

ANNUAL REPORT AND FINANCIAL STATEMENTS



FOR THE YEAR ENDING
31 AUGUST 2024

HEARTWOOD HOUSE



HEARTWOOD HOUSE
(A company limited by guarantee)

Registered number: 05385733
Charity number: 1109947

HEARTWOOD HOUSE

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TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2024

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2024

Trustees and Members	G A Norris, Chair
	J I Storey
	S Jones
	A J Lenton
	T Webster, Vice Chair
	S M Fishburn (Resigned 4 July 2024)
	K Barr (appointed 30 November 2023)
	R H Evans, Company Secretary
Company registered number	5385733
Charity registered number	1109947
Registered office	13 Kenton Road Harrow Middlesex HA1 2BW
Company secretary	R H Evans
Executive Headteacher	C Haysom BSc (Hons), PGCE, MSc
Bankers	CAF Bank Limited 25 Kings Hill Avenue Kingshill West Malling Kent ME19 4JQ

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2024

The Trustees present their annual report together with the audited financial statements of the Company for the 1 September 2023 to 31 August 2024. The Annual report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Since the Company qualifies as small under section 382 of the Companies Act 2006, the Strategic report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

Introduction from the chair

Having the privilege to be in my sixth year as Chair of the Board of Trustees, and ninth as a Trustee of this great organisation it gives me great pleasure in introducing our 19th Trustees Report and Financial Statements for the year ended 31st August 2024.

Firstly, I wish to formally record my grateful thanks to Sue Fishburn, who decided to step down as a Trustee after seven year's service. During this time, she has provided a wealth of support and advice on education and special needs matters, for which we are all very grateful. I should also like to formally welcome Kevin Barr, as a Trustee to our charity. Kevin brings significant knowledge and experience of health & safety and risk across multiple industries. Kevin's skills and empathy with our charitable aims will be invaluable.

This has been another extraordinary 12 months and much has been accomplished since my last report. Firstly, and most importantly, we have continued to provide education and support to students who have suffered extreme emotional or mental health trauma. We have moved forward with the opening of our second Centre at Roxborough Road and our off-site provision is now full. We have invested in our staff to ensure that we both attract and retain high-caliber teachers and support staff/therapists. This has been essential to ensure that we can provide the very best support to our students, and so that we can maintain and improve our organisation's impact and reach.



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Our hybrid offer, of Centre based tuition and support, combined with our off-site programme has been instrumental in helping our students re-engage with education through a wide range of activities many of which are tailored to each individual student's interests resulting in the greatest impact on the quality of their lives. It is a delight and privilege to watch the progress our students make whilst they are with us and I commend each and every one of our staff for the role they play in this journey.

But what of our future strategy? The Trustees have worked very closely with Cathy Haysom, our Executive Headteacher, to reach the goals set five years ago. Following the successful purchase of two properties last year, one in Kenton Road and a second in Roxborough Road, we can now provide permanent facilities to support 60 students a year. After this period of growth our future strategy is to enter a period of consolidation, and to rebuild our reserves whilst embarking upon the introduction of a new metacognitive approach to education, which we feel is more suited to our students. We shall install new systems that will enable us to track student progress more effectively and we shall continue to strive to offer the best possible resources for our staff and students, building upon the success of recent years.

At an Extraordinary General Meeting of the Trustees of Red Balloon Learner Centre NW London, held on 4 July 2024, the Trustees also decided it was in the best interest of our organisation to resign from The Association of Red Balloon Learner Centres. Whilst strongly supporting the Association's original aims and ethos, we felt it no longer fulfilled the aspirations of our Centre. To ensure a clean break, the Trustees passed a resolution, on 4th July 2024, to change our name to Heartwood House and to remove Red Balloon's name from our charitable objects.

Our ability to reach our strategic objective, to support 60 students a year in our own buildings, would not have been possible without the generosity of a number of individuals and organisations that have supported us for a considerable number of years. Their generosity has had a huge impact on both our students and staff and for this we are truly grateful.

Once again, fundamental to our success has also been the loyalty and selfless commitment of; my fellow Trustees who have been fully committed to overcoming numerous challenges with a blend of humour and steely resolve; our Executive Headteacher and Senior Leadership Team for their determination and commitment to continuous development and steady growth; our staff who deploy their extraordinary skills and experience to supporting our students; and last but not least, our donors for their incredible support.

Our resolve and commitment to support and improve the lives of young people in our community is at the heart of what we do, and I look forward to 2025 and beyond, with confidence and optimism at Heartwood House.

Geraldine Norris DL
Chair of Trustees

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OBJECTIVES AND ACTIVITIES

a. Policies and objectives

The objects of the charity as set out in the governing document is 'to advance the education of students aged 9 to 18 being students who are victims of bullying or by reason of other emotional trauma or illness are unable to attend mainstream school by providing tuition and appropriate support for them in a safe learning environment until they are ready to return to mainstream education and employment.'

The aim of the charity is the recovery of bullied children who have self-excluded from school because of severe bullying and/or who have suffered extreme emotional or mental health trauma. We provide an 'intensive care' full time education and support programme. Therapy and counselling are offered to students and families.

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

b. Strategies for achieving objectives

Our strategy 2020 – 2025 is to secure the existing premises out of which we operate and to expand, increasing the number of students we can support from 20 to 60. During this financial year, we have refurbished our second premises in Roxborough Road, which is close to our current operating base at Kenton Road, and our staff and students have moved from their temporary, rented, facilities into their permanent home. The Trustees and Senior Leadership Team have made good progress with our strategic plan and we have ended the year with 60 students on roll; 20 students are located in each of our two properties and 20 students are linked to our off-site provision.



c. Main activities undertaken to further the Company's purposes for the public benefit

Heartwood House provides an 'intensive care' full-time education for children (9 to 18) who have been so traumatised by severe bullying, physical violence, family breakdown, bereavement, rape etc. that they exclude themselves from school. There are few other purpose-made schemes to recover this group of children. More than half of the students at Heartwood House have attempted or 'seriously considered' suicide. At Heartwood House they are provided with a safe environment with clear boundaries of behaviour and an individual full-time academic, pastoral and therapeutic programme.

Of the 6.1 million 10 to 17-year-olds in the UK, about three in one thousand is so anxious that s/he has left the mainstream educational system. This represents 16,500 children. There is significant demand for the services and support that Heartwood House provides.

Heartwood House improves the skills and life opportunities of a group of socially isolated, confidence-lacking and ignored children. Heartwood House contributes to stronger communities by identifying and addressing the problem of seriously bullied children with the help of the community and for the benefit of the community.

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ACHIEVEMENTS AND PERFORMANCE

a. Achievements and performance

Achievement and performance at Heartwood House is measured by the increase in self-esteem and confidence of each student, in their understanding of themselves and others and in their recovery and return to mainstream or further education or employment.

"I'm at peace now as My son is at a school that understands and cares for him. The last year or so have been very difficult for him at his previous school, as they did not help him. He now gets up and wants to go to school each morning. He is so much happier. Thank you."

Heartwood House operates from 08.30am - 4.30pm each day for 36 weeks of the year for all students. Overall attendance has been good during 2023/24 with an average of 81%.

Several older students who have fragile mental health issues have struggled with attendance affecting the average total for the year. All our students have shown significantly higher attendance figures than when they began attending our Centre and are now progressing towards full time attendance.

During the year the charity supported 60 (2022/23: 58) students (27 boys and 33 girls), 22 students at Key Stage 3, 19 students at Key Stage 4 and 19 students at Key Stage 5. Some students struggled to attend full-time and so attended part-time. From these students 44 have remained with us for the 2024/25 academic year, and 16 students have been successfully placed in further education, training or employment.

Of our students, 15 students took a rigorous set of GCSE examinations. Almost all our students exceeded or met their predicted grade.

"Thanks so much for all your help this week. You and the team have been wonderful. Today went really well. I think it's going to be such a good fit. It made me feel rather teary."

15 students took GCSE examinations in up to seven subjects, three students achieved five or more GCSEs at Grades 4 – 9 including English and Mathematics. Five students achieved Grades 4 – 7 in both Mathematics and English. One student gained Grade 9 in GCSE English Literature and one student gained Grade 9 in English Language. Most students exceeded their predicted grades with three students exceeding their predicted grade in GCSE English Literature, seven students exceeding their predicted grades in English Language, 7 students exceeding their predicted grades in GCSE in Mathematics, three students exceeding their predicted grades in GCSE Combined Science, one student exceeding their predicted grade in Physics one student exceeding their predicted grade in GCSE Business Studies.

Five students took NCFE Art and Design examinations with two students passing Level 3 and two students also successfully passed Level 1 in Entry Level Certificate in Science. Five students passed examinations in Functional Skills in English whilst six students passed examinations in Functional Skills in Mathematics.

"Thank you for making a difference in the world. From the both of us."

These results represent a huge amount of hard work by students, teachers and support staff/therapists.

Heartwood House is not just about academic results and we provide a wide range of activities to encourage exercise, creativity and wellbeing. We offer a range of therapeutic interventions including art, music, integrative, or dance movement by therapists who are also members of our staff team. On the off-site programme we have an animal-assisted THRIVE practitioner who works with her dog and our students can attend Learning to Listen, which is based in Hitchin and offers animal based therapy through a 1-2-1 coaching approach. Students benefit from the opportunity to access these therapies with their confidence and self-esteem improving as a result. In addition, pupils have access to community therapists who offer other types of therapy such as lego, play, CBT etc. Equine therapy is particularly good for students who have a diagnosis of ASD and high levels of anxiety. Our therapy team has worked hard this year to improve the quality of their sessions, and we have begun to offer group sessions and, where appropriate, family sessions.

Students receive timetabled wellbeing sessions, which include activities such as yoga, meditation and taught social skills interventions. A comprehensive PSHE curriculum supports students in their understanding of key life issues and skills and equips them to deal with everyday life in the community. Our outdoor education programme is based in Apsley and other venues and occurs once a week. Activities include; climbing, canoeing, bell-boating, map reading, building bee boxes and bird boxes, cooking over a fire, camping, navigation and much, much more.

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Our off-site provision has gone from strength to strength and we offer our students a wide and varied curriculum including maths, English, Science, History, Geography, multiple languages, social sciences, art, digital art and politics. We have also done our best to accommodate individual interests such as; astronomy, coding, game design and music. Our students can attend colleges that offer a 14+ programme for subjects such as animal care, outdoor education, hair and beauty, and horticulture on a day release basis.

Our PE activities last year included badminton, swimming, tae-kwon-do, horse riding, horse care, gym membership, personal trainer, yoga, cycle clubs, fencing to name but a few.

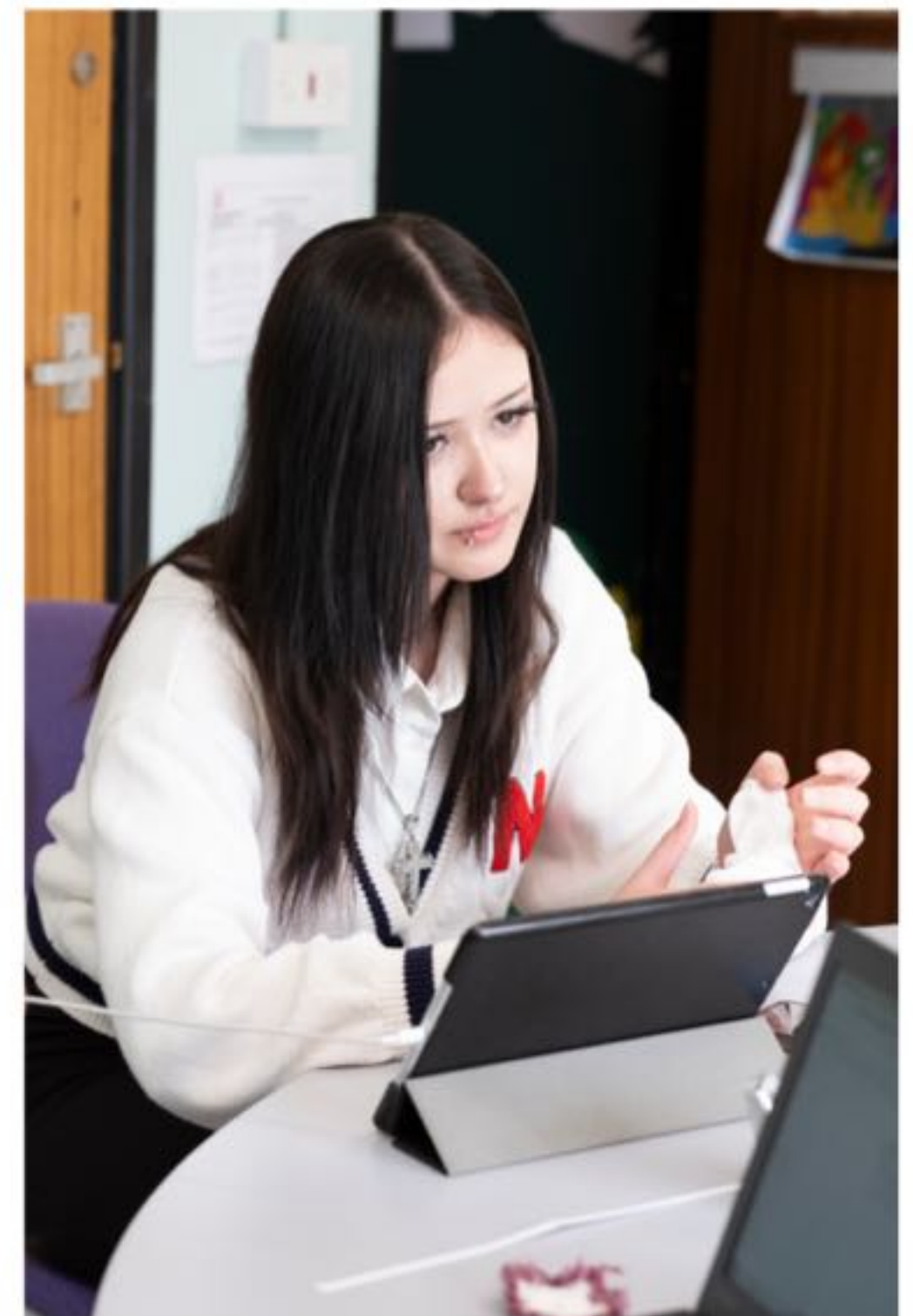
Extra-curricular opportunities available to our students change on an annual basis as we try to identify activities that our students will enjoy. This year we offered trips to the science museum, art galleries, photography exhibitions, a range of physical activities such as Ninja Warrior, outdoor activities at Horsenden Hill, Go Ape, trampolining and some more cultural activities such as the Brixton Cultural Archives, and a Pride Shakespeare trip.

Heartwood House offers a very high level of pastoral intervention for all students. All students have a tutor whom they see daily. Staff are empathetic and supportive. This year, the focus of our School Development Plan has been; to help students understand and apply a range of metacognitive techniques throughout their academic and personal sessions; to improve our staff access to a range of ICT learning opportunities; to improve the progression and recording of non-academic progress made by students as well as encouraging our students to participate in sports within our community.

All students receive timetabled weekly careers sessions with a Transition Lead, who supports students with their transition to further education which is something our students find particularly challenging. This support can range from a session exploring character attributes and suitable career choices, to a visit to a college open day, to supporting students to attend taster sessions at work experience placements. This year all of 15 of our leaving students were placed in further education, training or employment.

When able, we also organised visits to museums, art exhibitions and the theatre. These trips are both curriculum and extra-curricular related.

The success in achieving our aims can be attributed to the collaborative work of the Board of Trustees, the excellent leadership of the Headteacher and the outstanding teaching and support given by the staff.



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b. Financial review and key performance indicators

KPI summary:

	2024 (£)	2023 (£)
Total income	2,520,471	2,163,495
Charitable expenditure	2,639,443	1,902,734
(Deficit)/Surplus for the year	(118,971)	260,761
Net current (liabilities)/assets	(290,902)	(131,495)
Cash bank	250,736	283,182
Total reserves	1,103,285	1,222,258

Trading income £2,436,816 (2023: £2,090,086) comprises fees received from Local Authorities, schools and parents to fund those students out of mainstream education. Money from Local Authorities is used to provide education in subjects of students' choice, therapy, wellbeing activities, extracurricular activities, meals, and administration. All fees received support the Charitable objectives of Heartwood House.

Total unrestricted donations received in the period were £60,715 (2023 £33,922).

Total restricted donations in the year were £nil (2023: £28,050)

c. Fundraising activities and income generation

Heartwood House is grateful to all those organisations and individuals who have donated and volunteered time during the year. We should also like to express our appreciation to organisations, based in the area, who have helped us by allowing us to use their facilities.

Fundraising activities are undertaken to support growth and non-academic activities.

Finally, we should like to thank the funders and supporters who have contributed to our strategy for growth. In particular we, should like to thank:

The Leri Foundation
The John Lyon's Foundation



d. Investment policy and performance

The Trustees' policy on investment is to retain the reserves in an interest bearing bank deposit account.

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FINANCIAL REVIEW

a. Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.



b. Reserves policy

The policy of Heartwood House is to maintain reserves of six months operating costs. This year we have achieved a reserve of seven (2023: 8) months. At the year end the charity had restricted reserves of £1,103,285 (2023: £1,222,258). The Trustees plan to increase the level of liquid assets supporting the reserves figure over the next three years.

The policy of Heartwood House is to maintain a level of reserves that should be sufficient to:

- a) Sustain activity in the event of an unexpected short-term drop in income
- b) Allow orderly reorganisation of activities to cope with any long-term drop in income
- c) Provide for a reasonable risk of increased costs
- d) Ensure Heartwood House has sufficient resources to meet legal liabilities

These requirements are not cumulative, and the reserves necessary to meet one scenario may well be sufficient to meet another. The Reserves Policy has been set to establish a level of reserves which minimizes the risk of serious disruption to Heartwood House's work whilst funding as much charitable activity as possible. It is therefore assumed that the last of the requirements will be met through achievement of the other three.

c. Principal risks and uncertainties

Heartwood House has a Risk Register which is reviewed annually by Trustees. The top five key risks have been identified as:

Health & Safety risk in our Centres. Mitigated by regular reviews of risk assessments which are version controlled and dated. Risk Assessments are checked against accident and incident data to ensure the potential for recurrence of injuries is addressed within the Risk Assessment itself to remain current and relevant. Any significant injury or dangerous occurrence will trigger a review.

Strategic/financial risk, such as loss of major source of income via EHCP placements. Mitigated by investigating alternative methods of funding. Scaling back services / possible redundancies. Headteacher to ensure funding is continually drawn for a selection of different Local Authorities to prevent reliance on one funding source.

Operational risk, such as insufficiently robust cyber security. Mitigated by ensuring security, encryption and backup procedures are adhered to. Ensuring no data is stored offline on devices and all data is stored on Google Drive. Passwords are secured and changed regularly.

Human Resources risk such as the loss of key staff. Mitigated by succession planning with trained deputies in place for key roles (particularly HR, Centre Business Managers and SENCo).

Human Resources risk such as loss of key knowledge. Mitigated by sharing knowledge through regular team meetings. Work filed regularly and correctly. Written procedures keep up to date and succession planning.

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STRUCTURE, GOVERNANCE AND MANAGEMENT

a. Constitution

Heartwood House is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association. Company Number 5385733

The Company is constituted under a Memorandum of Association dated 8th March 2005 and Articles of Association dated 9th February 2005.

Heartwood House is also a standard charity. Charity Number 1109947.

The Charity is governed by the same Memorandum and Articles of Association incorporated on 8th March 2005. The charity was registered on 9th June 2005.

The charity changed its name to Heartwood House from Red Balloon Learner Centre NW London on 4th July 2024.

b. Methods of appointment or election of Trustees

The management of Heartwood House is the responsibility of the Trustees who are elected under the terms of the Articles of Association.

The Board seeks potential Trustees whose relevant experience such as human resources, finance or education is required, using an external agency. In some cases a person will approach the organisation expressing an interest to become a Trustee. Potential Trustees are invited to interview with at least two Trustees and the Executive Headteacher. These Trustees will then make a recommendation about the appointment at a full Trustee meeting, when all Trustees are asked to approve the recommendation. No person, company or external body other than the Trustees is entitled to appoint a Trustee.



Trustees are inducted in accordance with Department for Education recommendations. Safeguarding training is mandatory and all Trustees review and approve Centre policies.

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c. Organisational structure and decision-making policies

The Charity operates from two locations 13 Kenton Road, and 39 Roxborough Road in Harrow, NW London. The Executive Headteacher oversees staff with responsibility for education, wellbeing, administration and housekeeping.

Day-to-day decisions are made by the Executive Headteacher, who will refer to the Chair of Trustees, the Finance Trustee, the Safeguarding Trustee or other Trustees for advice and guidance if necessary.

The Board of Trustees meet formally at least twice a term (every six – eight weeks), when they receive and discuss written reports from the Executive Headteacher, Finance Trustee and other Trustees responsible for matters of compliance. Strategy and major project proposals are brought to the attention of the Trustees, discussed and decisions made.

At each meeting the Chair asks the Trustees to identify any potential conflict of interest.

d. Pay policy for key management personnel

The Trustees have developed a pay policy that identifies a set of pay bands taking into account level of responsibility, qualifications and experience. Pay is set with respect to prevailing market rates for education and charities; thereafter the Trustees decide on pay change taking into account performance of the individual and of the charity, inflation levels, London living and any changes in their responsibility or in their working week.

Performance reviews take place for all staff every year and areas of professional development agreed and subsequently implemented.

e. Membership of Heartwood House

The Articles of Association state that by holding the role of a Director all current Directors are also Members.

Three Members are required for a quorum. Every Member - person or organisation - only has one vote. Any organisation who is a member may nominate a representative and provide written notice to the charity providing evidence that they have the authority to vote on behalf of the organisation. There are no 'organisation' Members of Heartwood House.

FUNDS HELD AS CUSTODIAN

The charity does not hold and does not intend to hold any funds as custodian.

MEMBERS' LIABILITY

The Members of the Company guarantee to contribute an amount not exceeding £10 to the assets of the Company in the event of winding up.

MANAGEMENT

The Board of Trustees, in consultation with the Executive Headteacher, make decisions on staffing, budgeting and professional development.

Trustees and staff participate in fundraising with the annual aim of raising between £10K to £20K per year, with any monies raised being used to support the provision of ex-curricular activities, to buy resources, equipment and to cover the cost of essential repairs and maintenance.

Trustees and staff need to raise local awareness of the need for children who have been so severely bullied that they cannot attend mainstream school. The aim is to draw attention to the fact that such children should be provided with full-time education and Heartwood House offers this service. This is addressed through engaging with local authorities, schools, businesses and through volunteers who fundraise for us.

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This year the school has been full - our capacity is 60 full-time equivalent students. The Trustees identified two areas of concern and for these reasons the Executive Headteacher and Trustees have worked hard to meet the needs of our community whilst exploring how to expand the provision of the Centre:

i) **The Centre is currently full and demand for places is significant.**

The Executive Headteacher presented a business plan to the Trustees for the creation of a second Centre in 2020 and with Trustee approval a suitable property was identified in spring 2021. An offer was accepted by the vendor in June 2021 and planning approval for change of use was obtained in October 2022. The global Covid-19 pandemic impacted this project and a temporary second Centre was secured through the leasing of a second property, 3 Churchill Court, in North Harrow. Purchase of the second property, based in Roxborough Road, was completed on 31st August 2023. A fit-out commenced in September 2023 and students and staff moved into the new permanent building in January 2024.



ii) **Provision during the year:**

This year 60 students were on roll at the start of the academic year, with 20 attending the Centre in person at 13 Kenton Road and 20 students attended in person at 3 Churchill Court before moving to Roxborough Road. 20 students supported via outreach.

The Executive Headteacher is responsible for all aspects of the organisation's work. She is supported by a Centre Head at both Kenton Road and Roxborough Road, an off-site provision lead, an administrator and a team of teachers, therapists, and support staff. Both Centre Heads are supported by a deputy and a team of teachers, therapists, and support staff.

This provision is continuously reviewed to ensure the level of staffing is appropriate for the number of students.

All roles including Trustees and volunteers are DBS checked.

"I want you to know how happy I am that he's in this position, 18 months ago he was not attending school and doing a small amount of English and Maths - having the opportunity to realise his potential is a gift and I'm grateful for everything you do!"

"I'm so happy with what you have all done with her. She is a changed person and actually wants to come into school."

"Well done to you. Someone doing everything they can to look out for my daughter means the absolute world to me."

"I'd like to thank you and Ed for all your support since my son started with you, I finally feel settled knowing that he is getting the support he needs and especially as he's taken to it all so well."

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STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also the directors of the Company for the purposes 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 . Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

So far as that Trustee is aware, there is no relevant audit information of which the charity's auditors are unaware, and that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

AUDITORS

The auditors, MWS, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

Approved by order of the members of the board of Trustees on 1 May 2025 and signed on their behalf by:

Geraldine Norris

Geraldine Norris DL
Chair of Trustees

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Opinion

We have audited the financial statements of Heartwood House (the 'charitable company') for the year ended 31 August 2024 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 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 Charities Act 2011.



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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

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Other information

The other information comprises the information included in the Annual report other than the financial statements and our Auditors' 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks applicable to the Company and the industry in which it operates. We determined that the following laws and regulations were most significant: the Companies Act 2006, Safeguarding (including statutory guidance Keeping Children Safe in Education), employment law and public sector pay and conditions. We enquired of management to obtain an understanding of how the Charity is complying with those legal and regulatory frameworks and whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our

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review of the board minutes for the year. We did not identify any matters relating to material non compliance with laws and regulation or matters in relation to fraud; as non-material breaches would not normally be communicated within this report.

We obtained an understanding of how the Company is complying with those legal and regulatory frameworks by making inquiries of management and those responsible for legal and compliance procedures;

In assessing the potential risks of material misstatement, we obtained an understanding of the Company's operations, including its objectives and strategies to understand the expected financial statement disclosures and business risks that may result in risks of material misstatement;



In assessing the appropriateness of the collective competence and capabilities of the engagement team, the engagement partner considered the engagement team's: understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation the specialist skills required and knowledge of the industry in which the client operates.

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:

- assessing the design effectiveness of controls management has in place to prevent and detect fraud;
- challenging assumptions and judgements made by management in its significant accounting estimates;
- identifying and testing journal entries, in particular manual journal entries made at year end for financial statement preparation; and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

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Use of our report

This report is made solely to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees 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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Jonathan Gorridge

Date: 24 May 2025

Jonathan Gorridge FCA
MWS
Chartered Accountants
Registered Auditors
4 Chester Court, Chester Hall Lane
Basildon, Essex SS14 3WR

MWS are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

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STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 AUGUST 2024

		Restricted funds 2024	Unrestricted funds 2024	Total funds 2024	Total funds 2023
	Note	£	£	£	£
Income from:					
Donations and legacies	3	14,212	60,715	74,927	71,301
Charitable activities	4	2,436,816	7,868	2,444,684	2,090,897
Investments	5	-	861	861	1,294
Total income		2,451,028	69,444	2,520,472	2,163,492
Expenditure on:					
Charitable activities	6	2,639,443	-	2,639,443	1,902,734
Total expenditure		2,639,443	-	2,639,443	1,902,734
Net (expenditure)/income		(188,415)	69,444	(118,971)	260,758
Transfers between funds	15	69,443	(69,443)	-	-
Net movement in funds		(118,972)	1	(118,971)	260,758
Reconciliation of funds:					
Total funds brought forward		1,222,257	-	1,222,257	961,499
Net movement in funds		(118,972)	1	(118,971)	260,758
Total funds carried forward		1,103,285	1	1,103,286	1,222,257

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

The notes on pages 19 to 34 form part of these financial statements.

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BALANCE SHEET AS AT AUGUST 2024

		2024	2023
	Note	£	£
Fixed assets			
Tangible assets	11	2,310,335	2,297,715
		2,310,335	2,297,715
Current assets			
Debtors	12	79,015	525,274
Cash at bank and in hand		250,736	283,182
		329,751	808,456
Creditors: amounts falling due within one year	13	(620,653)	(939,951)
Net current liabilities		(290,902)	(131,495)
Total assets less current liabilities		2,019,433	2,166,220
Creditors: amounts falling due after more than one year	14	(916,148)	(943,963)
Net assets excluding pension asset		1,103,285	1,222,257
Total net assets		<u>1,103,285</u>	<u>1,222,257</u>
Charity funds			
Restricted funds	15	1,103,285	1,222,257
Unrestricted funds	15	-	-
Total funds		<u>1,103,285</u>	<u>1,222,257</u>

The entity was entitled to exemption from audit under section 477 of the Companies Act 2006.

The members have not required the entity to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

However, an audit is required in accordance with section 144 of the Charities Act 2011.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees on 01 May 2025 and signed on their behalf by:

Geraldine Norris

Geraldine Norris DL

Chair of Trustees

The notes on pages 19 to 34 form part of these financial statements.

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2024

	2024	2023
	£	£
Cash flows from operating activities		
Net cash used in operating activities	29,403	1,849,139
Cash flows from investing activities		
Purchase of tangible fixed assets	(83,885)	(1,342,300)
Net cash used in investing activities	(83,885)	(1,342,300)
Cash flows from financing activities		
Cash inflows from new borrowing	-	(966,000)
Repayments of borrowing	83,285	-
Loan interest	(61,248)	-
Net cash provided by/(used in) financing activities	22,037	(966,000)
Change in cash and cash equivalents in the year	(32,445)	(459,161)
Cash and cash equivalents at the beginning of the year	283,181	742,342
Cash and cash equivalents at the end of the year	<u>250,736</u>	<u>283,181</u>

The notes on pages 19 to 34 form part of these financial statements

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1. General Information

Heartwood House is a company limited by guarantee and incorporated in England. It is also a registered charity, number 1109947. Its registered address is 13 Kenton Road, Harrow, Middlesex, HA1 2BW.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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 Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Heartwood House meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

2.2 Going concern

The charity had a deficit on its available restricted funds at 31 August 2023 of £109,457. After making appropriate enquiries the Trustees have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company has guaranteed income from Local Authorities for the provision of services and has a full complement of students for the 2023/24 academic year and is currently 90% full for the 2024/25 academic year. The Trustees have also considered Cash Flow Forecasts for the current and next financial year. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

2.3 Income

All income is recognised once the Company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

2.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Company's objectives, as well as any associated support costs.

All expenditure is inclusive of irrecoverable VAT.

2.5 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of financial activities over the expected useful lives of the assets concerned. Other grants are credited to the Statement of financial activities as the related expenditure is incurred.

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2.6 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Company; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.7 Tangible fixed assets and depreciation

Tangible fixed assets costing £3,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	-	2%	straight line
Fixtures and fittings	-	25%	straight line

2.8 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.9 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.10 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of financial activities as a finance cost.

2.11 Financial instruments

The Company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.12 Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

2.13 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Receipts from local authorities are treated as restricted funds as they are paid in relation to specific students, although they are non-refundable in the event a student leaves the school. These receipts are provided on the basis that they are available to fund any activities in furtherance of the charity's objects.

Investment income, gains and losses are allocated to the appropriate fund.

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3. Income from donations and legacies

	Restricted funds 2024	Unrestricted funds 2024	Total funds 2024
	£	£	£
Donations	-	60,715	60,715
Government grants	14,212	-	14,212
Total 2024	14,212	60,715	74,927
	Restricted funds 2023	Unrestricted funds 2023	Total funds 2023
	£	£	£
Donations	28,050	33,923	61,973
Government grants	9,329	-	9,329
Total 2023	37,379	33,923	71,302

4. Income from charitable activities

	Restricted funds 2024	Unrestricted funds 2024	Total funds 2024
	£	£	£
Income from charitable activities	2,436,816	7,868	2,444,684
	Restricted funds 2023	Unrestricted funds 2023	Total funds 2023
	£	£	£
Income from charitable activities	2,090,086	811	2,090,897

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5. Investment income

	Unrestricted funds 2024	Total funds 2024
	£	£
Investment income	861	861
	Unrestricted funds 2023	Total funds 2023
	£	£
Investment income	1,294	1,294

6. Analysis of expenditure on charitable activities

Summary by fund type			
		Restricted funds 2024	Total 2024
		£	£
Education		2,639,443	2,639,443
	Restricted funds 2023	Unrestricted funds 2023	Total 2023
	£	£	£
Education	1,902,021	713	1,902,734

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7. Analysis of expenditure by activities

	Activities undertaken directly 2024	Support costs 2024	Total funds 2024
	£	£	£
Education	2,294,766	344,677	2,639,443
	Activities undertaken directly 2023	Support costs 2023	Total funds 2023
	£	£	£
Education	1,612,645	290,089	1,902,734
Analysis of direct costs			
	Education 2024		Total funds 2024
	£		£
Staff costs	1,249,323		1,249,323
Direct educational costs	1,013,293		1,013,293
Training and recruitment	32,150		32,150
Total 2024	2,294,766		2,294,766
	Education 2023		Total funds 2023
	£		£
Staff costs	926,594		926,594
Direct educational costs	663,396		663,396
Training and recruitment	22,655		22,655
Total 2023	1,612,645		1,612,645

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7. Analysis of expenditure by activities (continued)

Analysis of support costs

	Education 2024	Total funds 2024
	£	£
Staff costs	53,465	53,465
Depreciation	69,091	69,091
Bank charges	60	60
Accountancy	7,990	7,990
Repairs and maintenance	54,902	54,902
Utilities	13,999	13,999
Legal and professional fees	19,134	19,134
Insurance	3,384	3,384
Rent and rates	46,996	46,996
Bookkeeping	16,801	16,801
Loan interest	58,855	58,855
Total 2024	<u>344,677</u>	<u>344,677</u>

During the year the charity incurred governance costs of £7,990 (2023: £7,260).

	<i>Education 2023</i>	<i>Total funds 2023</i>
	<i>£</i>	<i>£</i>
Staff costs	45,844	45,844
Depreciation	18,498	18,498
Bank charges	1,472	1,472
Sundry expenses	714	714
Accountancy	7,260	7,260
Repairs and maintenance	15,452	15,452
Utilities	10,860	10,860
Legal and professional fees	99,530	99,530
Insurance	14,079	14,079
Rent and rates	60,787	60,787
Bookkeeping	13,200	13,200
Loan interest	2,393	2,393
Total 2023	<u>290,089</u>	<u>290,089</u>

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8. Auditors remuneration

	2024	2023
	£	£
Fees payable to the Company's auditor for the audit of the Company's annual accounts	7,990	<u>7,260</u>

9. Staff costs

	2024	2023
	£	£
Wages and salaries	1,031,018	875,116
Social security costs	95,223	78,242
Contribution to defined contribution pension schemes	176,547	19,080
	1,302,788	<u>972,438</u>

One payment of £1,232 was made for redundancy during the year and has been accounted for in full.

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

	2024	2023
	No.	No.
Management	4	4
Teaching and education	28	26
Admin and premises	3	3
	35	<u>33</u>

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

	2024	2023
	No.	No.
In the band £60,001 - £70,000	1	1

Remuneration paid to Key Management Personnel due the year amounted to £226,522 (2023: £176,716) including £197,508 (2023: £172,677) of gross pay and £29,044 (2023: £4,039) of employer's pension contributions.

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10. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2023 - £NIL-).

During the year ended 31 August 2024, expenses totalling £79 were reimbursed or paid directly to 2 Trustees (2023 - £11 to 1 Trustee). Expenses related to travel and postage.

11. Tangible fixed assets

	Freehold property	Fixtures and fittings	Total
	£	£	£
Cost or valuation			
At 1 September 2023	2,291,948	50,535	2,342,483
Additions	-	83,885	83,885
At 31 August 2024	2,291,948	134,420	2,426,368
Depreciation			
At 1 September 2023	14,000	30,768	44,768
Charge for the year	45,839	25,426	71,265
At 31 August 2024	59,839	56,194	116,033
Net book value			
At 31 August 2024	<u>2,232,109</u>	<u>78,226</u>	<u>2,310,335</u>
At 31 August 2023	<u>2,277,948</u>	<u>19,767</u>	<u>2,297,715</u>

12. Debtors

	2024	2023
	£	£
Due within one year		
Trade debtors	60,544	468,292
Other debtors	170	170
Prepayments and accrued income	18,301	56,812
	<u>79,015</u>	<u>525,274</u>

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13. Creditors: Amounts falling due within one year

	2024	2023
	£	£
Other loans	27,815	22,037
Trade creditors	21,266	20,221
Other taxation and social security	24,037	21,919
Pension creditor	18,733	4,153
Other creditors	564	1,360
Accruals and deferred income	528,238	870,261
	<u>620,653</u>	<u>939,951</u>
	2024	2023
	£	£
Deferred income at 1 September 2023	801,316	597,781
Resources deferred during the year	(801,316)	801,316
Amounts released from previous periods	519,948	(597,781)
	<u>519,948</u>	<u>801,316</u>
Deferred income comprises fees raised in advance of entitlement		

14. Creditors: Amounts falling due after more than one year

	2024	2023
	£	£
Bank loans	916,148	943,963
Of the above loans, £522,000 is secured upon the Kenton Road property		

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15. Statement of funds

Statement of funds - current year

	Balance at 1 September 2023 £	Income £	Expenditure £	Transfers in/ out £	Balance at 31 August 2024 £
Unrestricted funds					
General Funds - all funds	-	<u>69,443</u>	-	<u>(69,443)</u>	-
Restricted funds					
Fee income	(109,459)	2,436,816	(2,492,719)	(97,727)	(263,089)
Pupil premium and gov grants	-	14,212	(14,212)	-	-
Property and other assets	2,297,716	-	(71,264)	83,885	2,310,337
Property loans	(966,000)	-	(61,248)	83,285	(943,963)
	1,222,257	2,451,028	(2,639,443)	69,443	1,103,285
Total of funds	<u>1,222,257</u>	<u>2,520,471</u>	<u>(2,639,443)</u>	-	<u>1,103,285</u>

Restricted fee income fund is for income raised for the purposes of education in line with the charitable objects.

Property and other assets relates to assets held by the charity.

Property loans are the value of long term loans to fund the property purchases.

Statement of funds - prior year

	Balance at 1 September 2022 £	Income £	Expenditure £	Transfers in/ out £	Balance at 31 August 2023 £
Unrestricted funds					
General Funds - all funds	<u>3,910</u>	<u>36,027</u>	<u>(713)</u>	<u>(39,224)</u>	=
Restricted funds					
Restricted donations	-	28,050	(28,050)	-	-
Fee income	957,589	2,090,086	(1,864,642)	(1,292,491)	(109,458)
Pupil premium and gov grants	-	9,329	(9,329)	-	-
Property and other assets	-	-	-	2,297,715	2,297,715
Property loans	-	-	-	(966,000)	(966,000)
	957,589	2,127,465	(1,902,021)	39,224	1,222,257
Total of funds	<u>961,499</u>	<u>2,163,492</u>	<u>(1,902,734)</u>	-	<u>1,222,257</u>

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16. Income from charitable activities

Summary of funds - current year

	Balance at 1 September 2023 £	Income £	Expenditure £	Transfers in/ out £	Balance at 31 August 2024 £
General funds	-	69,443	-	(69,443)	-
Restricted funds	1,222,257	2,451,028	(2,639,443)	69,443	1,103,285
	<u>1,222,257</u>	<u>2,520,471</u>	<u>(2,639,443)</u>	-	<u>1,103,285</u>

Summary of funds - prior year

	Balance at 1 September 2022 £	Income £	Expenditure £	Transfers in/ out £	Balance at 31 August 2023 £
General funds	3,910	36,027	(713)	(39,224)	-
Restricted funds	957,589	2,127,465	(1,902,021)	39,224	1,222,257
	<u>961,499</u>	<u>2,163,492</u>	<u>(1,902,734)</u>	-	<u>1,222,257</u>

17. Transfers between funds

£83,885 was transferred from restricted fee income funds to the restricted asset fund representing purchases of asset during the year.

£83,285 was transferred from the restricted fee income fund to the restricted loan fund representing repayment of loans during the year.

£69,443 was transferred from the unrestricted fund to the restricted fee income fund to cover costs ultimately covered by this fund.

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18. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Restricted funds 2024	Total funds 2024
	£	£
Tangible fixed assets	2,310,335	2,310,335
Current assets	329,751	329,751
Creditors due within one year	(620,653)	(620,653)
Creditors due in more than one year	(916,148)	(916,148)
Total	<u>1,103,285</u>	<u>1,103,285</u>

Analysis of net assets between funds - prior period

	<i>Restricted funds 2023</i>	<i>Total funds 2023</i>
	<i>£</i>	<i>£</i>
Tangible fixed assets	2,297,715	2,297,715
Current assets	808,455	808,455
Creditors due within one year	(939,951)	(939,951)
Creditors due in more than one year	(943,963)	(943,963)
Other	2	2
Total	<u>1,222,258</u>	<u>1,222,258</u>

19. Reconciliation of net movement in funds to net cash flow from operating activities

	2024	2023
	£	£
Net income/expenditure for the period (as per Statement of Financial Activities)	(118,971)	260,758
Adjustments for:		
Depreciation charges	71,264	18,497
Decrease in debtors	446,260	323,118
Increase/(decrease) in creditors	(347,113)	1,246,766
Loan repayments	(83,285)	-
Loan interest	61,248	-
Net cash provided by operating activities	<u>29,403</u>	<u>1,849,139</u>

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20. Analysis of cash and cash equivalents

	2024	2023
	£	£
Cash in hand	250,736	283,181
Total cash and cash equivalents	250,736	283,181

21. Analysis of changes in net debt

	At 1 September 2023	Cash flows	Other non-cash changes	At 31 August 2024
	£	£	£	£
Cash at bank and in hand	283,182	(32,446)	-	250,736
Debt due within 1 year	(26,190)	-	(20,357)	(46,547)
Debt due after 1 year	(943,963)	61,248	(33,433)	(916,148)
	(686,971)	28,802	(53,790)	(711,959)

22. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £176,546 (2023: £19,080. £18,732 (2023: £4,153) were payable to the fund at the balance sheet date and are included in creditors.

23. Operating lease Commitments

At 31 August 2024 the Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2024	2023
	£	£
Not later than 1 year	894	48,370
Later than 1 year and not later than 5 years	2,529	43,815
	3,423	92,185

The following lease payments have been recognised as an expense in the Statement of financial activities:

	2024	2023
	£	£
Operating lease rentals	27,395	14,814

HEARTWOOD HOUSE

(A company limited by guarantee)

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24. Members' Liability

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

Related party transactions

The Company has not entered into any related party transaction during the year, nor are there any outstanding balances owing between related parties and the Company at 31 August 2024.