audit fees | 14,144 | 14,126 |
| Legal and professional | 87,231 | 91,772 |
| Bank charges | 20,382 | 10,849 |
| | 121,757 | 116,747 |

## 7 Net movement in funds

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| 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 | 14,144 | 14,126 |
| Depreciation of owned tangible fixed assets | 46,923 | 41,209 |
| Loss on disposal of tangible fixed assets | - | 535 |
| Operating lease charges | 11,042 | 11,049 |

## 8 Trustees

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

## 9 Employees

The average monthly number of employees during the year was:

| | 2024 Number | 2023 Number |
|---|---|---|
| Full time | 66 | 61 |
| Part time | 44 | 44 |
| | 110 | 105 |

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

| | | |
|---|---|---|
| Teaching | 52 | 50 |
| Non-Teaching | 36 | 29 |
| | 88 | 79 |

| **Employment costs** | 2024 £ | 2023 £ |
|---|---|---|
| Wages and salaries | 2,941,959 | 2,622,820 |
| Social security costs | 264,903 | 242,524 |
| Other pension costs | 71,445 | 66,300 |
| | 3,278,307 | 2,931,644 |

The number of employees whose annual remuneration was more than £60,000 is as follows:

| | 2024 Number | 2023 Number |
|---|---|---|
| £60,000 - £70,000 | 1 | 1 |
| £70,000 - £80,000 | - | - |
| £80,000 - £90,000 | 1 | 1 |

### 10 Other

| | Total | Unrestricted funds general |
|---|---|---|
| | £ | |
| | 2024 | 2023 |
| Net loss on disposal of tangible fixed assets | - | 535 |

### 11 Taxation

The charity is exempt from taxation on its activities because all its income is applied for charitable purposes.

### 12 Tangible fixed assets

| | Freehold land and buildings | Plant and equipment | Fixtures and fittings | Computers | Motor vehicles | Total |
|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ |
| **Cost or valuation** | | | | | | |
| At 1 August 2023 | 5,701,502 | 227,167 | 888,756 | 289,116 | 31,762 | 7,138,303 |
| Additions | 703,119 | 96,312 | 23,052 | 7,772 | - | 830,255 |
| At 31 July 2024 | 6,404,621 | 323,479 | 911,808 | 296,888 | 31,762 | 7,968,558 |
| **Depreciation and impairment** | | | | | | |
| At 1 August 2023 | - | 85,550 | 696,455 | 275,295 | 31,199 | 1,088,499 |
| Depreciation charged in the year | - | 18,510 | 20,548 | 7,725 | 140 | 46,923 |
| At 31 July 2024 | - | 104,060 | 717,003 | 283,020 | 31,339 | 1,135,422 |
| **Carrying amount** | | | | | | |
| At 31 July 2024 | 6,404,621 | 219,419 | 194,805 | 13,868 | 423 | 6,833,136 |
| At 31 July 2023 | 5,701,502 | 141,616 | 192,302 | 13,821 | 563 | 6,049,804 |

The accounting policy with regard to freehold property requires valuations to be undertaken on a regular basis and a formal valuation every five years. Formal external valuations were carried out by Lambert Smith Hampton on the 15th December 2022 and Jones Peckover Chartered Surveyors on the 22nd May 2023 which valued the property portfolio at £5,055,000. As at 31 July 2024, 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 2023 | 7,129,975 |
| Additions | 703,119 |
| Cost at 31 July 2024 | 7,833,094 |

## 13 Debtors

| Amounts falling due within one year: | 2024 £ | 2023 £ |
|---|---|---|
| Trade debtors | 102,714 | 1,005,821 |
| Prepayments and accrued income | 94,432 | 150,696 |
| | 197,146 | 1,156,517 |

## 14 Creditors: amounts falling due within one year

| | Notes | 2024 £ | 2023 £ |
|---|---|---|---|
| Bank loans and overdrafts | 16 | 401,480 | 365,765 |
| Other taxation and social security | | 58,615 | 58,138 |
| Trade creditors | | 442,480 | 461,079 |
| Other creditors | | 246,641 | 196,231 |
| Accruals and deferred income | | 817,415 | 1,652,250 |
| | | 1,966,631 | 2,733,463 |

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

Deferred income of £102,953 (2023 - £959,990) 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 | 2024 £ | 2023 £ |
|---|---|---|---|
| Bank loans | 16 | 1,957,192 | 1,435,406 |

## 16 Loans and overdrafts

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| Bank overdrafts | 255,211 | 277,793 |
| Bank loans | 2,103,461 | 1,523,378 |
| | 2,358,672 | 1,801,171 |
| Payable within one year | 401,480 | 365,765 |
| Payable after one year | 1,957,192 | 1,435,406 |

**Analysis of debt maturity**

| | | |
|---|---|---|
| Within one year or on demand | 401,481 | 365,764 |
| Between one and two years | 184,552 | 373,369 |
| Between two and five years | 369,104 | 187,024 |
| After five years | 1,403,535 | 875,014 |
| | 2,358,672 | 1,801,171 |

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 £355K over 2 years, has an interest rate of 2.95% over the bank's base rate. The third loan, for £700k over 9.5 years, has an interest rate of 2.75% over the bank's base rate. The secured bank loans and overdraft represent 37% of the value (2023 - 36%) of the freehold property they are secured against based on its market value per the accounts at 31 July 2024.

## 17 Share capital

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| **Ordinary share capital** | | |
| **Issued and fully paid** | | |
| 10,000 Ordinary shares of £1 each | 10,000 | 10,000 |

## 18 Restricted funds

The restricted funds of the charity comprise the unexpended balances of donations and grants held on trust subject to specific conditions by donors as to how they may be used.

| | At 1 August 2023 | Resources expended | At 31 July 2024 |
|---|---|---|---|
| | £ | £ | £ |
| Diverse Dance Project | 12,285 | (2,654) | 9,631 |

## 18 Restricted funds (Continued)

| Previous year: | At 1 August 2022 | Resources expended | At 31 July 2023 |
|---|---|---|---|
| | £ | £ | £ |
| Diverse Dance Project | 14,457 | (2,172) | 12,285 |

**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.

## 19 Designated funds

The unrestricted funds of the charity comprise the unexpended balances of donations and grants which are not subject to specific conditions by donors and grantors as to how they may be used. These include 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 1 August 2022 | Incoming resources | Resources expended | Balance at 1 August 2023 | Incoming resources | Resources expended | Balance at 31 July 2024 |
| | £ | £ | £ | £ | £ | £ | £ |
| PTFA - minibus | 4,000 | - | - | 4,000 | - | - | 4,000 |
| Welfare Fund | 14,165 | 5,864 | (1,319) | 18,710 | 6,763 | (19,723) | 5,750 |
| | 18,165 | 5,864 | (1,319) | 22,710 | 6,763 | (19,723) | 9,750 |

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 2024 | Restricted funds 2024 | Total 2024 | Total 2023 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Fund balances at 31 July 2024 are represented by: | | | | |
| Tangible assets | 6,833,136 | - | 6,833,136 | 6,049,804 |
| Current assets/(liabilities) | (1,777,479) | 9,631 | (1,767,848) | (1,575,314) |
| Long term liabilities | (1,957,192) | - | (1,957,192) | (1,435,406) |
| | 3,098,465 | 9,631 | 3,108,096 | 3,039,084 |

Of the total funds in 2023, £12,285 was restricted and was represented by net current assets.

## 21 Capital commitments

Amounts contracted for but not provided in the financial statements:

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| Acquisition of property, plant and equipment | - | 394,271 |

## 22 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:

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| Within one year | 10,386 | 106,219 |
| Between two and five years | - | 7,500 |
| | 10,386 | 113,719 |

## 23 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.

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| Aggregate compensation | 336,221 | 298,122 |

**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 £1,243 (2023 - £2,898) during the year in respect of Legal and Professional charges. Income of £120 (2023 - £nil) was recognised for advertisement within concert programmes. These charges and income have been incurred at fair market value.

| 24 | **Cash generated from operations** | **2024** | **2023** |
|---|---|---|---|
| | | **£** | **£** |
| | Surplus for the year | 69,012 | 147,175 |
| | Adjustments for: | | |
| | (Gain)/loss on disposal of tangible fixed assets | - | 535 |
| | Depreciation and impairment of tangible fixed assets | 46,923 | 41,210 |
| | Movements in working capital: | | |
| | Decrease/(increase) in debtors | 959,371 | (939,075) |
| | (Decrease)/increase in creditors | (802,547) | 1,278,996 |
| | **Cash generated from operations** | 272,759 | 528,841 |

**25 Analysis of changes in net (debt)/funds**

| | **At 1 August 2023** | **Cash flows** | **At 31 July 2024** |
|---|---|---|---|
| | **£** | **£** | **£** |
| Cash at bank and in hand | 1,632 | 5 | 1,637 |
| Bank overdrafts | (277,793) | 22,582 | (255,211) |
| | (276,161) | 22,587 | (253,574) |
| Loans falling due within one year | (87,972) | (58,297) | (146,269) |
| Loans falling due after more than one year | (1,435,406) | (521,786) | (1,957,192) |
| | (1,799,539) | (557,496) | (2,357,035) |

**THE HAMMOND SCHOOL LIMITED**

England & Wales - Charity number 1022427

# Accounts

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 2023

# THE HAMMOND SCHOOL LIMITED

## LEGAL AND ADMINISTRATIVE INFORMATION

| | |
|---|---|
| **Trustees** | K H Cowell<br>J M Devoy<br>C E Penny<br>D A Silcock<br>A Sutton<br>P J Edgington<br>A F McGladrigan<br>I Wynne-Smythe<br>K Newsam (Appointed 29 April 2023) |
| **Secretary** | J M Devoy |
| **Principal** | J Roscoe |
| **Charity number** | 1022427 |
| **Company number** | 00838325 |
| **Registered office** | Hoole Bank House<br>Mannings Lane<br>Chester<br>CH2 4ES |
| **Auditor** | Champion Accountants LLP<br>2nd Floor Refuge House<br>33-37 Watergate Row<br>Chester<br>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 2023*

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 2022/2023. The directors' report is included as part of the annual accounts as required by company law. The accounts were approved by the board at the Annual General Meeting on 7 December 2023.

**Directors' Report**

This is indeed a year to celebrate. The school continues to grow and flourish. The school roll in September 2022 was 334, despite the post pandemic challenges, the cost of living stress on budgets and the overall 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 review, revise and enhance our curriculum offer for students linked with our re-branding process included visual enhancements to the school's image, but most importantly demonstrating and articulating clearly the vision and values of the Hammond with a focus on '**to learn, to perform and to aspire**'.

During the academic year, The Hammond has hosted a series of productions in dance, musical theatre and theatre arts, these have been outstanding. More information on the productions can be found in the Principal's Review of the Year.

The Hammond has been supporting the development of hugely successful students for over a century, growing and developing, changing and adapting, ensuring our graduates meet the rigorous demands of the performing arts industry or are able to excel in a range of fields which utilise their extensive skillset a Hammond education equips students with.

Destinations for graduating students, both Diploma and Degree, remain highly impressive. A considerable number of Hammond students now perform in professional shows throughout the world including the West End, tours across Europe, USA, Australia and international cruises. The Hammond is very proud of their final year students, with a high percentage gaining employment prior to their graduation.

GCSE and A Level students sat public examinations in 2023. As well as continuing to achieve high standards in its performing arts education, the Hammond maintains the highest academic standards as demonstrated by the 2023 examination results. 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.

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, launched back in 2021, 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.

As a Board we are always keen to hear the voice and opinions of our students. We start every board meeting with a presentation from a group of our students. This may take the form of a performance or a discussion about how we as a board can work to enhance their experience as students. During the year we have made several changes in response to the mature and informed views of our student groups.

Of course, as a Board we actively managed our finances. The school continues to be supported by a range of funding schemes. For the BA course, the Higher Education Funding Council of England (HEFCE), in respect of the Chester University accredited BA degree course in Musical Theatre Performance. The Music and Dance Scheme (MDS) awards, which comes directly from the Department for Education, provides funding for the lower school, and the Dance and Drama Award (DaDA) which comes from the Education Funding Agency supports the school's post-16 provision.

This year as previously mentioned the board has allocated funds to update areas and fabric of the estate. I put on record the thanks and appreciation of the Board of Directors to our facilities team for the amazing dedication, resilience and skills they demonstrated under tight time scales to have the extensive renovation work completed on our original boarding houses. The Board agreed to the £1.0m renovation project in January 2023 following an annual review of the boarding provision and have worked closely with Barclays to secure the funding necessary to achieve this. The refurbished boarding houses were ready for our students at the start of the new academic year.

The team also continued with the programme of work on the school site to ensure our building are safe and fit for purpose. During the summer break a programme of decorating and upgrading was completed together with preparatory work to have the foundations ready to receive the new health and wellbeing centre due to come on line in the early part of 2024.

We continue to enjoy a good relationship and support from our bankers. Barclays Bank have been an active and supportive partner in the delivery of our revised Estate Strategy.

Yet again in 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 colleagues who work at the school who make this possible. As a Board we respect the professionalism, hard work, and dedication to help students fulfil their goals and ambitions.

**History and Development**
As a Board we are ever mindful of the history and traditions of the school. The Hammond provides a strong foundation for entry into professional life in the Performing Arts.

The school comprises 3-year groups from the age of 11 to 16 (the school) 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 our 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 the performing arts. It gives students the opportunities to develop 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 several 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 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 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.

**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 provide an effective governance framework 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 emerge as a result of new areas of work being undertaken by the school.

The work currently being undertaken by the school specifically regarding 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.
- Reductions in available grant funding is a major threat, as scholarships funding is 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 and economic challenges have 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.
- A General Election within the next year may bring a change of policy for schools of performing Arts and Charities.

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 the key risks which are reviewed in full half yearly at board away days. At the same time the Board uses these meetings to review operational excellence and delivery against the 5-year strategic plan.

**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 board is also reviewing how we tap into the potential of Alumni Membership and sponsorship to further enhance the reputation of the Hammond.

**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 Royal Manchester Children's Hospital.

This Annual Report allows the directors the opportunity, once again to express their thanks and appreciation to all the colleagues for the work carried out within the school. The development and achievement of the students and the resulting 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 2023 has been one of growth and investment.

Total income, including grant monies received was £5.38m compared to £5.02m in 2022. Student numbers increased from 321 to 335.

Total staff costs were £2.93m in the year to 31 July 2023, overheads increased by £140k in the year to £2.23m. The financial position over the last five years is summarised below:

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| Pupil numbers | 335 | 321 | 331 | 324 | 334 |
| | £000 | £000 | £000 | £000 | £000 |
| Income | 5,381 | 5,024 | 4,776 | 4,887 | 5,113 |
| Grants received | 1,807 | 1,844 | 1,847 | 1,908 | 1,839 |
| Income less grants | 3,574 | 3,180 | 2,929 | 2,979 | 3,274 |
| Salaries | 2,932 | 2,732 | 3,134 | 2,962 | 3,027 |
| Overheads | 2,225 | 2,086 | 1,564 | 1,474 | 1,785 |
| Operating profit/(loss) | 224 | 206 | 78 | 451 | 301 |
| Interest payable | -77 | -30 | -26 | -36 | -44 |
| Net profit/(loss) for the year | 147 | 176 | 52 | 415 | 257 |
| | £ | £ | £ | £ | £ |
| Ave. contribution/pupil | 10,669 | 9,907 | 8,849 | 9,194 | 9,802 |

**Reserves**
The net assets of the school stood at £3.04m at the end of the year, an increase of £1.04m compared to last year's balance of £2.00m. Restricted funds accounted for £12,285.

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 6.9 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 an overdrawn balance of £278k, compared to a bank balance of £47k at the end of the last financial year. Outstanding mortgage debt at year-end was £1.52m.

**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**
This year the Board undertook a substantial refurbishment of the Boarding House. The cost of which was incurred in part in FY22/23.

**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.
- 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.

**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
A M Caldwell (Resigned 28 April 2023)
P J Edgington
A F McGladrigan
I Wynne-Smythe
K Newsam (Appointed 29 April 2023)

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. In response to a recommendation in the recent Inspectors Report we have recruited a new Director with experience in the performing arts arena. 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.

**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.

## PRINCIPAL'S END OF YEAR REPORT

The Hammond commenced the 2022-23 academic year in September with the largest school, college and degree roll in its history: an achievement even more significant when considering external economic fluctuations and challenges.

The Hammond launched a comprehensive re-branding package at the beginning of the year, which was developed in parallel with course and curriculum developments designed to ensure Hammond training and education is cutting-edge and most relevant for students preparing for a career in the creative arts. Regular quality assurance ensures continuous monitoring and evaluation. The re-branding process included visual enhancements to the school's image, but more importantly vision and value re-organisation with a focus on 'to learn, to perform and to aspire'. The Hammond's new vision statement was:

> *The Hammond exists to inspire, nurture, and educate the next generation of performers by fostering a culture of excellence, curiosity, storytelling, and innovation.*
> *Developing healthy, confident, and life-long learners able to thrive in an ever-changing performance landscape, regardless of social, cultural, or financial background.*

The Hammond's School, Diploma and Degree courses are crafted to train students to the highest possible standard by promoting technical, artistic, and creative excellence. The courses prepare students for a successful, healthy, and sustainable career in the creative industries, imparting the knowledge, discipline, skills, and versatility to be competitive, independent, resilient, and highly employable performers. In 2022-23, curriculum provision has been enhanced through further specified and specialist subject provision to strengthen training and employability, as well as emotional and mental fitness. This has been amplified through the creation of the Industry and Outreach Team which comprises a team of specialist industry leaders, working with outside experts, designed to increase skill acquisition and versatility, and also through enhancements to the curriculum, such as focused tutorials and wellness classes as part of the personal development curriculum. An inspection recommendation was to enhance student metacognition in journals and note-books; this has been achieved through a transformation of the contextual studies unit of learning and oversight of senior leaders to develop out of class learning and research.

Students benefit from a range of additional qualifications, including GCSEs, A Levels, Level 3 BTECs, the DDE qualification, LAMDA Gold, and the London College of Music awards as well as more varied external performance opportunities. To support students at point of entry, the audition process has been enhanced to support idiosyncrasies of courses.

Documentation of student destination supports the ongoing development of the quality of professional performance education and training. In 2022-23 all students Diploma were awarded the Trinity Level 6 diploma (one pending) and 90% offered agency representation (remaining students embarked on professional contract, four of which in employment prior to the end of the academic year). In 2023, all Theatre Arts Advanced students were awarded places at prestigious drama schools, including GSA and RADA. In the same time period, all school pupils transitioned to further vocational training (many remaining at The Hammond) or to local comprehensive schools to undertake A Level and BTEC courses.

Additionally, a change in structure within the leadership team has enabled heightened monitoring and quality assurance of teaching and learning, especially in relation to stretch and challenge for the more able as well as more focused SEND provision (2021 ISI recommendation). Senior leaders have developed an internal training system for all colleagues to enhance pedagogy, especially in the areas of metacognition, retrieval practice and higher order thinking skills. This package has been developed through a re-launched CPDL programme, teaching and learning action research groups, and staff mentoring. GCSE results in the aforementioned time period have been significantly above the national average with the following metrics of note: GCSE: 100% pass rate (2021, 2022, 2023) GCSE: (% of pupils with 5 or more GCSEs graded Level 4 or above) 2021: 97%, 2022: 100%; 2023: 97%.

Controlled and considered capital expenditure allowed the school to review its facilities provision to mirror the online and curriculum enhancements, with new study areas created for students as well as aspirational visual aesthetics to capitalise on the intrinsic motivation of students. Quiet study areas, the development of IT facilities, catering changes, provision enhancement have all worked to further enhance the experience of Hammond students.

The Autumn Term also saw the embedding of the, now 12-month-old, 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 made outstanding progress regarding 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, as in January 2023, the school conducted an annual review of the boarding provision and worked closely with Barclay's bank to secure finances to renovate original boarding houses. In the summer term, The Hammond's estates team worked diligently to ensure boarders were able to move out of one of the university-owned houses and back into The Hammond's original boarding houses. We are thrilled at the progress made, and parent and student feedback has validated the decision.

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.

I also continue forge strong relationships with the Principals and Headteachers of the other MDS-funded performance schools; I continue to act 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 2022-23, 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 Hammond was given the opportunity to further refine the course and undertook an extensive and meticulous re-writing of the course in 2021-22, with 2022-23 being the initial year of the adapted course.

The Spiring and Summer terms hosted a series of outstanding 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 'Urinetown' and '9 to 5' 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 the challenging and controversial musical 'Jesus Christ Superstar' which again highlighted 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 2023 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 2023. 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.

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 Hammond continues to work closely with partners in the local area, including the Cheshire West and Chester Safeguarding team. In June, the team was invited to complete a safeguarding 'health check' by reviewing all elements of safeguarding policies and procedures. We are delighted to advise that the team praised all aspects of our provision and made no recommendations.

The Hammond also welcome the inspection team from the Independent School's Inspectorate in July 2023. Again, the team highly praised all aspects of the school's provision, passed all compliance areas, and made no recommendations.

Senior leaders at The Hammond continue to work in close partnership with The Hammond's Board of Directors, who are hugely supportive of the strategic direction of the school and also fundamental in challenging and quality assurance.

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

**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.

Kathy Cowell
.....
**K H Cowell**
Chairman
Dated: 4/12/23

# THE HAMMOND SCHOOL LIMITED

## INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS 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 2023 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 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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.

**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.

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.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

## TO THE MEMBERS 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 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.

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

7 December 2023

**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 2023*

| | Notes | Unrestricted funds 2023 £ | Restricted funds 2023 £ | Total 2023 £ | Unrestricted funds 2022 £ | Restricted funds 2022 £ | Total 2022 £ |
|---|---|---|---|---|---|---|---|
| **Income and endowments from:** | | | | | | | |
| Donations and legacies | 3 | - | - | - | 7,801 | - | 7,801 |
| Charitable activities | | | | | | | - |
| School fees and assoicated income | 4 | 5,256,242 | - | 5,256,242 | 4,881,562 | - | 4,881,562 |
| Other income | 5 | 125,005 | - | 125,005 | 134,667 | - | 134,667 |
| **Total income** | | 5,381,247 | - | 5,381,247 | 5,024,030 | - | 5,024,030 |
| Charitable activities | | | | | | | |
| Charitable activities | 6 | 5,231,365 | 2,172 | 5,233,537 | 4,846,318 | 1,889 | 4,848,207 |
| Other expenditure | 11 | 535 | - | 535 | - | - | - |
| Total expenditure | | 5,231,900 | 2,172 | 5,234,072 | 4,846,318 | 1,889 | 4,848,207 |
| **Net income/(expenditure)** | | 149,347 | (2,172) | 147,175 | 177,712 | (1,889) | 175,823 |
| **Other recognised gains and losses:** | | | | | | | |
| Revaluation of tangible fixed assets | | 888,747 | - | 888,747 | - | - | - |
| **Net movement in funds** | 8 | 1,038,094 | (2,172) | 1,035,922 | 177,712 | (1,889) | 175,823 |
| **Reconciliation of funds:** | | | | | | | |
| Fund balances at 1 August 2022 | | 1,988,705 | 14,457 | 2,003,162 | 1,810,993 | 16,346 | 1,827,339 |
| **Fund balances at 31 July 2023** | | 3,026,799 | 12,285 | 3,039,084 | 1,988,705 | 14,457 | 2,003,162 |

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

# THE HAMMOND SCHOOL LIMITED

## BALANCE SHEET

### *AS AT 31 JULY 2023*

| | Notes | 2023 £ | 2023 £ | 2022 £ | 2022 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible assets | **13** | | 6,049,804 | | 4,445,386 |
| **Current assets** | | | | | |
| Debtors | **14** | 1,156,517 | | 217,442 | |
| Cash at bank and in hand | | 1,632 | | 46,871 | |
| | | 1,158,149 | | 264,313 | |
| **Creditors: amounts falling due within one year** | **15** | (2,733,463) | | (1,548,256) | |
| Net current liabilities | | | (1,575,314) | | (1,283,943) |
| **Total assets less current liabilities** | | | 4,474,490 | | 3,161,443 |
| **Creditors: amounts falling due after more than one year** | **16** | | (1,435,406) | | (1,158,281) |
| **Net assets** | | | 3,039,084 | | 2,003,162 |
| **Income funds** | | | | | |
| Restricted funds | **19** | | 12,285 | | 14,457 |
| Unrestricted funds - general | | | | | |
| Designated funds | **20** | 22,710 | | 18,165 | |
| General unrestricted funds | | 3,533,816 | | 4,384,772 | |
| Share capital | | 10,000 | | 10,000 | |
| Revaluation reserve | | (1,428,474) | | (2,424,232) | |
| | | | 3,026,799 | | 1,988,705 |
| | | | 3,039,084 | | 2,003,162 |

The financial statements were approved by the Trustees on 7/12/23

Kathy Cowell

K H Cowell
**Trustee**

**Company Registration No. 00838325**

# THE HAMMOND SCHOOL LIMITED

## STATEMENT OF CASH FLOWS

### *FOR THE YEAR ENDED 31 JULY 2023*

| | Notes | 2023 £ | £ | 2022 £ | £ |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Cash generated from operations | **25** | | 528,841 | | 439,659 |
| **Investing activities** | | | | | |
| Purchase of tangible fixed assets | | (757,416) | | (38,121) | |
| **Net cash used in investing activities** | | | (757,416) | | (38,121) |
| **Financing activities** | | | | | |
| Repayment of bank loans | | (94,457) | | (132,116) | |
| **Net cash used in financing activities** | | | (94,457) | | (132,116) |
| **Net (decrease)/increase in cash and cash equivalents** | | | (323,032) | | 269,422 |
| Cash and cash equivalents at beginning of year | | | 46,871 | | (222,551) |
| **Cash and cash equivalents at end of year** | | | (276,161) | | 46,871 |
| **Relating to:** | | | | | |
| Cash at bank and in hand | | | 1,632 | | 46,871 |
| Bank overdrafts included in creditors payable within one year | | | (277,793) | | - |

## 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 or grantors 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.

**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.

**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.

**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 Income from donations and legacies

| | Unrestricted funds 2023 £ | Unrestricted funds 2022 £ |
|---|---|---|
| Grants | - | 7,801 |
| **Grants receivable for core activities** | | |
| CJRS grant | - | 7,701 |
| Other | - | 100 |
| | - | 7,801 |

## 4 Charitable activities

| | School fees and associated income 2023 £ | School fees and associated income 2022 £ |
|---|---|---|
| School fees and associated income | 5,256,242 | 4,881,562 |

## 5 Other income

| | Unrestricted funds 2023 £ | Unrestricted funds 2022 £ |
|---|---|---|
| Rent received | 125,005 | 134,667 |

## 6 Charitable activities

| | Education 2023 £ | Education 2022 £ |
|---|---|---|
| Staff costs | 2,931,644 | 2,732,110 |
| Depreciation and impairment | 41,210 | 35,091 |
| Production costs | 214,524 | 176,333 |
| School books and equipment | 43,763 | 42,432 |
| Exam fees | 56,908 | 57,846 |
| Telephone | 14,081 | 25,327 |
| Printing, postage and stationery | 19,844 | 13,295 |
| Licenses | 16,797 | 15,950 |
| Catering and cleaning contract | 607,536 | 532,934 |
| Motor expenses | 3,897 | 5,231 |
| School transport | 104,854 | 106,267 |
| School trips | 99,362 | 50,471 |
| General expenses | 39,022 | 46,076 |
| Degree course expenses | 177,026 | 247,185 |
| Subscriptions and donations | 19,133 | 16,672 |
| | 4,389,601 | 4,103,220 |
| Share of support costs (see note 7) | 727,189 | 655,939 |
| Share of governance costs (see note 7) | 116,747 | 89,048 |
| | 5,233,537 | 4,848,207 |
| **Analysis by fund** | | |
| Unrestricted funds - general | 5,231,365 | 4,846,318 |
| Restricted funds | 2,172 | 1,889 |
| | 5,233,537 | 4,848,207 |
| **For the year ended 31 July 2022** | | |
| Unrestricted funds - general | 4,846,318 | |
| Restricted funds | 1,889 | |
| | 4,848,207 | |

## 7 Support costs allocated to activities

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Operating lease charges | 11,049 | 10,984 |
| Rent and rates | 314,995 | 309,874 |
| Insurance | 30,389 | 27,490 |
| Light and heat | 123,235 | 118,609 |
| Repairs and renewals | 60,337 | 41,267 |
| Ground maintenance | 27,899 | 28,991 |
| Cleaning | 16,399 | 32,104 |
| Advertising and marketing | 19,873 | 33,137 |
| Recruitment | 21,061 | 14,944 |
| Bad debts | 25,022 | 8,240 |
| Bank loan interest | 76,930 | 30,299 |
| Governance costs | 116,747 | 89,048 |
| | 843,936 | 744,987 |
| **Analysed between:** | | |
| Charitable activities | 843,936 | 744,987 |

| **Governance costs comprise:** | 2023 £ | 2022 £ |
|---|---|---|
| Audit fees | 14,126 | 14,449 |
| Legal and professional | 91,772 | 59,254 |
| Bank charges | 10,849 | 15,345 |
| | 116,747 | 89,048 |

## 8 Net movement in funds

| Net movement in funds is stated after charging/(crediting) | 2023 £ | 2022 £ |
|---|---|---|
| Fees payable to the company's auditor for the audit of the company's financial statements | 14,126 | 14,449 |
| Depreciation of owned tangible fixed assets | 41,209 | 35,090 |
| Loss on disposal of tangible fixed assets | 535 | - |
| Operating lease charges | 11,049 | 10,984 |

## 9 Trustees

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

## 10 Employees

The average monthly number of employees during the year was:

| | 2023 Number | 2022 Number |
|---|---|---|
| Full time | 61 | 63 |
| Part time | 44 | 47 |
| | 105 | 110 |

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

| | | |
|---|---|---|
| Teaching | 50 | 52 |
| Non-Teaching | 29 | 36 |
| | 79 | 88 |

| **Employment costs** | 2023 £ | 2022 £ |
|---|---|---|
| Wages and salaries | 2,622,820 | 2,451,567 |
| Social security costs | 242,524 | 220,640 |
| Other pension costs | 66,300 | 59,903 |
| | 2,931,644 | 2,732,110 |

The number of employees whose annual remuneration was more than £60,000 is as follows:

| | 2023 Number | 2022 Number |
|---|---|---|
| £60,000 - £70,000 | 1 | 1 |
| £70,000 - £80,000 | - | - |
| £80,000 - £90,000 | 1 | - |

## 11 Other

| | Unrestricted funds general 2023 | Total £ 2022 |
|---|---|---|
| Net loss on disposal of tangible fixed assets | 535 | - |

## 12 Taxation

The charity is exempt from taxation on its activities because all its income is applied for charitable purposes.

## 13 Tangible fixed assets

| | Freehold land and buildings | Plant and equipment | Fixtures and fittings | Computers | Motor vehicles | Total |
|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ |
| **Cost or valuation** | | | | | | |
| At 1 August 2022 | 4,150,000 | 169,328 | 862,180 | 281,106 | 31,762 | 5,494,376 |
| Additions | 662,755 | 57,838 | 28,813 | 8,010 | - | 757,416 |
| Disposals | - | - | (2,237) | - | - | (2,237) |
| Revaluation | 888,747 | - | - | - | - | 888,747 |
| At 31 July 2023 | 5,701,502 | 227,166 | 888,756 | 289,116 | 31,762 | 7,138,302 |
| **Depreciation and impairment** | | | | | | |
| At 1 August 2022 | - | 71,926 | 677,443 | 268,610 | 31,012 | 1,048,991 |
| Depreciation charged in the year | - | 13,624 | 20,713 | 6,685 | 187 | 41,209 |
| Eliminated in respect of disposals | - | - | (1,702) | - | - | (1,702) |
| At 31 July 2023 | - | 85,550 | 696,454 | 275,295 | 31,199 | 1,088,498 |
| **Carrying amount** | | | | | | |
| At 31 July 2023 | 5,701,502 | 141,616 | 192,302 | 13,821 | 563 | 6,049,804 |
| At 31 July 2022 | 4,150,000 | 97,402 | 184,736 | 12,498 | 750 | 4,445,386 |

**13 Tangible fixed assets** **(Continued)**

The accounting policy with regard to freehold property requires valuations to be undertaken on a regular basis and a formal valuation every five years. Formal external valuations were carried out by Lambert Smith Hampton on the 15th December 2022 and Jones Peckover Chartered Surveyors on the 22nd May 2023 which valued the property portfolio at £5,055,000. As at 31 July 2023, 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 2022 | 6,467,220 |
| Additions | 662,755 |
| Cost at 31 July 2023 | 7,129,975 |

**14 Debtors**

| | 2023 | 2022 |
|---|---|---|
| **Amounts falling due within one year:** | £ | £ |
| Trade debtors | 1,005,821 | 139,053 |
| Prepayments and accrued income | 150,696 | 78,389 |
| | 1,156,517 | 217,442 |

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

| | Notes | 2023 | 2022 |
|---|---|---|---|
| | | £ | £ |
| Bank loans and overdrafts | 17 | 365,765 | 459,554 |
| Other taxation and social security | | 58,138 | 54,912 |
| Trade creditors | | 461,079 | 385,588 |
| Other creditors | | 196,231 | 147,050 |
| Accruals and deferred income | | 1,652,250 | 501,152 |
| | | 2,733,463 | 1,548,256 |

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

Deferred income of £959,990 (2022 - £130,612 ) which is included in the above figures relates to school fees paid in advance which would be potentially refundable.

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

| | Notes | 2023 | 2022 |
|---|---|---|---|
| | | £ | £ |
| Bank loans | 17 | 1,435,406 | 1,158,281 |

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

## 17 Loans and overdrafts

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Bank overdrafts | 277,793 | - |
| Bank loans | 1,523,378 | 1,617,835 |
| | 1,801,171 | 1,617,835 |
| Payable within one year | 365,765 | 459,554 |
| Payable after one year | 1,435,406 | 1,158,281 |

**Analysis of debt maturity**

| | | |
|---|---|---|
| Within one year or on demand | 365,764 | 459,554 |
| Between one and two years | 373,369 | 105,659 |
| Between two and five years | 187,024 | 316,978 |
| After five years | 875,014 | 735,644 |
| | 1,801,171 | 1,617,835 |

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 £355K over 2 years, has an interest rate of 2.95% over the bank's base rate. The secured bank loans and overdraft represent 36% of the value (2022 - 39%) of the freehold property they are secured against based on its market value per the accounts at 31 July 2023.

## 18 Share capital

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| **Ordinary share capital** | | |
| **Issued and fully paid** | | |
| 10,000 Ordinary shares of £1 each | 10,000 | 10,000 |

## 19 Restricted funds

The restricted funds of the charity comprise the unexpended balances of donations and grants held on trust subject to specific conditions by donors as to how they may be used.

| | At 1 August 2022 | Resources expended | At 31 July 2023 |
|---|---|---|---|
| | £ | £ | £ |
| Diverse Dance Project | 14,457 | (2,172) | 12,285 |

## 19 Restricted funds (Continued)

| Previous year: | At 1 August 2021 | Resources expended | At 31 July 2022 |
|---|---|---|---|
| | £ | £ | £ |
| Diverse Dance Project | 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.

## 20 Designated funds

The unrestricted funds of the charity comprise the unexpended balances of donations and grants which are not subject to specific conditions by donors and grantors as to how they may be used. These include 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 1 August 2021 | Incoming resources | Resources expended | Balance at 1 August 2022 | Incoming resources | Resources expended | Balance at 31 July 2023 |
| | £ | £ | £ | £ | £ | £ | £ |
| PTFA - minibus | 4,000 | - | - | 4,000 | - | - | 4,000 |
| Welfare Fund | 9,036 | 6,854 | (1,725) | 14,165 | 5,864 | (1,319) | 18,710 |
| | 13,036 | 6,854 | (1,725) | 18,165 | 5,864 | (1,319) | 22,710 |

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.

## 21 Analysis of net assets between funds

| | Unrestricted funds 2023 | Restricted funds 2023 | Total 2023 | Total 2022 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Fund balances at 31 July 2023 are represented by: | | | | |
| Tangible assets | 6,049,804 | - | 6,049,804 | 4,445,386 |
| Current assets/(liabilities) | (1,587,599) | 12,285 | (1,575,314) | (1,283,943) |
| Long term liabilities | (1,435,406) | - | (1,435,406) | (1,158,281) |
| | 3,026,799 | 12,285 | 3,039,084 | 2,003,162 |

Of the total funds in 2022, £14,457 was restricted and was represented by net current assets.

## 22 Capital commitments

Amounts contracted for but not provided in the financial statements:

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Acquisition of property, plant and equipment | 394,271 | - |

## 23 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:

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Within one year | 106,219 | 252,886 |
| Between two and five years | 7,500 | 20,833 |
| | 113,719 | 273,719 |

## 24 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.

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Aggregate compensation | 298,122 | 308,435 |

**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 £2,898 (2022 - £nil) during the year in respect of Legal and Professional charges. These charges have been incurred at fair market value.

**25 Cash generated from operations**

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Surplus for the year | 147,175 | 175,823 |
| Adjustments for: | | |
| Loss on disposal of tangible fixed assets | 535 | - |
| Depreciation and impairment of tangible fixed assets | 41,210 | 35,091 |
| Movements in working capital: | | |
| (Increase) in debtors | (939,075) | (19,277) |
| Increase in creditors | 1,278,996 | 248,022 |
| **Cash generated from operations** | 528,841 | 439,659 |

**26 Analysis of changes in net (debt)/funds**

| | At 1 August 2022 | Cash flows | At 31 July 2023 |
|---|---|---|---|
| | £ | £ | £ |
| Cash at bank and in hand | 46,871 | (45,239) | 1,632 |
| Bank overdrafts | - | (277,793) | (277,793) |
| | 46,871 | (323,032) | (276,161) |
| Loans falling due within one year | (459,554) | 371,582 | (87,972) |
| Loans falling due after more than one year | (1,158,281) | (277,125) | (1,435,406) |
| | (1,570,964) | (228,575) | (1,799,539) |

**THE HAMMOND SCHOOL LIMITED**

England & Wales - Charity number 1022427

# Accounts

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 | (Appointed 18 November 2021) |
| | I Wynne-Smythe | (Appointed 4 January 2022) |
| **Secretary** | J M Devoy | |
| **Principal** | J Roscoe | |
| **Charity number** | 1022427 | |
| **Company number** | 00838325 | |
| **Registered office** | Hoole Bank House<br>Mannings Lane<br>Chester<br>CH2 4ES | |
| **Auditor** | Champion Accountants LLP<br>2nd Floor Refuge House<br>33-37 Watergate Row<br>Chester<br>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 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.

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 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.

**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.

**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 |

**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 art 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.

**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.

**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.

### 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, listed 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.

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).

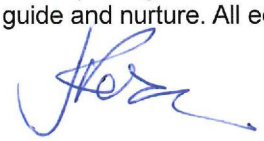
GCSE and A Level students sat public examinations in 2022, exams having been cancelled for the previous two years. The dedication of teaching staff, working in close partnership with parents, ensured students were well-prepared, confident, and offered the best possible opportunity to succeed. Results 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

**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.

Katty Cowell

.....

**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.

**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.

## 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*

| | Notes | Unrestricted funds 2022 £ | Restricted funds 2022 £ | Total 2022 £ | Unrestricted funds 2021 £ | Restricted funds 2021 £ | Total 2021 £ |
|---|---|---|---|---|---|---|---|
| **Income and endowments from:** | | | | | | | |
| Donations and legacies | 3 | 7,801 | - | 7,801 | 135,347 | - | 135,347 |
| Charitable activities | | | | | | | |
| 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 |
| **Expenditure on:** | | | | | | | |
| Charitable activities | | | | | | | |
| 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 £ | 2022 £ | 2021 £ | 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 | |
| | | 264,313 | | 198,441 | |
| **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** | | | 2,003,162 | | 1,827,339 |
| **Income funds** | | | | | |
| Restricted funds | **18** | | 14,457 | | 16,346 |
| Unrestricted funds - general | | | | | |
| 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) | |
| | | | 1,988,705 | | 1,810,993 |
| | | | 2,003,162 | | 1,827,339 |

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

Kath Cowell.

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 £ | 2022 £ | 2021 £ | 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) |

### 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.

**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.

**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.

## 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 | - |
| | 7,801 | 135,347 |

## 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** | Unrestricted funds general |
|---|---|---|
| | **2022** | 2021 |
| | **£** | £ |
| Interest receivable | - | 5 |

## 6 Other income

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

## 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 |
| | 4,103,220 | 4,056,088 |
| Share of support costs (see note 8) | 655,939 | 584,670 |
| Share of governance costs (see note 8) | 89,048 | 82,299 |
| | 4,848,207 | 4,723,057 |
| **Analysis by fund** | | |
| Unrestricted funds - general | 4,846,318 | 4,722,421 |
| Restricted funds | 1,889 | 636 |
| | 4,848,207 | 4,723,057 |
| **For the year ended 31 July 2021** | | |
| Unrestricted funds - general | 4,722,421 | |
| Restricted funds | 636 | |
| | 4,723,057 | |

## 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 |
| | 655,939 | 89,048 | 744,987 | 584,670 | 82,299 | 666,969 |
| Analysed between | | | | | | |
| Charitable activities | 655,939 | 89,048 | 744,987 | 584,670 | 82,299 | 666,969 |

## 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 |

## 10 Trustees

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

## 11 Employees

**Number of employees**

The average monthly number of employees during the year was:

| | 2022 Number | 2021 Number |
|---|---|---|
| Full time | 63 | 61 |
| Part time | 47 | 48 |
| | 110 | 109 |

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

| | | |
|---|---|---|
| Teaching | 52 | 50 |
| Non-teaching | 36 | 35 |
| | 88 | 85 |

| **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 |
| | 2,732,110 | 3,133,866 |

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

| | 2022 Number | 2021 Number |
|---|---|---|
| £60,000 - £70,000 | 1 | 1 |

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

## 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 |

## 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 |
| | | 1,548,256 | 1,198,415 |

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 | 1,158,281 | 1,615,043 |

## 16 Loans and overdrafts

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

### 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 |
| | 1,617,835 | 1,972,778 |

## 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.

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

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 2022 | Restricted funds 2022 | Total 2022 | Total 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) |
| | 1,988,705 | 14,457 | 2,003,162 | 1,827,339 |

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 |
| | 273,719 | 530,453 |

## 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 |

## 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 | - |
| | (222,551) | 269,422 | 46,871 |
| 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) |
| | (1,972,502) | 401,538 | (1,570,964) |