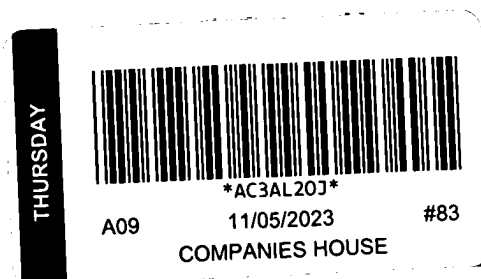


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**HERTSWOOD ACADEMY**  
(A company limited by guarantee)

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



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**HERTSWOOD ACADEMY**  
**(A company limited by guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS**

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**Members**                      Subscriber to the Memorandum: W Meller  
Subscriber to the Memorandum: G C Taylor  
Chair of Governors: M W Doe  
Vice Chair of Governors: F H G Blackwood (resigned 2 March 2022)

**Governors**                      F H G Blackwood (resigned 2 March 2022)<sup>4</sup>  
M W Doe, Chair of Governors (until 9 October 2022)<sup>3,5</sup>  
J Gavzey (resigned 22 July 2022)<sup>5,6</sup>  
P Gillett, Headteachers<sup>5</sup>  
A M Harrison<sup>3</sup>  
R A Kirk<sup>3,5</sup>  
E Longworth (resigned 22 July 2022)<sup>1</sup>  
C Wainwright (resigned 1 April 2022)<sup>2</sup>  
V M Hodge<sup>2,5</sup>  
P Kan<sup>1</sup>  
M Stark, Chair of Governors (from 10 October 2022)<sup>1,5</sup>  
M Redbart<sup>3,5</sup>  
P Bassill<sup>4,5</sup>  
J A Mensah (appointed 13 September 2022)

- <sup>1</sup> Parent Governor
- <sup>2</sup> Staff Governor
- <sup>3</sup> Co-opted
- <sup>4</sup> Appointed by members
- <sup>5</sup> Member of the Resources Committee
- <sup>6</sup> Local Authority Governor

**Company registered  
number**                      07992852

**Company name**                      Hertswood Academy

**Principal and registered  
office**                      Cowley Hill  
Borehamwood  
Hertfordshire  
WD6 5LG

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**HERTSWOOD ACADEMY**  
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**REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

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**Senior Leadership Team**

Peter Gillett, Headteacher  
Tora Hodge, Deputy Headteacher  
James Wood, Deputy Headteacher  
Terri Clifford, Deputy Headteacher  
Wanda Gill, Deputy Headteacher  
Shelagh Musk, Academy Business Manager  
Laura Edgar, Assistant Headteacher  
Carey McFerran, Assistant Headteacher  
Debbie White, Assistant Headteacher  
Paul Marlow, Assistant Headteacher  
Iain Sands, Assistant Headteacher  
Angie Carr, Assistant Headteacher

**Independent auditor**

Hillier Hopkins LLP  
Chartered Accountants  
Statutory Auditor  
Radius House  
51 Clarendon Road  
Watford  
Herts  
WD17 1HP

**Bankers**

Lloyds Bank Plc  
32 and 32a Intu Shopping Centre  
Watford  
Hertfordshire  
WD17 2DU

**Solicitors**

Browne Jacobson LLP  
Mowbray House  
Castle Meadow Road  
Nottingham  
NG2 1BJ

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**HERTSWOOD ACADEMY**  
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**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

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The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2021 to 31 August 2022. The annual report serves the purposes of both a Governors' report and a directors' report under company law.

Hertswood Academy ("the Trust") operates an Academy for students ages 11 to 19 serving Borehamwood and surrounding areas. It has a capacity of 1,400 and had a roll of 1,234 in the School Census taken in October 2021.

The Academy Trust has, as its principal activity, advancing education through the provision of a non-selective secondary school in Borehamwood which provides a broad and balanced curriculum. Students moved in to a new building on 1 September 2019.

The Academy Trust also provides, within the school, recreation and leisure facilities for the community of Borehamwood. Theatre and sports facilities are also provided for the benefit of the local community. These facilities have been updated and improved now the Academy has taken possession of the new state-of-the-art building.

**Structure, governance and management**

**a. Constitution**

The Academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The Governors of Hertswood Academy are also the directors of the charitable company for the purposes of company law.

The charitable company is known as Hertswood Academy.

Details of the Governors who served during the year, and to the date these accounts are approved are included in the Reference and administrative details on page 1.

**b. Members' liability**

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

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**HERTSWOOD ACADEMY**  
(A company limited by guarantee)

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**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

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**Structure, governance and management (continued)**

**c. Method of recruitment and appointment or election of Governors**

According to the Trust's Articles of Association, the members of the Academy Trust comprise:

- Subscribers to the Memorandum (D Meller resigned as a member in 2018. Therefore, only G Taylor and W Meller are still members under this category)
- The Meller Educational Trust (not in effect, due to the Meller Educational Trust resigning on 24 January 2020)
- The Sponsor (not in effect, due to the Sponsor resigning this role in 2018)
- Up to 1 person appointed by the Sponsor (not in effect; sponsor ceded this power in 2018)
- The Chair and Vice Chair of Governors
- Up to 2 additional persons appointed unanimously by the Members
- 1 person appointed by the Secretary of State if required

Governors of the Academy comprise:

- Up to 2 persons appointed by Members
- Up to 3 Staff Governors
- 1 Local Authority Governor
- Up to 5 Parent Governors
- The Headteacher
- Up to 4 co-opted Governors
- Governors appointed by the Secretary of State if required

The Trust follows the requirements of paragraphs 50-64 of its Articles in appointing Governors. The approach here is to ensure there is a balanced participation from local stakeholders in the Academy and elections are used to appoint Staff and Parent Governors

The skills of serving Governors are taken into account when considering new appointments to the Board. For example, Miles Redbart was co-opted as a governor on 11 May 2021. Governors felt that his business and management experience would benefit the school, together with his previous experience of being a school governor. Similarly, Phil Bassill was appointed to the Board by the members of the Academy Trust on 30 June 2021. He had previously advised the school in his role as Financial Director of the Meller Educational Trust, and members felt that his insight and expertise would also be of great benefit to the Governing Body.

**d. Policies adopted for the induction and training of Governors**

Upon appointment, new governors are provided with a pack of documents which gives them basic information about their role. The Academy Trust subscribes to the governor training service provided by HFL Education (a trading name of Herts for Learning). Please see the related parties section for further information about the relationship with HFL Education. New governors will be booked onto the HFL Education governor induction course. Training courses on a wide variety of governance-related topics are available to governors during the academic year, increasingly online. Governors have access to online training materials from the National College, the National Governance Association, HFL Education and others.

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**HERTSWOOD ACADEMY**  
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**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

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**Structure, governance and management (continued)**

**e. Organisational structure**

The membership structure of the Academy Trust is set out in the Articles of Association. Members have an Annual General Meeting, but can also hold other meetings in accordance with the provisions of the Articles.

As set out in the Articles of Association, the Governors are the Directors of the Trust and responsible for its business. There are at least four full governing body meetings each year. The Governors have established two standing committees that each meet six times a year. These are the Standards Committee and the Resources Committee. The Resources Committee deals with finance, audit, human resources, premises and governance issues. There are also other committees which meet as required, dealing with such matters as audit, staff pay and the performance and review of the Headteacher. The Clerk to the Governors manages the business meetings in line with an established work programme and ensures that agenda and reports for meetings are circulated beforehand and proper minutes kept.

The Governors have put in place statutory and discretionary policies to manage the way the Academy operates. Of special note is the Scheme of Financial Delegation, which sets out the relevant authority levels and procedures for making different types of decisions. This ensures that the Headteacher has all the necessary authority to run the Academy on a daily basis and that key strategic issues are determined by Governors.

The Headteacher acts as Chief Accounting Officer.

**f. Arrangements for setting pay and remuneration of key management personnel**

The Governors consider the Senior Leadership team to be the key management personnel of the Academy as they have responsibility for directing and controlling, running and operating the Trust on a day to day basis. Details of the Senior Leadership Team who served during the period are included in the Reference and Administrative details on page 2.

The pay of the senior staff is reviewed as part of the annual performance management procedure. If staff have the scope to increment on the pay scale, this will be reviewed and agreed by the Headteacher and the governors' Pay Committee. Grading of key management personnel is benchmarked to similar-sized academies. The Pay Committee will also consider the Headteacher's pay and remuneration, taking into account the outcome of a performance review conducted by the governors' Headteacher Performance Review Committee.

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**HERTSWOOD ACADEMY**  
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**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

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**Structure, governance and management (continued)**

**g. Trade union facility time**

**Relevant union officials**

Number of employees who were relevant union officials during the year	2
Full-time equivalent employee number	2

**Percentage of time spent on facility time**

Percentage of time	Number of employees
0%	2
1%-50%	-
51%-99%	-
100%	-

**Percentage of pay bill spent on facility time** £

Total cost of facility time	-
Total pay bill	6,659,256
Percentage of total pay bill spent on facility time	- %

**Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
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**HERTSWOOD ACADEMY**  
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**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

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**Structure, governance and management (continued)**

**h. Related parties and other connected charities and organisations**

The Academy Trust has a very close relationship with primary schools in Borehamwood and the surrounding area, which includes the sharing of resources and expertise.

There is a close relationship with Hertsmere Borough Council, in matters of mutual interest, such as the operation of a community theatre facility when this becomes feasible.

The Academy Trust has a well-established relationship with Hertfordshire County Council and liaises closely with them on a variety of issues.

The Trust owns a £25 share in Herts for Learning Ltd, trading as HFL Education, the purchase of which was ratified by the Board of Herts for Learning at their meeting on 2 July 2015. This is an educational services company established by Hertfordshire County Council. The Academy is able to buy support services from Herts for Learning at a preferential rate, and is entitled to one vote at the Herts for Learning Annual General Meeting.

The Trust has also worked with a range of local groups that have made use of the Academy's facilities, such as users of the community theatre.

The Trust has a commercial relationship with a range of external providers of services, such as catering, cleaning and facilities compliance.

The Academy is working with the Schools of Hard Knocks charity. This takes the form of a weekly rugby session designed to target vulnerable students who face difficulties in school and risk permanent exclusion.

**Objectives and activities**

**a. Objects and aims**

The objects of the trust are to:

- a) Advance for the public benefit education in the United Kingdom, in particular, but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing, and develop an academy offering a broad and balanced curriculum.
- b) To promote for the benefit of the inhabitants of Borehamwood and the surrounding area, the provision of facilities for recreation and other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of the life of the said inhabitants.

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**HERTSWOOD ACADEMY**  
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**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

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**Objectives and activities (continued)**

**b. Objectives, strategies and activities**

**World-Class Ambitions:** Our ambition is to provide a world class educational environment for our community. We have the highest aspirations for all students and will ensure they achieve the best possible outcomes through outstanding teaching, an engaging curriculum and quality care and support.

**Ready to Succeed:** Our students will develop resilience, will be literate and numerate and be ready for challenges they will face in modern society. We have a clear expectation for our students to work hard, behave well and act with integrity so that they grow as confident individuals, responsible citizens and successful independent learners. Well-equipped for higher education and employment, our students will develop leadership skills and be ambitious for their future learning opportunities and career goals.

**Accomplish Through Effort:** As a fully inclusive academy within our community, we are committed to the principle of 'growth mindset' in that, no matter where one starts from, great accomplishments are possible through dedication and effort. We believe that all barriers can be overcome through our determination to succeed and the learning strategies we employ.

**Achievement For All:** We respect and value all members of our community, ensuring a safe, happy and secure learning environment to foster high self-esteem for all. As lifelong learners, Hertswood Academy staff are role models for our students, continually developing their own practice and inspiring the community to aim high and achieve excellence.

The key objectives for academic year 2022-23 are to:

- To raise achievement – showing sustainability post Centre Assessed Grades and Teacher Assessed Grades.
- To sustain improvements in pupil behaviour and attitudes and continue to pursue improvement.
- To ensure readiness for OFSTED
- To create coherent and cohesive staff culture evidenced by strong leadership throughout the school

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**HERTSWOOD ACADEMY**  
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**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

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**Objectives and activities (continued)**

**c. Public benefit**

Governors have had due regard to the Charity Commission's public benefit guidance when exercising any powers or duties to which the guidance is relevant.

The governors are aware that they must only operate the charity for the public benefit, to further its objects, and only for charitable purposes. The governors are committed to the school's policy of serving a diverse catchment area and not restricting intake based on ability. The school's catchment area includes Cowley Hill ward, which ranks among the top 10 percent most deprived areas in the country and highest in Hertfordshire, according to "Indices of Multiple Deprivation" data for 2019 (Borehamwood Times, 28 November 2019).

The following examples demonstrate how governors have kept the public benefit in mind in initiatives that they have taken or supported in this financial year:

- Continuing the provision of Chromebooks to an increasing number of students, to assist them in their studies. This will particularly help students in disadvantaged circumstances.
- Continuing targeted support for those in financial difficulty, such as in the area of school uniform provision.
- Trying to ensure access for hirers to as many facilities as possible. Even though the school theatre still awaits some equipment, it has been made available for community hire on a limited basis. Once it is fully equipped, then it will become fully operational as a community theatre outside of school hours. Trustees are mindful of the need to make hiring charges affordable for community organisations.

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**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

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**Objectives and activities (continued)**

**Strategic report**

**Achievements and performance**

**a. Key performance indicators**

Results at GCSE have risen in Mathematics and have significantly increased in Double Science. English results have dropped and are a focus for improvement this academic year.

9-4 percentage for each subject (9-5 figure in brackets)

*Note: 2020 & 2021 were teacher assessed and centre assessed respectively making 2019 the most recent comparative results - note psychology and sociology are positive compared to 2021 (but not 2019)*

Subject	2022	2021	2020	2019	2018
English Language	58 (37)	67 (44)	72 (49)	61 (36)	63 (45)
English Literature	55 (38)	67	57	52	50
Maths	72.2 (51.3)	67 (42)	72 (50)	65 (45)	67 (46)
Double Science	52.8 (27.4)	48 (33)	36 (16)	31 (12)	27 (11)
Biology	100 (100)	100 (100)	97 (91)	74 (57)	85 (68)
Chemistry	100 (100)	100 (96)	100 (70)	67 (43)	76 (53)

In the Sixth Form, outcomes remained the same at A Level at a C+ and the overall internal grading for subject areas has also improved. This improvement was externally ratified by OFSTED who recently graded the Sixth Form as 'Good' KS5 A Level Trend:

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**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

**Strategic report (continued)**

**Achievements and performance (continued)**

Subject	2018/19			2019/20			2020/21			2021/22		
	Entries	Score	Grade	Entries	Score	Grade	Entries	Score	Grade	Entries	Score	Grade
A - Art (Fine Art)	14	1.13	4	4	1.14	4	11	1.28	2	11	1.09	5
A - Art (Photography)	13	1.16	4	10	1.16	4	14	1.14	4	13	0.95	7
A - Biology	18	0.65	8	10	0.82	5	11	0.85	5	4	0.94	5
A - Business & Economics	-	-	-	10	0.96	5	13	0.92	6	-	-	-
A - Business Studies	15	0.99	5	-	-	-	-	-	-	12	1.07	3
A - Chemistry	12	0.81	6	5	1.01	2	7	0.82	5	2	0.53	8
A - English Lang. & Lit.	2	1.01	4	-	-	-	-	-	-	-	-	-
A - English Literature	5	0.82	8	9	0.96	6	4	1.05	3	12	0.84	8
A - French	2	1.22	2	-	-	-	1	1.30	1	-	-	-
A - Geography	-	-	-	11	0.99	5	4	1.02	4	7	0.92	7
A - Government & Politics	8	1.18	2	-	-	-	-	-	-	11	1.14	2
A - History	11	1.12	2	4	1.03	3	6	1.00	4	10	1.04	3
A - Mathematics	32	0.88	6	20	1.00	3	21	0.97	4	12	0.99	3
A - Maths (Further)	4	1.02	5	3	1.19	2	3	1.10	3	2	0.64	8
A - Maths (Statistics)	1	0.12	9	-	-	-	-	-	-	-	-	-
A - Music	-	-	-	1	0.99	4	-	-	-	-	-	-
A - Philosophy	-	-	-	7	0.99	3	-	-	-	-	-	-
A - Physics	12	0.86	5	1	0.76	7	6	0.91	4	5	0.81	6
A - Psychology	20	1.02	3	10	1.06	2	14	1.09	2	15	1.12	2
A - Religious Studies	8	0.97	5	-	-	-	-	-	-	-	-	-
A - Sociology	7	1.22	2	4	1.22	2	7	1.05	5	-	-	-
A - Spanish	2	1.17	2	1	1.21	2	2	1.42	1	3	1.16	2
A - Turkish	1	0.78	9	-	-	-	-	-	-	-	-	-
**EPQ - Extended Project	4	1.07	4	-	-	-	-	-	-	2	0.94	7
**L3 - Core Mathematics	7	0.79	7	-	-	-	8	1.22	2	-	-	-

Sixth Form ALPs gradings show Business, Government and Politics, History, Maths, Psychology and Spanish as strength areas.  
Biology, Chemistry, English Lit, Geography and Further Mathematics are a focus for improvement this year.

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**HERTSWOOD ACADEMY**  
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**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

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**Strategic report (continued)**

**Achievements and performance (continued)**

**b. Going concern**

Unrestricted reserves at the end of 2020/21 were £141k. The pay freeze for Teachers' and close monitoring of the budget this year has enabled the Academy to increase unrestricted reserves to £306k.

The Local Authority predictions for primary school numbers coming through to Secondary schools in Borehamwood has seen a drop this year. The Academy is acutely aware that it is important to attract as many students as possible to enable us to set a balanced budget and provide an excellent education to our students. We have close relationships with the Primary Schools and work closely to ensure that those students want to come to Hertswood Academy as their first choice.

It is widely reported that most schools in the country are under financial pressures due to significant pay rises for Teaching and Support staff this year and the increase in utilities. Hertswood Academy set a balanced budget to cover the cost of the pay rises and secured a 4 year utilities contract before the increases. This has put us in a better financial position than most.

The next few years are forecast to be more difficult as we wait to see whether school funding will be increased to help cover rising costs. However, we have increased our reserves which means we will be able to support any in year deficits.

We are aiming to undertake the phase 3 development work next year and have ambitious plans to provide impressive facilities for the students and local community. This should further enhance our lettings income to support balancing the budget.

**Financial review**

**a. Reserves policy**

The Academy Trust is aware that it must have sufficient funds available to meet its liabilities. Trustees have approved a balanced budget for 2022/23 and unrestricted reserves have increased by £165k.

Despite the financial challenges of the past few years, we have been able to manage the finances of the Academy and although we still anticipate additional demands on the budget for 2022/23 we are looking at additional income streams and partnerships.

The Resources Committee receives budget monitoring reports predicting funds available and reviews the spending to ensure it is effectively used. In doing so, the governors have regard to the Education Funding Agency's guidelines on the level of reserves.

**b. Investment policy**

The Trust's chief assets, held on behalf of the Secretary of State, are the remaining land and the new buildings. The Trust does not operate an investment portfolio.

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**HERTSWOOD ACADEMY**  
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**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

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**c. Principal risks and uncertainties**

In common with state-funded schools generally, the Academy Trust faces a challenging financial climate because income is not keeping pace with rising costs. Nonetheless, the Trust is ensuring that balanced budgets are always set, and that costs are managed so that spending remains within these. The Trust is monitoring its cash flow to ensure that it continues to have liquidity.

The Trust wishes to fully equip the theatre to the standard needed to operate professionally, which affects letting income and its full use as a facility for the community. A sizeable investment is needed to enable this, and the Trust has initiated talks with the Department for Education regarding this. The theatre needs to be self-financing and a scale of charges for community users has been introduced to ensure that the Trust is not subsidising external users. The Trust has recommenced talks with Hertsmere Borough Council to finalise the Community Use Agreement. This document covers the sporting facilities as well as the theatre.

During the Academy's two most recent full inspections by Ofsted, it was graded overall as "Requires Improvement". As a result of two such consecutive judgements, it now meets the legal definition of a school that is "coasting" within the meaning of the Coasting Schools (England) Regulations 2022. Consequently, the Secretary of State has a new power, as of 1 September 2022, to intervene in the Academy. The Trust has been advised by the Department for Education that the Secretary of State's policy is that this can generally best be provided by ensuring that the Academy is part of a multi-academy trust with the capacity to drive sustained improvements. The Trust therefore anticipates possible discussions with the Department for Education about this during the 2022/2023 academic year. The Trust continues to implement the improvements recommended by Ofsted and is working towards achieving a "Good" rating at the next inspection.

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**HERTSWOOD ACADEMY**  
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**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

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**Fundraising**

The Academy raises additional funds by letting out its premises. These lettings are administered by the Business Manager. Local football clubs utilise the astroturf after school and during holidays. A local theatre company run workshops for students from one of our classrooms. We have a regular letting in the hall providing trampolining and gymnastics lessons for local children. A branch of a Christian church group meets weekly in one of our classrooms.

During the Academic Year 2021/22 the Academy fully implemented bookings software which enables hirers to make bookings online. This has had a positive impact on bookings coupled with adverts for the available spaces on social media, in local publications and a noticeboard at the local station.

Income from production companies has continued this year. The Academy has been able to provide parking facilities for a large production.

The Academy, in line with our Charging and Remissions Policy, will occasionally request voluntary contributions towards the cost of educational activities or resources.

The Academy has signed up to [easyfundraising.co.uk](https://www.easyfundraising.co.uk). This is a website that generates income from online purchases made by those who sign up to support the Academy. Income generated through the website has been ring-fenced with the intention of purchasing some outdoor gym equipment for the students.

The initial meeting of the Hertswood Parent Teacher Association took place in September 2022. We have high hopes that the association will provide fun and exciting events for our students and raise some funds in the process.

The Academy is in talks with various sporting organisations to see if funding is available to help with improving sporting facilities further.

The fundraising activities undertaken by the Academy did not have to comply with any voluntary scheme for regulating fundraising, during the reporting period.

The Academy has received no complaints about activities for the purpose of fundraising.

The only contact that the Academy has with individuals to ask for donations is when parents or carers are asked to contribute towards the cost of certain activities or equipment. The Academy has a policy for this, and consciously avoids any behavior that could be perceived as invading privacy, being unreasonable, persistent or placing undue pressure to make financial contributions.



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**HERTSWOOD ACADEMY**  
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**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

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**Fundraising (continued)**

**Plans for future periods**

Our 3 Year Strategic Plan is set out in the table below:

Success Criteria	Actions
SP1.OFSTED : Section 5 good or better for overall effectiveness	<ul style="list-style-type: none"><li>• Implement AIP &amp; SIP</li><li>• Termly review SIP and action improvements</li><li>• Regular external review to ratify improvement actions</li></ul>
SP2. Good Financial Health : Positive cash flow and 100k+ reserves	<ul style="list-style-type: none"><li>• Increase overall student numbers</li><li>• Optimise staffing and curriculum</li><li>• Maximise income from community use of facilities</li></ul>
SP3. Buildings : Complete internal and external works	<ul style="list-style-type: none"><li>• Internal works : finalise defects list</li><li>• External works : prioritise and cost further works</li><li>• Investigate and secure external funding sources</li></ul>
SP4. Staff Recruitment, Training and Development : Fully staffed with relevant training and outstanding teaching	<ul style="list-style-type: none"><li>• Fully staff teaching and support areas</li><li>• Ensure 95%+ Faculty specialist teaching</li><li>• All statutory training up to date</li><li>• Shared &amp; consistent framework for outstanding teaching &amp; learning</li></ul>
SP5. Trust Governance : Building future proof governance	<ul style="list-style-type: none"><li>• Appoint new Governors with relevant experience</li><li>• Ensure Governors have appropriate training</li><li>• Investigate future MAT possibilities</li><li>• Devise standard reporting for key areas to enable effective communication between Senior Leaders and Governors</li></ul>
SP6. Personalising the curriculum to meet the needs of the community	<ul style="list-style-type: none"><li>• Programme to enter higher education</li><li>• Programme for vocational qualifications and training</li></ul>
SP7. Engaging students to establish a culture of aspiration	<ul style="list-style-type: none"><li>• Student aspiration, expectation, accomplishment and achievement targets set</li><li>• Optimise careers education through PDP and audit student voice on employment ambitions</li><li>• All subject areas promote relevant careers</li></ul>
SP8. Developing outstanding leadership at all levels	<ul style="list-style-type: none"><li>• Effective and high quality leadership at all levels</li><li>• Vision is communicated clearly by all stakeholders and reinforced continuously to ensure consistency of purpose and implementation</li></ul>
SP9. Developing communication with governors	<ul style="list-style-type: none"><li>• Timely and accurate sharing of self-evaluation data</li><li>• Robust evaluative conversations between governors and senior leaders leading to school improvement</li></ul>

**Funds held as custodian on behalf of others**

The Trust held no funds during the period as custodians.

**Disclosure of information to auditor**

Insofar as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- that Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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**HERTSWOOD ACADEMY**  
**(A company limited by guarantee)**

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**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

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**Disclosure of information to auditor (continued)**

The Governors' report, incorporating a strategic report, was approved by order of the Board of Governors, as the company directors, on 15 Dec 22 and signed on its behalf by:

<sup>6</sup>  
  
.....  
**M Stark**  
Chair of Governors

  
.....  
**P Gillett, Headteacher**  
Accounting Officer

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**HERTSWOOD ACADEMY**  
(A company limited by guarantee)

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**GOVERNANCE STATEMENT**

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**Scope of responsibility**

As Governors, we acknowledge we have overall responsibility for ensuring that Hertswood Academy has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

As Governors, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The board of Governors has delegated the day-to-day responsibility to the Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Hertswood Academy and the Secretary of State for Education. They are also responsible for reporting to the board of Governors any material weaknesses or breakdowns in internal control.

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**HERTSWOOD ACADEMY**  
(A company limited by guarantee)

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**GOVERNANCE STATEMENT (CONTINUED)**

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**Governance**

The information on governance included here supplements that described in the Governors' report and in the Statement of governors' responsibilities. The board of Governors has formally met 5 times during the year.

Attendance during the year at meetings of the board of Governors was as follows:

Governor	Meetings attended	Out of a possible
F H G Blackwood	4	4
M W Doe, Chair of Governors (until 9 October 2022)	5	5
J Gavzey	4	5
P Gillett, Headteacher	5	5
A M Harrison	5	5
R A Kirk	5	5
E Longworth	0	5
C Wainwright	2	4
V M Hodge	5	5
P Kan	5	5
M Stark, Chair of Governors (from 10 October 2022)	5	5
M Redbart	3	5
P Bassill	3	5

The board is aware that auditors highlighted that members and trustees should differ to a greater degree in terms of people who are filling those roles. The board agreed with this and is still committed to this goal. The Articles of Association have been redrafted with the intention of facilitating this. Governors have approved the draft, and are now awaiting approval from the Department for Education and the Charity Commission for these to take effect. When this approval is received, the Trust's members will be asked to approve the new Articles.

The Resources Committee is a committee of the main board of Governors. Its purpose is to take a strategic view on financial, premises and personnel matters and review and monitor performance in these areas. Other committees include the Audit and Risk Committee (being introduced in the 2021-2022 academic year), Standards Committee, Pay Committee, and the Headteacher's Performance Review Committee.

Attendance during the year at meetings of the Resources Committee was as follows:

Governor	Meetings attended	Out of a possible
M W Doe	7	8
P Gillett	7	8
R A Kirk	7	8
J Gavzey	8	8
P Bassill	7	8
M Redbart	3	8
M Stark	7	8
V Hodge	6	8

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**HERTSWOOD ACADEMY**  
(A company limited by guarantee)

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**GOVERNANCE STATEMENT (CONTINUED)**

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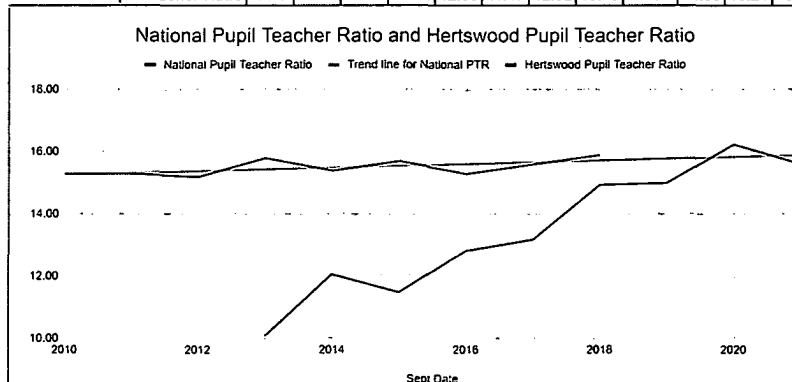
**Review of value for money**

As accounting officer, the Headteacher has responsibility for ensuring that the Academy delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the Academy's use of its resources has provided good value for money during each academic year, and reports to the board of Governors where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the Academy has delivered improved value for money during the year in the following ways:

- The curriculum and teaching and learning model is optimised to ensure that the Quality of Education continues to improve and reserves continue to grow
- Pupil Teacher Ratios are now in line with the National Averages

Sept Date	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
National Pupil Teacher Ratio	15.30	15.30	15.20	15.80	15.40	15.70	15.30	15.60	15.90	N/A	N/A	N/A
Hertswood Pupil Teacher Ratio	N/A	N/A	N/A	10.06	12.06	11.47	12.82	13.18	14.94	14.99	16.24	15.61



- Results for GCSE Mathematics and Science maintained the improvement shown since 2019 and overall Sixth Form performance improved with OFSTED recognising the Sixth Form to be good

**The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hertswood Academy for the year 1 September 2021 to 31 August 2022 and up to the date of approval of the annual report and financial statements.

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**HERTSWOOD ACADEMY**  
**(A company limited by guarantee)**

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**GOVERNANCE STATEMENT (CONTINUED)**

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**Capacity to handle risk**

The board of Governors has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year 1 September 2021 to 31 August 2022 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Governors. At the start of the 2021-2022 academic year, the Governors created an Audit and Risk Committee, to give greater focus to the whole issue of risk.

**The risk and control framework**

The Academy's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Governors
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The Board of Governors has decided to employ Herts for Learning as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems, In particular the checks carried out in the current period included:

- Staff Expenses, Credit Card and Direct Debit Expenditure
- Risk Management
- Payroll

On a semi-annual basis, the internal auditor reports to the board of Governors through the Resources Committee on the operation of the systems of control and on the discharge of the Governors' financial responsibilities.

As a result of these checks the following actions were recommended:

**Staff Expenses, Credit Card and Direct Debit Expenditure**

- Action-Staff Expenses: Revised procedures to include methods of reimbursement, claim limits, requirements for VAT receipts and the authorisation process  
Response-Recommendation noted and incorporated in the new Finance Manual.
- Action-Credit Card: Detailed policy regarding credit card expenditure to be written and details in the updated Finance Manual.  
Response-Recommendation noted and incorporated in the new Finance Manual.

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**HERTSWOOD ACADEMY**  
(A company limited by guarantee)

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**GOVERNANCE STATEMENT (CONTINUED)**

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**The risk and control framework (continued)**

**Risk Management**

- Action-Risk Assessment Matrix to be included within the Risk Management Policy  
Response-Policy updated
- Action-All risks on the risk register to be reviewed and RAG rated, with estimations of likelihood, risk rating and actions as well as ongoing review dates.  
Response-Format of register changed and all risks ragged.
- Action-All actions to only be shown as fully met when the risk has been fully mitigated.  
Response-All risks have been reviewed to ensure mitigation in place.
- Action-The Risk Register is to be reviewed annually in line with the new Risk Management Policy  
Response-Risk Register is timetabled for the agenda once a term.
- Action-Full Governing Body to discuss and minute risk management at each committee meeting.  
Response-Clerk to Governors ensures minutes of Audit and Risk are circulated to FGB

**Payroll**

- Action-Ensure payroll journal is authorised by another team member.  
Response-Recommendation is noted and implemented with immediate effect.
- Action-All payroll records to be signed and dated by both preparer and reviewer including payroll monitoring  
Response-Noted and implemented with immediate effect.
- Action-Ensure all staff appointment forms are signed, dated and authorised.  
Response-Noted and will be completed moving forwards.
- Action-Create leavers checklist to be signed and checked by SBM and Finance Manager.  
Response-Noted and implemented with immediate effect.

**Review of effectiveness**

As accounting officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework; and
- the work of the external auditor.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Resources committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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**HERTSWOOD ACADEMY**  
(A company limited by guarantee)

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**GOVERNANCE STATEMENT (CONTINUED)**

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Approved by order of the members of the Board of Governors and signed on their behalf by:

  
.....  
**M Stark**  
Chair of Governors

  
.....  
**P Gillett** Headteacher  
Accounting Officer

Date: 15/12/22



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**HERTSWOOD ACADEMY**  
**(A company limited by guarantee)**

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As accounting officer of Hertswood Academy I have considered my responsibility to notify the Academy board of Governors and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy, under the funding agreement in place between the Academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2021.

I confirm that I and the Academy board of Governors are able to identify any material irregular or improper use of all funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook 2021.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of Governors and ESFA.



.....  
**P Gillett, Headteacher**

Accounting Officer

Date: 15/12/22

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**HERTSWOOD ACADEMY**  
(A company limited by guarantee)

---

**STATEMENT OF GOVERNORS' RESPONSIBILITIES  
FOR THE YEAR ENDED 31 AUGUST 2022**

---

The Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the Academies Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Governors to prepare financial statements for each financial year. Under company law, the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Governors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

The Governors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Governors and signed on its behalf by:

.....

**M Stark**

Chair of Governors

Date: 15/12/22

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**HERTSWOOD ACADEMY**  
(A company limited by guarantee)

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
HERTSWOOD ACADEMY**

---

**Opinion**

We have audited the financial statements of Hertswood Academy (the 'Academy') for the year ended 31 August 2022 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, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2022 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Academy 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 Governors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Academy's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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**HERTSWOOD ACADEMY**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
HERTSWOOD ACADEMY (CONTINUED)**

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**Other information**

The other information comprises the information included in the Annual report other than the financial statements and our Auditor's report thereon. The Governors 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.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Governors' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Governors' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Report including the Strategic Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of Governors**

As explained more fully in the Statement of governors' responsibilities, the Governors (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governors are responsible for assessing the Academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the Academy or to cease operations, or have no realistic alternative but to do so.

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**HERTSWOOD ACADEMY**  
(A company limited by guarantee)

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
HERTSWOOD ACADEMY (CONTINUED)**

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**Auditor's responsibilities for the audit of the financial statements**

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

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

- the control environment and performance of the Academy, including the remuneration incentives and pressures of key management;
- the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. We considered the results of our enquiries of management and internal audit about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Academy's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the engagement team, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

We also obtained an understanding of the legal and regulatory frameworks that the Academy operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements, including, but not limited to, the Companies Act 2006, the Charities SORP 2019, the Academies Accounts Direction 2021 to 2022 and relevant tax legislation.

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

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

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**HERTSWOOD ACADEMY**  
(A company limited by guarantee)

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
HERTSWOOD ACADEMY (CONTINUED)**

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**Use of our report**

This report is made solely to the Academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Alexander Bottom ACA (Senior statutory auditor)**

for and on behalf of  
**Hillier Hopkins LLP**  
Chartered Accountants  
Statutory Auditor  
Radius House  
51 Clarendon Road  
Watford  
Herts  
WD17 1HP

Date: *20th June 2022*

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**HERTSWOOD ACADEMY**  
(A company limited by guarantee)

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO  
HERTSWOOD ACADEMY AND THE EDUCATION AND SKILLS FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 8 November 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2021 to 2022, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hertswood Academy during the year 1 September 2021 to 31 August 2022 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Hertswood Academy and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Hertswood Academy and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Hertswood Academy and ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Hertswood Academy's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Hertswood Academy's funding agreement with the Secretary of State for Education dated 28 August 2018 and the Academy Trust Handbook, extant from 1 September 2021, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2021 to 2022. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2021 to 31 August 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy's income and expenditure.

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material misstatement and irregularity across the Academy Trust's activities;
- Testing and review of areas identified through risk assessment including enquiry, observation, inspection and review of supporting evidence;
- Review of system controls, policies and procedures in place to ensure compliance with the regularity regime;
- Consideration of evidence obtained through the work performed as part of our financial statements audit in

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HERTSWOOD ACADEMY  
(A company limited by guarantee)

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INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO  
HERTSWOOD ACADEMY AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

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order to support the regularity conclusion.

**Conclusion**

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2021 to 31 August 2022 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Hillier Hopkins LLP  
Chartered Accountants  
Statutory Auditor

Radius House  
51 Clarendon Road  
Watford  
Herts  
WD17 1HP

Date: *20th December 2022*



**HERTSWOOD ACADEMY**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 AUGUST 2022**

	Note	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £	Total funds 2021 £
<b>Income from:</b>						
Donations and capital grants	4	1,814	-	25,974	27,788	78,642
Other trading activities		148,612	-	-	148,612	67,309
Investments	7	136	-	-	136	81
Charitable activities		289,712	8,474,381	-	8,764,093	8,133,017
<b>Total income</b>		<b>440,274</b>	<b>8,474,381</b>	<b>25,974</b>	<b>8,940,629</b>	<b>8,279,049</b>
<b>Expenditure on:</b>						
Charitable activities		275,850	8,594,795	1,331,597	10,202,242	8,909,730
<b>Total expenditure</b>		<b>275,850</b>	<b>8,594,795</b>	<b>1,331,597</b>	<b>10,202,242</b>	<b>8,909,730</b>
<b>Net income/(expenditure)</b>		<b>164,424</b>	<b>(120,414)</b>	<b>(1,305,623)</b>	<b>(1,261,613)</b>	<b>(630,681)</b>
Transfers between funds	19	-	(25,135)	25,135	-	-
<b>Net movement in funds before other recognised gains/(losses)</b>		<b>164,424</b>	<b>(145,549)</b>	<b>(1,280,488)</b>	<b>(1,261,613)</b>	<b>(630,681)</b>
<b>Other recognised gains/(losses):</b>						
Actuarial gains/(losses) on defined benefit pension schemes	26	-	3,441,000	-	3,441,000	(840,000)
<b>Net movement in funds</b>		<b>164,424</b>	<b>3,295,451</b>	<b>(1,280,488)</b>	<b>2,179,387</b>	<b>(1,470,681)</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		141,494	(3,455,805)	38,569,917	35,255,606	36,726,287
Net movement in funds		164,424	3,295,451	(1,280,488)	2,179,387	(1,470,681)
<b>Total funds carried forward</b>		<b>305,918</b>	<b>(160,354)</b>	<b>37,289,429</b>	<b>37,434,993</b>	<b>35,255,606</b>

**HERTSWOOD ACADEMY**  
(A company limited by guarantee)  
REGISTERED NUMBER: 07992852

**BALANCE SHEET**  
**AS AT 31 AUGUST 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Intangible assets	14	-	374
Tangible assets	15	37,238,049	38,544,137
Investments	16	25	25
		<u>37,238,074</u>	<u>38,544,536</u>
<b>Current assets</b>			
Debtors	17	233,383	266,270
Cash at bank and in hand		1,276,857	880,020
		<u>1,510,240</u>	<u>1,146,290</u>
Creditors: amounts falling due within one year	18	(741,321)	(802,220)
<b>Net current assets</b>		<u>768,919</u>	<u>344,070</u>
<b>Total assets less current liabilities</b>		<u>38,006,993</u>	<u>38,888,606</u>
<b>Net assets excluding pension liability</b>		<u>38,006,993</u>	<u>38,888,606</u>
Defined benefit pension scheme liability	26	(572,000)	(3,633,000)
<b>Total net assets</b>		<u><u>37,434,993</u></u>	<u><u>35,255,606</u></u>
<b>Funds of the Academy</b>			
<b>Restricted funds:</b>			
Fixed asset funds	19	37,289,429	38,569,917
Restricted income funds	19	411,646	177,195
		<u>37,701,075</u>	<u>38,747,112</u>
Restricted funds excluding pension asset	19	37,701,075	38,747,112
Pension reserve	19	(572,000)	(3,633,000)
<b>Total restricted funds</b>	19	<u>37,129,075</u>	<u>35,114,112</u>
<b>Unrestricted income funds</b>	19	<u>305,918</u>	<u>141,494</u>
<b>Total funds</b>		<u><u>37,434,993</u></u>	<u><u>35,255,606</u></u>

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**HERTSWOOD ACADEMY**  
(A company limited by guarantee)  
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**BALANCE SHEET (CONTINUED)**  
**AS AT 31 AUGUST 2022**

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The financial statements on pages 31 to 64 were approved and authorised for issue by the Governors and are signed on their behalf, by:



**M Stark**

Chair of Governors

Date: 15/12/22



**P Gillett, Headteacher**  
Accounting Officer

The notes on pages 35 to 64 form part of these financial statements.

**HERTSWOOD ACADEMY**  
(A company limited by guarantee)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

	Note	2022 £	2021 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	21	395,861	493,003
<b>Cash flows from investing activities</b>	22	976	(60,526)
<b>Change in cash and cash equivalents in the year</b>		396,837	432,477
Cash and cash equivalents at the beginning of the year		880,020	447,543
<b>Cash and cash equivalents at the end of the year</b>	23, 24	<u>1,276,857</u>	<u>880,020</u>

The notes on pages 35 to 64 form part of these financial statements

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**HERTSWOOD ACADEMY**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**1. General information**

Hertswood Academy is a charitable company limited by guarantee and an exempt charity. The Academy is incorporated in England and Wales. Its registered office is Cowley Hill, Borehamwood, Hertfordshire WD6 5LG.

**2. Accounting policies**

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

**2.1 Basis of preparation of financial statements**

The financial statements of the Academy, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the 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) (Charities SORP (FRS 102)), the Academies Accounts Direction 2021 to 2022 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

**2.2 Going concern**

The Governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties relating to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The Governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements.

Unrestricted reserves at the end of 2020/21 were £141k. The pay freeze for Teachers' and close monitoring of the budget this year has enabled the Academy to increase unrestricted reserves to £306k.

The Academy has set a balanced budget for 2022/23 including provision for both the Teachers' pay rise and Support Staff pay rise. The reversal of the increased National Insurance contributions for employees and employers has been welcome and released additional funds to support the budget. The Academy has prepared a three year forecast and there are concerns for 2023/24 which is currently forecast as an in year deficit being met by reserves. We eagerly await more detailed information on the Government's pledge to increase school funding by £2.3 billion in the next two years.

The Local Authority has recently revised its pupil number estimations for applications to secondary schools over the coming years. This has impacted Hertswood negatively and so we have a full program of activities planned to attract students and continue working closely with the primary schools. We held a very successful open evening in September 2022. It was lovely to see so many young people visit the Academy and give feedback on how they are looking forward to joining the Academy.

We are aiming to undertake the phase 3 development work next year and have ambitious plans to provide impressive facilities for the students and local community. This should further enhance our lettings income to support balancing the budget. We are working with colleagues at Hertsmere Borough Council to finalise the Community Use Agreement. We have seen an increase in lettings and have existing relationships with several hirers for long term lets. We would like to extend letting of the main building and host hirers looking for classroom spaces at the weekends and after school.

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**HERTSWOOD ACADEMY**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**2. Accounting policies (continued)**

**2.2 Going concern (continued)**

Considering all of the above, the Academy has put together a detailed budget and cash flow for the next 12 months and a summarised forecast for the following 2 years. The aim for the next couple of years is to continue to grow reserves, we are confident that we can achieve this.

On the basis of the above the Governors have concluded that the Academy has adequate resources to continue operational existence for the foreseeable future, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

**2.3 Income**

All incoming resources are recognised when the Academy has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

- **Grants**

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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities in the year for which it is receivable and any abatement in respect of the year is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the Balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

- **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

- **Other income**

Other income, including the hire of facilities, is recognised in the year it is receivable and to the extent the Academy has provided the goods or services.

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**HERTSWOOD ACADEMY**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**2. Accounting policies (continued)**

**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.

- **Charitable activities**

These are costs incurred on the Academy's educational operations, including support costs and costs relating to the governance of the Academy apportioned to charitable activities.

All resources expended are 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.

**2.6 Interest receivable**

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

**2.7 Intangible assets**

Intangible assets costing £2,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on the following basis:

Computer software	- 20 % straight line
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**HERTSWOOD ACADEMY**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**2. Accounting policies (continued)**

**2.8 Tangible fixed assets**

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset, less their residual value, over their expected useful life, as follows:

Freehold property	- 2% straight line
LT Leasehold property	- over the length of the lease
Fixtures & equipment	- 10% straight line
Motor vehicles	- 25% reducing balance
Computer equipment	- 33% reducing balance

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities.

**2.9 Investments**

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Statement of financial activities.

**2.10 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.

**2.11 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.



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**HERTSWOOD ACADEMY**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**2. Accounting policies (continued)**

**2.12 Liabilities**

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 Academy 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.

**2.13 Financial instruments**

The Academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy and their measurement bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

**2.14 Operating leases**

Rentals paid under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

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**HERTSWOOD ACADEMY**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**2. Accounting policies (continued)**

**2.15 Pensions**

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

**2.16 Agency arrangements**

The Academy Trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the Academy does not have control over the charitable application of the funds. The Academy Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of the financial activities. The funds received and paid and any balances held are disclosed in note 30.

**2.17 Fund accounting**

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy at the discretion of the Governors.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

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

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**HERTSWOOD ACADEMY**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**3. Critical accounting estimates and areas of judgement**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

Valuation of tangible fixed assets

Governors have considered the value of tangible fixed assets. Changes in the circumstances or expectations of future performance of an individual asset may be an indicator that the asset is impaired, which would require the book value to be written down to its recoverable amount. Impairments are reversed if conditions for impairment are no longer present. Due to their nature, evaluating whether an asset is impaired requires a significant degree of judgment and may to a large extent depend on the assumptions made in its evaluation. The Governors have concluded that the valuation of the tangible fixed assets as at the year end are appropriate.

Depreciation and residual values

The Governors have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that asset lives and residual values are appropriate.

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**HERTSWOOD ACADEMY**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**4. Income from donations and capital grants**

	Unrestricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £	Total funds 2021 £
Donations	1,814	-	1,814	53,236
Government capital grants	-	25,974	25,974	25,406
<b>Total 2022</b>	<b>1,814</b>	<b>25,974</b>	<b>27,788</b>	<b>78,642</b>
<i>Total 2021</i>	<i>236</i>	<i>78,406</i>	<i>78,642</i>	

**HERTSWOOD ACADEMY**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**5. Funding for the Academy's charitable activities**

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
<b>Educational Activities</b>				
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	7,433,152	7,433,152	6,813,322
<b>Other DfE/ESFA grants</b>				
Pupil Premium	-	352,885	352,885	338,449
Rates Relief	-	50,688	50,688	50,688
Other DfE income	-	149,053	149,053	278,818
Other ESFA income	-	24,000	24,000	113,334
	-	8,009,778	8,009,778	7,594,611
<b>Other Government grants</b>				
SEN	-	58,597	58,597	47,231
Other government	-	274,917	274,917	149,870
	-	333,514	333,514	197,101
<b>Other income from the Academy's educational activities</b>	289,712	24,340	314,052	205,874
<b>COVID-19 additional funding (DfE/ESFA)</b>				
Catch-up Premium	-	-	-	87,120
Mass Testing	-	17,017	17,017	32,350
Summer School	-	-	-	15,961
Recovery Premium	-	52,799	52,799	-
School-Led Tutoring grant	-	36,933	36,933	-
	-	106,749	106,749	135,431
<b>Total Educational Activities</b>	289,712	8,474,381	8,764,093	8,133,017
	289,712	8,474,381	8,764,093	8,133,017
<b>Total 2021</b>	204,229	7,928,788	8,133,017	

The Academy received £nil (2021: £87,120) of funding for catch-up premium and costs incurred in respect of this funding totalled £87,120 (2021: £56,093), with no funds remaining (2021: £31,027) to be spent in 2022/23.

**HERTSWOOD ACADEMY**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**6. Income from other trading activities**

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Hire of facilities	127,722	127,722	65,319
Other generated income	20,890	20,890	1,990
	<u>148,612</u>	<u>148,612</u>	<u>67,309</u>
<i>Total 2021</i>	<u>67,309</u>	<u>67,309</u>	

**7. Investment income**

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Interest received	136	136	81
	<u>81</u>	<u>81</u>	
<i>Total 2021</i>	<u>81</u>	<u>81</u>	

**8. Expenditure**

	Staff Costs 2022 £	Premises 2022 £	Other 2022 £	Total 2022 £	Total 2021 £
Educational Activities:					
Direct costs	5,661,968	-	513,243	6,175,211	5,987,638
Allocated support costs	997,288	1,397,528	1,632,215	4,027,031	2,922,092
	<u>6,659,256</u>	<u>1,397,528</u>	<u>2,145,458</u>	<u>10,202,242</u>	<u>8,909,730</u>
<i>Total 2021</i>	<u>6,050,403</u>	<u>1,545,614</u>	<u>1,313,713</u>	<u>8,909,730</u>	

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**HERTSWOOD ACADEMY**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**9. Analysis of expenditure by activities**

	<b>Activities undertaken directly 2022 £</b>	<b>Support costs 2022 £</b>	<b>Total funds 2022 £</b>	<i>Total funds 2021 £</i>
Educational Activities	6,175,211	4,027,031	<b>10,202,242</b>	8,909,730
<i>Total 2021</i>	5,987,638	2,922,092	8,909,730	

**HERTSWOOD ACADEMY**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**9. Analysis of expenditure by activities (continued)**

**Analysis of direct costs**

	<b>Total funds 2022 £</b>	<i>Total funds 2021 £</i>
Staff costs	5,661,968	5,459,068
Depreciation and amortisation (IT equipment)	36,572	41,202
Educational supplies	237,071	223,427
Examination fees	139,346	139,509
Trip expenditure	38,290	575
Other costs	61,964	123,857
	<u>6,175,211</u>	<u>5,987,638</u>

**Analysis of support costs**

	<b>Total funds 2022 £</b>	<i>Total funds 2021 £</i>
Pension finance costs	62,000	45,000
Staff costs	997,288	591,335
Depreciation and impairment charges (property & equipment)	1,295,025	725,191
Technology costs	369,213	305,755
Premises costs	697,765	834,823
Legal costs	12,643	10,799
Other costs	572,274	384,637
Governance costs	20,823	24,552
	<u>4,027,031</u>	<u>2,922,092</u>



**HERTSWOOD ACADEMY**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**10. Net income/(expenditure)**

Net income/(expenditure) for the year includes:

	2022 £	2021 £
Operating lease rentals	276,515	227,876
Depreciation of tangible fixed assets	761,222	765,894
Amortisation of intangible assets	374	499
Loss on impairment of fixed assets	570,000	-
Fees paid to auditor for:		
- audit	10,000	8,575
- other services	4,275	5,350
	<u>          </u>	<u>          </u>

**11. Staff**

**a. Staff costs**

Staff costs during the year were as follows:

	2022 £	2021 £
Wages and salaries	4,745,633	4,427,018
Social security costs	510,492	468,140
Pension costs	1,320,918	1,133,498
	<u>6,577,043</u>	<u>6,028,656</u>
Agency staff costs	70,879	21,747
Staff restructuring costs	11,334	-
	<u>6,659,256</u>	<u>6,050,403</u>

Staff restructuring costs comprise:

	2022 £	2021 £
Severance payments	11,334	-
	<u>11,334</u>	<u>-</u>

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**HERTSWOOD ACADEMY**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**11. Staff (continued)**

**b. Severance payments**

The Academy paid 1 severance payment in the year (2021 --), disclosed in the following band:

	2022 No.	2021 No.
£0 - £25,000	1	-

**c. Staff numbers**

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

	2022 No.	2021 No.
Teaching	75	74
Administration & support	52	38
Management	12	12
	139	124

**d. Higher paid staff**

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

	2022 No.	2021 No.
In the band £60,001 - £70,000	6	8
In the band £70,001 - £80,000	4	2
In the band £120,001 - £130,000	1	-
In the band £130,001 - £140,000	-	1

**e. Key management personnel**

The key management personnel of the Academy comprise the Governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy was £1,227,729 (2021 - £1,189,634).

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**12. Governors' remuneration and expenses**

One or more Governors has been paid remuneration or has received other benefits from an employment with the Academy. The principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Governors' remuneration and other benefits was as follows:

		2022	2021
		£	£
P Gillett, Headteacher	Remuneration	120,000 - 125,000	130,000 - 135,000
	Pension contributions paid	25,000 - 30,000	30,000 - 35,000
V M Hodge	Remuneration	75,000 - 80,000	55,000 - 60,000
	Pension contributions paid	15,000 - 20,000	15,000 - 20,000
C Wainwright (resigned 1 April 2022)	Remuneration	10,000 - 15,000	25,000 - 30,000
	Pension contributions paid	0 - 5,000	5,000 - 10,000
J L W Cox (resigned 12 April 2021)	Remuneration	Nil	0 - 5,000
	Pension contributions paid	Nil	0 - 5,000

During the year ended 31 August 2022, expenses totalling £304 were reimbursed or paid directly to 2 Governors (2021 - £60 to 1 Governor) for expenses incurred in their capacity as a staff member.

**13. Governors' and Officers' insurance**

The Academy has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business, and provides cover up to £10,000,000. It is not possible to quantify the Governors and officers indemnity element from the overall cost of the RPA scheme membership.

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**14. Intangible assets**

	Computer software £
<b>Cost</b>	
At 1 September 2021	2,495
At 31 August 2022	<u>2,495</u>
<b>Amortisation</b>	
At 1 September 2021	2,121
Charge for the year	374
At 31 August 2022	<u>2,495</u>
<b>Net book value</b>	
At 31 August 2022	<u>-</u>
<i>At 31 August 2021</i>	<u><u>374</u></u>

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**15. Tangible fixed assets**

	Freehold property £	Long- term leasehold property £	Fixtures, computers and equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>					
At 1 September 2021	38,234,522	1,664,069	592,389	47,000	40,537,980
Additions	-	-	25,134	-	25,134
Impairment	(720,000)	-	-	-	(720,000)
At 31 August 2022	37,514,522	1,664,069	617,523	47,000	39,843,114
<b>Depreciation</b>					
At 1 September 2021	1,479,497	125,049	345,346	43,951	1,993,843
Charge for the year	686,451	13,312	60,695	764	761,222
Impairment charge	(150,000)	-	-	-	(150,000)
At 31 August 2022	2,015,948	138,361	406,041	44,715	2,605,065
<b>Net book value</b>					
At 31 August 2022	35,498,574	1,525,708	211,482	2,285	37,238,049
At 31 August 2021	36,755,025	1,539,020	247,043	3,049	38,544,137

During the year ended 31 August 2022, the decision was taken to demolish and redevelop land currently occupied by the old DT block. The closing net book value of the freehold building of £570,000 has been impaired in full at year end.

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**16. Fixed asset investments**

	Unlisted investments £
<b>Cost or valuation</b>	
At 1 September 2021	25
At 31 August 2022	<u>25</u>
<b>Net book value</b>	
At 31 August 2022	<u>25</u>
At 31 August 2021	<u>25</u>

**17. Debtors**

	2022 £	2021 £
<b>Due within one year</b>		
Trade debtors	7,403	22,517
Other debtors	11,548	3,608
Prepayments and accrued income	171,022	210,465
Tax recoverable	43,410	29,680
	<u>233,383</u>	<u>266,270</u>

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**18. Creditors: Amounts falling due within one year**

	2022 £	2021 £
Trade creditors	180,752	248,402
Other taxation and social security	137,430	121,598
Other creditors	238,853	244,727
Accruals and deferred income	184,286	187,493
	<u>741,321</u>	<u>802,220</u>
	2022 £	2021 £
Deferred income at 1 September 2021	172,803	86,556
Resources deferred during the year	184,286	172,803
Amounts released from previous periods	(172,803)	(86,556)
	<u>184,286</u>	<u>172,803</u>

At the balance sheet date, the Academy trust was holding funds received in advance for additional places relating to the 2022/23 financial period, rates relief, other government grants and hiring income.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**19. Statement of funds**

	Balance at 1 September 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2022 £
<b>Unrestricted funds</b>						
General Funds	141,494	440,274	(275,850)	-	-	305,918
<b>Restricted general funds</b>						
General Annual Grant (GAG)	47,529	7,433,152	(7,211,963)	(25,135)	-	243,583
Pupil Premium	50,237	352,885	(303,991)	-	-	99,131
Other ESFA income	37,382	181,437	(190,808)	-	-	28,011
Other DfE income	17,754	149,053	(166,807)	-	-	-
Other government grants	20,552	333,514	(317,615)	-	-	36,451
Other restricted income	3,741	24,340	(23,611)	-	-	4,470
Pension reserve	(3,633,000)	-	(380,000)	-	3,441,000	(572,000)
	<u>(3,455,805)</u>	<u>8,474,381</u>	<u>(8,594,795)</u>	<u>(25,135)</u>	<u>3,441,000</u>	<u>(160,354)</u>
<b>Restricted fixed asset funds</b>						
Fixed asset funds	38,544,511	-	(1,331,597)	25,135	-	37,238,049
ESFA capital grants	25,406	25,974	-	-	-	51,380
	<u>38,569,917</u>	<u>25,974</u>	<u>(1,331,597)</u>	<u>25,135</u>	<u>-</u>	<u>37,289,429</u>
<b>Total Restricted funds</b>	<u>35,114,112</u>	<u>8,500,355</u>	<u>(9,926,392)</u>	<u>-</u>	<u>3,441,000</u>	<u>37,129,075</u>
<b>Total funds</b>	<u>35,255,606</u>	<u>8,940,629</u>	<u>(10,202,242)</u>	<u>-</u>	<u>3,441,000</u>	<u>37,434,993</u>



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**19. Statement of funds (continued)**

The specific purposes for which the funds are to be applied are as follows:

The unrestricted reserves have been generated from hirings income and other educational income. There are no restrictions on how this income is spent.

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the Academy via the Education and Skills Funding Agency by the Department for Education. The General Annual Grant Fund has been set up because the GAG must be used for the normal running costs of the academy. The transfer of restricted GAG funds to the restricted fixed asset fund represents the spending of restricted monies on tangible fixed assets, as permitted.

Pupil Premium is a grant allocated by the ESFA to help raise the attainment of disadvantaged students and close the gap between them and their peers.

Other ESFA/DfE grants include supplementary funding for teacher pay and pensions.

The Academy trust has been eligible to claim additional funding in the year from government support schemes in response to the coronavirus outbreak.

The Academy is also holding other restricted reserves. This balance is made up of other grants that have specific purposes.

The pension reserve represents the net deficit on the LGPS defined benefit pension scheme. The deficit arose because of the pension scheme deficit inherited upon conversion. Future GAG funding agreed by the ESFA is expected to be sufficient to take the fund back into surplus.

The restricted fixed asset fund represents the value of the Academy's tangible fixed assets.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2022.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**19. Statement of funds (continued)**

Comparative information in respect of the preceding year is as follows:

	<i>Balance at 1 September 2020 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2021 £</i>
<b>Unrestricted funds</b>						
General Funds	55,623	271,855	(152,971)	(33,013)	-	141,494
<b>Restricted general funds</b>						
General Annual Grant (GAG)	-	6,813,322	(6,765,793)	-	-	47,529
Pupil Premium	-	338,449	(288,212)	-	-	50,237
Other ESFA income	-	299,453	(262,071)	-	-	37,382
Other DfE income	17,754	278,818	(278,818)	-	-	17,754
Other government grants	19,433	197,101	(195,982)	-	-	20,552
Other restricted income	2,586	1,645	(490)	-	-	3,741
Pension reserve	(2,594,000)	-	(199,000)	-	(840,000)	(3,633,000)
	<u>(2,554,227)</u>	<u>7,928,788</u>	<u>(7,990,366)</u>	<u>-</u>	<u>(840,000)</u>	<u>(3,455,805)</u>
<b>Restricted fixed asset funds</b>						
Fixed asset funds	39,224,891	-	(766,393)	86,013	-	38,544,511
ESFA capital grants	-	25,406	-	-	-	25,406
Donations	-	53,000	-	(53,000)	-	-
	<u>39,224,891</u>	<u>78,406</u>	<u>(766,393)</u>	<u>33,013</u>	<u>-</u>	<u>38,569,917</u>
<b>Total Restricted funds</b>	<u>36,670,664</u>	<u>8,007,194</u>	<u>(8,756,759)</u>	<u>33,013</u>	<u>(840,000)</u>	<u>35,114,112</u>

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**19. Statement of funds (continued)**

<b>Total funds</b>	<u>36,726,287</u>	<u>8,279,049</u>	<u>(8,909,730)</u>	<u>-</u>	<u>(840,000)</u>	<u>35,255,606</u>
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**20. Analysis of net assets between funds**

**Analysis of net assets between funds - current year**

	<b>Unrestricted funds 2022 £</b>	<b>Restricted funds 2022 £</b>	<b>Restricted fixed asset funds 2022 £</b>	<b>Total funds 2022 £</b>
Tangible fixed assets	-	-	37,238,049	37,238,049
Fixed asset investments	-	25	-	25
Current assets	317,338	1,141,522	51,380	1,510,240
Creditors due within one year	(11,420)	(729,901)	-	(741,321)
Provisions for liabilities and charges	-	(572,000)	-	(572,000)
<b>Total</b>	<u>305,918</u>	<u>(160,354)</u>	<u>37,289,429</u>	<u>37,434,993</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**20. Analysis of net assets between funds (continued)**

**Analysis of net assets between funds - prior year**

	<i>Unrestricted funds 2021 £</i>	<i>Restricted funds 2021 £</i>	<i>Restricted fixed asset funds 2021 £</i>	<i>Total funds 2021 £</i>
Tangible fixed assets	-	-	38,544,137	38,544,137
Intangible fixed assets	-	-	374	374
Fixed asset investments	-	25	-	25
Current assets	141,494	979,390	25,406	1,146,290
Creditors due within one year	-	(802,220)	-	(802,220)
Provisions for liabilities and charges	-	(3,633,000)	-	(3,633,000)
<b>Total</b>	<b>141,494</b>	<b>(3,455,805)</b>	<b>38,569,917</b>	<b>35,255,606</b>

**21. Reconciliation of net expenditure to net cash flow from operating activities**

	<b>2022 £</b>	<b>2021 £</b>
Net expenditure for the year (as per Statement of financial activities)	<b>(1,261,613)</b>	<b>(630,681)</b>
<b>Adjustments for:</b>		
Amortisation	<b>374</b>	<b>499</b>
Depreciation	<b>761,222</b>	<b>765,894</b>
Capital grants from DfE and other capital income	<b>(25,974)</b>	<b>(25,406)</b>
Interest receivable	<b>(136)</b>	<b>(81)</b>
Defined benefit pension scheme cost less contributions payable	<b>380,000</b>	<b>189,000</b>
Decrease/(increase) in debtors	<b>32,887</b>	<b>(79,427)</b>
(Decrease)/increase in creditors	<b>(60,899)</b>	<b>273,205</b>
Impairment of tangible fixed assets	<b>570,000</b>	<b>-</b>
<b>Net cash provided by operating activities</b>	<b>395,861</b>	<b>493,003</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**22. Cash flows from investing activities**

	2022 £	2021 £
Dividends, interest and rents from investments	136	81
Purchase of tangible fixed assets	(25,134)	(86,013)
Capital grants from DfE Group	25,974	25,406
<b>Net cash provided by/(used in) investing activities</b>	<b>976</b>	<b>(60,526)</b>

**23. Analysis of cash and cash equivalents**

	2022 £	2021 £
Cash in hand and at bank	1,276,857	880,020
<b>Total cash and cash equivalents</b>	<b>1,276,857</b>	<b>880,020</b>

**24. Analysis of changes in net debt**

	At 1 September 2021 £	Cash flows £	At 31 August 2022 £
Cash at bank and in hand	880,020	396,837	1,276,857
	<b>880,020</b>	<b>396,837</b>	<b>1,276,857</b>

**25. Contingent assets**

The Academy entered into a sales agreement with Bellway Homes to dispose of the Thrift Farm Lane site in April 2014. The sale proceeds of the land were used to construct the new school building on the Cowley Hill site.

Part of the sales agreement was an overage clause that would be triggered in certain circumstances. This clause entitled Hertswood Academy to a percentage of the difference between the price per square metre in the agreement and the price actually agreed on sale. Post year end, a final amount of overage and interest has been agreed totalling £2,667,039.

The Secretary of State has control over all sales of public land and as such the Academy will have to submit a detailed and costed capital project to make a case for retaining the overage income.

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**26. Pension commitments**

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hertfordshire County Council. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £121,394 were payable to the schemes at 31 August 2022 (2021 - £121,562) and are included within creditors.

**Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

**Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

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**26. Pension commitments (continued)**

The employer's pension costs paid to TPS in the year amounted to £784,942 (2021 - £785,236).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The Academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2022 was £266,000 (2021 - £263,000), of which employer's contributions totalled £214,000 (2021 - £209,000) and employees' contributions totalled £ 52,000 (2021 - £54,000). The agreed contribution rates for future years are 22.65 per cent for employers and 5.5 to 12.5 per cent for employees.

As described in note the LGPS obligation relates to the employees of the Academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy at the balance sheet date.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

**Principal actuarial assumptions**

	2022	2021
	%	%
Rate of increase in salaries	3.45	3.3
Rate of increase for pensions in payment/inflation	3.05	2.9
Discount rate for scheme liabilities	4.25	1.65

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	2022 Years	2021 Years
<i>Retiring today</i>		
Males	21.9	22.1
Females	24.4	24.5
<i>Retiring in 20 years</i>		
Males	22.9	23.2
Females	26.0	26.2

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**26. Pension commitments (continued)**

**Sensitivity analysis**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Discount rate -0.1%	112	189
Mortality assumption - 1 year increase	196	324
CPI rate +0.1%	106	176

**Share of scheme assets**

The Academy's share of the assets in the scheme was:

	<b>At 31 August 2022 £</b>	<b>At 31 August 2021 £</b>
Equities	2,164,000	2,365,000
Bonds	996,000	1,294,000
Property	649,000	491,000
Cash and other liquid assets	519,000	313,000
<b>Total market value of assets</b>	<b>4,328,000</b>	<b>4,463,000</b>

The actual return on scheme assets was £(289,000) (2021 - £511,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	<b>2022 £</b>	<b>2021 £</b>
Current service cost	(531,000)	(363,000)
Interest income	75,000	66,000
Interest cost	(137,000)	(111,000)
<b>Total amount recognised in the Statement of Financial Activities</b>	<b>(593,000)</b>	<b>(408,000)</b>



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**26. Pension commitments (continued)**

Changes in the present value of the defined benefit obligations were as follows:

	2022 £	2021 £
<b>At 1 September</b>	<b>8,096,000</b>	<b>6,402,000</b>
Current service cost	531,000	363,000
Interest cost	137,000	111,000
Employee contributions	62,000	54,000
Actuarial (gains)/losses	(3,805,000)	1,285,000
Benefits paid	(121,000)	(119,000)
<b>At 31 August</b>	<b>4,900,000</b>	<b>8,096,000</b>

Changes in the fair value of the Academy's share of scheme assets were as follows:

	2022 £	2021 £
<b>At 1 September</b>	<b>4,463,000</b>	<b>3,808,000</b>
Interest income	75,000	66,000
Actuarial (losses)/gains	(364,000)	445,000
Employer contributions	213,000	209,000
Employee contributions	62,000	54,000
Benefits paid	(121,000)	(119,000)
<b>At 31 August</b>	<b>4,328,000</b>	<b>4,463,000</b>

**27. Operating lease commitments**

At 31 August 2022 the Academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2022 £	As restated 2021 £
Not later than 1 year	167,712	256,788
Later than 1 year and not later than 5 years	94,217	143,577
	<b>261,929</b>	<b>400,365</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**28. 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.

**29. Related party transactions**

Owing to the nature of the Academy and the composition of the Board of Governors being drawn from local public and private sector organisations, transactions may take place with organisations in which the governors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academy Trust Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Academy's financial regulations and normal procurement procedures relating to connected and related party transactions.

During the year ended 31 August 2022, two (2021: two) members of staff, who were deemed close relatives of key management personnel, were paid gross remuneration (including employer's pension contributions) of £87,009 (2021: £100,324).

**30. Agency arrangements**

The Academy Trust distributes 16-19 bursary funds to students as an agent for the ESFA. For the year ended 31 August 2022, the Academy received £12,611 (2021: £18,917) and disbursed £960 (2021: £16,943) from the fund. The Trust used 5% of the income £630 (2021: £946) towards the cost of administering the fund. The ESFA have reclaimed £17,011 (2021: £3,584) for prior periods not spent. An amount of £11,981 (2021: £17,971) is included in other creditors relating to undistributed funds that is repayable to the ESFA.