

Red Balloon Learner Centre Group  
Suite 3, Winship House  
Winship Road  
Milton  
Cambridge  
CB24 6AP

**Tel:** 01223 366052

**Email:** [admin@group.rblc.org.uk](mailto:admin@group.rblc.org.uk)

**Charity no:** 1109606

**[www.redballoonlearner.org](http://www.redballoonlearner.org)**



# Red Balloon Learner Centre Group

## Annual Report 2019/20





“

My experience with Red Balloon has been amazing. I started here in 2018 and the first day I walked into the community room I was welcomed as if I had been a student for years.

I soon came out of my shell, and making friends here was almost effortless. The teachers at Red Balloon encouraged me to take my GCSEs which I never thought I'd ever be able to take in my life.

This school helps children like me who find mainstream school difficult, and turns them into students who can excel in any subject they choose, from Maths and English or even Design and Technology.

”

**Jamie, Red Balloon Reading**



For young people like Jamie, normal student life can seem a world away. It can fill them with dread to the extent that they simply can't face going to school any more. Red Balloon provides a stepping stone to get their lives back on track.





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## Introduction from the Chair

"Jamie has come so far. When I think back a few years, he was in such a delicate state. Jamie's future is looking so much more positive now that I honestly don't think there is any stopping him! I cannot tell you how proud I am of him. Jamie would not be the person he is now if it wasn't for Red Balloon!"

Sometimes a mum's words really stay with you, and I can't tell you how delighted I was to hear of how Jamie has got his learning and his life back on track.

Red Balloon students have achieved great things this year. Of those who took GCSE maths, for example, 72% received grades 4 to 9 (the old grades C to A\*), and 78% achieved the same in English. They gained a whole host of other qualifications alongside!

No grade on a certificate can ever express just how amazing our students are, however. Between them, they have overcome a whole range of challenges such as bullying, post traumatic stress disorder, severe anxiety and depression, complete loss of confidence and agoraphobia.

We are enormously proud of them, and while it can be an emotional time to see them go, we are comforted by the fact that 90% of learners successfully move on to further education, training or work after their time with Red Balloon. We wish them well and are looking forward to hearing about their futures.

But we know that helping children get back on an academic track is only part of what they need to overcome the challenges they face and prepare for their adult lives.

Students' wellbeing comes first and this year 84% of leavers reported improved wellbeing since joining Red Balloon; this is perhaps our most important marker of success.

More children should have this opportunity to succeed so we have ambitious plans for Red Balloon's future, as outlined later in this report. We were delighted to welcome Rob Watson as our new Director of Education in January 2020 to help drive these developments forward. Rob joins us after 30 years as a secondary school teacher, including over 20 years as a senior leader. His previous roles have included Head of School, Deputy Head (Pastoral Care) and eight years as Executive Head Teacher of an Academy Trust.

We also look forward to reaching more young people like Jamie in the years to come, and thank you for being part of their journeys. We are so grateful for your ongoing support.

With warm regards

**Bev Williams**  
Chair of Trustees



# About Red Balloon

Red Balloon provides a full-time educational and therapeutic programme for young people aged 10 to 18 who are out of school and unable to attend due to severe bullying, anxiety or illness. Students come to us because they are missing out on their education and are becoming increasingly socially marginalised at home. They risk falling through the cracks of the education and mental health systems and failing to find their place in the adult world.

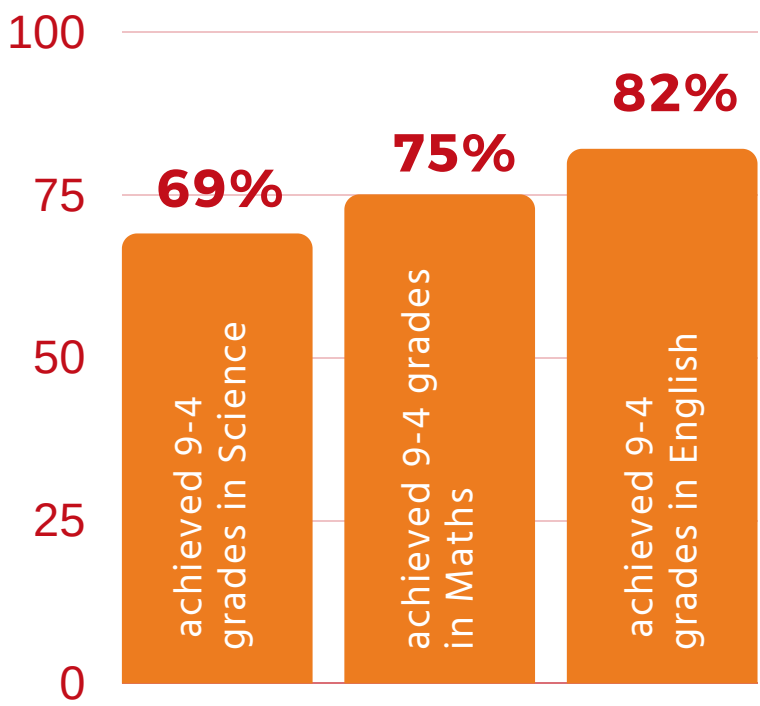
Thanks to the support we receive from generous donors, we are able to rebuild students' self-confidence, rekindle their desire to learn and succeed, and enable them to move on to further education, training or work.

We know that school isn't for everyone, but we believe education should be. With potentially almost 60,000 children in England missing from state schools because of bullying, our work has never been more important.

In this annual report you'll see how, in partnership with our donors, commissioners and other supporters, we're doing all we can to ensure all the children we care for get the encouragement they need to find their feet again and thrive.

# Our year at a glance

Our students achieve amazing things. Of those who 'graduated' from our Centres in July 2019:



This year, across 14 counties in England we supported:



**163** *children total*

**133** *with Education and Health Care Plans*

And provided over:

**13,500** *hours of teaching*  
**3100** *hours of well-being support*  
**2500** *hours of mentoring*





# Our locations



We have five Centres. Four are based in domestic houses in Cambridge, Norwich, NW London and Reading. They do not resemble schools.

The fifth is an online and face-to-face service based in Cambridge but covering more than 14 different counties, with several face-to-face hubs (also known throughout Red Balloon as satellite centres).

Red Balloon Learner Centre Group acts as the coordinating and service centre for the Centres. These entities are separately registered charities and companies limited by guarantee, with the local trustees as their directors; they operate under the Red Balloon name by way of an association agreement.

Red Balloon legally restructured in 2017-18: the Red Balloon Reading and Red Balloon Cambridge entities joined the Red Balloon consolidated group during 2017-18, together with Red Balloon of the Air, as required by UK accounting standards.



-  Red Balloon Learner Centres
-  Red Balloon of the Air face-to-face hubs





# Message from the Director of Education

Red Balloon Learner Centre Group provides the underpinning support and organisational development for the network of Learner Centres. We provide strategic educational, wellbeing, IT, HR, fundraising, communications and administration support, so that staff in the Centres can focus on what they do best – changing the lives of bullied and vulnerable young people.

The impact of Covid-19 and lockdown from March 2020 was felt across Red Balloon Centres including Group. Our students, who are all classed as "vulnerable", typically due to their high levels of anxiety, reported declines in their overall wellbeing, mirroring the national mood but from their already low starting points. The student-facing work of our Centres became, and continues to be, critical in addressing this.

Our staff have done an incredible job working flexibly, as rules and advice have changed, to remain safely open, be it remotely, face-to-face or a hybrid of both. They have ensured that students are receiving the individual support that is best for them, despite the pandemic.

**We are particularly thankful to our staff teams, who have shown incredible resilience and determination to keep supporting students throughout all the challenges of the year.**

The unprecedented financial impact of the pandemic has made us further thankful for our donors whose means allowed them to continue to give during the year. Each donation has made a great impact and enabled further mental health support for our students to meet their increased needs during the uncertainty of the pandemic.

Despite the global climate, this year has delivered some exciting positives, with the first steps towards the fulfilment of our ambition to grow so as to support additional young people.

Our Centre at Cambridge has opened a second location in the city, and after a short time supporting students virtually, started welcoming face-to-face students. With a mixture of new and current staff across the two locations, the new school has allowed an additional 18 students to have places at Red Balloon.

This year also saw us launch our new website, updating our online home to better showcase the provision we offer and the experiences of young people who so kindly share their stories. We've also given higher profile to our fundraising appeals, events and impact to reiterate how important charitable gifts are in ensuring vulnerable children can grow up into independent, resilient young adults.

**Students' voices remain at the centre of all we do, and we will continue to support our young people through whatever challenges may lie ahead.**

As we look to the future we know it will be another unusual year, but we remain positive about the continued support we will provide students. Our specialised education, wellbeing and social re-engagement programme will continue. The support we offer; putting the student voice first, celebrating personal achievements of every kind, and placing the mental health of students front and centre, will be a constant in the shifting pandemic landscape.

Warm regards



**Rob Watson**  
Director of Education







## Our values, ethos and practice

*Carrie Herbert MBE, Red Balloon's Founder, gives an overview of Red Balloon's values, ethos and practice*

Red Balloon Learner Centres were created to be safe and supportive learning communities for vulnerable young people who have been severely bullied, lost their confidence or have suffered trauma or mental illness.

Our students have usually been out of school for some time, in some cases years, and have often lost their trust in peers, adults and the education system. But they can begin to learn again if they feel safe, are listened to, valued and respected. Building trusted, open, respectful and inclusive relationships are at the heart of all we do, and we put the student voice first.



**Students are given the support they need to:**

- **rebuild their self-esteem and grow as individuals**
- **develop resilience and a positive self-image**
- **build the learning skills they need to succeed when they return to school, move on to further education or enter the world of work.**

Step into any of our Centres and you will feel warmth and an air of supportive companionship, with small groups of students engaged in creative activity and serious learning. Children thrive thanks to the three core components of our programme - wellbeing, community and education - which provide them with holistic support. You can read more about each of our components in later pages.

**To maintain our supportive learning communities we ensure that we:**

- **treat our students with respect and kindness, using restorative approaches**
- **listen to our students and respond to their concerns**
- **establish communities to which our students and staff feel they belong and to which they contribute**
- **design individualised, negotiated educational and wellbeing plans to enable students to meet their goals**
- **combine academic study with social and emotional recovery programmes**
- **encourage creativity at all levels.**



# Wellbeing

*Psychological and emotional support to help students overcome their challenges*

“

Mainstream schools didn't take time out to talk with me about what my problems and insecurities were. But with Red Balloon they were there supporting me from the get go and everything sort of worked around what I was comfortable doing.

”

**Our vulnerable students benefitted from the support of 16 wellbeing professionals and 33 mentors in 2019/20.**

Every child should have the support they need to grow into happier, more resilient, confident and independent adults.

The young people who join us have reached such a point of crisis in their lives, that they can no longer cope in a mainstream educational setting. Our approach allows them to develop their self-belief and re-engage with education at a pace that supports their recovery. Nurturing students' wellbeing is of paramount importance, before and throughout their academic studies. At Red Balloon, trained therapists provide timetabled individual psychological support which may include talking, music, art, play or equine therapy so students can explore their personal wellbeing concerns and overcome their challenges.

Students are also offered wellbeing sessions from non-competitive sports and physical exercise, to mindfulness walks, swimming, skateboarding and boxing. They may take part in yoga and meditation, alongside different assertiveness and relaxation techniques. Sometimes a member of staff even brings in their dog, which can be especially reassuring for those students who have trouble trusting people. Students are also encouraged to engage with the healing power of nature through activities such as gardening projects, forest school and the Duke of Edinburgh awards.

Many of our Red Balloon of the Air students are too anxious to attend a Centre, so in addition to timetabled therapy, mentors visit them at home. They support students' social progress through gradual steps, from standing outside the front door, to walking the dog, to going into town. When they're ready, students attend sessions at our community hubs in Milton and Danbury to join in wellbeing and social activities with their peers- such as Bake Off or crazy golf - and develop their social skills in a safe environment.



# Education

*Individualised timetables to help students re-engage with learning*

“ I really value the approach to ability and flexibility. The teachers are easy to approach and the lessons can be tailored to help the students. Because the class sizes aren't so huge, sessions can be individualised. ”



*All children should be able to negotiate their own curriculum to ensure their academic interests and goals are being met.*

This means that teachers use topics that students are passionate about such as horse riding, manga comics, paintball or car racing, and creatively link them to curricular subjects to rekindle their interest in learning. We understand that we all learn in different ways and Red Balloon embraces this principle to allow students to really thrive.

Sessions are carefully planned so each child can progress at their own pace. Over the course of their time with us, students progress from one-to-one to small group sessions of no more than six. Sessions are 45 minutes long and there are six sessions in the day.

The mood at Red Balloon is informal, with no uniform, and students call staff by their first names. At the heart of our Centres are big communal kitchens and dining spaces where students and staff come together, eat freshly cooked lunches, celebrate birthdays and other occasions, play games or discuss matters of the day.

All students have access to English, maths, science, humanities, and personal, social, health, and economic education (PSHEE). Some Centres also offer food technology, languages, psychology, history, design technology and PE, among other subjects. Children also take part in a whole host of extra-curricular opportunities which might include badminton and kayaking, for example.

For those studying with Red Balloon of the Air, they follow equally individualised timetables and take online, real-time lessons from home. Our teaching team makes use of innovative techniques and hands-on practicals delivered electronically to bring the curriculum to life.

Collaboration between Centres and Red Balloon of the Air ensures all students benefit from a bespoke curriculum pathway designed to inspire, educate and prepare them for the next stage of their journey in becoming successful adults.

Between our four 'bricks and mortar' Centres and Red Balloon of the Air, students are able to study over 33 subjects, tailored to their individual interests.



## Social re-engagement

*Supporting students to re-engage with their peers and the communities around them*

“

I am now able to trust people and be more sociable and I have begun to develop long-lasting friendships that I have not had for such a long time.

”

In 2019/20, our Red Balloon of the Air students were given individual support from a dedicated team of 16 mentors.

Every child should have a sense of belonging, be able to socialise with people who understand them and be equipped to make their way in the world.

Before joining Red Balloon, most of our students have excluded themselves from school and subsequently become stranded at home. Most have lost their friendships and routines, and become socially isolated. They begin to miss out on the day-to-day social interactions and development of personal skills which shape our lives.

Students may need help developing their confidence to use the bus independently, for example, make a phone call or use a cashpoint. As their time with Red Balloon comes to an end, mentors may help students plan the route to their college, familiarise them with the campus in advance, and identify where to go for help or to find quiet space.

This is particularly true for students studying with Red Balloon of the Air - most of whom have been missing from school for extended periods. For these vulnerable young people, mentors work skillfully to develop their self-confidence at a pace that ensures their personal growth is sustainable.

Students may even need help to talk to someone outside of their immediate family, so mentors have to start their engagement by talking through the bedroom door, carefully coaxing them to meet in the dining room, take a step into the garden, take a walk with their dog and more, until they are ready take part in face-to-face sessions.

Celebration days and trips planned by students further support their personal and social development. These events push them to research, plan and organise together and to navigate real world tasks such as public transport, and are big achievements for students as well as being fun opportunities to experience something new.



# Fundraising: a year of amazing support

Very special thanks to:

- The AB David Charity

BBC Children In Need

John Beddington

Cambridgeshire Community Foundation

Cooke Curtis and Co

Clifford Curry

DG Marshall of Cambridge Trust

The Earley Charity

Edie Eligator and Robert Sansom

Naomi Feinstein

Firebrand Associates Limited

Garfield Weston Foundation

Homelands Charitable Trust

Nic Humphries
- The Ingles Charitable Trust

The National Lottery Community Fund

Newmarket & Thurlow Pony Club

Diarmuid Ó Séaghdha

Patricia Routledge Charitable Trust

Philip King Charitable Trust

Pye Foundation

Qualcomm Foundation

Mike and Carol Romanos

Simon Gibson Charitable Trust

St James's Place Charitable Foundation

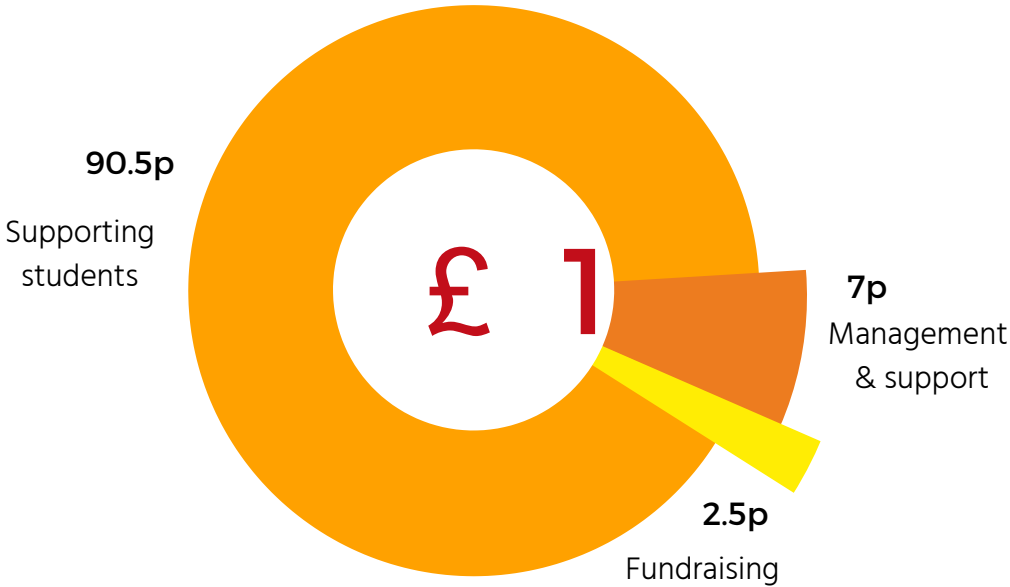
The Tylers and Bricklayers Charitable Trust

Bruce Urquhart

The Worshipful Company of Cutlers

Supporters of Red Balloon Group, RBAir, RB-Cambridge and RB-Reading who have given £1,000 or more in donations or in kind in 2019/20.

Across Red Balloon in 2019/20, 90.5p of every £1 we received was spent directly on supporting students:



We cannot operate effectively without good management and fundraising efforts. Last year 7p of every £1 was spent on management and support and 2.5p was spent on raising funds.





## Supporter case study: Curiosity 2.0

BBC Children in Need is a great supporter of our work and we are proud to have them as a partner again. Their vision, that children and young people in the UK have a safe, happy and secure childhood and the chance to reach their potential, aligns so neatly with our own.

Their support enabled the creation of an extracurricular science club at our Cambridge and Red Balloon of the Air Centres.

### Curiosity 2.0

*A partnership between BBC Children in Need and Wellcome, Curiosity*

**£63,624 from 2019 to 2021**

In collaboration with the Wellcome Trust, BBC Children in Need's joint programme with Wellcome, Curiosity, provides funding for organisations which run exciting and engaging science activities. Students studying with Red Balloon of the Air and Red Balloon Cambridge will benefit from this grant, following on from a pilot of the programme in 2018.

Adam Southwell, science teacher at Red Balloon Cambridge, said:

We are introducing a programme of visits and extra-curricular events to enrich the experiences of our children. We have a trip to Shepreth Wildlife Park planned, and are also hoping to make visits to the Leicester Space Centre, Fen Drayton Lakes Country Park and the Science Museums in London.

Students and staff in the science club organised a trip to Shepreth Wildlife Park, here's what some of the students thought:

“It was fun. The animals were the best.”

“It was a good plan to get socially anxious students interacting in a fun environment.”

With BBC Children in Need and Wellcome, Curiosity's help, 26 students have benefitted from a programme of scientific activities and extra-curricular events.





# Our plans for the future

Our strategic objectives for the next three years are to:

## Improve the way students are supported

- We will work with the student body to improve the measurement tools we use to assess their progress and achievement.
- We will make effective use of existing and explore new technologies to enhance students' learning and wellbeing experiences.
- We will continue to provide flexible and additional support to minimise the impact of COVID restrictions on students' attainment.

## Reach more isolated and vulnerable children

To meet growing need, we will expand Red Balloon so we can meet the needs of more bullied, anxious and traumatised children by:

- opening Centres in two new locations
- encouraging the expansion of two existing Centres - by 20 children each.
- supporting the increase of the number of students on Red Balloon of the Air.

## Inspire more people to support our work

- We will diversify our funding sources to reflect the challenging fundraising landscape and to finance our growth plans.
- We will continue to develop our donor stewardship so every one of our supporters has a positive experience, however they choose to support our work.
- We will establish relationships with new charitable trusts and individual donors.
- We will strengthen our national voice and influence regarding children missing from school because of bullying, anxiety and trauma.
- We will reinforce to local authorities and other educational bodies the importance of student wellbeing; particularly in regions which we have identified for growth.

## Manage our charity as effectively and efficiently as possible

- We will move towards a consolidated governance model across Red Balloon.
- We will continue to review processes to ensure transparency, accountability, responsiveness and compliance with relevant regulations and legislation.
- We will continue to identify and manage major risks to the organisation.
- We will maintain pressure on the Department for Education to accredit online education as per its commitment in June 2020
- We will develop, implement and maintain a workforce plan that enables Red Balloon to recruit, motivate, train and retain staff with the skills and competencies required to meet needs now and in the future.
- We will develop and implement a volunteer involvement programme to enrich students' Red Balloon experience.
- We will utilise appropriate existing and new technologies to enhance the ways that staff support students.





## Student case study: Nathan, Red Balloon NW London

I joined Red Balloon when I was 14. I found mainstream school extremely stressful and I was bullied. The pressure of travelling to and from school was overwhelming and my classmates were mischievous and judgemental.

After I left mainstream school I went to a hospital school temporarily for a year. Hospital school was more helpful and supportive, however the journey was still stressful. I did not do all of my lessons but enjoyed being creative and attending Maths. Once it ended I was given an EHCP and then I was given the choice of two schools and I chose Red Balloon.

**“ Before I started I was worried about being in a new place and environment. I did not like the change from one school to another. Talking to new people was also a major worry for me. ”**

However, when I arrived I was welcomed by the staff and they made me feel comfortable. Then I started talking to two other students which then built my confidence to talk to others.

The teachers are definitely helpful, they do care. I know this because they ask you every day. You get a lot of one to one support and challenges that help you grow in many ways. Sometimes not everything works well but a positive can always be found in their teaching.

You get opportunities you would not get at other schools - for example one to one chats that are encouraging. I liked my tailormade timetable, and I always felt there was a good sense of trust.

My time has definitely been full of many things which have had a good impact on me and I've learnt a lot about myself and other people. Education is key but it's having a balance of learning and fun. People know me for certain things and I like that. My confidence has grown a lot.

**“ Red Balloon is a place to flourish and build your personality , a good balance of fun and education. ”**

"You get the support you need with a nice balance of learning and having fun. Most people get on with each other and there is a sense of community."





Financial review

Risk assesment

Structure, governance  
and management





## Financial review

Red Balloon Learner Centre Group ('the Charity') acts as the coordinating and service centre for a number of related Red Balloon Learner Centres in Cambridge, Norwich, North West London (in Harrow) and Reading, and an online provision, Red Balloon of the Air ('RBAir'). These entities are separately registered charities and companies limited by guarantee, with the local trustees as their directors; they operate under the Red Balloon name by way of an association agreement.

Red Balloon legally restructured in 2017-18: the RB-Reading and RB-Cambridge entities joined the RB consolidated group during 2017-18, together with RBAir, as required by UK accounting standards.

Consolidated income increased by £47k on prior year to £3,017k (2019: £2,970k); £94k from increase in fee income, which was mainly due to 41% higher fee income in RB-Reading, partially offset by the decrease in fee income in RBAir. Income from donations and grants decreased by £31k on prior year to £757k (2019: £788k) and income from other trading activities decreased by £56k to £Nil (2019: £56k), due to fundraising events not taking place in 2019-20. Other income increased by £38k (2019: £Nil) in relation to the Coronavirus Job Retention Scheme grant claimed by the Charity.

Costs increased by £2k on prior year to £2,859k (2019: £2,857k) despite a 17% reduction of expenditure in RBAir, due to higher costs in the other three entities; 26%, 6% and 3% increases in RB-Reading, RB-Cambridge and the Charity respectively.

Overall, there was a consolidated surplus of £159k (2019: £113k), of which £28k (2019: £75k) was attributable to the Charity, £16k (2019: £61k) to RB-Cambridge, £127k (2019: £52k) to RB-Reading, £2k (2019: £54k deficit) to RBAir and the balance of £14k deficit (2019: £21k) due to consolidation adjustments.

RBAir's fee income decreased by £144k in 2019-20 to £1,165k (2019: £1,309k) due to the drop in student numbers at the start of the year. In response to the fall in student numbers, a comprehensive restructure was carried out during the year, with the ultimate result of reducing the fixed costs and improving efficiencies across the board, placing RBAir in a strong position to weather any future fluctuations in income. These measures were complemented by a review of pricing strategy, and a renewed focus on marketing which led to a noticeable increase in demand. The result was a £278k reduction in expenditure. At 31 August 2020, RBAir held £148k (2019: £104k) of unrestricted reserves which provided approximately 1.2 months (2019: one month) of expenditure cover. With the comprehensive restructure of the business carried out in 2019-20 and the other strategies for growth, the Trustees and SLT of RBAir are aiming to gradually increase its unrestricted reserves over the following two years.

The Charity's net assets increased by £28k to £1,899k (2019: £1,871k) in the year. Its income decreased by £17k to £996k (2019: £1,013k); £56k decrease due to no income being generated from fundraising events, £2k decrease from donations and grants income, £38k increase in relation to the Coronavirus Job Retention Scheme and £3k net increase in other income categories. Costs increased by £29k to £967k (2019: £938k) due to higher expenditure in the following areas: £47k in bursaries and grants awarded to other Red Balloons; £13k in premises costs and £4k in depreciation and amortisation charges. This was partially offset by lower expenditure of 23k in fundraising expenses due to no expenditure being incurred for fundraising events, £10k in recruitment and professional costs and £2k net decrease in other areas.

At 31 August 2020, the consolidated group's net assets amounted to £2,540k (2019: £2,381k), of which approximately £1,624k (2019: £1,584k) is in fixed assets (net of mortgages).

## Information on Red Balloon

Red Balloon is in the process of restructuring, and so only some entities are included in these consolidated accounts. Across all Red Balloon entities for a full year, the aggregated income amounts to £4,101k, a 3% increase on the previous year of £3,983k. Fee income increased by 4%, donations and grants income increased by 1%.

Aggregate costs amounted to £3,623k, a 1% decrease on the previous year of £3,651k. The net surplus was £478k (2019: £332k).

## Investment policy and performance

Surplus funds are split between CAF Bank savings accounts, paying interest at approximately 0.01% pa (2019: 0.15% pa) and funds held with Investec.

Around 70% of the Investec funds are held as cash paying 0% pa (2019: 0.25% pa) interest, 10% in fixed interest investments and the remaining 20% in UK and international equities; in the year ended 31 August 2020, the average return on all Investec funds was 1.07% pa (2019: 1.14%). The Trustees believe this appropriately balanced the need for ready access, good security and investment return.

Other investment options are being considered for the Investec cash funds.

## Reserves policy

The trustees aim to keep reserves in line with Charity Commission guidance, and, having assessed the various risks to the Charity, believe a policy to maintain a level of free reserves at six months underlying operating costs is appropriate. Free reserves are calculated as unrestricted reserves, less fixed assets excluding fixed asset investments, net of mortgages. At 31 August 2020, the Charity held free reserves of £309k (2019: £270k), equating to around seven months (2019: six months) operating costs.

The Charity's net costs have decreased in 2020-21 due to lower staff costs following redundancies and a role not being replaced. The Trustees of the Charity, however, will continue to closely monitor the reserves position in the forthcoming year. Monies donated for a specific purpose are held as restricted reserves and separately tracked and accounted for (see financial statements and accompanying notes).

## Going concern

RBAir, RB-Cambridge and RB-Reading were able to maintain their provisions despite the challenges posed by the Covid-19 situation, and have seen no major adverse impact on operations as a result of the pandemic. The continued growth in enquiries for the three entities has not been impacted by Covid-19. In the Charity, grants and donations income has not been adversely affected by Covid-19 so far either, although due to uncertainties at the start of the pandemic, six employees of the Charity were placed on furlough for varying periods. Following detailed review of the Company's forecasts and projections, the Trustees have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

There were no significant events affecting the Charity's financial position during the year and the Charity's financial position at the end of the reporting period remained stable. Although the Covid-19 situation has had minimal impact on the financial situation of the Charity to date, steps were taken in the latter half of 2019-20 to reduce costs, due to the risk of decrease in grants and donations income in the 2020-21 and 2021-22 financial years.



# Risk assessment

The Trustees have assessed the major risks to which the Charity is exposed, and are satisfied that the appropriate actions, policies and procedures are in place to mitigate, but not totally eliminate, the exposure to the major risks. These are described below:

Major risks, and impact	Mitigating actions and responses
<b>Inadequate service provision</b> – students fail to improve and to return to mainstream education or training.	Taster day for potential students to experience Red Balloon and agree to its operating principles. Individually negotiated curriculum for each student, and proper assessment of their needs. Recruitment of high-quality staff and counsellors who embrace Red Balloon’s way of operating. Regular assessment of student’s holistic progress; student feedback and discussion; adaptation of curriculum and approach as needed. Training for staff to keep up to date with subject material and regulations.
<b>Student safeguarding</b> – students harmed or self-harming.	Management will ensure staff members are fully conversant and compliant with safeguarding policies, and ensure their training is up-to-date. Appropriate de-escalation procedures are in place in the event of an incident. Health and safety risk assessment policies up-to-date and inspections carried out at appropriate intervals. Central monitoring of compliance at Learner Centres and RBAir.
<b>Changes in government policy or regulation</b> – adverse inspections of Learner Centres, and ability to deliver online provision through RBAir.	Monitoring of changes in regulation, policies and approach with government departments, regulators, commissioners and inspectorates, and adjusting Red Balloon policies, processes and provision as required. Monitoring the status of RBAir, and managing its online provision in line with all applicable regulations. Engagement with lawmakers and educators on support for bullied children, including acting as secretariat for the All-Party Parliamentary Group on Bullying.
<b>Financial insolvency</b> – inadequate funding to cover expenditure	Focused fundraising by a dedicated development team; setting fees at an appropriate level; marketing of Red Balloon services to ensure an adequate pipeline of students. Proper budgeting and efficient cost management. Monitoring cash balances with an appropriate level of reserves on hand.
<b>Loss of IT data and/or access to central systems</b> – resulting in confidential data loss and/or operational disruption including online provision.	Ensuring software and virus protection on devices are up-to-date, as well as restricted physical access. Appropriate password protection maintained and offsite/cloud backup in line with IT policies. Confidential personal information is identified and encrypted. A second and distinct data line maintained for RBAir.

# Structure, governance and management

## Constitution

The Charity is registered as a charitable company limited by guarantee.  
The Charity is constituted under a Memorandum of Association dated 21 February 2005 and its charity registration number is 1109606.

## Method of appointment or election of trustees

The management of the Charity is the responsibility of the trustees who are elected and co-opted under the terms of the Articles of Association. Trustees are recruited to fulfil specific roles. Job roles are clearly described and the appropriate level of skills and experience required is clearly defined. Positions are advertised and formal applications requested. Interviews take place and candidates who most closely match the selection criteria are invited to attend a trustee meeting as an observer. No person or external body other than the trustees are entitled to appoint trustees.

## Policies adopted for the induction and training of trustees

- i) All new trustees are invited to visit an existing Red Balloon Learner Centre in order to appreciate how it differs from a school and how it operates.
- ii) All new trustees meet with the Chair, the Executive Officer, the President and the Financial Controller. The Chair explains the aims of the Charity.
- iii) The President describes the history of the founding and development of Red Balloon, defines 'bullying' with examples of the kind of treatment to which students were subjected in mainstream school and which led to them refusing or becoming unable to attend. She expounds the five core principles governing the operation of the individual Learner Centres.

- iv) The Financial Controller acquaints them with the financial basis of the Charity.
- v) The trustees are given the documents issued by the Charity Commission regarding the duties of trustees ("The Essential Trustee"), together with "Red Balloon - An Introduction".
- vi) All trustees are required to provide satisfactory DBS clearing, complete basic online PREVENT and Child Protection training, a Trustee Declaration of Interests and confirm that they are a suitable person to stand as a Trustee.
- vii) The induction process includes meetings with the main contact staff relevant to their specific job role and other trustees. Final election and confirmation as a Trustee is carried out at a full Trustee meeting.

## Organisational structure and decision making

- i) The Charity operates from its Offices at Winship House in Milton, Cambridge. The Executive Officer oversees individuals with responsibility for development and fundraising, marketing and communications, IT, finance and human resources.
- ii) Day-to-day decisions are made by the Executive Officer, who will refer to the Chair of Trustees, the President or another trustee for advice or guidance if necessary.
- iii) The Board of Trustees meets formally approximately every six weeks, when they receive and discuss written reports from the Executive Officer, Director of Fundraising and Communications and Financial Controller.
- iv) Major policy and project proposals are brought to the attention of the trustees by the Executive Officer, discussed, and decisions made are minuted and subsequently implemented. There is a schedule of matters reserved for the board.
- v) At each meeting, the Chair asks the trustees to record any potential conflict of interest.



# Structure, governance and management

## Pay policy

A set of pay bands has been established which define a pay range for each group of staff, taking into account level of responsibility, qualifications and experience. Key management remuneration on appointment and any subsequent changes are authorised by the Trustees. An appropriate local set of pay bands has been implemented at other locations. Performance reviews take place for all staff. Key management remuneration details are included in note 10.

## Fund-raising standards information CA 162A

Red Balloon Learner Centre Group (RBLCG) raises some funds from the public.

- i) RBLCG undertakes fundraising through our internal resources and we do not commission a professional fundraiser/commercial participator for these;
- ii) RBLCG is not subject to an undertaking to be bound by any voluntary scheme for regulating fundraising, or voluntary standard for fundraising in respect of activities on behalf of the charity;
- iii) RBLCG monitors fundraising activities via the Director of Fundraising and Communications board report and via fortnightly meetings;
- iv) RBLCG received no complaints during the year about activities for the purpose of fundraising;
- v) RBLCG has adopted principles of GDPR legislation and also has safeguarding policies to protect the data of vulnerable people and other members of the public from:
  - a. Unreasonable intrusion on a person's privacy;
  - b. Unreasonable persistent approaches for the purpose of soliciting or otherwise procuring money or other property on behalf of the charity;
  - c. Placing undue pressure on a person to give money or other property.

## Compliance with the Code of Fundraising Practice

The Charity is registered with the Fundraising Regulator to demonstrate its commitment to transparent charity management and adhering to the Code of Fundraising Practice. Supporters have the right to know that the Charity can be trusted to be open and honest and that they will be treated with care and respect. The Charity's fundraising promise is published on its website which explains what supporters can expect from it and what to do if they have any concerns.

The data protection statement online has been expanded so supporters can see how the Charity manages and uses their data within the General Data Protection Regulations. They are invited to change the way the Charity communicates with them at any time. It has introduced Donorfy Customer Relationship Management system to ensure that its donor data is held appropriately and securely. This forms an integral part of achieving readiness for growth.

The Charity's fundraising activities continue to be largely focused on approaches to grant-making bodies as well as high net-worth individuals, but it has been developing its stewardship of individual donors, to encourage regular giving and community fundraising.

## Public benefit

The Trustees have had regard to the Charity Commission guidance on Public Benefit. Red Balloon Learner Centres provide an 'intensive care' full-time education, mainly for children aged 11 -18 who have been so seriously bullied or traumatised that they exclude themselves from school. There is no other purpose-made scheme to help this group of children recover and to restore them to normal life. They are provided with a safe environment with clear boundaries for behaviour and a bespoke full-time academic, pastoral and therapeutic programme.

# Structure, governance and management

According to research carried out by the National Centre for Social Research in 2011 (Estimating the Prevalence of Young People Absent from School because of Bullying), of the approximately 3.1 million 11 to 15 year olds in England, about five in one thousand, or 16,500 children, have been bullied to the point that they have left the mainstream educational system.

Experience in Red Balloon's Centres and at RB Air causes us to believe that there is a need for much wider access in the UK to provision of the kind that Red Balloon offers. Red Balloon improves the skills and life opportunities of a group of socially isolated, anxious and ignored children. It contributes to stronger communities by identifying and addressing the problem of seriously bullied and traumatised children with the help of the community, and for the benefit of the community.

## Trustees' responsibilities

The Trustees (who are also Directors of Red Balloon Learner Centre Group for the purposes of company law) are responsible for preparing the Trustees' Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to: select suitable accounting policies and then apply them consistently; observe the methods and principles in the Charities SORP; make judgments 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 charitable company will continue in operation.

The Trustees 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.

## Disclosure of information to the auditor

Each of the persons who are trustees at the time when this Trustees' Report is approved has confirmed that so far as that trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and that trustee has taken all the steps that ought to have been taken as a trustee in order to be aware of any information needed by the charitable company's auditors. In connection with preparing their report and to establish that the charitable company's auditors are aware of that information.

## Auditor

The auditors, Price Bailey LLP, have indicated their willingness to continue in office. The designated Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees. In preparing this report, the trustees have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the trustees on 20 May 2021 and signed on their behalf by:



**Beverley Williams**



# Administrative details of the charity, its trustees and advisors

Charity registration number	1109606
Company registration number	05385341
Trustees and Directors	Dr Carrie M H Herbert, President Ms Beverley A Williams, Chair Mr Michael A Frankl, Chair (resigned 21 May 2020) Revd Prof Michael J Reiss Mr Charles L Joseland (resigned 19 September 2019) Ms Josephine A Collier (appointed and resigned 19 September 2019) Mr Kevin J Taylor (resigned 17 September 2020) Ms Elizabeth M Allan Mr Edward A Bowers (appointed 2 April 2020 and resigned 16 October 2020) Mr Simon P Mace (appointed 19 November 2020)
Executive Officer	Chief Executive Officer: Ms Lena Milosevic (resigned 5th October 2020) Director of Education: Mr Robert Watson (appointed 2 January 2020)
Company Secretary	Dr Carrie M H Herbert
Principal/Registered office	Winship House, Winship Road, Milton Cambridge CB24 6AP
Independent auditors	Price Bailey LLP Chartered Accountants & Statutory Auditors Tennyson House Cambridge Business Park Cambridge CB4 0WZ
Bankers	CAF Bank Ltd 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ





Auditor's report and  
financial statements  
for the year ended  
31 August 2020





# Independent auditor's report to the members of Red Balloon Learner Centre Group

## Opinion

We have audited the consolidated financial statements of Red Balloon Learner Centre Group (the 'parent charitable company') and its subsidiaries for the year ended 31 August 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 August 2020, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

# Independent auditor's report to the members of Red Balloon Learner Centre Group

## Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 the audit:

- the information given in the trustees' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

- adequate and sufficient accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.



# Independent auditor's report to the members of Red Balloon Learner Centre Group

## Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 35, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## 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.

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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Helena Wilkinson** BSc FCA DChA (Senior Statutory Auditor)

for and on behalf of  
**PRI CE BAI LEY LLP**  
Chartered Accountants  
Statutory Auditors  
Tennyson House  
Cambridge Business Park  
Cambridge  
CB4 0WZ

Date: 27 May 2021

## RED BALLOON LEARNER CENTRE GROUP (a company limited by guarantee) CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	Restricted £	Unrestricted £	2020 Total £	2019 Total £
<b>INCOME</b>					
Donations and grants	2	398,481	358,380	756,861	788,319
Charitable activities	3	-	2,154,671	2,154,671	2,057,658
Other trading activities	4	-	-	-	55,861
Investment income	5	191	67,503	67,694	68,129
Other income	6	-	38,246	38,246	-
<b>Total income</b>		<b>398,672</b>	<b>2,618,800</b>	<b>3,017,472</b>	<b>2,969,967</b>
<b>EXPENDITURE</b>					
Costs of raising funds	7	-	(90,646)	(90,646)	(88,132)
Charitable activities	7	(448,612)	(2,319,282)	(2,767,894)	(2,768,425)
<b>Total expenditure</b>		<b>(448,612)</b>	<b>(2,409,928)</b>	<b>(2,858,540)</b>	<b>(2,856,557)</b>
<b>Net (expenditure) / income in the year</b>		<b>(49,940)</b>	<b>208,872</b>	<b>158,932</b>	<b>113,410</b>
Transfer between funds		(25,697)	25,697	-	-
<b>Net movement in funds</b>		<b>(75,637)</b>	<b>234,569</b>	<b>158,932</b>	<b>113,410</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward	23b	329,111	2,051,976	2,381,087	2,267,677
<b>Total funds carried forward</b>	<b>23a</b>	<b>253,474</b>	<b>2,286,545</b>	<b>2,540,019</b>	<b>2,381,087</b>

All amounts relate to continuing activities of the company.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes to the accounts are shown on pages 47 to 66.



**RED BALLOON LEARNER CENTRE GROUP**  
(a company limited by guarantee)  
**REGISTERED COMPANY NUMBER: 05385341**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 AUGUST 2020**

	Notes	2020 £	2019 £
<b>FIXED ASSETS</b>			
Intangible fixed assets	14	15,502	-
Tangible fixed assets	15	1,326,562	1,323,910
Fixed asset investments	16	179,007	179,737
Programme related investments	17	1,447,963	1,447,963
<b>TOTAL FIXED ASSETS</b>		<b>2,969,034</b>	<b>2,951,610</b>
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	18	329,896	214,531
Debtors: amounts falling due after more than one year	19	24,544	24,544
Cash at bank and in hand		1,189,659	1,154,665
<b>TOTAL CURRENT ASSETS</b>		<b>1,544,099</b>	<b>1,393,740</b>
<b>LIABILITIES</b>			
Creditors: amounts falling due within one year	20	(649,340)	(617,612)
<b>NET CURRENT ASSETS</b>		<b>894,759</b>	<b>776,128</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>3,863,793</b>	<b>3,727,738</b>
Creditors: amounts falling due after more than one year	21	(1,323,774)	(1,346,651)
<b>TOTAL NET ASSETS</b>		<b>2,540,019</b>	<b>2,381,087</b>
<b>FUNDS OF THE CHARITY</b>			
Unrestricted funds:			
-General funds	23a	842,044	648,119
-Designated funds	23a	1,444,501	1,403,857
Restricted funds	23a	253,474	329,111
<b>TOTAL FUNDS</b>		<b>2,540,019</b>	<b>2,381,087</b>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The attached notes on pages 47 to 66 form part of these financial statements.

The financial statements were approved by the Board of Trustees on 20 May 2021 and signed on their behalf by:



**Beverley Williams - Trustee**



**Michael Reiss - Trustee**

**RED BALLOON LEARNER CENTRE GROUP**  
(a company limited by guarantee)  
**REGISTERED COMPANY NUMBER: 05385341**  
**CHARITY BALANCE SHEET**  
**AS AT 31 AUGUST 2020**

	Notes	2020 £	2019 £
<b>FIXED ASSETS</b>			
Intangible fixed assets	14	15,502	-
Tangible fixed assets	15	31,489	35,564
Fixed asset investments	16	179,007	179,737
Programme related investments	17	2,720,104	2,720,104
<b>TOTAL FIXED ASSETS</b>		<b>2,946,102</b>	<b>2,935,405</b>
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	18	100,138	134,122
Debtors: amounts falling due after more than one year	19	24,544	24,544
Cash at bank and in hand		273,213	350,573
<b>TOTAL CURRENT ASSETS</b>		<b>397,895</b>	<b>509,239</b>
<b>LIABILITIES</b>			
Creditors: amounts falling due within one year	20	(110,108)	(216,716)
<b>NET CURRENT ASSETS</b>		<b>287,787</b>	<b>292,523</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>3,233,889</b>	<b>3,227,928</b>
Creditors: amounts falling due after more than one year	21	(1,334,506)	(1,357,383)
<b>TOTAL NET ASSETS</b>		<b>1,899,383</b>	<b>1,870,545</b>
<b>FUNDS OF THE CHARITY</b>			
Unrestricted funds:			
-General funds	23a	308,899	270,085
-Designated funds	23a	1,421,569	1,387,652
Restricted funds	23a	168,915	212,808
<b>TOTAL FUNDS</b>		<b>1,899,383</b>	<b>1,870,545</b>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The attached notes on pages 47 to 66 form part of these financial statements.

The financial statements were approved by the Board of Trustees on 20 May 2021 and signed on their behalf by:



**Beverley Williams - Trustee**



**Michael Reiss - Trustee**



## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	2020	2019
		£	£
<b>Cash Flows from Operating Activities</b>			
Net cash provided by operating activities	28	118,435	266,434
<b>Cash Flows from Investing Activities</b>			
Purchase of intangible fixed assets		(20,670)	-
Purchase of property, plant and equipment		(42,854)	(87,086)
Proceeds from sales of property, plant and equipment		2,573	1,823
<b>Net cash used in Investing Activities</b>		<b>(60,951)</b>	<b>(85,263)</b>
<b>Cash Flows from Financing Activities</b>			
Repayments of borrowing		(22,490)	(19,411)
<b>Net cash used in Financing Activities</b>		<b>(22,490)</b>	<b>(19,411)</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>34,994</b>	<b>161,760</b>
Cash and cash equivalents at the beginning of the reporting period	29	1,154,665	992,905
<b>Cash and cash equivalents at the end of the reporting period</b>	29	<b>1,189,659</b>	<b>1,154,665</b>

The attached notes on pages 47 to 66 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

### 1 Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

#### a) Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The financial statements are prepared on a going concern basis and are presented in sterling, which is the functional currency of the Charity.

The financial statements consolidate the results of the charity and its wholly owned subsidiaries on a line-by-line basis. A separate Statement of Financial Activities and Income and Expenditure for the charity has not been presented because the charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006. See further details of subsidiary entities in note 27.

The Red Balloon group legally restructured such that Red Balloon Learner Centres Reading and Cambridge joined the consolidated group during 2017-18, and together with Red Balloon of the Air are all included in the group results for 2019-20 and 2018-19, as required by UK accounting standards.

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

#### b) Going Concern

The substantial operational review and restructure which was implemented in Red Balloon of the Air during 2019-20 means that Red Balloon of the Air is operating at a sustainable level and is forecasting steady growth over the next few years from this foundation. The continued growth in enquiries for all subsidiaries has not been impacted by the COVID-19 situation and interest in the provisions continues to spread.

Grants and donations income has not been adversely affected by COVID-19 either and following detailed review of Red Balloon Learner Centre Group's forecasts and projections, the Trustees have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

#### c) Legal status of the Charity

The Charity is a company limited by guarantee, incorporated in England and Wales. The members of the company are the Trustees named on page 38. The number of members during the year was 8 (2019: 5). In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity (2019: £10 per member).



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

### d) Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

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

### f) Income

All income is included in the Statement of Financial Activities when the Charity has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Income from charitable activities relates to school fee income which is invoiced in advance at the start of each term. Fee income is recognised on a monthly basis as teaching occurs and fees received for future months are deferred as shown in note 20.

Donated services or facilities, which comprise donated services, are included in income at a valuation which is an estimate of the financial cost borne by the donor where such a cost is quantifiable and measurable. No income is recognised where there is no financial cost borne by a third party.

Donations, grants and gifts are recognised when receivable. In the event that a grant is subject to fulfilling performance conditions before the charity is entitled to the funds, the income is deferred and not recognised until it is probable that those conditions will be fulfilled in the reporting period. Income from Gift Aid tax reclaims is recognised for any donations with relevant Gift Aid certificates and recognised in income in the year. Any Gift Aid amounts not received by the year end are accounted for in income and accrued income in debtors.

For legacies, entitlement is taken on a case by case basis as the earlier of the date on which:

- the Charity is aware that probate has been granted;
- the estate has been finalised and notification has been made by the executor(s) to the Charity that a distribution will be made, or when a distribution is received from the estate.

Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the Charity has been notified of the executor's intention to make a distribution. If the legacy is in the form of an asset other than cash or an asset listed on a recognised stock exchange, recognition is subject to the value of the asset being able to be reliably measured and title to the asset has passed to the Charity. Where legacies have been notified to the Charity or the Charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

### g) Expenditure

Expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

Support costs have been allocated between governance costs and other support costs. Governance costs are those incurred in connection with administration of the Charity and compliance with constitutional and statutory requirements.

Governance and support costs have been apportioned between all activities based on staff time and use of the resources.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

All expenditure is inclusive of irrecoverable VAT.

### h) Intangible fixed assets and amortisation

Intangible fixed assets are valued at historical cost. Amortisation is provided on all intangible fixed assets on a straight-line basis and are written off over their useful economic life. Amortisation rates are as follows:

Website	25% straight line
---------	-------------------

Assets are assessed for impairment at each balance sheet date. Any impairment value is recognised immediately in the statement of financial activities.

### i) Tangible fixed assets and depreciation

Tangible fixed assets are valued at historical cost. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset, less their estimated residual values, over their expected useful lives as follows:

Office equipment	33% straight line
Computer equipment	50% straight line
Leasehold improvements	10% straight line
Buildings	2% straight line
Freehold land	Not depreciated

Assets are reviewed for any indications of impairment at each balance sheet date.

### j) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Accrued income and tax recoverable is included at the best estimate of the amounts receivable at the balance sheet date.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

### k) Cash at bank and in hand

Cash at bank and cash 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.

### l) Creditors

Creditors are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due. Concessionary loans received at below market rates are received in order to further the charitable objects of the organisation and are therefore included at the amount received and are not discounted.

### m) Financial instruments

The Charity mostly has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. Fixed assets are recorded at depreciated historical cost and all other assets and liabilities are recorded at cost which is their fair value. The Charity also holds some quoted investments with Investec which are revalued to market value at each balance sheet date; gains or losses are taken to the income statement as detailed in note 16. When the investments are expected to be held for a period greater than 12 months, they are classified in the balance sheet under Fixed Assets. Included within creditors are property mortgages which are valued on the basis of cost using the effective interest rate method. Further details are in note 21.

### n) Pensions

Employees of the Charity are entitled to join a defined contribution pension scheme, the assets of which are administered by NEST. The Charity contribution is restricted to the contributions disclosed in note 12.

### o) Operating leases

Operating leases are recognised over the period of which the lease falls due on a straight-line basis.

### p) Taxation

The Company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

### q) Programme related investments

Programme related investments consist of properties rented to Red Balloon Centres. They are held at cost less any provision for impairment.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

### r) Significant Estimates and Judgements

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.

The Trustees make estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. These include depreciation, debtor recoverability and bad debts. There are no 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.

### 2 Donations and grants

	2020 £	2019 £
Donations	63,390	109,963
Legacies	-	22,000
Grants	693,471	656,356
	<u>756,861</u>	<u>788,319</u>

Included within donations received are restricted funds of £9,020 (2019: £6,470). All remaining donations and legacies received relate to unrestricted funds. Included within grants received are restricted funds of £389,461 (2019: £503,505) and unrestricted funds of £304,010 (2019: £152,851).

### 3 Income from Charitable Activities

	2020 £	2019 £
Levies and recharges to Red Balloon Centres	19,866	17,269
Teaching and support of bullied children	2,134,805	2,040,389
	<u>2,154,671</u>	<u>2,057,658</u>

All income from charitable activities was attributable to unrestricted funds in both the current and prior year.

### 4 Other trading activities

	2020 £	2019 £
Fundraising events	-	55,861
	<u>-</u>	<u>55,861</u>

All fundraising income received was attributable to unrestricted funds in the prior year.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

### 5 Investment income

	2020 £	2019 £
Rents received	64,500	64,500
Dividends	1,765	2,075
Deposit account interest	1,429	1,554
	<u>67,694</u>	<u>68,129</u>

Included within investment income are restricted funds of £191 (2019: £140). All remaining investment income relate to unrestricted funds.

### 6 Other income

	2020 £	2019 £
Government grants	<u>38,246</u>	<u>-</u>

Government grants are wholly in relation to the Coronavirus Job Retention Scheme, which are unrestricted funds £38,249 (2019: £Nil). There were no unfilled conditions in relation to the government grants at the year end (2019: None).

### 7 Analysis of resources expended by activity – current year

	Direct costs £	Grant funding £ (notes 10a,10b)	Support costs £ (note 8)	2020 costs £
Costs of raising funds	69,363	-	21,283	90,646
<b>Charitable activities:</b>				
Advance the education of students at Red Balloon Centres	408,818	221,391	90,106	720,315
Teaching and support of bullied children	<u>1,892,932</u>	<u>-</u>	<u>154,647</u>	<u>2,047,579</u>
	<u>2,371,113</u>	<u>221,391</u>	<u>266,036</u>	<u>2,858,540</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

### Analysis of resources expended by activity – prior year

	Direct costs £	Grant funding £ (notes 10a,10b)	Support costs £ (note 8)	2019 costs £
Costs of raising funds	68,541	-	19,591	88,132
<b>Charitable activities:</b>				
Advance the education of students at Red Balloon Centres	462,564	84,277	90,526	637,367
Teaching and support of bullied children	<u>1,996,293</u>	<u>-</u>	<u>134,765</u>	<u>2,131,058</u>
	<u>2,527,398</u>	<u>84,277</u>	<u>244,882</u>	<u>2,856,557</u>

Expenditure in 2020 related to restricted funds was £448,612 (2019: £429,293) and unrestricted funds was £2,409,928 (2019: £2,427,264).

### 8 Analysis of support costs

	2020 £	2019 £
Finance and professional	59,636	49,377
Bank charges	984	1,142
Communication	20,054	21,258
Insurance	23,466	17,712
Rent and rates	32,409	35,805
Repairs and maintenance	45,292	17,517
General office expenses	7,147	9,008
Staff costs	40,335	60,323
Governance costs (note 9)	<u>36,713</u>	<u>32,740</u>
	<u>266,036</u>	<u>244,882</u>

### 9 Analysis of governance costs

	2020 £	2019 £
Auditors' fees		
- for audit services	22,180	19,070
- for non-audit services	7,539	7,143
Accountancy fees	<u>6,994</u>	<u>6,527</u>
	<u>36,713</u>	<u>32,740</u>

All expenditure on governance costs is spent from unrestricted funds in 2020 and 2019.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

### 10a Grants to individuals

	Number	Total 2020 £	Number	Total 2019 £
Bursaries	<u>15</u>	<u>75,775</u>	<u>14</u>	<u>34,877</u>

The average bursary per student in 2020 was £5,052 (2019: £2,491). The increase was due to higher fees, a higher proportion of bursaries being awarded for the entire year and bursaries awarded for tailored programmes.

### 10b Grants payable to institutions

	Number	Total 2020 £	Number	Total 2019 £
Grants (see below)	<u>1</u>	<u>145,616</u>	<u>6</u>	<u>49,400</u>

Grants payable to institutions in 2020 related to restricted funds of £145,616 (2019: £41,400) and unrestricted funds of £Nil (2019: £8,000). The grant in 2020 was in relation to a grant received by the parent charity, Red Balloon Learner Centre Group, for the expansion of Red Balloon - NW London.

The total grants paid to institutions during the year were as follows:	<b>2020</b> £	<b>2019</b> £
Grants		
Red Balloon – Norwich	-	700
Red Balloon – NW London	<u>145,616</u>	<u>48,700</u>
	<u>145,616</u>	<u>49,400</u>

### 11 Analysis of staff costs and key management personnel

	<b>2020</b> £	<b>2019</b> £
Wages and salaries	1,935,905	1,961,610
Social security costs	139,259	147,090
Pension	<u>40,709</u>	<u>35,011</u>
	<u>2,115,873</u>	<u>2,143,711</u>

The average monthly head count during the year was as follows:	<b>2020</b> Number	<b>2019</b> Number
Charitable activities	<u>110</u>	<u>116</u>

The number of higher paid employees was as follows:	<b>2020</b> Number	<b>2019</b> Number
In the band £60,000 - £70,000	<u>1</u>	<u>-</u>

The employers pension contributions in relation to the above higher paid employees was £1,220 (2019: £Nil).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

As permitted by the Memorandum and Articles of Association, one trustee being Dr C M H Herbert, received remuneration of £Nil in the current year (2019 – 1 Trustee - £24,667), for her services to the charity in respect of fundraising. During the year, no Trustees received any reimbursement of expenses (2019 – £Nil).

The charity considers its key management personnel to comprise of 5 people (6 people in the prior year). During the year, the total employment benefits of these were paid by the parent company, Red Balloon Learner Centre Group. In the prior year, some of these costs were recharged to Red Balloon of the Air. Total aggregate remuneration of key management personnel was £267,892 (2019: £270,330).

In Red Balloon of the Air, a restructure programme was undertaken in full consultation with the staff. The objective was to achieve a number of voluntary exits whilst retaining the skills required for the future.

A restructure programme was also undertaken in full consultation with the staff involved for the IT department, which included employees of both Red Balloon of the Air and the parent charity, Red Balloon Learner Centre Group. The objective was to improve the quality of IT support by outsourcing some functions, following an external IT strategy review.

- The exits were agreed by the relevant boards.
- Exits took place from December 2019 through to August 2020 and the payments are accounted for within the 2019/20 financial year.
- The policy is to account for the termination payments at the point that the employee accepted the offer.
- The total payments made were £26,679 (2019: £13,188).

### 12 Pension costs

The charity operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable by the charity to the fund and amounted to £40,709 (2019 - £35,011). Pension contributions of £2,644 (2019 - £1,861) were payable to the fund at the balance sheet date.

### 13 Net (expenditure) / income

	<b>2020</b> £	<b>2019</b> £
Net income is stated after charging:		
Amortisation of intangible assets owned by the charity	5,168	-
Depreciation of charitable assets owned by the group	39,807	55,545
(Profit)/Loss on sale of fixed assets	(2,178)	458
Operating lease payments for land and buildings	<u>115,721</u>	<u>79,874</u>
Auditors remuneration:		
- for audit services	22,180	19,070
- for non-audit services	<u>7,539</u>	<u>7,143</u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

### 14 Intangible fixed assets

Group and Charity	Website £
<b>Cost:</b>	
At 1 September 2019	-
Additions	20,670
At 31 August 2020	20,670
<b>Amortisation:</b>	
At 1 September 2019	-
Charge for the year	5,168
At 31 August 2020	5,168
<b>Net book value:</b>	
At 31 August 2019	-
At 31 August 2020	15,502

### 15 Tangible fixed assets

Group	Land and buildings £	Leasehold improvements £	Office and computer equipment £	Total £
<b>Cost:</b>				
At 1 September 2019	1,298,526	39,245	136,994	1,474,765
Additions	24,857	-	17,997	42,854
Disposals	-	-	(2,574)	(2,574)
At 31 August 2020	1,323,383	39,245	152,417	1,515,045
<b>Depreciation:</b>				
At 1 September 2019	30,011	3,925	116,919	150,855
Charge for the year	17,987	3,925	17,895	39,807
Eliminated on disposals	-	-	(2,179)	(2,179)
At 31 August 2020	47,998	7,850	132,635	188,483
<b>Net book value:</b>				
At 31 August 2019	1,268,515	35,320	20,075	1,323,910
At 31 August 2020	1,275,385	31,395	19,782	1,326,562

Outstanding mortgages of £587,885 (2019: £610,479) in relation to the properties are secured on the properties included in land and buildings.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

Charity	Leasehold improvements £	Office and computer equipment £	Total £
<b>Cost:</b>			
At 1 September 2019	39,245	12,116	51,361
Additions	-	-	-
At 31 August 2020	39,245	12,116	51,361
<b>Depreciation:</b>			
At 1 September 2019	3,925	11,872	15,797
Charge for the year	3,925	150	4,075
At 31 August 2020	7,850	12,022	19,872
<b>Net book value:</b>			
At 31 August 2019	35,320	244	35,564
At 31 August 2020	31,395	94	31,489

### 16 Fixed asset investments

Group and Charity	2020 £	2019 £
Investments are allotted to each range as follows:		
UK Unit Trust	17,193	17,536
Equities	40,080	39,866
Listed Investments	57,273	57,402
Cash	121,734	122,335
	179,007	179,737
<b>LISTED INVESTMENTS</b>	<b>2020 £</b>	<b>2019 £</b>
At market value:		
Quoted at 1 September	57,402	55,633
(Losses)/Gains on investments	(129)	1,769
At 31 August	57,273	57,402
Historical cost of investment	52,605	52,605



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

### 17 Programme Related Investments

#### Group and Charity

Properties rented to other Red Balloon Centres:	Group £	Charity £
<b>Cost or valuation:</b>		
At 31 August 2019	1,447,963	2,720,104
At 31 August 2020	1,447,963	2,720,104
<b>Net book value:</b>		
At 31 August 2019	1,447,963	2,720,104
At 31 August 2020	1,447,963	2,720,104
<b>Programme related investments represented by:</b>	<b>Group £</b>	<b>Charity £</b>
76 Earlham Road, Norwich	700,740	700,740
220-222 Kings Road, Reading	-	545,762
13 Kenton Road, Harrow	747,223	747,223
57 Warkworth Terrace, Cambridge	-	726,379
<b>Total</b>	<b>1,447,963</b>	<b>2,720,104</b>

Outstanding mortgages of £757,641 (2019: £757,537) in Group and £1,345,526 (2019: £1,368,016) in the Charity in relation to the properties are secured on the properties listed above.

### 18 Debtors: amounts falling due within one year

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Trade debtors	216,689	132,064	-	4,000
Amounts owed by group undertakings	-	-	51,865	75,574
Amounts owed by other Red Balloon Centres	37,268	4,772	564	-
Prepayments and accrued income	74,960	56,082	47,709	54,548
Other debtors	979	21,613	-	-
	<u>329,896</u>	<u>214,531</u>	<u>100,138</u>	<u>134,122</u>

### 19 Debtors: amounts falling due after more than one year

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Rent deposit	<u>24,544</u>	<u>24,544</u>	<u>24,544</u>	<u>24,544</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

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

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Trade creditors	27,177	29,005	3,610	25,779
Amounts owed to group undertakings	-	-	-	1,003
Amounts owed to other Red Balloon centres	-	1,243	-	2,571
Social security and other taxes	32,941	38,043	6,771	9,596
Other creditors and accruals	95,880	74,686	77,975	56,402
Deferred income	471,590	453,270	-	100,000
Mortgage due within one year	21,752	21,365	21,752	21,365
	<u>649,340</u>	<u>617,612</u>	<u>110,108</u>	<u>216,716</u>

Deferred income	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Deferred income at 1 September	453,270	290,984	100,000	-
Resources deferred during the year	471,590	453,270	-	100,000
Amounts released from previous years	(453,270)	(290,984)	(100,000)	-
Deferred income at 31 August	<u>471,590</u>	<u>453,270</u>	<u>-</u>	<u>100,000</u>

Deferred income relates to unrestricted grants received for the following year of £Nil (2019: £100,000) and school term fees, being unrestricted income, invoiced in advance of £471,590 (2019: £353,270).

### 21 Creditors: amounts falling due after more than one year

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Mortgage	1,323,774	1,346,651	1,323,774	1,346,651
Amounts owed to group undertakings	-	-	10,732	10,732
	<u>1,323,774</u>	<u>1,346,651</u>	<u>1,334,506</u>	<u>1,357,383</u>

Creditors: amounts falling due after more than one year include amounts not wholly repayable within 5 years as follows:

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Due within 2-5 years	98,221	92,314	108,953	103,046
Due after more than 5 years	1,225,553	1,254,337	1,225,553	1,254,337
	<u>1,323,774</u>	<u>1,346,651</u>	<u>1,334,506</u>	<u>1,357,383</u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

Mortgages are secured on the properties concerned.

The mortgages for the Cambridge, Harrow and Norwich properties are with The Cambridge Building Society and the Reading property with Saffron Building Society. The mortgages are interest only, except for 33% (2019: 30%) of the balance outstanding at the year end on the Cambridge property.

The rates at the year end were as follows:

	2020 %	2019 %
76 Earlham Road, Norwich	4.74	5.09
220-222 Kings Road, Reading	5.39	5.64
13 Kenton Road, Harrow	4.74	5.09
57 Warkworth Terrace, Cambridge	4.74	5.09

### 22 Operating leases - lessee

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and Buildings Group		Land and Buildings Charity	
	2020 £	2019 £	2020 £	2019 £
Within one year	89,058	98,175	75,553	98,175
Within two to five years	43,316	425,499	7,093	425,499
After more than five years	-	445,972	-	445,972
	<u>132,374</u>	<u>969,646</u>	<u>82,646</u>	<u>969,646</u>

With the agreement of Red Balloon of the Air, Red Balloon Learner Centre Group have issued the landlord of Winship House with notice that Red Balloon has exercised its right under the terms of the lease to initiate the break clause allowing the lease term to end on 28th September 2021. See note 25.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

### 23a Funds analysis – current year

Group	Balance at 1/9/2019 £	Income £	Expenditure £	Transfers £ (note 22c)	Balance at 31/8/2020 £
General Funds	648,119	2,618,800	(2,409,928)	(14,947)	842,044
Designated Funds:					
- Intangible & tangible fixed assets	713,431	-	-	40,748	754,179
- Programme related investments	690,426	-	-	(104)	690,322
<b>Total unrestricted funds</b>	<b>2,051,976</b>	<b>2,618,800</b>	<b>(2,409,928)</b>	<b>25,697</b>	<b>2,286,545</b>
<b>Restricted funds</b>					
Bursaries	139,973	47,903	(75,863)	-	112,013
Funding for regional scouts and mentors	14,591	58,850	(73,540)	99	-
Funding for staff training	33,920	-	(887)	-	33,033
Funding to further develop and expand the Red Balloon provision	66,523	205,429	(229,286)	396	43,062
Other restricted donations for IT and other equipment, teachers, interns etc	74,104	86,490	(69,036)	(26,192)	65,366
<b>Total restricted funds</b>	<b>329,111</b>	<b>398,672</b>	<b>(448,612)</b>	<b>(25,697)</b>	<b>253,474</b>
<b>Total funds</b>	<b>2,381,087</b>	<b>3,017,472</b>	<b>(2,858,540)</b>	<b>-</b>	<b>2,540,019</b>
<b>Charity</b>					
General Funds	270,085	724,706	(651,975)	(33,917)	308,899
Designated Funds:					
- Intangible & tangible fixed assets	35,564	-	-	11,427	46,991
- Programme related investments	1,352,088	-	-	22,490	1,374,578
<b>Total unrestricted funds</b>	<b>1,657,737</b>	<b>724,706</b>	<b>(651,975)</b>	<b>-</b>	<b>1,730,468</b>
<b>Restricted funds</b>					
Bursaries	136,183	43,990	(75,863)	-	104,310
Funding for staff training	33,920	-	(887)	-	33,033
Other restricted donations for IT and other equipment, teachers, interns etc	42,705	57,038	(75,115)	-	24,628
Funding for expansion of the Red Balloon group	-	170,000	(163,056)	-	6,944
<b>Total restricted funds</b>	<b>212,808</b>	<b>271,028</b>	<b>(314,921)</b>	<b>-</b>	<b>168,915</b>
<b>Total funds</b>	<b>1,870,545</b>	<b>995,734</b>	<b>(966,896)</b>	<b>-</b>	<b>1,899,383</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

### 23b Funds analysis – prior year

Group	Balance at 1/9/2018 £	Income £	Expenditure £	Transfers £ (note 22c)	Balance at 31/8/2019 £
General Funds	643,604	2,459,852	(2,427,264)	(28,073)	648,119
Designated Funds:					
- Tangible fixed assets	664,731	-	-	48,700	713,431
- Programme related investments	690,455	-	-	(29)	690,426
<b>Total unrestricted funds</b>	<b>1,998,790</b>	<b>2,459,852</b>	<b>(2,427,264)</b>	<b>20,598</b>	<b>2,051,976</b>
<b>Restricted funds</b>					
Bursaries	105,757	69,150	(34,965)	31	139,973
Funding for regional scouts and mentors	6,413	57,328	(49,150)	-	14,591
Funding for the development office	-	50,000	(50,000)	-	-
Funding for staff training	-	40,000	(6,080)	-	33,920
Funding to further develop and expand the Red Balloon provision	108,459	165,713	(177,649)	(30,000)	66,523
Other restricted donations for IT and other equipment, teachers, interns etc	48,258	127,924	(111,449)	9,371	74,104
<b>Total restricted funds</b>	<b>268,887</b>	<b>510,115</b>	<b>(429,293)</b>	<b>(20,598)</b>	<b>329,111</b>
<b>Total funds</b>	<b>2,267,677</b>	<b>2,969,967</b>	<b>(2,856,557)</b>	<b>-</b>	<b>2,381,087</b>
<b>Charity</b>					
General Funds	221,134	637,032	(563,106)	(24,975)	270,085
Designated Funds:					
- Tangible fixed assets	-	-	-	35,564	35,564
- Programme related investments	1,332,677	-	-	19,411	1,352,088
<b>Total unrestricted funds</b>	<b>1,553,811</b>	<b>637,032</b>	<b>(563,106)</b>	<b>30,000</b>	<b>1,657,737</b>
<b>Restricted funds</b>					
Bursaries	105,758	65,390	(34,965)	-	136,183
Funding for the development office	-	50,000	(50,000)	-	-
Funding for staff training	-	40,000	(6,080)	-	33,920
Other restricted donations for IT and other equipment, teachers, interns etc	41,164	115,116	(113,575)	-	42,705
Funding for expansion of the Red Balloon group	94,800	105,000	(169,800)	(30,000)	-
<b>Total restricted funds</b>	<b>241,722</b>	<b>375,506</b>	<b>(374,420)</b>	<b>(30,000)</b>	<b>212,808</b>
<b>Total funds</b>	<b>1,795,533</b>	<b>1,012,538</b>	<b>(937,526)</b>	<b>-</b>	<b>1,870,545</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

### 23c Funds analysis – fund types

During the year, there were net transfers from restricted to unrestricted funds of £25,697 (2019: £20,598) in Group and £Nil (2019: £30,000) in the Charity.

In the Group in the current year, £24,857 was transferred from restricted to unrestricted funds in relation to a restricted grant for a garden extension at Red Balloon Learner Centre Cambridge. The restriction was satisfied upon the completion of the extension and the fund transferred to unrestricted. Similarly, a further £1,335 was transferred from restricted to unrestricted funds in relation to a grant for kitchen refurbishment.

In the prior year, in both Group and the Charity, £30,000 was transferred from restricted to unrestricted funds in relation to a restricted grant for leasehold improvements as part of Red Balloon's expansion and general activity thereafter therefore the restriction was satisfied upon purchase and the fund transferred to unrestricted.

#### Restricted Funds

- Bursaries fund – Grants received to enable the charity to directly support individual students at Red Balloon of the Air and Red Balloon Learner Centres.
- Regional Scouts and Mentors fund – Funds awarded to support the development of the Red Balloon of the Air programme, and to continue the provision of therapeutic support and mentoring to students.
- Staff training and development fund – Funds awarded for general staff development and for the staff conference in September 2020 (postponed due to COVID-19 therefore to be used for the next staff conference).
- Red Balloon Development and Expansion fund – funds awarded to help with the growth and development of Red Balloon of the Air and the Red Balloon Learner Centres, including a £160,000 grant in the current year, for the expansion of Red Balloon Learner Centre NW London and a £30,000 grant in the prior year, specifically for leasehold improvements.
- Other restricted donations fund – Individual grants and donations for specific resources. These have contributed towards the purchase of laptops and other educational resources, as well as funding certain teaching, managerial and administration posts. In the current year, this included a grant specifically for a garden extension at Red Balloon Learner Centre Cambridge.

#### Designated Funds used for the purposes of fixed assets

- These represent the net book value of intangible fixed assets, tangible fixed assets and of programme related investments at the year end, after deducting outstanding mortgages due on the properties.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

### 24a Analysis of net assets by funds – current year

Group	Restricted funds £	Unrestricted funds £	Total funds £
Intangible fixed assets	-	15,502	15,502
Tangible fixed assets	-	1,326,562	1,326,562
Fixed asset investments	-	179,007	179,007
Programme related investments	-	1,447,963	1,447,963
Current assets	253,474	1,290,625	1,544,099
Creditors due within one year	-	(649,340)	(649,340)
Creditors due in more than one year	-	(1,323,774)	(1,323,774)
	<u>253,474</u>	<u>2,286,545</u>	<u>2,540,019</u>
<b>Charity</b>	<b>£</b>	<b>£</b>	<b>£</b>
Intangible fixed assets	-	15,502	15,502
Tangible fixed assets	-	31,489	31,489
Fixed asset investments	-	179,007	179,007
Programme related investments	-	2,720,104	2,720,104
Current assets	168,915	228,980	397,895
Creditors due within one year	-	(110,108)	(110,108)
Creditors due in more than one year	-	(1,334,506)	(1,334,506)
	<u>168,915</u>	<u>1,730,468</u>	<u>1,899,383</u>

### 24b Analysis of net assets by funds – prior year

Group	Restricted funds £	Unrestricted funds £	Total funds £
Tangible fixed assets	-	1,323,910	1,323,910
Fixed asset investments	-	179,737	179,737
Programme related investments	-	1,447,963	1,447,963
Current assets	329,111	1,064,629	1,393,740
Creditors due within one year	-	(617,612)	(617,612)
Creditors due in more than one year	-	(1,346,651)	(1,346,651)
	<u>329,111</u>	<u>2,051,976</u>	<u>2,381,087</u>
<b>Charity</b>	<b>£</b>	<b>£</b>	<b>£</b>
Tangible fixed assets	-	35,564	35,564
Fixed asset investments	-	179,737	179,737
Programme related investments	-	2,720,104	2,720,104
Current assets	212,808	296,431	509,239
Creditors due within one year	-	(216,716)	(216,716)
Creditors due in more than one year	-	(1,357,383)	(1,357,383)
	<u>212,808</u>	<u>1,657,737</u>	<u>1,870,545</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

### 25 Events after the balance sheet date

With the agreement of Red Balloon of the Air, Red Balloon Learner Centre Group have issued the landlord of Winship House, where both entities are based, with notice that Red Balloon has exercised its right under the terms of the lease to initiate the break clause allowing the lease term to end on 28th September 2021. They are now focusing efforts on finding suitable premises which will allow the Red Balloon of the Air provision and the operations of Red Balloon Learner Centre Group to continue in the same way.

The trustees are agreed that this event does not impact Going Concern. A contingency plan to ensure that all education and support to students continue in the next academic year, whether or not a permanent premises have been found, is being prepared for Red Balloon of the Air.

Leasehold improvements in relation to Winship House will be fully written down in the next financial year. At 31 August 2020, the net book value of Winship House leasehold improvements was £31,395.

### 26 Related party transactions

As permitted by the Memorandum and Articles of Association, one trustee being Dr C M H Herbert, received remuneration of £Nil in the current year (2019 – 1 Trustee - £24,667), for her services to the charity in respect of fundraising. There were no other related party transactions.

Exemption from disclosing transactions with group companies has been claimed, since the subsidiaries are wholly owned and included within the group financial statements, which are publicly available. There are no other related party transactions to note.

### 27 Principal subsidiaries

The following are 100% owned subsidiary undertakings of the Charity:

Company name	Country	Company Number	Charity Number
Red Balloon of the Air	England and Wales	07328440	1138657
Red Balloon Learner Centre Cambridge	England and Wales	10978174	1175826
Red Balloon Learner Centre Reading	England and Wales	07150417	1136446

Red Balloon of the Air is a company limited by guarantee and a registered charity. Total funds as at 31 August 2020 were £189,239 (2019: £186,818), which comprised of assets of £614,196 (2019: £510,691) and liabilities of £424,957 (2019: £323,873). The charity had income during the year of £1,384,559 (2019: £1,606,111) and expenditure of £1,382,138 (2019: £1,660,554), giving net income for the year ended 31 August 2020 of £2,421 (2019: net expenditure £54,443).

Red Balloon Learner Centre Cambridge is a company limited by guarantee and a registered charity. Its net assets were £241,701 at the year end (2019: £225,781). The charity had income during the year of £459,556 (2019: £480,035) and expenditure of £443,636 (2019: £418,797), giving net income for the year ended 31 August 2020 of £15,920 (2019: £61,238).

Red Balloon Learner Centre Reading is a company limited by guarantee and a registered charity. Its net assets were £251,892 at the year end (2019: £125,314). The charity had income during the year of £587,956 (2019: £418,056) and expenditure of £461,378 (2019: £365,646), giving net income for the year ended 31 August 2020 of £126,578 (2019: £52,410).



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

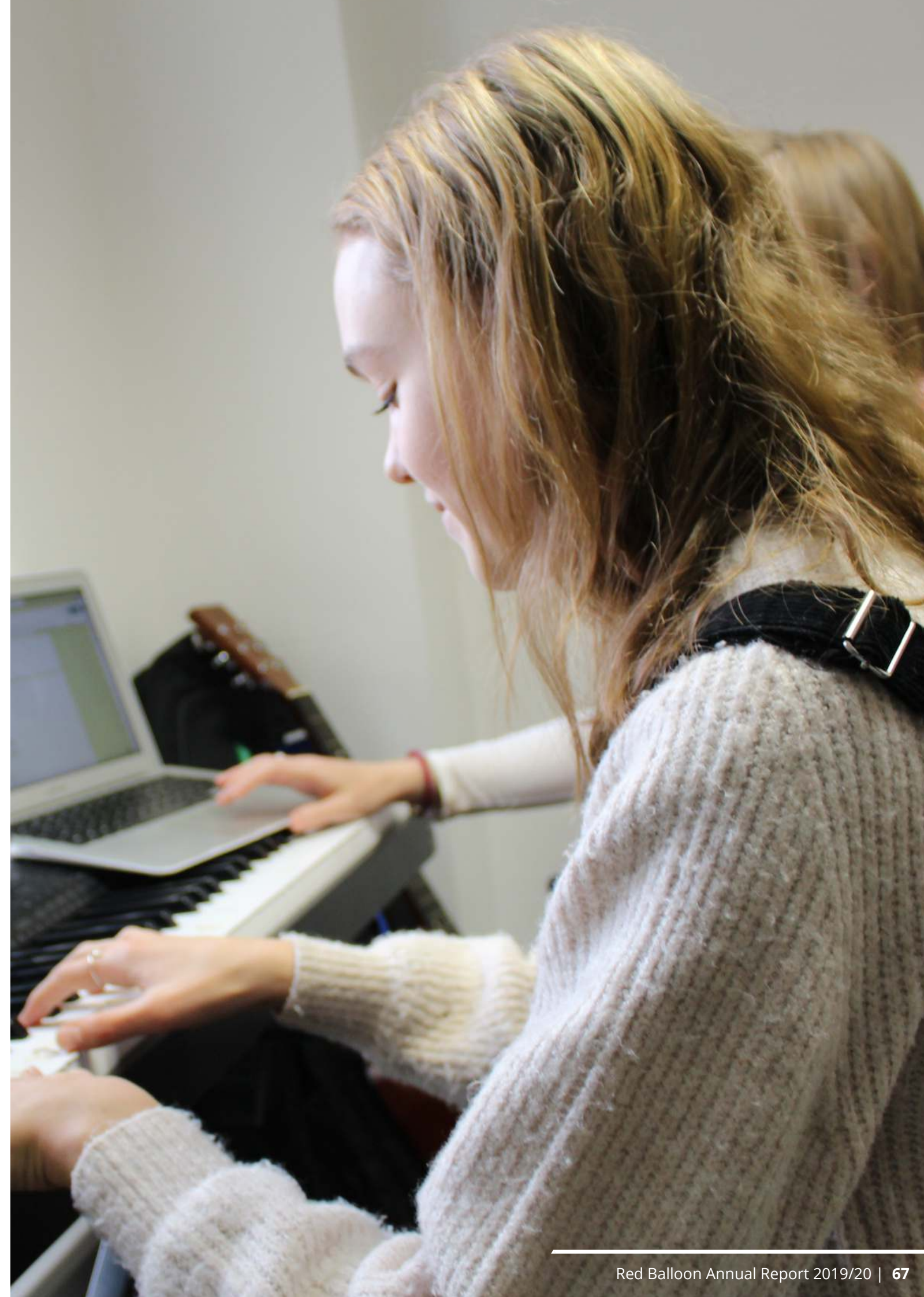
### 28 Reconciliation of net expenditure to net cash flow from operating activities

	2020 £	2019 £
Net income for the reporting period (as per the statement of financial activities)	158,932	113,410
Adjustments for:		
Amortisation charges	5,168	-
Depreciation charges	39,807	55,545
(Profit)/Loss on disposal of tangible fixed assets	(2,178)	458
Losses/(Gains) on investments	129	(1,769)
Investment management charges	601	546
Increase in debtors	(115,365)	(70,255)
Increase in creditors	31,341	168,499
Net cash provided by operating activities	<u>118,435</u>	<u>266,434</u>

### 29 Analysis of changes in net debt

	Balance at 1/9/2019 £	Cash flows £	Other non- cash changes £	Balance at 31/8/2020 £
<b>Cash and cash equivalents:</b>				
Cash	<u>1,154,665</u>	<u>34,994</u>	<u>-</u>	<u>1,189,659</u>
<b>Borrowings:</b>				
Debt due within one year	(21,365)	22,490	(22,877)	(21,752)
Debt due after one year	<u>(1,346,651)</u>	<u>-</u>	<u>22,877</u>	<u>(1,323,774)</u>
	<u>(1,368,016)</u>	<u>22,490</u>	<u>-</u>	<u>(1,345,526)</u>
<b>Total</b>	<u>(213,351)</u>	<u>57,484</u>	<u>-</u>	<u>(155,867)</u>

Borrowings relate to mortgages on the 4 properties owned by Red Balloon Learner Centre Group.







Red Balloon Learner Centre Group  
(a company limited by guarantee)

Annual Report and Financial Statements  
for the year ended 31 August 2020

Registration No. 5385341  
(England and Wales)  
Charity No. 1109606

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