

Company Registration No. 08419581 (England and Wales)

**HERTS FOR LEARNING LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

# HERTS FOR LEARNING LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	A B de Csilléry J Fisher G J Flynn C J Glickman B J Honnor F A Mir N R Novak A Wellbeloved N G Wickens P L Clarke S G Houlst-Allen C E N Rowe	(Appointed 26 November 2020) (Appointed 26 November 2020) (Appointed 26 November 2020)
<b>Secretary</b>	L J Dexter	
<b>Company number</b>	08419581	
<b>Registered office</b>	Robertson House Postal Point SROB218 Six Hills Way Stevenage Hertfordshire SG1 2FQ	
<b>Auditor</b>	Mercer & Hole 72 London Road St Albans Herts AL1 1NS	
<b>Solicitors</b>	Michelmores LLP Woodwater House Pynes Hill Exeter Devon EX2 5WR	

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# HERTS FOR LEARNING LIMITED

## CONTENTS

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	<b>Page</b>
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12 - 24

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# HERTS FOR LEARNING LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 MARCH 2021**

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The directors present the strategic report for the year ended 31 March 2021.

### **Fair review of the business**

The principal activity of the company during the year was the provision of education and business services to schools, Early Years settings and Hertfordshire County Council.

Service provision was disrupted by the impact on our school customers' operations of the COVID-19 pandemic, and the necessity for staff to work remotely.

The rapid transition made by our staff and the support of our customer base for digital service delivery enabled us to report a stronger financial return than had been predicted at the onset of the pandemic.

Full reported profits are down on last year due to an investment in a transformation programme, which included the implementation of a new ERP solution during the year. This work was planned and budgeted, although the project spend came in below budget.

The directors consider that the profit generated in the financial year was above expectations, with tight cost control offsetting some shortfalls in budgeted income resulting from the impact of COVID-19 disruption. The company ended the year with a healthy cash balance in excess of £4.4m, and has total reserves in excess of £3.5m.

We are anticipating that our income will start to recover from the impact of COVID-19 in the coming year, and we are seeking to retain a blended service delivery model that will ensure we continue to deliver services digitally wherever that is possible. Our digital service delivery has been well received by our customers and, by maintaining digital delivery as we move forwards, we are able to remove a range of expenditure from our cost base. This should in turn enable us to make further investments in the business to continue to improve and adapt our services, and to subsidise work that cannot be delivered on a commercial basis, but is essential for schools and settings.

### **Principal risks and uncertainties**

The principal risks facing the company are mainly financial.

#### *Financial risks:*

The company is in a favourable position with healthy cash reserves, but the disruption caused by school closures due to COVID-19 has impacted our income lines significantly, particularly for Pay as You Use (PAYU) services such as face-to-face training and events. The extensive financial modelling that we undertook over the course of 2020-21 enabled us to respond appropriately to these challenges and, by delivering services digitally wherever possible, we significantly reduced our cost base, offsetting the reduction in income. By continuing to operate through digital channels, our cost base remains lower than in earlier years and provides us with the opportunity to increase our market reach beyond our traditional Hertfordshire customer base.

#### *Price risk:*

The company has reduced its exposure to service price risk by agreeing pricing structures with customers, and by following competitive procurement processes with suppliers

#### *Liquidity risk:*

The company's policy is to ensure working capital is managed so as to maintain substantial cash balances. The company's close working relationships with its customers assist in this regard, with the majority of its core customers paying for services via Direct Debit arrangements with the company. Our ability to reduce our cost base in response to COVID-19 disruption has enabled us to offset any loss of income with a reduction in business expenditure, thereby minimising the impact on the company's working capital position.

# HERTS FOR LEARNING LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

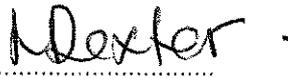
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### Principal risks and uncertainties (continued)

*Risk relating to government policy:*

Government policy has a significant influence on the spending power of the company's customer base, and changing demands for services. We work hard to ensure our services evolve in line with changes in policy and represent good value for money for our customers. The government decision to close schools (except for vulnerable pupils or pupils with key workers as parents and carers) at various points in the 20-21 financial year detrimentally impacted our income. We currently have very limited visibility on the likely evolution of government policy, particularly as regards academisation, but we continue to adapt our services to ensure we meet the needs of all schools whatever their status.

By order of the board



.....  
L J Dexter  
Secretary

.....  
28 July 2021

# HERTS FOR LEARNING LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MARCH 2021

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The directors present their annual report and financial statements for the year ended 31 March 2021.

#### Principal activities

The principal activity of the company during the year was the provision of school improvement and other support and training services.

#### Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

A B de Csilléry	
J Fisher	
G J Flynn	
C J Glickman	
B J Honnor	
G W Lane	(Resigned 25 November 2020)
A Merilainen-Ottridge	(Resigned 25 November 2020)
F A Mir	
N R Novak	
A Wellbeloved	
N G Wickens	
P L Clarke	(Appointed 26 November 2020)
S G Hoult-Allen	(Appointed 26 November 2020)
C E N Rowe	(Appointed 26 November 2020)

#### Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

#### Disabled persons

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the company's policy wherever practical to provide continuing employment under normal terms and conditions.

Training, career development and promotion are available to all employees without discrimination.

#### Employee involvement

During the year the company has systematically provided employees with information on matters of concern to them as employees. Employees or their representatives are consulted on a regular basis so that the views of employees can be taken into account in making decisions which are likely to affect their interests and achieving a common awareness on the part of all employees of the financial and economic factors affecting the performance of the company.

#### Auditor

The auditor, Mercer & Hole, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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# HERTS FOR LEARNING LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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### Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board



L J Dexter  
Secretary

Date: 28 July 2021

# HERTS FOR LEARNING LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF HERTS FOR LEARNING LIMITED

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#### Opinion

We have audited the financial statements of Herts for Learning Limited (the 'company') for the year ended 31 March 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' 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 company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

# HERTS FOR LEARNING LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF HERTS FOR LEARNING LIMITED

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors 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 directors 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 directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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

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

#### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. These included, but were not limited to, the Companies Act 2006 and tax legislation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and the financial report (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate entries including journals to overstate revenue or understate expenditure and management bias in accounting estimates.

Audit procedures performed by the engagement team included:

- discussions with management, including considerations of known or suspected instances of non-compliance with laws and regulations and fraud;
- gaining an understanding of management's controls designed to prevent and detect irregularities; and
- identifying and testing journal entries.

# HERTS FOR LEARNING LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF HERTS FOR LEARNING LIMITED

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Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Use of our report

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



Andrew Lawes MA MSc FCA (Senior Statutory Auditor)  
For and on behalf of Mercer & Hole

26 August 2021

Chartered Accountants  
Statutory Auditor

72 London Road  
St Albans  
Herts  
AL1 1NS

# HERTS FOR LEARNING LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

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	Notes	2021 £	2020 £
Turnover	3	22,238,707	23,128,394
Cost of sales		(17,422,365)	(18,803,451)
<b>Gross profit</b>		<u>4,816,342</u>	<u>4,324,943</u>
Administrative expenses		(4,975,229)	(3,493,111)
Other operating income		171,619	-
<b>Operating profit</b>	4	<u>12,732</u>	<u>831,832</u>
Interest receivable and similar income	8	13,265	22,224
<b>Profit before taxation</b>		<u>25,997</u>	<u>854,056</u>
Tax on profit	9	(4,939)	(163,141)
<b>Profit for the financial year</b>		<u><u>21,058</u></u>	<u><u>690,915</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# HERTS FOR LEARNING LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021		2020	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	10		80,799		166,918
Tangible assets	11		119,123		48,772
			<u>199,922</u>		<u>215,690</u>
<b>Current assets</b>					
Stocks	12	201,682		73,749	
Debtors	13	2,079,283		1,795,167	
Cash at bank and in hand		4,485,781		4,535,276	
		<u>6,766,746</u>		<u>6,404,192</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(3,347,009)</u>		<u>(3,021,281)</u>	
<b>Net current assets</b>			<u>3,419,737</u>		<u>3,382,911</u>
<b>Net assets</b>			<u><u>3,619,659</u></u>		<u><u>3,598,601</u></u>
<b>Capital and reserves</b>					
Called up share capital	17		16,050		16,050
Capital redemption reserve	18		225		225
Profit and loss reserves	18		3,603,384		3,582,326
<b>Total equity</b>			<u><u>3,619,659</u></u>		<u><u>3,598,601</u></u>

The financial statements were approved by the board of directors and authorised for issue on 28 July 2021 and are signed on its behalf by:



A B de Csilléry  
Director

Company Registration No. 08419581

# HERTS FOR LEARNING LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

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	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 April 2019</b>		16,150	100	2,891,536	2,907,786
<b>Year ended 31 March 2020:</b>					
Profit and total comprehensive income for the year		-	-	690,915	690,915
Issue of share capital	17	25	-	-	25
Redemption of shares	17	(125)	-	-	(125)
Transfers		-	125	(125)	-
<b>Balance at 31 March 2020</b>		16,050	225	3,582,326	3,598,601
<b>Year ended 31 March 2021:</b>					
Profit and total comprehensive income for the year		-	-	21,058	21,058
<b>Balance at 31 March 2021</b>		16,050	225	3,603,384	3,619,659

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# HERTS FOR LEARNING LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

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	Notes	2021		2020	
		£	£	£	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	22		222,504		635,511
Income taxes paid			(167,521)		(38,685)
<b>Net cash inflow from operating activities</b>			<u>54,983</u>		<u>596,826</u>
<b>Investing activities</b>					
Purchase of intangible assets		-		(81,400)	
Purchase of tangible fixed assets		(117,743)		(39,921)	
Interest received		13,265		22,224	
<b>Net cash used in investing activities</b>			<u>(104,478)</u>		<u>(99,097)</u>
<b>Financing activities</b>					
Proceeds from issue of shares		-		25	
<b>Net cash (used in)/generated from financing activities</b>			<u>-</u>		<u>25</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>			<u>(49,495)</u>		<u>497,754</u>
Cash and cash equivalents at beginning of year			<u>4,535,276</u>		<u>4,037,522</u>
<b>Cash and cash equivalents at end of year</b>			<u><u>4,485,781</u></u>		<u><u>4,535,276</u></u>

# HERTS FOR LEARNING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2021

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#### 1 Accounting policies

##### Company information

Herts for Learning Limited is a private company limited by shares incorporated in England and Wales. The registered office is Robertson House, Postal Point SROB218, Six Hills Way, Stevenage, Hertfordshire, SG1 2FQ.

##### 1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

##### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In making this assessment, the directors have prepared detailed budgets and forecasts to July 2022 which take into account the possible impacts of current COVID-19 restrictions on trading activities over that period and the mitigating actions that can be taken to control costs as required. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

##### 1.3 Turnover

Revenue, which all arises in the United Kingdom, is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration receivable, excluding discounts, rebates and value added tax.

Revenue from the provision of school improvement and other support and training services is recognised as those services are delivered.

##### 1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Website costs	over 3 years
Video and e-Learning licenses and course software	over 3 years

# HERTS FOR LEARNING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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### 1 Accounting policies

(Continued)

#### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	over 3 years
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.7 Stocks

Stocks are valued at the lower of cost and net realisable value. Provision is made for slow-moving and obsolete items.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

# HERTS FOR LEARNING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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### 1 Accounting policies

(Continued)

#### 1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

# HERTS FOR LEARNING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

# HERTS FOR LEARNING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 1 Accounting policies (Continued)

#### 1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.14 Leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

#### 1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Turnover and other revenue

	2021	2020
	£	£
<b>Turnover analysed by class of business</b>		
Provision of school improvement and other support services	22,238,707	23,128,394
	<u>                    </u>	<u>                    </u>
	2021	2020
	£	£
<b>Other significant revenue</b>		
Interest income	13,265	22,224
Grants received	171,619	-
	<u>                    </u>	<u>                    </u>

# HERTS FOR LEARNING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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3	Turnover and other revenue	(Continued)	
		2021	2020
		£	£
	<b>Turnover analysed by geographical market</b>		
	United Kingdom	22,238,707	23,128,394
		<u>22,238,707</u>	<u>23,128,394</u>
4	Operating profit	2021	2020
		£	£
	Operating profit for the year is stated after charging/(crediting):		
	Government grants	(171,619)	-
	Depreciation of owned tangible fixed assets	47,392	51,827
	Amortisation of intangible assets	69,119	67,970
	Operating lease charges	337,709	334,373
		<u>337,709</u>	<u>334,373</u>
5	Auditor's remuneration	2021	2020
		£	£
	Fees payable to the company's auditor and associates:		
	<b>For audit services</b>		
	Audit of the financial statements of the company	10,000	10,000
		<u>10,000</u>	<u>10,000</u>
	<b>For other services</b>		
	Taxation compliance services	2,250	2,250
	All other non-audit services	1,950	1,950
		<u>4,200</u>	<u>4,200</u>
6	Employees		
	The average monthly number of persons (including directors) employed by the company during the year was:		
		2021	2020
		Number	Number
	Management and administration	27	26
	Service delivery	421	418
		<u>448</u>	<u>444</u>

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# HERTS FOR LEARNING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

6	Employees	(Continued)	
	Their aggregate remuneration comprised:		
		2021	2020
		£	£
	Wages and salaries	12,023,460	11,407,301
	Social security costs and apprentice levy	1,249,116	1,208,005
	Pension costs	1,616,512	1,994,434
		<u>14,889,088</u>	<u>14,609,740</u>
7	Directors' remuneration		
		2021	2020
		£	£
	Remuneration for qualifying services	160,887	152,142
	Company pension contributions to defined contribution schemes	16,089	15,214
		<u>176,976</u>	<u>167,356</u>
	The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2020 - 1).		
8	Interest receivable and similar income		
		2021	2020
		£	£
	<b>Interest income</b>		
	Interest on bank deposits	13,265	22,224
		<u>13,265</u>	<u>22,224</u>
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	13,265	22,224
		<u>13,265</u>	<u>22,224</u>
9	Taxation		
		2021	2020
		£	£
	<b>Current tax</b>		
	UK corporation tax on profits for the current period	(13,243)	167,521
		<u>(13,243)</u>	<u>167,521</u>
	<b>Deferred tax</b>		
	Origination and reversal of timing differences	18,182	(4,380)
		<u>18,182</u>	<u>(4,380)</u>
	Total tax charge	<u>4,939</u>	<u>163,141</u>

# HERTS FOR LEARNING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

#### 9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	25,997	854,056
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	4,939	162,271
Tax effect of expenses that are not deductible in determining taxable profit	-	2,872
Effect of change in corporation tax rate	-	(2,002)
Taxation charge for the year	4,939	163,141

#### 10 Intangible fixed assets

	Website costs £	Video and e- Learning licenses and course software £	Total £
<b>Cost</b>			
At 1 April 2020	167,795	155,271	323,066
Disposals	-	(17,000)	(17,000)
At 31 March 2021	167,795	138,271	306,066
<b>Amortisation and impairment</b>			
At 1 April 2020	116,946	39,202	156,148
Amortisation charged for the year	24,239	44,880	69,119
At 31 March 2021	141,185	84,082	225,267
<b>Carrying amount</b>			
At 31 March 2021	26,610	54,189	80,799
At 31 March 2020	50,849	116,069	166,918

# HERTS FOR LEARNING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 11 Tangible fixed assets

	Fixtures, fittings & equipment £
<b>Cost</b>	
At 1 April 2020	243,980
Additions	117,743
	<hr/>
At 31 March 2021	361,723
	<hr/>
<b>Depreciation and impairment</b>	
At 1 April 2020	195,208
Depreciation charged in the year	47,392
	<hr/>
At 31 March 2021	242,600
	<hr/>
<b>Carrying amount</b>	
At 31 March 2021	119,123
	<hr/> <hr/>
At 31 March 2020	48,772
	<hr/> <hr/>

### 12 Stocks

	2021 £	2020 £
Finished goods and goods for resale	201,682	73,749
	<hr/> <hr/>	<hr/> <hr/>

### 13 Debtors

	2021 £	2020 £
<b>Amounts falling due within one year:</b>		
Trade debtors	901,320	568,950
Corporation tax recoverable	13,243	-
Amounts due from group undertakings	-	57,670
Other debtors	5,205	23,519
Prepayments and accrued income	1,156,296	1,123,627
	<hr/>	<hr/>
	2,076,064	1,773,766
Deferred tax asset (note 15)	3,219	21,401
	<hr/>	<hr/>
	2,079,283	1,795,167
	<hr/> <hr/>	<hr/> <hr/>

# HERTS FOR LEARNING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 14 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	802,623	142,535
Amounts due to group undertakings	133,481	-
Corporation tax	-	167,521
Other taxation and social security	791,902	605,735
Other creditors	193,058	280,942
Accruals and deferred income	1,425,945	1,824,548
	<u>3,347,009</u>	<u>3,021,281</u>

### 15 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2021	Assets 2020
	£	£
<b>Balances:</b>		
Accelerated capital allowances	(22,632)	(9,267)
Other timing differences	25,851	30,668
	<u>3,219</u>	<u>21,401</u>

#### Movements in the year:

	2021
	£
Asset at 1 April 2020	(21,401)
Charge to profit or loss	18,182
Asset at 31 March 2021	<u>(3,219)</u>

The deferred tax asset set out above is expected to reverse within 12 months and relates to timing differences which will be set against future expected profits.

# HERTS FOR LEARNING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

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#### 16 Pension commitments

The company participates in a multi-employer defined benefit pension scheme, the Local Government Pension scheme. During the period the terms of the Admission Agreement by which the company joined the scheme were varied and the company has agreed to continue to make a contribution of £225,000 per annum in addition to its normal contributions to the scheme until 31 March 2023 as a payment in lieu of bond regarding the company's share of any deficit arising in the scheme. The terms of the varied Admission Agreement state that through the additional contribution the responsibility for unfunded pension and benefit liabilities that now arise until 31 March 2023 rest with Hertfordshire County Council. As such, the scheme has been accounted for as a defined contribution pension scheme.

Defined contributions are also made to certain employees' personal pension plans. The assets of these plans are held separately from those of the company. The pension cost represents contributions payable by the company to the plans.

Contributions totalling £113,208 (2020: £130,182) were outstanding at the year end.

#### 17 Share capital

	2021	2020	2021	2020
	Number	Number	£	£
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary A shares of £25 each	126	126	3,150	3,150
Ordinary B shares of £25 each	79	79	1,975	1,975
Ordinary C shares of £25 each	411	411	10,275	10,275
Ordinary D shares of £25 each	26	26	650	650
	<u>642</u>	<u>642</u>	<u>16,050</u>	<u>16,050</u>

All classes of shares rank parri passu, with the exception of rights to appoint non-executive directors.

#### 18 Reserves

##### Capital redemption reserve

This reserve records the nominal value of shares repurchased by the company.

##### Profit and loss reserves

This reserve records the amount of profit after tax retained by the company and not paid out as dividends.

# HERTS FOR LEARNING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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### 19 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021	2020
	£	£
Within one year	204,306	337,709
Between two and five years	931	931
	<u>205,237</u>	<u>338,640</u>

### 20 Ultimate controlling party

The directors are of the opinion there is no single controlling party.

### 21 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021	2020
	£	£
Aggregate compensation	<u>415,527</u>	<u>420,192</u>

#### Transactions with related parties

During the year the company entered into transactions in the normal course of business with schools and other establishments which hold minority shareholdings in the company.

During the period, the company entered into the following transactions with Hertfordshire County Council which owned 20% of the issued share capital of the company at the period end:

Purchases of £563,074 (2020: £1,136,597) were made by the company from Hertfordshire County Council for the supply of support services and IT services for resale to schools, of which £23,495 (2020: £158,517) has been accrued for at the year end. At the year end date the company owed £126,335 (2020: £76,557) in respect of these purchases.

Sales of £5,839,060 (2020: £5,396,168) were made to Hertfordshire County Council for the provision of school improvement services, excluding £101,605 (2020: £190,032) which has been included in deferred income at the year end. At the year end date £7,146 was owed to Hertfordshire County Council (2020: £134,227 was owed by Hertfordshire County Council) in respect of these sales.

# HERTS FOR LEARNING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 22 Cash generated from operations

	2021	2020
	£	£
Profit for the year after tax	21,058	690,915
<b>Adjustments for:</b>		
Taxation charged	4,939	163,141
Investment income	(13,265)	(22,224)
Loss on disposal of intangible assets	17,000	-
Amortisation and impairment of intangible assets	69,119	67,970
Depreciation and impairment of tangible fixed assets	47,392	51,827
<b>Movements in working capital:</b>		
(Increase)/decrease in stocks	(127,933)	25,873
(Increase)/decrease in debtors	(289,055)	36,750
Increase/(decrease) in creditors	493,249	(378,641)
<b>Cash generated from operations</b>	<u>222,504</u>	<u>635,611</u>

### 23 Analysis of changes in net funds

	1 April 2020	Cash flows	31 March 2021
	£	£	£
Cash at bank and in hand	4,535,276	(49,495)	4,485,781