

HEARTWOOD HOUSE
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2025

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2025**

Trustees and Members G A Norris, Chair
 J I Storey
 S Jones
 A J Lenton
 T Webster, Vice Chair
 K Barr
 R H Evans, Company Secretary

**Company registered
number** 05385733

**Charity registered
number** 1109947

Registered office 13 Kenton Road
 Harrow
 Middlesex
 HA1 2BW

Company secretary R H Evans

Chief executive officer C Seymour

Independent auditors MWS Accountants Limited
 Chartered Accountants
 Registered Auditor
 4 Chester Court
 Chester Hall Lane
 Basildon
 Essex
 SS14 3WR

Bankers CAF Bank Limited
 25 Kings Hill Avenue
 Kingshill
 West Malling
 Kent
 ME19 4JQ

HEARTWOOD HOUSE
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2025

The Trustees present their annual report together with the audited financial statements of the Company for the 1 September 2024 to 31 August 2025. 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 seventh year as Chair of the Board of Trustees, and tenth as a Trustee of this great organisation it gives me great pleasure in introducing our 20th Trustees Report and Financial Statements for the year ended 31st August 2025.

Firstly, I should also like to record our grateful thanks to Cathy Haysom who has been an exemplary Executive Headteacher and who has, after 7 years, decided to pursue her own personal business objectives at the end of this year. We wish her every success in the future. The Trustees were delighted to appoint Chris Seymour as the new Executive Headteacher Designate in the summer term. Having gained significant experience of Heartwood House, at both our off-site provision and as former Head of our Roxborough Road Centre, Chris brings with him an in-depth understanding of the operations of our business and is ideally placed to deliver our new five-year Strategic Plan.

This has been another remarkable 12 months and much has been accomplished since my last report. Firstly, and most importantly, we were inspected by the Independent Schools Inspectorate (ISI), from October 8-10, 2024. We were thrilled to receive the report which praised Heartwood House for meeting all required ISI standards, with commendation for its exemplary career guidance and student transition support – which was recognised as a “significant strength” of the school. Key findings included; Outstanding Career Guidance and Transition Support, Dedicated Leadership and Governance, High-Quality, Personalised Education and a Commitment to Student Wellbeing.

Following on from the ISI inspection, we have continued to provide education and support to students who have suffered extreme emotional or mental health trauma. We are well established in our second Centre at Roxborough Road and our off-site provision is, once again, full. We continue to invest 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.

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? After a period of growth following the purchase of two properties, we are now developing the details of our 2025 – 2030 strategic plan. Our initial objective is to consolidate and rebuild our reserves, whilst our new Executive Headteacher and Head at Roxborough Road, Caroline Graham, settle into their new roles. We continue to embed a metacognitive approach to education, which we feel is more suited to our students and have, this term, installed new IT systems that record our student progress more effectively. We shall continue to strive to offer the best possible resources for our staff and students. Our school Development Plan has been embraced by the whole community, and we look forward to monitoring the positive impact it will have. Our new ambitious five-year plan is to grow the organisation so that it can support 100 students by 2030, providing excellent academic and therapeutic support to our students through a highly regarded team of staff. Key to establishing and developing this plan has been the formation of a new Strategy Sub-Committee, comprising key trustees and staff.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2025

The Trustees are also committed to reviewing how they themselves support Heartwood House and agreed, at the July 2025 Trustee Meeting, to appoint an external organisation to undertake a Governance Review during the 2026 academic year. We look forward to learning how we can improve and implementing recommendations made.

Our ability to reach our 2025 strategic objective, to support 60 students at two separate locations and off-site, would not have been possible without the generosity of a number of individuals and organisations. 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 been the loyalty and selfless commitment of my fellow Trustees, who have been committed to overcoming challenges with a mix of steely resolve and a blend of humour; our Executive Headteacher and Senior Leadership Team who are committed to continuous development and delivering our strategic objectives; 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 2026 and beyond, with confidence and optimism.

Geraldine Norris DL
Chair of Trustees

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 has been 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 settled into our second premises at Roxborough Road, which is close to our current operating base at Kenton Road, and our staff and students have settled into their permanent home. The Trustees and Senior Leadership Team have successfully achieved 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. Work has already commenced on our new five-year strategic plan - to support 100 students by 2030.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2025

Objectives and activities (continued)

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.

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.

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 2024/25 with an average of 63.1%. 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 68 (2023/24: 60) students (32 boys and 36 girls), 20 students at Key Stage 3, 30 students at Key Stage 4 and 18 students at Key Stage 5. Some students struggled to attend full-time and so attended part-time. From these students 45 have remained with us for the 2025/26 academic year, and 22 students have been successfully placed in further education, training or employment, with some moving into other school placements mid-year. One student is recorded as not in education, employment or training.

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

15 students took GCSE examinations in up to seven subjects, no students achieved five or more GCSEs at Grades 4 – 9 including English, Mathematics and Science. Two students achieved Grades 4 – 7 in both Mathematics and English. Most students exceeded their predicted grades with two students exceeding their predicted grade in GCSE English Literature, five students exceeding their predicted grades in English Language, six students exceeding their predicted grades in GCSE in Mathematics, one student exceeded their predicted grade in GCSE Combined Science, one student exceeded their predicted grade in Biology, one student exceeding their predicted grade in GCSE Business Studies and one student exceeded their predicted grade in GCSE Chemistry

Two students took NCFE Creative Craft examinations with both passing. Five students passed Level 2 examinations in Functional Skills in Mathematics, four students passed Level 1 in Functional Skills in Mathematics whilst six students passed Level 2 examinations in Functional Skills in Mathematics.

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

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2025

Achievements and performance (continued)

Heartwood House is not just about academic results and we provide a wide range of activities to encourage exercise, creativity and well-being. We offer a range of therapeutic interventions including art, music, integrative, or dance movement by therapists who are also members of our staff team. Alongside this we use external providers such as MindJam for mentoring through gaming and Learning to Listen for equine-based coaching. Where appropriate, pupils can access community based therapies, including Lego therapy, CBT and play therapy. Inspectors observed that these creative therapeutic approaches are particularly valuable for students who have previously struggled to access education, giving them a safe and constructive way to re-engage.

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.

Heartwood House offers a very high level of pastoral intervention for all students. All students have a tutor whom they see daily. Staff consistently model kindness, empathy and respect in lessons, during breaks and at lunchtimes where everybody eats together. What was previously known as 'Circle Time' has been re-framed as 'The Hub' – still rooted in wellbeing and social, emotional and mental health, but adapted to improve student engagement. A comprehensive PSHE curriculum run alongside this, equips students with the knowledge and skills they need to understand key life issues, develop resilience and participate confidently in their communities.

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.

Our sports offer has grown significantly this year, providing students with more choice and variety than ever before. Activities now include climbing and bouldering at HarroWall, boxing with trauma-informed coaches through SweetScience, bowls at Harrow Bowls Club, dance and movement sessions, yoga, gym membership and sailing at Rickmansworth Aquadrome. The wider range has encouraged many students to spend more of their wellbeing time in physical activity, reflecting their increased confidence and enthusiasm.

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 Victoria & Albert Museum, brass rubbing at cathedrals and trips to other museums. Opportunities have also included attending airshows, volunteering at a sensory garden, and even playing piano in a church. Alongside this, students have engaged in theatre trips and new sessions of Dungeons and Dragons, giving them additional outlets for creativity, self-expression and social connection. These trips are both curriculum and extra-curricular related.

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 12 of our 14 leaving students were placed in further education, training or employment.

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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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2025

Achievements and performance (continued)

b. Financial review and key performance indicators

KPI summary:

	2024 (£)	2024 (£)
Total income	3,434,090	2,520,471
Charitable expenditure	3,074,890	2,639,443
(Deficit)/Surplus for the year	359,190	(118,971)
Net current (liabilities)/assets	89,961	(290,902)
Cash bank	124,376	250,736
Total reserves	1,462,476	1,103,285

Trading income £3,372,062 (2024: £2,436,816) 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 £52,582 (2024; £60,714).

Total restricted donations in the year were £nil (2024: £nil)

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
Computacentre
Cathy Taylor
WPA

d. Investment policy and performance

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

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.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2025

b. Reserves policy

The policy of Heartwood House is to maintain reserves of six months operating costs. This year we achieved a reserve of 7.8 (2024:7) months. At the year end the charity had restricted funds of £1,338,706 (2024: £1,103,285), and unrestricted funds of £123,770 (2024: £nil). 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 minimises 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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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2025

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 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.

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 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.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2025

Structure, governance and management (continued)

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 also 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.

This year the school has been full - our capacity is 60 full-time equivalent students. The Trustees have focused on 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:

1) Heartwood House is currently full and demand for places is significant.

The Executive Headteacher and Trustees have commenced strategic planning for the next five years, 2025 - 2030. Whilst this planning is in its initial stages our intent is to consolidate operations over the next 12 months, restore our reserves and plan how we can support 40 more students at two new centers by 2030. A business plan is being developed to support this strategy.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2025

2) Leadership development plan:

With an ambitious plan for growth, the appointment of a new Executive Headteacher and Head of Centre at Roxborough Road, the Trustees are mindful that a number of senior opportunities are likely to arise in the future for staff wishing to lead or work in our new Centres. Discussions have started on how best we might develop our staff so that they might be ready to apply for positions with more responsibility. It is our intention to finalise these plans in the 2025/26 academic year.

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. At the end of the Autumn Term in 2024 the Executive Headteacher advised that she would be stepping down at the end of the 2024/25 academic year. Chris Seymour, Head of Roxborough Road, was appointed Executive Headteacher Designate and both Cathy and Chris have worked closely together to effect a smooth transition. Caroline Graham, who was previously working in our off-site provision was appointed Head of Roxborough Road in the summer term, taking over from Chris. New staff have been recruited to fill vacancies.

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.

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 year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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.

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TRUSTEES' REPORT (CONTINUED)
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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 Accountants Limited, 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 14 May 2026 and signed on their behalf by:

Geraldine Norris

G A Norris
Chair of Trustees

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEARTWOOD HOUSE

Opinion

We have audited the financial statements of Heartwood House (the 'charitable company') for the year ended 31 August 2025 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 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 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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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEARTWOOD HOUSE (CONTINUED)

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.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEARTWOOD HOUSE (CONTINUED)

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 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.

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.

HEARTWOOD HOUSE
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEARTWOOD HOUSE (CONTINUED)

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
Jonathan Gorridge FCA (senior statutory auditor)
For and on behalf of

MWS Accountants Limited

Chartered Accountants
Registered Auditor
4 Chester Court
Chester Hall Lane
Basildon
Essex
SS14 3WR

Date: 26 May 2026

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

HEARTWOOD HOUSE
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2025**

	Note	Unrestricted funds 2025 £	Restricted funds 2025 £	Total funds 2025 £	Total funds 2024 £
Income from:					
Donations and legacies	3	245	59,243	59,488	74,927
Charitable activities	4	1,846	3,372,062	3,373,908	2,444,684
Investments	5	685	-	685	861
Total income		2,776	3,431,305	3,434,081	2,520,472
Expenditure on:					
Charitable activities	6	-	3,082,238	3,082,238	2,639,443
Total expenditure		-	3,082,238	3,082,238	2,639,443
Net income/(expenditure)		2,776	349,067	351,843	(118,971)
Transfers between funds	15	113,647	(113,647)	-	-
Net movement in funds		116,423	235,420	351,843	(118,971)
Reconciliation of funds:					
Total funds brought forward		-	1,103,286	1,103,286	1,222,257
Net movement in funds		116,423	235,420	351,843	(118,971)
Total funds carried forward		116,423	1,338,706	1,455,129	1,103,286

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

The notes on pages 20 to 35 form part of these financial statements.

HEARTWOOD HOUSE
(A company limited by guarantee)
REGISTERED NUMBER: 05385733

BALANCE SHEET
AS AT 31 AUGUST 2025

	Note	2025 £	2024 £
Fixed assets			
Tangible assets	11	2,253,260	2,310,335
		<u>2,253,260</u>	<u>2,310,335</u>
Current assets			
Debtors	12	632,612	79,016
Cash at bank and in hand		124,376	250,736
		<u>756,988</u>	<u>329,752</u>
Current liabilities			
Creditors: amounts falling due within one year	13	(674,374)	(620,653)
Net current assets / liabilities		<u>82,614</u>	<u>(290,901)</u>
Total assets less current liabilities		<u>2,335,874</u>	<u>2,019,434</u>
Creditors: amounts falling due after more than one year	14	(880,745)	(916,148)
Net assets excluding pension asset		<u>1,455,129</u>	<u>1,103,286</u>
Total net assets		<u><u>1,455,129</u></u>	<u><u>1,103,286</u></u>
Charity funds			
Restricted funds	15	1,338,706	1,103,286
Unrestricted funds	15	116,423	-
Total funds		<u><u>1,455,129</u></u>	<u><u>1,103,286</u></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 14 May 2026 and signed on their behalf by:

HEARTWOOD HOUSE
(A company limited by guarantee)
REGISTERED NUMBER: 05385733

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2025

Geraldine Norris

G A Norris
Chair

The notes on pages 20 to 35 form part of these financial statements.

HEARTWOOD HOUSE
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2025

	2025 £	2024 £
Cash flows from operating activities		
Net cash used in operating activities	(138,125)	29,403
Cash flows from investing activities		
Purchase of tangible fixed assets	(17,643)	(83,885)
Net cash used in investing activities	(17,643)	(83,885)
Cash flows from financing activities		
Repayments of borrowing	89,631	83,285
Loan interest	(60,223)	(61,248)
Net cash provided by financing activities	29,408	22,037
Change in cash and cash equivalents in the year	(126,360)	(32,445)
Cash and cash equivalents at the beginning of the year	250,736	283,181
Cash and cash equivalents at the end of the year	124,376	250,736

The notes on pages 20 to 35 form part of these financial statements

HEARTWOOD HOUSE
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2025**

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 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.

2.3 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.

HEARTWOOD HOUSE
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2025**

2. Accounting policies (continued)

2.4 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of financial activities upon the completion of the relevant performance-related conditions. Other grants that are not subject to performance-related conditions are credited to the Statement of financial activities as the grant proceeds are received. Grants received prior to the revenue recognition criteria being satisfied are recognised as a liability.

2.5 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.

2.6 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

2.7 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.

2.8 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.

2.9 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.

HEARTWOOD HOUSE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2025

2. Accounting policies (continued)

2.10 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.

2.11 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.

2.12 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.

HEARTWOOD HOUSE
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2025**

3. Income from donations and legacies

	Unrestricted funds 2025 £	Restricted funds 2025 £	Total funds 2025 £
Donations	245	52,337	52,582
Government grants	-	6,906	6,906
Total 2025	<u>245</u>	<u>59,243</u>	<u>59,488</u>
	<i>Unrestricted funds 2024 £</i>	<i>Restricted funds 2024 £</i>	<i>Total funds 2024 £</i>
Donations	60,715	-	60,715
Government grants	-	14,212	14,212
<i>Total 2024</i>	<u>60,715</u>	<u>14,212</u>	<u>74,927</u>

4. Income from charitable activities

	Unrestricted funds 2025 £	Restricted funds 2025 £	Total funds 2025 £
Income from charitable activities	<u>1,846</u>	<u>3,372,062</u>	<u>3,373,908</u>
	<i>Unrestricted funds 2024 £</i>	<i>Restricted funds 2024 £</i>	<i>Total funds 2024 £</i>
Income from charitable activities	<u>7,868</u>	<u>2,436,816</u>	<u>2,444,684</u>

HEARTWOOD HOUSE
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2025**

5. Investment income

	Unrestricted funds 2025 £	Total funds 2025 £
Investment income	685	685

	<i>Unrestricted funds 2024 £</i>	<i>Total funds 2024 £</i>
Investment income	861	861

6. Analysis of expenditure on charitable activities

Summary by fund type

	Restricted funds 2025 £	Total 2025 £
Education	3,082,238	3,082,238

	<i>Restricted funds 2024 £</i>	<i>Total 2024 £</i>
Education	2,639,443	2,639,443

7. Analysis of expenditure by activities

	Activities undertaken directly 2025 £	Support costs 2025 £	Total funds 2025 £
Education	2,795,405	286,833	3,082,238

HEARTWOOD HOUSE
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2025**

7. Analysis of expenditure by activities (continued)

	<i>Activities undertaken directly 2024 £</i>	<i>Support costs 2024 £</i>	<i>Total funds 2024 £</i>
Education	2,294,766	344,677	2,639,443

Analysis of direct costs

	Education 2025 £	Total funds 2025 £
Staff costs	1,648,634	1,648,634
Direct educational costs	1,100,024	1,100,024
Training and recruitment	20,716	20,716
Provision for bad debts	26,031	26,031
Total 2025	2,795,405	2,795,405

	<i>Education 2024 £</i>	<i>Total funds 2024 £</i>
Staff costs	1,249,323	1,249,323
Direct educational costs	1,013,293	1,013,293
Training and recruitment	32,150	32,150
<i>Total 2024</i>	<i>2,294,766</i>	<i>2,294,766</i>

HEARTWOOD HOUSE
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2025**

7. Analysis of expenditure by activities (continued)

Analysis of support costs

	Education 2025 £	Total funds 2025 £
Staff costs	61,457	61,457
Depreciation	74,719	74,719
Bank charges	60	60
Accountancy	6,781	6,781
Repairs and maintenance	23,050	23,050
Utilities	14,635	14,635
Legal and professional fees	14,168	14,168
Insurance	22,043	22,043
Rent and rates	(7,994)	(7,994)
Bookkeeping	17,600	17,600
Loan interest	60,314	60,314
Total 2025	286,833	286,833

During the year the charity incurred governance costs of £8,230 (2024: £7,990).

	<i>Education 2024 £</i>	<i>Total funds 2024 £</i>
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
<i>Total 2024</i>	<i>344,677</i>	<i>344,677</i>

HEARTWOOD HOUSE
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2025**

8. Auditors' remuneration

	2025 £	2024 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	8,230	7,990

9. Staff costs

	2025 £	2024 £
Wages and salaries	1,323,223	1,031,018
Social security costs	145,765	95,223
Contribution to defined contribution pension schemes	241,104	176,547
	1,710,092	1,302,788

One payment of £nil (2024: £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:

	2025 No.	2024 No.
Management	4	4
Teaching and education	34	28
Admin and premises	2	3
	40	35

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

	2025 No.	2024 No.
In the band £60,001 - £70,000	1	1

Remuneration paid to Key Management Personnel due the year amounted to £236,785 (2024: £226,522) including £204,424 (2024: £197,508) of gross pay and £32,361 (2024: £29,044) of employer's pension contributions.

10. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2024 - £NIL).

During the year ended 31 August 2025, expenses totalling £34 were reimbursed or paid directly to 1 Trustee (2024 - £79 to 2 Trustees). Expenses related to travel and postage.

HEARTWOOD HOUSE
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2025**

11. Tangible fixed assets

	Freehold property £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 September 2024	2,291,948	134,421	2,426,369
Additions	-	17,643	17,643
At 31 August 2025	<u>2,291,948</u>	<u>152,064</u>	<u>2,444,012</u>
Depreciation			
At 1 September 2024	59,839	56,194	116,033
Charge for the year	45,839	28,880	74,719
At 31 August 2025	<u>105,678</u>	<u>85,074</u>	<u>190,752</u>
Net book value			
At 31 August 2025	<u>2,186,270</u>	<u>66,990</u>	<u>2,253,260</u>
<i>At 31 August 2024</i>	<u>2,232,109</u>	<u>78,227</u>	<u>2,310,336</u>

12. Debtors

	2025 £	2024 £
Due within one year		
Trade debtors	597,847	60,544
Other debtors	506	170
Prepayments and accrued income	34,259	18,302
	<u>632,612</u>	<u>79,016</u>

13. Creditors: Amounts falling due within one year

	2025 £	2024 £
Bank loans	33,901	27,815
Trade creditors	24,410	21,266
Other taxation and social security	107,879	24,037
Pension creditor	26,438	18,733
Other creditors	4,779	564

HEARTWOOD HOUSE
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2025**

13. Creditors: Amounts falling due within one year (continued)

	2025 £	2024 £
Accruals and deferred income	476,967	528,238
	674,374	620,653
	2025 £	2024 £
Deferred income at 1 September 2024	518,948	801,316
Resources deferred during the year	467,605	518,948
Amounts released from previous periods	(518,948)	(801,316)
	467,605	518,948

Deferred income comprises fees raised in advance of entitlement.

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

	2025 £	2024 £
Bank loans	880,745	916,148

The aggregate amount of liabilities payable or repayable wholly or in part more than five years after the reporting date is:

	2025 £	2024 £
Payable or repayable by instalments	762,486	809,729
	762,486	809,729

Of the above loans, £522,000 is secured upon the Kenton Road property.

HEARTWOOD HOUSE
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2025**

15. Statement of funds

Statement of funds - current year

	Balance at 1 September 2024 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 August 2025 £
Unrestricted funds					
General Funds - all funds	-	2,776	-	113,647	116,423
Restricted funds					
Restricted donations	(263,089)	3,415,460	(2,931,450)	(220,921)	-
Pupil premium and gov grants	-	15,845	(15,845)	-	-
Property and other assets	2,310,338	-	(74,719)	17,643	2,253,262
Property loans	(943,963)	-	(60,224)	89,631	(914,556)
	1,103,286	3,431,305	(3,082,238)	(113,647)	1,338,706
Total of funds	<u>1,103,286</u>	<u>3,434,081</u>	<u>(3,082,238)</u>	<u>-</u>	<u>1,455,129</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.

HEARTWOOD HOUSE
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2025**

15. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 September 2023 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Balance at 31 August 2024 £</i>
Unrestricted funds					
General Funds - all funds	-	69,443	-	(69,443)	-
	<i>Balance at 1 September 2023 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Balance at 31 August 2024 £</i>
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	2,297,717	-	(71,264)	83,885	2,310,338
Property loans	(966,000)	-	(61,248)	83,285	(943,963)
	<u>1,222,258</u>	<u>2,451,028</u>	<u>(2,639,443)</u>	<u>69,443</u>	<u>1,103,286</u>
Total of funds	<u>1,222,258</u>	<u>2,520,471</u>	<u>(2,639,443)</u>	<u>-</u>	<u>1,103,286</u>

16. Summary of funds

Summary of funds - current year

	Balance at 1 September 2024 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 August 2025 £
General funds	-	2,776	-	113,647	116,423
Restricted funds	1,103,286	3,431,305	(3,082,238)	(113,647)	1,338,706
	<u>1,103,286</u>	<u>3,434,081</u>	<u>(3,082,238)</u>	<u>-</u>	<u>1,455,129</u>

HEARTWOOD HOUSE
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2025**

16. Summary of funds (continued)

Summary of funds - prior year

	<i>Balance at 1 September 2023 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Balance at 31 August 2024 £</i>
General funds	-	69,443	-	(69,443)	-
Restricted funds	1,222,258	2,451,028	(2,639,443)	69,443	1,103,286
	<u>1,222,258</u>	<u>2,520,471</u>	<u>(2,639,443)</u>	<u>-</u>	<u>1,103,286</u>

17. Transfers between funds

£17,643 was transferred from restricted fee income funds to the restricted asset fund representing purchases of asset during the year.

£89,631 was transferred from the restricted fee income fund to the restricted loan fund representing repayment of loans during the year.

£220,921 was transferred from the restricted feed income fund to the unrestricted fund representing funding becoming unrestricted at the end of the school year.

18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2025 £	Restricted funds 2025 £	Total funds 2025 £
Tangible fixed assets	-	2,253,260	2,253,260
Current assets	125,000	631,988	756,988
Creditors due within one year	(8,577)	(665,797)	(674,374)
Creditors due in more than one year	-	(880,745)	(880,745)
Total	<u>116,423</u>	<u>1,338,706</u>	<u>1,455,129</u>

HEARTWOOD HOUSE
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2025**

18. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	<i>Restricted funds 2024 £</i>	<i>Total funds 2024 £</i>
Tangible fixed assets	2,310,335	2,310,335
Current assets	329,752	329,752
Creditors due within one year	(620,653)	(620,653)
Creditors due in more than one year	(916,148)	(916,148)
Other	(1)	(1)
Total	<u><u>1,103,285</u></u>	<u><u>1,103,285</u></u>

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

	2025 £	2024 £
Net income/expenditure for the year (as per Statement of Financial Activities)	<u>351,843</u>	<u>(118,971)</u>
Adjustments for:		
Depreciation charges	74,719	71,264
Decrease/(increase) in debtors	(553,597)	446,260
Increase/(decrease) in creditors	10,971	(347,113)
Loan repayments	(89,631)	(83,285)
Loan interest	60,223	61,248
Net cash provided by/(used in) operating activities	<u><u>(145,472)</u></u>	<u><u>29,403</u></u>

20. Analysis of cash and cash equivalents

	2025 £	2024 £
Cash in hand	<u>124,376</u>	250,736
Total cash and cash equivalents	<u><u>124,376</u></u>	<u><u>250,736</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2025**

21. Analysis of changes in net debt

	At 1 September 2024 £	Cash flows £	Other non- cash changes £	At 31 August 2025 £
Cash at bank and in hand	250,736	(126,360)	-	124,376
Debt due within 1 year	(46,547)	-	(13,792)	(60,339)
Debt due after 1 year	(916,148)	89,631	(54,228)	(880,745)
	<u>(711,959)</u>	<u>(36,729)</u>	<u>(68,020)</u>	<u>(816,708)</u>

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 £241,103 (2024: £176,546). £26,438 (2024: £18,732) were payable to the fund at the balance sheet date and are included in creditors.

23. Operating lease commitments

At 31 August 2025 the Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2025 £	2024 £
Not later than 1 year	894	894
Later than 1 year and not later than 5 years	1,635	2,529
	<u>2,529</u>	<u>3,423</u>

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

	2025 £	2024 £
Operating lease rentals	1,073	27,395
	<u>-</u>	<u>-</u>

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.

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FOR THE YEAR ENDED 31 AUGUST 2025

25. 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 2025.