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Red Balloon Educational Trust
(Formerly known as Red Balloon Learner Centre Group)

Annual Report 2020/21



“

Before starting Red Balloon I was worried about who would be there and whether I'd be able to make any friends. I was also worried about the teachers. But I remember on my first day at the Centre I got a very warm welcome, and the worries I had left fast. I liked the other students at the Centre; they were friendly, funny, sporty. My biggest achievement at Red Balloon was probably making friends.

”

**Mary-Jane,
Red Balloon Reading**



For young people like Mary-Jane, student life in mainstream schools can be anxiety-provoking, lonely and isolating. It can prevent growth and learning. Red Balloon helps them get their confidence back and sets them on the path to fulfilment and success.

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Introduction from the Chair

This past year Red Balloon celebrated its 25th Anniversary. As we reflected on our achievements and growth, we simultaneously began looking at the future direction of Red Balloon. From this has sprung a new name and image. Red Balloon Learner Centre Group and Red Balloon of the Air have merged under one charity name: Red Balloon Educational Trust.

All teaching provisions and day-to-day operations will remain exactly the same at each local Centre and Air, but the shared name and charity number will allow resources to be better allocated to where they are needed most. Red Balloon's central administrative team will now be streamlined so each Centre can focus more on what they do best: helping young people recover.

We are also looking to move. Like many this year, we've found that we don't need as large an office space to be effective in our work. Red Balloon Educational Trust has purchased a property in Cambridgeshire for both staff and students from RBAir and the central administrative team.

The purchase of a property with a mortgage will reduce the amount of money we have been paying in rent by almost 50%. This property also provides dedicated spaces for students to do practical workshops such as art, living skills, domestic science, counselling in person if necessary, meet for social gatherings, as well as having a professional space for staff training and meetings with commissioners and parents.

It's an exciting move with far-reaching benefits, and we look forward to sharing news of our new offices with you in the future.

This year we have also progressed towards our goal to reach more isolated and vulnerable children by beginning the expansion of our provision into West Sussex. We have begun establishing a new Centre in Worthing, supported by the purchase of new premises by a generous donor, and Red Balloon of the Air has moved swiftly to support young people in this area.

The new Centre building is currently being refurbished but will be open for students by September 2022, providing both a Centre-based provision and a student hub for RBAir's blended provision in the area. Red Balloon Worthing will be joining Red Balloon of the Air under the Red Balloon Educational Trust umbrella.

We are delighted to have been able to expand to this new location and to offer support to young people with no where else to turn.

For young people across the UK, the 2020-21 academic year proved challenging with the continuing impact of COVID. For those already struggling with mental health or trauma-related issues, lockdown served only to exacerbate their anxieties and obsessions, and we saw the impact these stressful times had on many of our students.

Despite these challenges, Red Balloon staff rose to the occasion, providing more wellbeing sessions, online counselling and personalised programmes. These were supported by extra charitable donations, and we thank our supporters for the difference they made during this most difficult time.

Regardless of the difficulties of the year, our students have again shown their determination to succeed both personally and academically.

This year's exam results were impressive. Considering most of the students at Red Balloon have missed at least five terms of education before they come to us, 74% of those who sat GCSE English, achieved passes (grades 9-4) and 79% achieved good passes in Maths.

In addition to GCSEs, our students received BTECs, ASDAN certificates, Arts Awards and other qualifications, with an incredible 91% pass rate.

On a much larger scale, we have seen the impact the pandemic has had on the mental health of our nation's young people. What 25 years of Red Balloon have taught us is that the programme we offer must be rounded, holistic and integrated. Children's wellbeing, academic, and social lives do not exist in separate spheres, and we will continue to support each aspect of our students' development to ensure they can reach a future they are proud of.

With warm regards,

Bev Williams
Chair of Trustees

About Red Balloon

Red Balloon's programme is a holistic approach to education, aimed at those aged 11 to 18 who are out of school and unable to attend due to severe bullying, anxiety or illness. We focus on three critical areas: wellbeing, social re-engagement and, of course, education! Students come to us because their learning opportunities have been severely limited and they are becoming increasingly socially isolated at home. They risk falling through gaps in our education and mental health systems and struggling to find their footing in an increasingly complex adult world. Thanks to our incredible donors, we empower and assist students to rebuild their self-confidence, rekindle their desire to learn and succeed, and move forward into further education, training or work.

We know that school isn't for everyone, but we believe education should be. Last year, there were potentially 60,000 children missing from England's state schools because of bullying or poor mental health. Post-pandemic, many students are reeling from instability and loss. With 25 years of experience, Red Balloon is reaching out to help the most vulnerable, one child at a time.

In this year's annual report you'll see how, in partnership with our donors, commissioners and passionate supporters, we're doing everything we can to ensure our young people are cared for, encouraged, and supported to flourish.

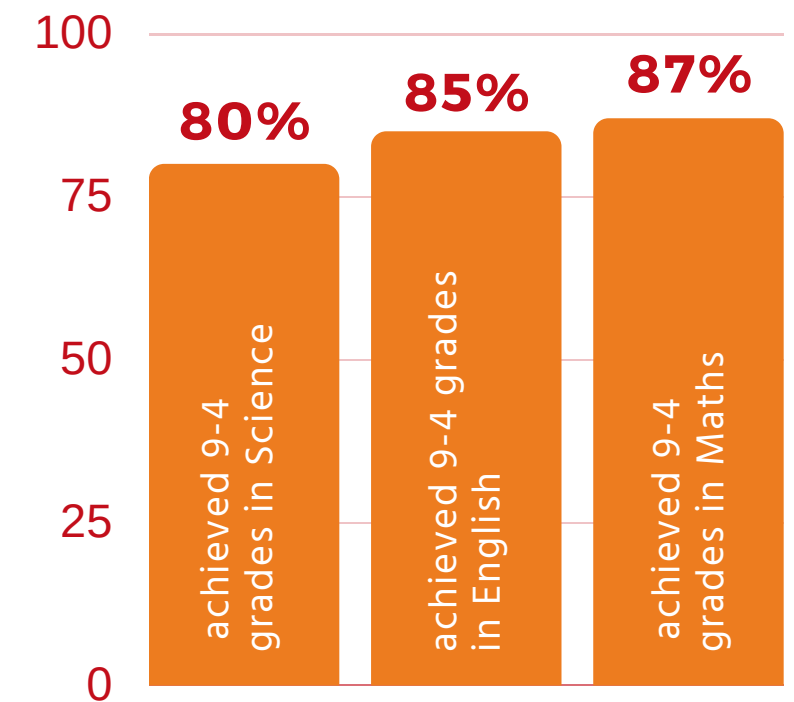
About the Red Balloon Consolidated Group

Red Balloon Educational Trust, formerly Red Balloon Learner Centre Group, acts as the coordinating and service centre for the five Centres. These five Centres 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. After the end of the year, on 12 October 2021, the operations, assets and liabilities of Red Balloon of the Air were transferred to its parent company, Red Balloon Educational Trust.

At the start of the year, 1 Sept 2020, the Red Balloon consolidated group consisted of Red Balloon of the Air, Red Balloon Reading and Red Balloon Cambridge. During 2020-21, Red Balloon Reading and Red Balloon Cambridge ceased to be consolidated, due to the FRS102 definition of control no longer being met. Together with Red Balloon of the Air, they are included in the group results up to their respective disposal dates; 19 May 2021 for RB-Reading and 11 May 2021 for RB-Cambridge, as required by UK accounting standards.

Our year at a glance

Our students achieve amazing things. Of the 61 students who took GCSE exams in the 2020-21 year:



This year, across 10 counties in England we supported:



215 *children total*

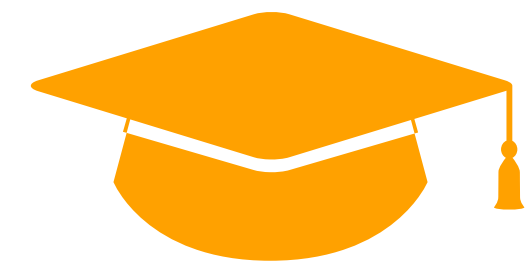
189 *with Education and Health Care Plans*

32

students 'graduated' and said goodbye to Red Balloon

100

students had an attendance rate of 70%+



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 a blended online and face-to-face provision, Red Balloon of the Air, based in Cambridge but covering various different counties, with several face-to-face hubs.

In 2022 we will open our sixth physical Centre in Worthing.



 Red Balloon Learner Centres

 Red Balloon of the Air face-to-face hubs

Red Balloon supports students across the counties highlighted above

Message from the Director of Education

Red Balloon Educational Trust consists of Red Balloon of the Air, Red Balloon Worthing and a central services team that provides the underpinning support and organisational development for the network of Learner Centres. The central services team provide strategic educational, wellbeing, IT, HR, fundraising, communications and administrative support, so that staff in the Centres can focus on what they do best – changing the lives of bullied and vulnerable young people.

Whilst this year was marked by the continuing impact of the Covid-19 pandemic it also saw us becoming more agile and used to adapting to the consequences. Some of our responses have led to speeding up our adoption of new technology that has led to more efficient working. However, for young people everywhere the national restrictions have taken a dramatic toll on their wellbeing, which began to show in increased referrals to our Centres - a trend we expect to see an increase over the coming years.

We recognise the enormous adjustment mainstream schools are making to support their cohorts whose mental health has declined during this period. In most cases, their interventions will be successful, but for a small proportion of students, though sadly still measured in the thousands nationally, the intensive programme Red Balloon provides will be their lifeline towards a fulfilled adulthood.

As with last year, we should recognise the work of our staff teams, who show incredible resilience and determination to keep supporting students throughout all the challenges Covid-19 has thrust upon us.

We are thankful for our donors whose generosity has allowed us to plan for the future with increased certainty. Each donation has made a great impact and enabled further mental health support for our students to meet their increased needs due to the uncertainty of the pandemic.

In particular, we are proud to have moved significantly closer to opening our new Centre supporting young people across West Sussex. From its base in Worthing, this is the first opportunity to develop a fully integrated provision, linking Centre provision to that of Red Balloon of the Air. This will enable us to even more closely match the needs of our students to high-quality and appropriate provision.

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 to 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



"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."



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 had been severely bullied, lost their confidence or 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, listened to, valued and respected. Building trusting, open, respectful and inclusive relationships is at the heart of all we do, and we put the students' needs first.



Students are given support to:

- **rebuild their self-esteem and grow as individuals**
- **develop resilience and a positive self-image**
- **build the necessary learning skills 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, social and emotional support help our students face their challenges head-on

“ One of the best things at the start was the online and face-to-face therapy Red Balloon offers. It doesn't feel like therapy; it just feels like chatting to someone about your life.

”

Our vulnerable students benefitted from the support of 51 wellbeing professionals.

Every child should be given the care and support they need to grow into more self-confident, resilient, engaged, and happier versions of themselves.

The young people in our programmes have reached a point of crisis in their lives and can no longer cope in a mainstream educational setting. Our approach supports them to develop their self-belief and re-engage with education at a pace that is appropriate to their personal recovery process. Nurturing students' wellbeing, before and throughout their studies, is central to our students' success. At Red Balloon, young people have individual psychological support timetabled directly into their academic day. Our trained therapists use a range of supports and therapies so students can express themselves and work through any trauma or issues in a safe, controlled and personalised way. These may include talk, music, art, and even equine therapy! We believe this support is an essential building block for getting students back on their feet and achieving their goals.

Students can also take part in wellbeing activities; from non-competitive sports and physical exercise, to bushcraft, growing plants, golf and mental health crafts. They may take part in yoga and meditation, alongside different assertiveness and relaxation techniques. Sometimes a member of staff will bring in their dog, which can be especially helpful for those students who have trouble trusting people. Students also have the opportunity to recharge and learn in 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 will visit them at home. These mentors support students' social growth step-by-step, from standing outside the front door, to walking the dog, to taking the bus. When they're ready, students attend sessions at our student hubs in Milton, Norwich, Harrow and Danbury to join fellow Red Balloon students in wellbeing and social activities - such as Therma Painting or pancake making - that allow them to develop their social skills in a safe environment.

Education

A bespoke curriculum helps students re-engage with learning

“ I really value the teachers at RBAir and their flexibility to work with whatever is going on with me ”



Between our four 'brick and mortar' Centres and Red Balloon of the Air, students are able to study over 35 subjects, tailored to their individual interests.

When children get to negotiate their curriculum, we get to provide personally-tailored challenges that engage them and their interests and help them reach their academic goals.

Teachers use topics that students are passionate about such as Japanese culture, astronomy or fishing, and are able to link them to curricular subjects which helps students find joy in learning again. We embrace the fact that we all learn in different ways, and actively use this to help students flourish.

Lessons are structured so each child can learn at their own pace. Students begin with one-to-one sessions and later progress to small group sessions of no more than six. The day consists of six 45-minute sessions.

Red Balloon's atmosphere is informal. There are no uniforms and students call staff by their first names. At the heart of our Centres sit big communal kitchens where students and staff come together, eat freshly cooked lunches, celebrate birthdays and other occasions, play games and discuss matters of the day.

All students have access to English, maths, science, humanities and personal, social, health and economic education (PSHEE). Some Centres will also offer subjects such as food technology, languages, psychology, history, design technology and PE. Children can also take part in a plethora of extra-curricular activities like songwriting or kayaking, for example.

For those studying with Red Balloon of the Air, equally personalised lessons take place at home, in real-time. Our teaching team uses hands-on practical activities and interactive digital technology to bring the curriculum to life.

This negotiated approach means every student is on a learning journey that is uniquely suited to them. This ensures that the young people are inspired and motivated to learn, challenged appropriately and prepared to take the next step to become happy, healthy and fulfilled adults.

Social re-engagement

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



I was encouraged to join in events – picnics, parties, groups who get together and do things. I’m not usually good at open spaces – but I really, really enjoyed myself on Red Balloon’s activities. We take things at our own pace.



In 2020/21 83% of students reported that their well-being improved since joining Red Balloon.

Every young person should build positive relationships with others, feel that they belong and engage in the wider world.

Before joining Red Balloon, most of our students had withdrawn from school and become isolated at home. Most had lost their friendships and routines, and become socially confined. Gradually, they 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 public transport 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, and some of whom struggle to leave their rooms. For these vulnerable young people, mentors help 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 take engagement at the student's pace, step by step until the students are ready to take part in face-to-face sessions. This may mean carefully coaxing the young person to take a step outside, take a walk and more, until they decide they are ready to move to the next step.

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

Fundraising: a year of amazing support

Very special thanks to:

The AB David Charity
Ashridge Group
BBC Children In Need
The Ben Cohen Stand Up Foundation
Ralph Burditt
The Charles S French Charitable Trust
Kevin Holmes
Homelands Charitable Trust
Nic Humphries

The Ingles Charitable Trust
Katrina Lamberton
Diarmuid Ó Séaghdha
Philip King Charitable Trust
Qualcomm Foundation
Mike and Carol Romanos
Nick Salter
The Sussex Community Foundation
Catherine Viola

For every £1 we spent in 2020/21 in the Red Balloon Educational Trust consolidated group, 85.5p went on direct costs supporting students:



We cannot operate effectively without good management and fundraising efforts. Last year 11p of every £1 was spent on support and governance 3.5p was spent on raising funds.



Our plans for the future

Our strategic objectives for the next three years are to:

Improve the way students are supported

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

Reach more isolated and vulnerable children

To meet the growing need, we will expand Red Balloon so we can reach more bullied, anxious and traumatised children.

This past year we have achieved this goal by:

- progressing towards opening a Centre in the new location of Worthing, West Sussex.
- encouraging the expansion of Cambridge and NW London Centres - by 20 children each.
- supporting the increase in the number of students at Red Balloon of the Air.

And we will continue to work towards this aim by:

- opening a further additional Centre in a new location
- continued support of increasing 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 continue to move towards a consolidated governance model across Red Balloon, which has already begun with the merger of Red Balloon of the Air and Red Balloon Educational Trust (RBET), and the establishment of Red Balloon Worthing as part of RBET.
- 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 continue to 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.



Alumni case study: Daniel, Cambridge Centre

I had an awful time at my first senior school; I was bullied horrendously. I arrived late in the year and I was an outsider and found it hard to make friends. It just went from bad to worse really, the teachers were not supportive and it rapidly reached the point where I didn't have any friends at all at school and I was miserable.

When I left my first senior school I was pretty torn up. I was ill with post-traumatic stress disorder, bipolar disorder and anxiety. So that wreaked havoc in my mind and in my brain. I just couldn't cope with the full-on social stuff and the workload. So I had to leave my second school too, after which I spent about a year in a psychiatric hospital. I'd had to take a lot of time out at that point and I was feeling hopeless. I wondered "what the hell is going to happen to my education? Am I going to have to be home-schooled? What's going to happen with university?"

“It was at that point that I came to Red Balloon. I was about 15 and had been out of education for a year. But I wasn't well enough to go to mainstream education, and that's what was going on for me when I joined Red Balloon.”

Things at Red Balloon were different to my previous schools; it was quieter, more relaxed, and it felt more comfortable. The teachers were very supportive, and there was a big sense of them wanting me to do well. They were kind, encouraging, motivating, treated me as an equal and as someone to be respected, which was a big important thing to me.

I think my biggest achievement while at Red Balloon, corny and obvious though it may sound, was actually getting GCSEs; because I didn't think that would be possible when I joined. But I got my A and my A-stars so I was happy with that. Just getting through was the biggest achievement I could have hoped for. I am now studying Pharmacology at university, as well as setting up my own pharmacology business.

Red Balloon taught me a lot about managing social interactions as well as treating others as equals. Being on equal terms with teachers with first names, I think that was definitely one of the things that enabled me to form my network of pharmacology contacts, which is what got me where I am today.

“If I hadn't gone to Red Balloon, honestly I'd probably be back in the psychiatric hospital. For one thing, I definitely wouldn't have managed in mainstream education. Red Balloon absolutely prepared me for the future.”

"I am now studying Pharmacology at University, as well as setting up my own pharmacology business."





Financial review

Risk assesment

Structure, governance
and management

Financial review

Red Balloon Educational Trust, formerly 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 a blended online and face-to-face 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. After the end of the year, on 12 October 2021, the operations, assets and liabilities of RBAir were transferred to its parent company, Red Balloon Educational Trust.

At the start of the year, 1 Sept 2020, the RB consolidated group consisted of Red Balloon of the Air, RB-Reading and RB-Cambridge. During 2020-21, RB-Reading and RB-Cambridge ceased to be consolidated, due to the FRS102 definition of control no longer being met. Together with Red Balloon of the Air, they are included in the group results up to their respective disposal dates; 19 May 2021 for RB-Reading and 11 May 2021 for RB-Cambridge, as required by UK accounting standards.

Consolidated income increased by £444k on the prior year to £3,461k (2020: £3,017k) despite RB-Reading and RB-Cambridge's results only being included for part of the year; £556k from an increase in fee income, which was mainly due to 71% higher fee income in RB-Cambridge, following the opening of their second Centre in Autumn 2020 and 31% increase in RBAir due to higher student numbers, partially offset by the decrease in fee income in RB-Reading due to the shorter consolidation period. Income from donations and grants decreased by £104k on prior year to £653k (2020: £757k). Other income decreased by £30k on prior year to £8k (2020: £38k) in relation to the Coronavirus Job Retention Scheme grant claimed; £5k by the Charity and £3k by RBAir (2020: £38k Charity and £Nil RBAir).

Expenditure increased by £596k on prior year to £3,455k (2020: £2,859k), however, included within expenditure for the current year is £850k in

relation to the disposal of the RB-Reading and RB-Cambridge subsidiaries. Expenditure in the Charity decreased by 36% (2020: 3% increase), RBAir increased by 3% (2020: 17% decrease), RB-Cambridge increased by 18% due to the opening of their second Centre although only consolidated for part of the year (2020: 6%) and RB-Reading decreased by 17% due to only being consolidated for part of the year (2020: 26% increase).

Overall, there was a consolidated surplus of £6k (2020: £159k), of which £236k (2020: £28k) was attributable to the Charity, £221k (2020: £2k) to RBAir, £196k (2020: £16k) to RB-Cambridge, £152k (2020: £127k) to RB-Reading, £58k in relation to the reclassification of the Cambridge and Reading properties to programme related investments, £850k deficit arising on the disposal of subsidiaries (2020: £Nil) and the balance of £7k deficit (2020: £14k deficit) due to consolidation adjustments.

RBAir's fee income increased by £362k in 2020-21 (2020: £144k decrease) to £1,527k (2020: £1,165k) due to an increase in student numbers and a review of the pricing strategy carried out during the previous year. In response to the fall in student numbers at the start of the prior year in 2019-20, a comprehensive restructure was carried out, 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. RBAir's expenditure, therefore, only increased by £33k (2020: £278k decrease). At 31 August 2021, RBAir held £387k (2020: £148k) of unrestricted reserves which provided approximately 3.3 months (2020: 1.2 months) of expenditure cover.

The Charity's net assets increased by £236k (2020: £28k) to £2,136k (2020: £1,899k) in the year. Its income decreased by £140k (2020: £17k) to £856k (2020: £996k); £91k decrease (2020: £2k) from donations and grants income, £33k decrease (2020: £38k increase) in relation to the Coronavirus Job Retention Scheme, £Nil (2020: £56k decrease) due income generated from fundraising events, and £16k net decrease (2020: £3k net increase) in other income categories. Costs decreased by £348k (2020: £29k increase) to £619k

(2020: £967k) due to lower expenditure in the following areas: £255k (2020: £47k higher) in bursaries and grants awarded to other Red Balloons; £27k (2020: £13k higher) in premises costs, £144k in staff costs (2020: £1k higher) and £13k net decrease (2020: £3k) in other areas. This was partially offset by higher expenditure of £4k (2020: 23k lower) in fundraising expenses, £59k (2020: £10k lower) in recruitment and professional costs and £28k (2020: £4k) in depreciation and amortisation charges.

At 31 August 2021, the consolidated group's net assets amounted to £2,546k (2020: £2,540k), of which approximately £1,613k (2020: £1,624k) is in fixed assets (net of mortgages).

Investment policy and performance

Surplus funds are split between CAF Bank savings accounts, paying interest during the financial year at approximately 0.01% pa (2020: 0.01% pa) and funds held with Investec. Around 65% of the Investec funds are held as cash paying 0% pa (2020: 0% pa) interest, 10% in fixed interest investments and the remaining 20% in UK and international equities; in the year ended 31 August 2021, the average return on all Investec funds was 0.99% pa (2020: 1.07%). The trustees believe this appropriately balanced the need for ready access, good security and investment return. In May 2022, the decision was made to withdraw all funds held with Investec and other investment options are being considered. CAF Bank savings account interest has increased in the first half of 2022 and is currently at 0.35% pa.

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 2021, the Charity held free reserves of £557k (2020: £309k), equating to around 14.6 months (2020: 7.1 months) operating costs.

The Charity's net costs decreased in 2020-21 due to lower staff costs following redundancies and a role not being replaced. Some of the free reserves was used towards the purchase of a new property in Milton in April 2022. Following the merger of Red Balloon of the Air with the Charity in October 2021, the trustees of the Charity will review its reserves policy and 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

The RBAir provision was able to maintain its provision despite the challenges posed by the Covid-19 situation and has seen no major adverse impact on operations as a result of the pandemic. Student numbers have, however, been lower than anticipated in 2021-22, and a 6% fall in fee income is predicted. Fee income is forecast to increase again the following year, as a result of further review of pricing strategy and based on the level of enquiries. In the Charity, grants and donations income has been lower in 2021-22 compared to the previous couple of years but this has been more than offset by a successful fundraising event in October 2021. The Charity is opening a new Centre in Worthing in Sept 2022 and various set-up costs have been incurred in 2021-22 but a significant proportion has been covered by restricted grants and donations received for this purpose. Following a 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.

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

Inadequate service provision – 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 each 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.
Student safeguarding – 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 are up-to-date and inspections are carried out at appropriate intervals. Central monitoring of compliance at Learner Centres and RBAir.
Changes in government policy or regulation – 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 provisions 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.
Financial insolvency – 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.
Cyber Security - resulting in a safeguarding risk, data breach (also see below), failure to conform to regulation	Implementation of IT strategy that ensures compliance, ensuring hardware and software purchases can be centrally supervised. Training to ensure compliance with revised IT strategy. Improved authentication procedures.
Loss of IT data and/or access to central systems – 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 are 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 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 11.

Fundraising standards information CA 162A

Red Balloon Educational Trust (RBET) raises some funds from the public.

- i) RBET undertakes fundraising through our internal resources and we do not commission a professional fundraiser/commercial participator for these;
- ii) RBET 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) RBET monitors fundraising activities via the board reports and via fortnightly meetings;
- iv) RBET received no complaints during the year about activities for the purpose of fundraising;
- v) RBET 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's 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 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 RBAir causes us to believe that there is a need in the UK for much wider access 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 Educational Trust 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 23 August 2022 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
Revd Prof Michael J Reiss
Mr Kevin J Taylor (resigned 17 September 2020)
Ms Elizabeth M Allan (resigned 17 April 2021)
Mr Edward A Bowers (resigned 16 October 2020)
Mr Simon P Mace (appointed 19 November 2020)
Ms Jennifer R Raine (appointed 25 November 2021)

Executive Officer
Chief Executive Officer: Ms Lena Milosevic (resigned 5 October 2020)
Director of Education: Mr Robert Watson (appointed 2 January 2020)

Company Secretary Dr Carrie M H Herbert

Principal/Registered office Willow Lodge, 37 High Street, Milton
Cambridge CB24 6DF

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



Auditors' report and
financial statements
for the year ended
31 August 2021



Independent auditors' report to the members of Red Balloon Educational Trust

Opinion

We have audited the financial statements of Red Balloon Educational Trust (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 August 2021 which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheet, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 2021, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

Emphasis of Matter in relation to the control of Red Balloon Cambridge

We draw attention to note 27 in the financial statements which describes that the accounts of Red Balloon Learner Centre Cambridge for the year ended 31 August 2021, filed at Companies House dated 6 June 2022 (received at Companies House on 27 May 2022), still state that 'Red Balloon Learner Centre Cambridge is owned 100% and controlled by Red Balloon Learner Centre Group' (p23 Controlling Party note). Red Balloon Educational Trust believes this statement to be incorrect and that control ceased on 11 May 2021 and therefore Red Balloon Learner Centre Cambridge ceased to be consolidated from 11 May 2021 as described in note 27.

Our audit opinion is not modified in respect of this matter.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Independent auditors' report to the members of Red Balloon Educational Trust

Conclusions relating to going concern (continued)

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

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' Annual Report, incorporating the Director's 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 Trustees' Report.

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

- adequate accounting records have not been kept 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 trustees' 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 auditors' report to the members of Red Balloon Educational Trust

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement in the Trustees' Report, 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 group or the parent 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.

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

We gained an understanding of the legal and regulatory framework applicable to the charitable company and how it operates and considered the risk of the group and the parent charitable company not complying with the applicable laws and regulations including fraud in particular those that could have a material impact on the financial statements. This included those regulations directly related to the financial statements. In relation to the group and the parent charitable company this included employment law, financial reporting and health & safety.

The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified these included the following:

- We reviewed systems and procedures to identify potential areas of management override risk. In particular, we agreed the financial statements to underlying records and we carried out testing of journal entries and other adjustments for appropriateness.
- We reviewed accounting policies for evidence of management bias and ensured that the accounting policies were correctly applied to the financial statements.
- We reviewed minutes of Trustee Board meetings and agreed the financial statement disclosures to underlying supporting documentation.
- We have made enquiries of management and officers of the parent charitable company regarding laws and regulations applicable to the organisation.

Independent auditors' report to the members of Red Balloon Educational Trust

Auditor's responsibilities for the audit of the financial statements (continued)

- We reviewed the risk management processes and procedures in place including a review of the Board assurance reporting.
- We have reviewed any correspondence with the Charity Commission and reviewed the procedures in place for the reporting of incidents to the Trustee Board including serious incident reporting of any such matters if necessary.

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

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

Use of this Report

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, for our audit work, for this report, or for the opinions we have formed.

Helena Wilkinson (Senior Statutory Auditor)
For and on behalf of

PRICE BAILEY LLP
Chartered Accountants
Statutory Auditors
Tennyson House
Cambridge Business Park
Cambridge
CB4 0WZ

Date:

RED BALLOON EDUCATIONAL TRUST
(a company limited by guarantee)
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	Restricted £	Unrestricted £	2021 Total £	2020 Total £
INCOME					
Donations and grants	2	218,976	433,694	652,670	756,861
Charitable activities	3	-	2,718,321	2,718,321	2,154,671
Other trading activities	4	-	390	390	-
Investment income	5	10	80,993	81,003	67,694
Other income	6	-	8,449	8,449	38,246
Total income		218,986	3,241,847	3,460,833	3,017,472
EXPENDITURE					
Costs of raising funds	7	(20,287)	(69,450)	(89,737)	(90,646)
Charitable activities	7	(203,994)	(2,311,035)	(2,515,029)	(2,767,894)
Donation on disposal of subsidiaries	7,27	(54,451)	(795,737)	(850,188)	-
Total expenditure		(278,732)	(3,176,222)	(3,454,954)	(2,858,540)
Net (expenditure) / income in the year		(59,746)	65,625	5,879	158,932
Transfer between funds		(1,705)	1,705	-	-
Net movement in funds		(61,451)	67,330	5,879	158,932
Reconciliation of funds:					
Total funds brought forward	23b	253,474	2,286,545	2,540,019	2,381,087
Total funds carried forward	23a	192,023	2,353,875	2,545,898	2,540,019

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 68.



RED BALLOON EDUCATIONAL TRUST
(a company limited by guarantee)
REGISTERED COMPANY NUMBER: 05385341
CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2021

	Notes	2021 £	2020 £
FIXED ASSETS			
Intangible fixed assets	14	10,335	15,502
Tangible fixed assets	15	17,665	1,326,562
Fixed asset investments	16	185,874	179,007
Programme related investments	17	2,720,104	1,447,963
TOTAL FIXED ASSETS		2,933,978	2,969,034
CURRENT ASSETS			
Debtors: amounts falling due within one year	18	242,839	329,896
Debtors: amounts falling due after more than one year	19	-	24,544
Cash at bank and in hand		1,072,932	1,189,659
TOTAL CURRENT ASSETS		1,315,771	1,544,099
LIABILITIES			
Creditors: amounts falling due within one year	20	(394,487)	(649,340)
NET CURRENT ASSETS		921,284	894,759
TOTAL ASSETS LESS CURRENT LIABILITIES		3,855,262	3,863,793
Creditors: amounts falling due after more than one year	21	(1,309,364)	(1,323,774)
TOTAL NET ASSETS		2,545,898	2,540,019
FUNDS OF THE CHARITY			
Unrestricted funds:			
-General funds	23a	927,214	842,044
-Designated funds	23a	1,426,661	1,444,501
Restricted funds	23a	192,023	253,474
TOTAL FUNDS		2,545,898	2,540,019

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 68 form part of these financial statements.

The financial statements were approved by the Board of Trustees on 23 August 2022 and signed on their behalf by:



Beverley Williams - Trustee



Jennifer Raine - Trustee

RED BALLOON EDUCATIONAL TRUST
(a company limited by guarantee)
REGISTERED COMPANY NUMBER: 05385341
CHARITY BALANCE SHEET
AS AT 31 AUGUST 2021

	Notes	2021 £	2020 £
FIXED ASSETS			
Intangible fixed assets	14	10,335	15,502
Tangible fixed assets	15	904	31,489
Fixed asset investments	16	185,874	179,007
Programme related investments	17	2,720,104	2,720,104
TOTAL FIXED ASSETS		2,917,217	2,946,102
CURRENT ASSETS			
Debtors: amounts falling due within one year	18	146,938	100,138
Debtors: amounts falling due after more than one year	19	-	24,544
Cash at bank and in hand		531,985	273,213
TOTAL CURRENT ASSETS		678,923	397,895
LIABILITIES			
Creditors: amounts falling due within one year	20	(151,119)	(110,108)
NET CURRENT ASSETS		527,804	287,787
TOTAL ASSETS LESS CURRENT LIABILITIES		3,445,021	3,233,889
Creditors: amounts falling due after more than one year	21	(1,309,364)	(1,334,506)
TOTAL NET ASSETS		2,135,657	1,899,383
FUNDS OF THE CHARITY			
Unrestricted funds:			
-General funds	23a	556,906	308,899
-Designated funds	23a	1,409,900	1,421,569
Restricted funds	23a	168,851	168,915
TOTAL FUNDS		2,135,657	1,899,383

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 68 form part of these financial statements.

The financial statements were approved by the Board of Trustees on 23 August 2022 and signed on their behalf by:



Beverley Williams - Trustee



Jennifer Raine - Trustee

RED BALLOON EDUCATIONAL TRUST
(a company limited by guarantee)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021	2020
		£	£
Cash Flows from Operating Activities			
Net cash (used in) / provided by operating activities	28	(49,430)	118,435
Cash Flows from Investing Activities			
Purchase of intangible fixed assets		-	(20,670)
Purchase of property, plant and equipment		(43,214)	(42,854)
Proceeds from sales of property, plant and equipment		-	2,573
Net cash used in Investing Activities		<u>(43,214)</u>	<u>(60,951)</u>
Cash Flows from Financing Activities			
Repayments of borrowing		(24,083)	(22,490)
Net cash used in Financing Activities		<u>(24,083)</u>	<u>(22,490)</u>
Change in cash and cash equivalents in the reporting period		<u>(116,727)</u>	<u>34,994</u>
Cash and cash equivalents at the beginning of the reporting period	29	1,189,659	1,154,665
Cash and cash equivalents at the end of the reporting period	29	<u>1,072,932</u>	<u>1,189,659</u>

The attached notes on pages 47 to 68 form part of these financial statements.

RED BALLOON EDUCATIONAL TRUST
(a company limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

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) 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.

At the start of the year, the Red Balloon group consisted of Red Balloon of the Air, Red Balloon Learner Centres Reading and Cambridge. During 2020-21, Red Balloon Learner Centres Reading and Cambridge ceased to be consolidated, due to the FRS102 definition of control no longer being met (see note 27). Together with Red Balloon of the Air, they are included in the group results up to their respective disposal dates, 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 Educational Trust'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 34. The number of members during the year was 5 (2020: 6). 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 (2020: £10 per member).

RED BALLOON EDUCATIONAL TRUST
(a company limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

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; and
- 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.

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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
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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
Motor vehicles	20% 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.

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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.

r) Investments

Investments are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

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s) 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

	2021 £	2020 £
Donations	382,040	63,390
Legacies	12,046	-
Grants	258,584	693,471
	652,670	756,861

Included within donations received are restricted funds of £19,759 (2020: £9,020) and unrestricted funds of £362,281 (2020: £54,370). All legacies received relate to restricted funds. Included within grants received are restricted funds of £187,171 (2020: £389,461) and unrestricted funds of £71,413 (2020: £304,010).

3 Income from Charitable Activities

	2021 £	2020 £
Levies and recharges to Red Balloon Centres	27,798	19,866
Teaching and support of bullied children	2,690,523	2,134,805
	2,718,321	2,154,671

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

4 Other trading activities

	2021 £	2020 £
Fundraising events	390	-
	390	-

All fundraising income received was attributable to unrestricted funds.

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5 Investment income

	2021 £	2020 £
Rents received	79,125	64,500
Dividends	1,765	1,765
Deposit account interest	113	1,429
	<u>81,003</u>	<u>67,694</u>

Included within investment income are restricted funds of £10 (2020: £191). All remaining investment income relate to unrestricted funds.

6 Other income

	2021 £	2020 £
Government grants	<u>8,449</u>	<u>38,246</u>

Government grants are wholly in relation to the Coronavirus Job Retention Scheme, which are unrestricted funds £8,449 (2020: £38,246). There were no unfilled conditions in relation to the government grants at the year end (2020: None).

7 Analysis of expenditure by activity – current year

	Direct costs £	Grant funding £ (notes 10a,10b)	Support costs £ (note 8)	2021 costs £
Costs of raising funds	65,000	-	24,737	89,737
Charitable activities:				
Advance the education of students at Red Balloon Centres	215,107	7,700	157,778	380,585
Teaching and support of bullied children	2,007,745	-	126,699	2,134,444
	<u>2,222,852</u>	<u>7,700</u>	<u>284,477</u>	<u>2,515,029</u>
Donation on disposal of subsidiaries	850,188	-	-	850,188
	<u>3,138,040</u>	<u>7,700</u>	<u>309,214</u>	<u>3,454,954</u>

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Analysis of expenditure by activity – prior year

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

Expenditure in 2021 related to restricted funds was £278,732 (2020: £448,612) and unrestricted funds was £3,176,222 (2020: £2,409,928).

8 Analysis of support costs

	2021 £	2020 £
Finance and professional	109,870	59,636
Bank charges	1,062	984
Communication	20,104	20,054
Insurance	24,501	23,466
Rent and rates	43,214	32,409
Repairs and maintenance	13,001	45,292
General office expenses	7,203	7,147
Staff costs	57,275	40,335
Governance costs (note 9)	32,984	36,713
	<u>309,214</u>	<u>266,036</u>

9 Analysis of governance costs

	2021 £	2020 £
Auditors' fees		
- for audit services	22,340	22,180
- for non-audit services	6,424	7,539
Accountancy fees	4,220	6,994
	<u>32,984</u>	<u>36,713</u>

All expenditure on governance costs is spent from unrestricted funds in 2021 and 2020.

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10a Grants to individuals

	Number	Total 2021 £	Number	Total 2020 £
Bursaries	4	7,700	15	75,775

The average bursary per student in 2021 was £1,925 (2020: £5,052). The decrease was due all bursaries awarded being for only a part of the year and in the prior year, bursaries were also awarded for tailored programmes.

10b Grants payable to institutions

	Number	Total 2021 £	Number	Total 2020 £
Grants (see below)	-	-	1	145,616

Grants payable to institutions in the prior year related to restricted funds of £145,616 and unrestricted funds of £Nil. The prior year grant was in relation to a grant received by the parent charity, Red Balloon Educational Trust, for the expansion of Red Balloon - NW London.

The total grants paid to institutions during the year were as follows:	2021 £	2020 £
Grants		
Red Balloon – NW London	-	145,616

11 Analysis of staff costs and key management personnel

	2021 £	2020 £
Wages and salaries	1,831,594	1,935,905
Social security costs	141,691	139,259
Pension	41,506	40,709
	<u>2,014,791</u>	<u>2,115,873</u>

The average monthly head count during the year was as follows:	2021 Number	2020 Number
Charitable activities	102	110

The number of higher paid employees was as follows:	2021 Number	2020 Number
In the band £60,000 - £70,000	-	1

The employers pension contributions in relation to the above higher paid employees was £Nil (2020: £1,220).

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During the year, no Trustees received remuneration (2020: £Nil) nor any reimbursement of expenses (2020 – £Nil).

The charity considers its key management personnel to comprise of 3 people (5 people in the prior year). During the year, the total employment benefits of these were paid by the parent company, Red Balloon Educational Trust. Total aggregate remuneration of key management personnel was £186,501 (2020: £267,892).

Total termination payments made were £3,000 (2020: £26,679).

In the prior year, 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. In the prior year, 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 Educational Trust. 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 in relation to the restructures were 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.

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 £41,506 (2020 - £40,709). Pension contributions of £976 (2020 - £2,644) were payable to the fund at the balance sheet date.

13 Net (expenditure) / income

	2021 £	2020 £
Net (expenditure) / income is stated after charging:		
Amortisation of intangible assets owned by the charity	5,167	5,168
Depreciation of charitable assets owned by the group	62,492	39,807
(Profit)/Loss on sale of fixed assets	-	(2,178)
Operating lease payments for land and buildings	89,175	115,721
Donation on disposal of subsidiaries	850,188	-
Loss on fixed assets arising on disposal of subsidiaries	75,840	-
Depreciation eliminated on reclassification of fixed assets to programme related investments on disposal of subsidiaries	(58,362)	-
Auditors remuneration:		
- for audit services	22,340	22,180
- for non-audit services	6,424	7,539

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14 Intangible fixed assets

Group and Charity	Website £
Cost:	
At 1 September 2020	20,670
Additions	-
At 31 August 2021	<u>20,670</u>
Amortisation:	
At 1 September 2020	5,168
Charge for the year	5,167
At 31 August 2021	<u>10,335</u>
Net book value:	
At 31 August 2020	<u>15,502</u>
At 31 August 2021	<u>10,335</u>

15 Tangible fixed assets

Group	Land and buildings £	Leasehold improvements £	Vehicles, office and computer equipment £	Total £
Cost:				
At 1 September 2020	1,323,383	39,245	152,417	1,515,045
Additions	-	-	43,214	43,214
Disposals	-	-	(3,840)	(3,840)
Disposals of subsidiaries	(51,242)	-	(43,940)	(95,182)
Reclassification to programme related investments on disposal (note 17)	(1,272,141)	-	-	(1,272,141)
At 31 August 2021	<u>-</u>	<u>39,245</u>	<u>147,851</u>	<u>187,096</u>
Depreciation:				
At 1 September 2020	47,998	7,850	132,635	188,483
Charge for the year	12,627	31,395	18,470	62,492
Eliminated on disposals	-	-	(3,840)	(3,840)
Eliminated on disposal of subsidiaries	(2,263)	-	(17,079)	(19,342)
Eliminated on reclassification to programme related investments on disposal	(58,362)	-	-	(58,362)
At 31 August 2021	<u>-</u>	<u>39,245</u>	<u>130,186</u>	<u>169,431</u>
Net book value:				
At 31 August 2020	<u>1,275,385</u>	<u>31,395</u>	<u>19,782</u>	<u>1,326,562</u>
At 31 August 2021	<u>-</u>	<u>-</u>	<u>17,665</u>	<u>17,665</u>

Outstanding mortgages of £Nil (2020: £587,885) in relation to the properties are secured on the properties included in land and buildings.

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Charity	Leasehold improvements £	Office and computer equipment £	Total £
Cost:			
At 1 September 2020	39,245	12,116	51,361
Additions	-	1,806	1,806
Disposals	-	(3,840)	(3,840)
At 31 August 2021	<u>39,245</u>	<u>10,082</u>	<u>49,327</u>
Depreciation:			
At 1 September 2020	7,850	12,022	19,872
Charge for the year	31,395	996	32,391
Eliminated on disposals	-	(3,840)	(3,840)
At 31 August 2021	<u>39,245</u>	<u>9,178</u>	<u>48,423</u>
Net book value:			
At 31 August 2020	<u>31,395</u>	<u>94</u>	<u>31,489</u>
At 31 August 2021	<u>-</u>	<u>904</u>	<u>904</u>

Leasehold improvements in relation to Winship House was fully written down, as the break clause was exercised, allowing the lease term to end on 28 Sept 2021. A Deed of Variation was signed in Sept 2021, allowing Red Balloon of the Air and the Charity to remain in the property beyond this date, on 4 months notice.

16 Fixed asset investments

Group and Charity	2021 £	2020 £
Investments are allotted to each range as follows:		
UK Unit Trust Equities	17,743 46,996	17,193 40,080
Listed Investments Cash	64,739 121,135	57,273 121,734
	<u>185,874</u>	<u>179,007</u>
LISTED INVESTMENTS	2021 £	2020 £
At market value:		
Quoted at 1 September	57,273	57,402
Gains/(Losses) on investments	7,466	(129)
At 31 August	<u>64,739</u>	<u>57,273</u>
Historical cost of investment	<u>52,605</u>	<u>52,605</u>

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17 Programme Related Investments

Properties rented to other Red Balloon Centres:	Group £	Charity £
Cost or valuation:		
At 31 August 2020	1,447,963	2,720,104
Reclassification from tangible fixed assets on disposal of subsidiaries (note 15)	1,272,141	-
At 31 August 2021	<u>2,720,104</u>	<u>2,720,104</u>
Net book value:		
At 31 August 2020	1,447,963	2,720,104
At 31 August 2021	<u>2,720,104</u>	<u>2,720,104</u>

Programme related investments represented by:

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
76 Earham Road, Norwich	700,740	700,740	700,740	700,740
220-222 Kings Road, Reading	545,762	-	545,762	545,762
13 Kenton Road, Harrow	747,223	747,223	747,223	747,223
57 Warkworth Terrace, Cambridge	726,379	-	726,379	726,379
Total	<u>2,720,104</u>	<u>1,447,963</u>	<u>2,720,104</u>	<u>2,720,104</u>

Outstanding mortgages of £1,321,443 (2020: £757,641) in Group and £1,321,443 (2020: £1,345,526) 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	
	2021 £	2020 £	2021 £	2020 £
Trade debtors	94,995	216,689	-	-
Amounts owed by group undertakings	-	-	34,758	51,865
Amounts owed by other Red Balloon Centres	30,234	37,268	8,333	564
Prepayments and accrued income	92,796	74,960	79,303	47,709
Rent deposit	24,544	-	24,544	-
Other debtors	270	979	-	-
	<u>242,839</u>	<u>329,896</u>	<u>146,938</u>	<u>100,138</u>

19 Debtors: amounts falling due after more than one year

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Rent deposit	-	24,544	-	24,544

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20 Creditors: amounts falling due within one year

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Trade creditors	87,752	27,177	84,364	3,610
Amounts owed to group undertakings	-	-	4,286	-
Amounts owed to other Red Balloon centres	9,120	-	8,680	-
Social security and other taxes	23,026	32,941	6,837	6,771
Other creditors and accruals	45,420	95,880	24,141	77,975
Deferred income	206,358	471,590	-	-
Mortgage due within one year	22,811	21,752	22,811	21,752
	<u>394,487</u>	<u>649,340</u>	<u>151,119</u>	<u>110,108</u>

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Deferred income at 1 September	471,590	453,270	-	100,000
Resources deferred during the year	206,358	471,590	-	-
Amounts released from previous years	(471,590)	(453,270)	-	(100,000)
Deferred income at 31 August	<u>206,358</u>	<u>471,590</u>	<u>-</u>	<u>-</u>

Deferred income relates to school autumn term fees, being unrestricted income, invoiced in advance of £206,358 (2020: £471,590).

21 Creditors: amounts falling due after more than one year

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Mortgage	1,298,632	1,323,774	1,298,632	1,323,774
Amounts owed to group undertakings	10,732	-	10,732	10,732
	<u>1,309,364</u>	<u>1,323,774</u>	<u>1,309,364</u>	<u>1,334,506</u>

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

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Due within 2-5 years	111,868	98,221	111,868	108,953
Due after more than 5 years	1,197,496	1,225,553	1,197,496	1,225,553
	<u>1,309,364</u>	<u>1,323,774</u>	<u>1,309,364</u>	<u>1,334,506</u>

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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 65% (2020: 67%) of the balance outstanding at the year end on the Cambridge property.

The rates at the year end were as follows:

	2021 %	2020 %
76 Earlham Road, Norwich	4.74	4.74
220-222 Kings Road, Reading	5.39	5.39
13 Kenton Road, Harrow	4.74	4.74
57 Warkworth Terrace, Cambridge	4.74	4.74

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	
	2021 £	2020 £	2021 £	2020 £
Within one year	54,489	89,058	40,984	75,553
Within two to five years	22,718	43,316	-	7,093
After more than five years	-	-	-	-
	<u>77,207</u>	<u>132,374</u>	<u>40,984</u>	<u>82,646</u>

With the agreement of Red Balloon of the Air, Red Balloon Educational Trust 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 28 September 2021.

A Deed of Variation was signed in Sept 2021, allowing Red Balloon of the Air and the Charity to remain in the property beyond this date, on 4 months notice. The earliest date on which the tenancy could have ended under the new terms was 1 February 2022. See note 25.

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23a Funds analysis – current year

Group	Balance at 1/9/2020 £	Income £	Expenditure £	Transfers £ (note 23c)	Balance at 31/8/2021 £
General Funds	842,044	3,241,847	(3,176,222)	19,545	927,214
Designated Funds:					
- Intangible & tangible fixed assets	754,179	-	-	(726,179)	28,000
- Programme related investments	690,322	-	-	708,339	1,398,661
Total unrestricted funds	<u>2,286,545</u>	<u>3,241,847</u>	<u>(3,176,222)</u>	<u>1,705</u>	<u>2,353,875</u>
Restricted funds					
Bursaries	112,013	5,443	(29,412)	13,897	101,941
Funding for staff training	33,033	-	(637)	-	32,396
Funding to further develop and expand the Red Balloon provision	43,062	26,387	(39,159)	-	30,290
Other restricted donations for IT and other equipment, teachers, interns etc	65,366	187,156	(209,524)	(15,602)	27,396
Total restricted funds	<u>253,474</u>	<u>218,986</u>	<u>(278,732)</u>	<u>(1,705)</u>	<u>192,023</u>
Total funds	<u>2,540,019</u>	<u>3,460,833</u>	<u>(3,454,954)</u>	<u>-</u>	<u>2,545,898</u>
Charity					
General Funds	308,899	747,980	(511,642)	11,669	556,906
Designated Funds:					
- Intangible & tangible fixed assets	46,991	-	-	(35,752)	11,239
- Programme related investments	1,374,578	-	-	24,083	1,398,661
Total unrestricted funds	<u>1,730,468</u>	<u>747,980</u>	<u>(511,642)</u>	<u>-</u>	<u>1,966,806</u>
Restricted funds					
Bursaries	104,310	5,443	(7,812)	-	101,941
Funding for staff training	33,033	-	(637)	-	32,396
Other restricted donations for IT and other equipment, teachers, interns etc	24,628	77,292	(84,304)	-	17,616
Funding for expansion of the Red Balloon provision	6,944	25,014	(15,060)	-	16,898
Total restricted funds	<u>168,915</u>	<u>107,749</u>	<u>(107,813)</u>	<u>-</u>	<u>168,851</u>
Total funds	<u>1,899,383</u>	<u>855,729</u>	<u>(619,455)</u>	<u>-</u>	<u>2,135,657</u>

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23b Funds analysis – prior year

	Balance at 1/9/2019 £	Income £	Expenditure £	Transfers £ (note 23c)	Balance at 31/8/2020 £
Group					
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
Total unrestricted funds	2,051,976	2,618,800	(2,409,928)	25,697	2,286,545
Restricted funds					
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
Total restricted funds	329,111	398,672	(448,612)	(25,697)	253,474
Total funds	2,381,087	3,017,472	(2,858,540)	-	2,540,019
Charity					
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
Total unrestricted funds	1,657,737	724,706	(651,975)	-	1,730,468
Restricted funds					
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
Total restricted funds	212,808	271,028	(314,921)	-	168,915
Total funds	1,870,545	995,734	(966,896)	-	1,899,383

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23c Funds analysis – fund types

During the year, there were net transfers from restricted to unrestricted funds of £1,705 (2020: £25,697) in Group and £Nil (2020: £Nil) in the Charity.

In the Group in the current year, £13,897 was transferred from unrestricted to restricted funds in Red Balloon Learner Centre Reading, as approved by the Reading Trustees in Mar 2021, to the Bursaries fund.

Also in the Group in the current year, £15,000 was transferred from restricted to unrestricted funds in relation to a restricted grant for a minibus at Red Balloon Learner Centre Reading. The restriction was satisfied upon the purchase of the vehicle and the fund transferred to unrestricted. Similarly, a further £602 was transferred from restricted to unrestricted funds in relation to a grant for a garden extension at Red Balloon Learner Centre Cambridge.

£54,451 is included within restricted expenditure in the Group in the current year in relation to the disposal of subsidiaries. £35,434 is in relation to Red Balloon Learner Centre Reading and £19,017 relates to Red Balloon Learner Centre Cambridge.

In the Group in the prior 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.

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.
- 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 grants totalling over £17,000 in the current year for the establishment of a new centre in Worthing and a £160,000 grant in the prior year, for the expansion of Red Balloon Learner Centre NW London.
- 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 prior 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.

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24a Analysis of net assets by funds – current year	Restricted funds	Unrestricted funds	Total funds
Group	£	£	£
Intangible fixed assets	-	10,335	10,335
Tangible fixed assets	-	17,665	17,665
Fixed asset investments	-	185,874	185,874
Programme related investments	-	2,720,104	2,720,104
Current assets	192,023	1,123,748	1,315,771
Creditors due within one year	-	(394,487)	(394,487)
Creditors due in more than one year	-	(1,309,364)	(1,309,364)
	<u>192,023</u>	<u>2,353,875</u>	<u>2,545,898</u>
Charity	£	£	£
Intangible fixed assets	-	10,335	10,335
Tangible fixed assets	-	904	904
Fixed asset investments	-	185,874	185,874
Programme related investments	-	2,720,104	2,720,104
Current assets	168,851	510,072	678,923
Creditors due within one year	-	(151,119)	(151,119)
Creditors due in more than one year	-	(1,309,364)	(1,309,364)
	<u>168,851</u>	<u>1,966,806</u>	<u>2,135,657</u>
24b Analysis of net assets by funds – prior year	Restricted funds	Unrestricted funds	Total funds
Group	£	£	£
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>
Charity	£	£	£
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>

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25 Events after the balance sheet date

On 12 October 2021, the operations, assets and liabilities of Red Balloon of the Air were transferred to its parent company, Red Balloon Educational Trust. The employees of Red Balloon of the Air at that date were transferred to Red Balloon Educational Trust in accordance with the provisions of the Transfer of Undertakings (Protection of Employment) Regulations 2006. Red Balloon of the Air, being a fully owned subsidiary of Red Balloon Educational Trust, is already included in these consolidated financial statements. 'Red Balloon of the Air' has been registered as a working name of Red Balloon Educational Trust with the Charity Commission.

Red Balloon Worthing, a new Centre expanding the Red Balloon provision into West Sussex, is due to open in September 2022, following refurbishment works of the property. In March 2022, a 15 year lease was enacted for the property at 52-54 Windsor Road, Worthing.

With the agreement of Red Balloon of the Air, in February 2021 Red Balloon Educational Trust 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. A Deed of Variation was signed in September 2021, extending the lease term on 4 months notice, upon payment of the break fee of £24,544. 4 months notice was issued in April 2022.

Leasehold improvements in relation to Winship House was fully written down in the year ended 31 August 2021. At 31 August 2020, the net book value of Winship House leasehold improvements was £31,395.

After the year end, Red Balloon Educational Trust agreed to sell and repay the outstanding mortgage on one of its programme related investments property, 13 Kenton Road, Harrow.

In May 2022, the Trustees of Red Balloon Educational Trust resolved to liquidate all holdings with Investec and for those funds, together with the cash funds held with Investec, to be remitted to its general purpose CAF bank account. The decision was made in order to consider other investment options. The total value of funds held with Investec as at 31 August 2021 was £185,874 (see note 16).

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26 Related party transactions

Analysis of related parties – current year

	Debtor £	Creditor £	Income £	Expenditure £
Red Balloon of the Air	34,758	4,286	187,202	11,696
Red Balloon Norwich	1,334	-	39,415	-
Red Balloon Reading	-	122	34,106	-
Red Balloon Cambridge	5,666	19,250	50,212	450
Red Balloon North West London	1,333	40	44,860	-
	<u>43,091</u>	<u>23,698</u>	<u>355,795</u>	<u>12,146</u>

Analysis of related parties – prior year

	Debtor £	Creditor £	Income £	Expenditure £
Red Balloon of the Air	45,458	-	203,316	113,270
Red Balloon Norwich	458	-	39,019	-
Red Balloon Reading	2,374	-	33,482	-
Red Balloon Cambridge	4,033	10,732	50,863	26,635
Red Balloon North West London	106	-	45,346	145,616
	<u>52,429</u>	<u>10,732</u>	<u>372,026</u>	<u>285,521</u>

Red Balloon Learner Centre Cambridge and Red Balloon Learner Centre Reading were wholly owned subsidiaries for part of the year (2020: full year) and Red Balloon of the Air was a fully owned subsidiary for the full year (2020: full year). See note 27.

There are no other related party transactions to note.

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27 Principal subsidiaries and subsidiaries disposed during the year

The following were 100% owned subsidiary undertakings of the Charity at the start of the year:

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 2021 were £410,243 (2020: £189,239), which comprised of assets of £709,992 (2020: £614,196) and liabilities of £299,749 (2020: £424,957). The charity had income during the year of £1,635,836 (2020: £1,384,559) and expenditure of £1,414,832 (2020: £1,382,138), giving net income for the year ended 31 August 2021 of £221,004 (2020: £2,421).

During the year, Red Balloon Learner Centre Cambridge and Red Balloon Learner Centre Reading ceased to be consolidated, due to the FRS102 definition of control no longer being met. Control was lost on 11 May 2021 and 19 May 2021 respectively, the dates on which other members were appointed and Red Balloon Educational Trust, therefore, ceased to be the sole member. Red Balloon Educational Trust was not consulted about these appointments which further demonstrates loss of control.

Red Balloon Learner Centre Cambridge is a company limited by guarantee and a registered charity. It is consolidated up to and including 11 May 2021 and its reserves on 11 May 2021 of £446,764 have been taken to expenditure during the year (£19,017 restricted and £427,747 unrestricted) which represent the net assets on ceasing to be a group member. Its net assets were £241,701 at the start of the year. The charity had income during the consolidated period, between 1 September 2020 and 11 May 2021, of £718,334 (2020: £459,556) and expenditure of £513,271 (2020: £443,636), giving net income, included in the group results for the period of £205,063 (2020: £15,920).

The accounts of Red Balloon Learner Centre Cambridge for the year ended 31 August 2021, filed at Companies House dated 6 Jun 2022 (received at Companies House on 27 May 2022), still state that 'Red Balloon Learner Centre Cambridge is owned 100% and controlled by Red Balloon Learner Centre Group' (p23 Controlling Party note). Red Balloon Educational Trust believes this statement to be incorrect and that control ceased on 11 May 2021.

Red Balloon Learner Centre Reading is a company limited by guarantee and a registered charity. It is consolidated up to and including 19 May 2021 and its reserves on 19 May 2021 of £403,424 have been taken to expenditure during the year (£35,434 restricted and £367,990 unrestricted) which represent the net assets on ceasing to be a group member. Its net assets were £251,892 at the start of the year. The charity had income during the consolidated period, between 1 September 2020 and 19 May 2021, of £536,069 (2020: £587,956) and expenditure of £384,537 (2020: £461,378), giving net income, included in the group results for the period of £151,532 (2020: £126,578).

RED BALLOON EDUCATIONAL TRUST
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FOR THE YEAR ENDED 31 AUGUST 2021

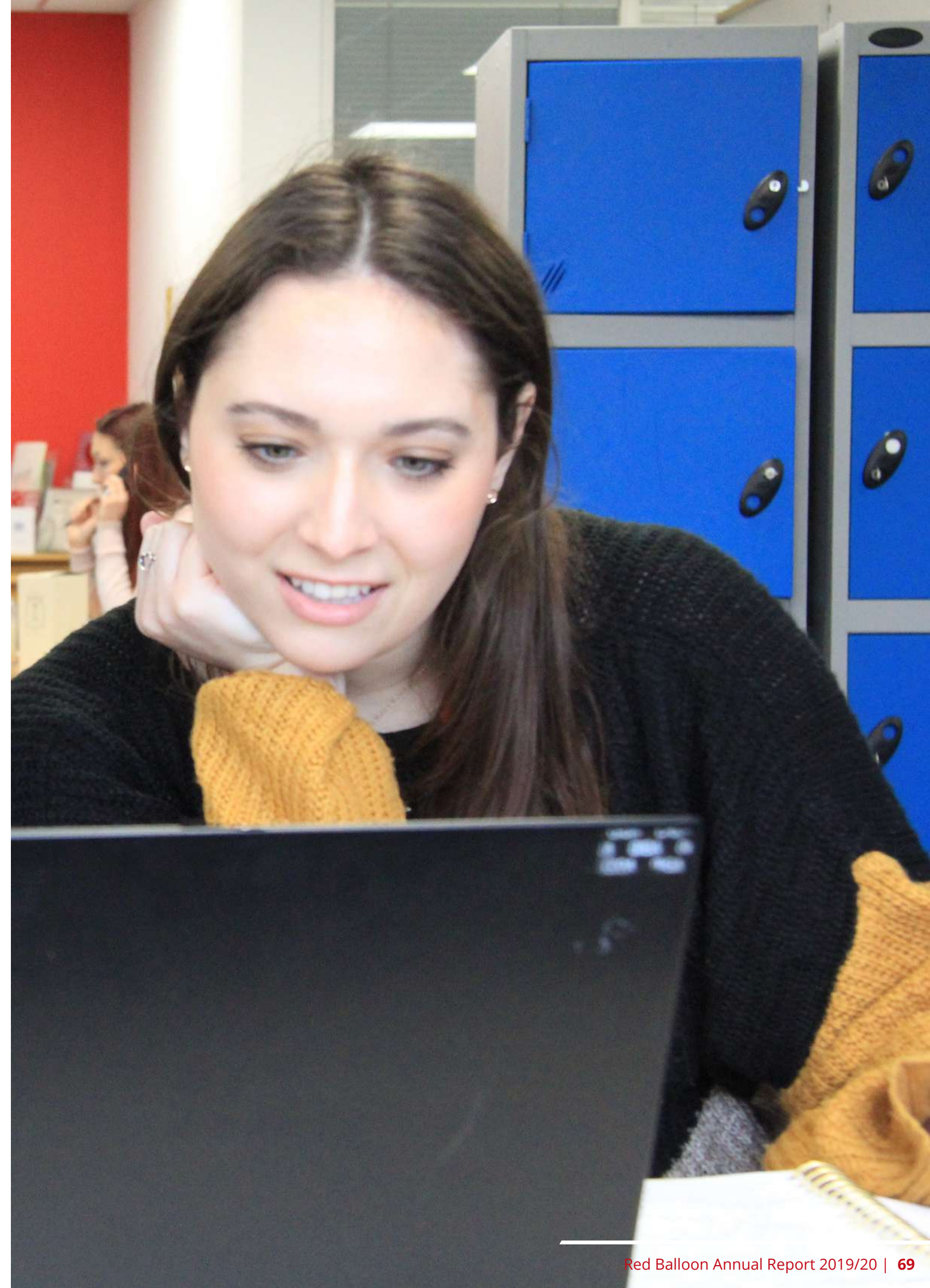
28 Reconciliation of net expenditure to net cash flow from operating activities

	2021	2020
	£	£
Net income for the reporting period (as per the statement of financial activities)	5,879	158,932
Adjustments for:		
Amortisation charges	5,167	5,168
Depreciation charges	62,492	39,807
(Profit)/Loss on disposal of tangible fixed assets	-	(2,178)
Loss on tangible fixed assets arising on disposal of subsidiaries	75,840	-
Depreciation eliminated on reclassification to programme related investments on disposal of subsidiaries	(58,362)	-
(Gains)/Losses on investments	(7,466)	129
Investment management charges	599	601
Decrease/(Increase) in debtors	111,601	(115,365)
(Decrease)/Increase in creditors	(245,180)	31,341
Net cash (used in)/provided by operating activities	<u>(49,430)</u>	<u>118,435</u>

29 Analysis of changes in net debt

	Balance at 1/9/2020	Cash flows	Other non- cash changes	Balance at 31/8/2021
	£	£	£	£
Cash and cash equivalents:				
Cash	1,189,659	(116,727)	-	1,072,932
Borrowings:				
Debt due within one year	(21,752)	24,083	(25,142)	(22,811)
Debt due after one year	(1,323,774)	-	25,142	(1,298,632)
	<u>(1,345,526)</u>	<u>24,083</u>	<u>-</u>	<u>(1,321,443)</u>
Total	<u>(155,867)</u>	<u>(92,644)</u>	<u>-</u>	<u>(248,511)</u>

Borrowings relate to mortgages on the 4 properties owned by Red Balloon Educational Trust.





Red Balloon Educational Trust
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Annual Report and Financial Statements
for the year ended 31 August 2021

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

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