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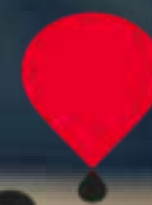
www.redballoonlearner.org



Red Balloon Educational Trust Annual Report 2021/22



RedBalloon
Educational Trust



“

Red Balloon has helped me by introducing me to new people and helping me back into learning. My confidence has grown, I'm amazed by that!

”

Jess
Red Balloon of the Air



For young people like Jess, student life in mainstream schools can be anxiety-provoking, lonely and isolating. Lack of confidence can lead to a lack of learning. Red Balloon helps young people get their confidence back and sets them on the path to fulfilment and success.



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Introduction from the Chair

In 2021 we made the shift to a new name, image and consolidated approach: Red Balloon Educational Trust. This year we celebrate our first year in this exciting journey to becoming a modern and streamlined organisation serving more children than ever before.

We have been hard at work preparing, because in September 2022 we opened our fifth Centre in Worthing, West Sussex. This expanded our capacity by 20 in-person students and 20 Red Balloon of the Air students. We appointed a wonderful Head Teacher, Kim Anderson, and opened our doors to the many students currently waiting to take that courageous first step towards recovery.

Looking to the next few years, we plan to continue this growth by opening three new Learner Centres and further expanding our Red Balloon of the Air Programme. Although lockdowns are over and many of us have largely resumed our activities, the impact the pandemic has had on our nation's children is dire and long-lasting. The data shows that there were a large number of children just hanging on prior to the pandemic who, post-pandemic, have simply been unable to cope and re-enter the school environment. Our referral numbers are up and it is clear that across the country there is a need for Red Balloon. We believe we are well-placed to expand our provision and are determined to meet this challenge head on.

In another exciting development, at the end of the academic year Central Services and Red Balloon of the Air's Milton team moved to our beautiful new building, Willow Lodge. We are so grateful to our staff for all the hard work that went into this move and to students who have taken this big change with grace and resilience. There is more work to be done to make this the perfect learning space, but we are so excited to call Willow Lodge our new home. With our mortgage we are able to reduce the amount of money we were previously paying in rent by almost 50%, which makes this a brilliant long-term investment and key step in our growth strategy.

As with every year, I want to take the time to recognize the incredible achievements of our students. Although these children had missed out on five or more terms of education before finding Red Balloon, their determination and commitment to learning could not be more evident. Red Balloon of the Air's students are particularly vulnerable, but 100% of students who took Psychology GCSE and 76% of students who took English GCSEs received a 4-9.

Students taking other qualifications like BTECs, Arts Awards and Functional Skills also achieved fantastic results with 93% passing their exams.

Speaking to the broader success of our students' recovery and development, nearly a third of our Red Balloon of the Air students were ready to graduate and transition to their next steps, whether college, apprenticeships or back into mainstream schools.

We could not be more proud and wish them the very best of luck in their endeavours.

With warm regards,

Bev Williams
Chair of Trustees

About Red Balloon

Red Balloon serves young people aged 11 to 18 who are unable to attend mainstream schools because of serious social, emotional and mental health difficulties, trauma or special educational needs that were not being met at their previous school(s). These students have missed out on months, sometimes years, of education and the opportunities and experiences that come with it. They've become increasingly socially isolated and have lost their confidence and self-esteem. Without intervention, they risk slipping through the cracks in our education and mental health systems, leaving them floundering in the adult world.

Together with our fantastic supporters, Red Balloon is able to provide a holistic educational programme focusing on wellbeing, social re-engagement and academic education. At Red Balloon, our students are given the care and support they need to get their confidence and self-esteem back. With us, they can find joy in learning again. After Red Balloon, they're able to move forward in life and return to mainstream education, transition into further education or training, or begin employment.

With students still reeling from the pandemic, and nearly 100,000 children missing from our schools (Centre for Social Justice, Lost but not Forgotten, 2022) the need for Red Balloon's provision has never been greater.

In this year's annual report, you'll see how together with our commissioners, donors, volunteers and wonderful supporters, Red Balloon is doing everything we can to meet this challenge and ensure that even though school isn't for everyone, education can be.

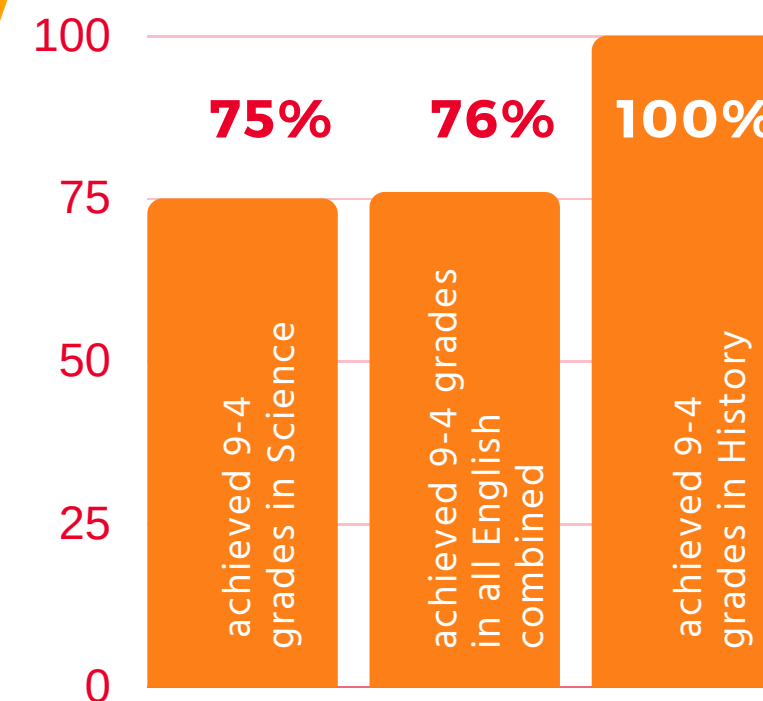
About the Red Balloon Consolidated Group

Red Balloon Educational Trust operates the Red Balloon of the Air provision (since Oct 21) and Red Balloon Worthing (opened Sept 22), as well as continuing to act as the coordinating and service centre for the other four physical Centres. These four 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. The Red Balloon of the Air provision also operated through a separately registered charity and company limited by guarantee until Oct 21.

At the start of the prior 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 were included in the 2020-21 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. On 12 October 2021, the operations, assets and liabilities of Red Balloon of the Air, except for those in relation to a lease on the Danbury property, were transferred to its parent company, Red Balloon Educational Trust. The group results for 2021-22 include Red Balloon of the Air, the separate legal entity.

Our year at a glance

Our students achieve amazing things. Of the 33 students who took GCSE exams in the 2021-22 year:



This year, across 9 counties in England we supported:



90 *children total*

72 *with Education and Health Care Plans*

29 *students 'graduated' and said goodbye to Red Balloon*

47 *students joined in the 21/22 academic year*

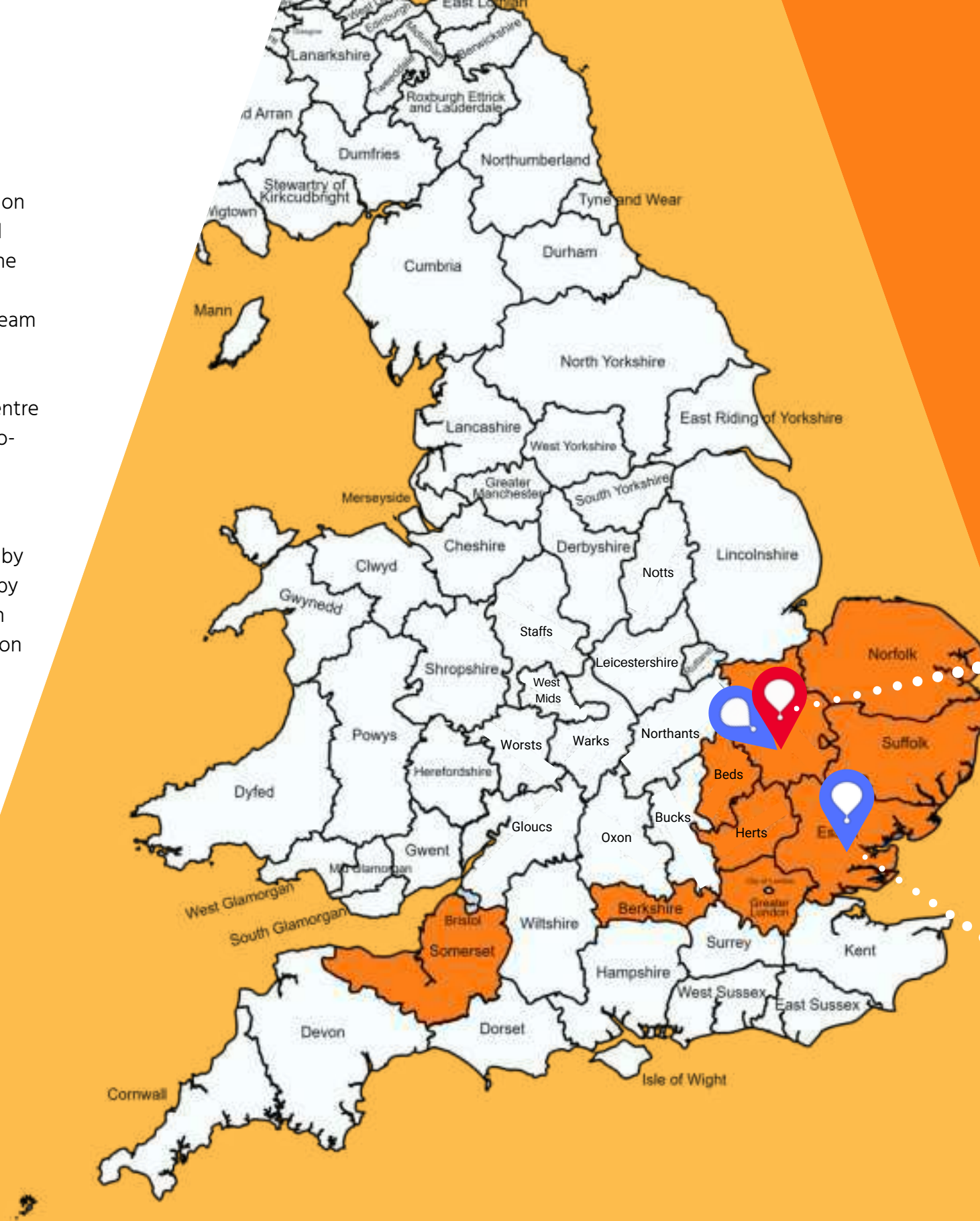




Our locations

Our RBET Centre, based at Willow Lodge in Milton, on the outskirts of Cambridge, is home to the blended online and face-to-face provision, Red Balloon of the Air, but covering various different counties, with several face-to-face hubs. RBET's Central Services team is also based at Willow Lodge.

In September 2022 RBET opened a new physical Centre in Worthing, and in April 2023 another RBAir face-to-face hub was opened in Peterborough.

The four other Red Balloon Centres are run by four separately registered charitable companies limited by guarantee, operating under the Red Balloon name by way of an association agreement. They are based in domestic houses in Cambridge, Norwich, NW London and Reading.



-  RBET
-  Red Balloon of the Air face-to-face hubs

Red Balloon Educational Trust 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 provide the underpinning support and organisational development for the network of associated 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.

Our focus this year has been to lay the foundations for future growth. Our provision has a long history of success, but the organisation is well aware that many more young people could benefit from our programme.

During this year we gained DfE approval to open a new Centre in Worthing, West Sussex. We also continued to cooperate with the DfE in preparation for the launch of the new Online Education Accreditation Scheme. Successful accreditation under this scheme (anticipated in 2022-23) will provide regulatory validation from Ofsted, allowing more local authorities to refer students to us with confidence.

Another milestone was the purchase of a permanent base for Red Balloon of the Air and the central services team. The latter part of the year saw significant works being undertaken to make the property, now named "Willow Lodge", fit for purpose. As well as providing a setting that better reflects the ethos and values of Red Balloon, Willow Lodge provides a greater opportunity for Red Balloon of the Air to extend the scope of its work in the forthcoming year.

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.

We are thankful for our donors whose generosity has allowed us to plan with increased certainty. Each donation has made a great impact and enabled further mental health support for our students to meet their increased needs. We operate in a climate that has seen the scale of need grow substantially, but access to services become increasingly limited. We are happy to be a part of the solution to this national crisis and are planning to do more. As ever, we wish weren't needed, but as a country, we seem further away from this panacea than at any time in our history.

Warm regards,



Rob Watson
Director of Education



"Student wellbeing remains at the heart 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 established for the recovery of severely bullied, traumatised or highly anxious children and young people who are missing education.

The students are typically those who self-excluded and had been out of school for some time, in some cases years. They have lost their confidence in learning, making friends, their trust in adults and the education system. The Recovery Programme that was developed has three components: a robust and negotiated curriculum, an integrated therapy and creative arts programme, and local community activities.

The breakdown of these three areas is based on the learners' needs. Often when they first arrive it is important to create a safe space, so therapy, community activities and the creative arts provide the opportunity to build confidence before academic learning can begin.



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

Social, emotional and psychological support is critical to our young people's ability to recover, learn and succeed

“ Since coming to RB I have made lots of friends and have unforgettable good memories.

”

A full-time student at RBAir will receive 37 hours of therapy with a trained therapist each year.

Every child deserves to grow up in an environment that fosters their self-confidence, resilience, and social and emotional health.

The young people who find themselves at Red Balloon are not able to attend mainstream education. Bullying, trauma, mental ill-health and a lack of adequate support have pushed them to a breaking point. At Red Balloon, we start with wellbeing. We help these young people to regain their self-belief and self-worth and re-engage with education at a pace that is suited to each individual. We timetable psychological support directly into their day because students' wellbeing is key to their ability to learn, grow and succeed. Our licensed therapists use a range of different tools to help students open up and work through any trauma or issues in a safe and confidential environment. This time with a dedicated wellbeing professional is crucial for students' emotional recovery and further success.

Now, not all wellbeing work happens in a counselling session. Students can also recharge by taking part in wellbeing activities like non-competitive sports, yoga, and meditation. They might challenge themselves to stretch outside their comfort zone by trying new activities like bushcraft, visiting museums or making candles, knowing that they will always be in a positive, encouraging and safe environment. At Red Balloon, we make space for our animal friends, and for some students who struggle to interact with and trust other people, pets are the perfect helpers in encouraging these young people out of their shells.

When they begin, many of the young people attending Red Balloon of the Air are too anxious to attend a Centre in person. Mentors play a critical role in their social and emotional recovery by visiting them at home and working with them one-on-one to develop the confidence and skills needed to thrive outside their homes. They might start by talking to a student through their bedroom door and coaxing them to the kitchen table. They'll continue to build that relationship with the student throughout their time at Red Balloon, acting as a mentor, role model and first point of contact. They'll support students to attend in-person sessions or extracurricular trips and work with students to achieve personal goals like becoming comfortable talking to new people. When it's time for students to leave, their mentors help support them as they start their next venture.

Education

Tapping into students' natural curiosities with a bespoke curriculum encourages them to become an active part of their own learning journey

“

I'm so fortunate to be here at Red Balloon and finally love learning again.

”

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, they buy into and get excited about learning. It also means we can offer them individualised challenges that suit their needs and progress, and tap into their natural curiosities.

When students are curious, interested and passionate about something it turns them into active and engaged learners. Our teachers embrace and tap into students' passions to help them better engage with learning and flourish in the classroom. A student who writes about their hobby of Japanese poetry or photography will still learn grammar and punctuation but will be much more excited and motivated to do so.

We recognize that every student will work at a different pace and will need different things to thrive. Lessons at Red Balloon are structured with this in mind. Students begin with one-to-one sessions and later progress to small group sessions of no more than six. A typical day will consist of six 45-minute sessions.

Our negotiated approach means every student is on a learning journey that is uniquely suited to them. This inspires and motivates the young people to learn, challenges them appropriately and prepares them to take the next step towards becoming happy, healthy and fulfilled adults.

At Red Balloon we want students to feel safe, welcomed and respected. We ditch the formalities of mainstream schools, so when students come into Centre they don't need to wear uniforms and they call staff by their first names. At Red Balloon of the Air, students log in at home and take their lessons online, in real time. The teaching team uses the same Red Balloon teaching ethos and approach, but harnesses the power of digital technology to create fun, hands-on activities which bring the curriculum to life. Lessons will often begin simply with the teachers checking in with students, chatting to them about how they're feeling that day, if they did anything fun over the weekend or how their family pet is doing.

All students have access to English, maths, science, humanities and personal, social, health and economic education (PSHEE). Beyond that, each Centre will have different subjects on offer. At Red Balloon of the Air animal care, art, and psychology are popular options. These extra subjects are chosen based on student interest. There are also extra-curricular activities like songwriting or coding, for example.

Social re-engagement

Helping students to develop the confidence and skills they need to engage with their peers and wider communities

“

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

”

In the 2021-22 academic year RBAir provided 21,931 hours of provision to over 100 students.

We want our young people to build positive and genuine relationships, find a sense of belonging and feel confident engaging with the wider world.

Prior to finding Red Balloon, our students were not attending school and some were unable to leave their homes. Most had lost their friendships and routines, and become socially confined. Our students were missing out on everyday social interactions and the chance to develop vital interpersonal skills.

This is especially true of students at Red Balloon of the Air. Some of these students may not have spoken to someone outside their immediate family for a long time. For these young people, Link Mentors play a critical role in their progression towards in-person activities and re-engaging with the world.

A big step for Red Balloon of the Air students is being able to come to a Student Hub. Initially, this might be for a 1:1 practical music or science session for example. However, as the children gain more confidence they can take the next step and join in an in-person group session with their peers. This is a huge milestone! This may still be for a practical lesson or they might join a more social baking session. We see students make remarkable progress when they are able to engage in safe and positive interactions with their peers.

Staff and Link Mentors, in particular, help students build their confidence to carry out everyday interactions like making a phone call, using public transport independently or talking to a cashier in the shop. When students are ready to move on from Red Balloon they may need help with moving into a new environment. This might include assisting them to plan their route to college, explore the campus in advance or identify and meet people who can help them should they begin to struggle.

Social re-engagement can be a slow process, but it is incredibly rewarding for students who, for a long time, didn't have friends, didn't feel they could trust the adults around them and had become increasingly fearful of everyday interactions with the wider world. It is wonderful when staff get to send them on to their next adventure and can visibly see the shift in their confidence and willingness to engage with others and take those everyday risks.

Alumni case study: Hannah

When my parents contacted my old school about me being bullied, the school denied anything was wrong. My parents were told that I needed to become less sensitive to 'banter', 'just get on with things' and maybe if I smiled more I would make friends.

The school said that in actual fact other kids were scared of me because the people who bullied me spread rumours that I wanted to stab people. I was told to apologise, as the bullies told the school that I was the one bullying them. Even when I was physically attacked, the school did nothing. I didn't feel that I got any support from my school.

I was struggling at the time with my home situation. I was finding it very difficult to cope with serious illness and disability in family members, it put so much pressure on me and I received no help or understanding whatsoever from the school.

When I left school I was so traumatised by what happened that I was suicidal. I didn't leave my room for months. I refused to even contemplate getting back into education, because I thought that it was just another way of getting me back into the same situation.

“ Little did I know, Red Balloon was about to save my life. ”

I honestly don't know what I would do without the counselling sessions. I got a 45 minute counselling session every week called wellbeing. It was a time that I could be honest about how I was feeling and what I was struggling with. My counsellor arranged extra sessions if I was feeling particularly low. My worst fear was falling behind academically, so my learning was really important to me. The lessons that I was offered at Red Balloon were great, I could keep learning and I could begin to see a future for myself. I remember thinking that I was clever enough to go to college and university. I sat my GCSEs and thanks to my teachers I was on track to achieve good grades.

At Red Balloon, I had a place where I finally belonged. I had friends that weren't going to turn on me and bully me, or talk about me behind my back. I was safe at Red Balloon, at the Satellite Centre when I went once a week for social activities. I didn't feel alone and scared anymore. I didn't attempt suicide or hurt myself any more. People that haven't been bullied cannot possibly understand how essential it is to belong to a community.

“ In school I was an outcast, but at Red Balloon, I had a place and I knew that I would always have friends, friends that understood me and liked me for the person that I was. ”

"Children like me deserve an education. I loved learning and I wanted nothing more than to learn and succeed in life."



Fundraising: a year of amazing support

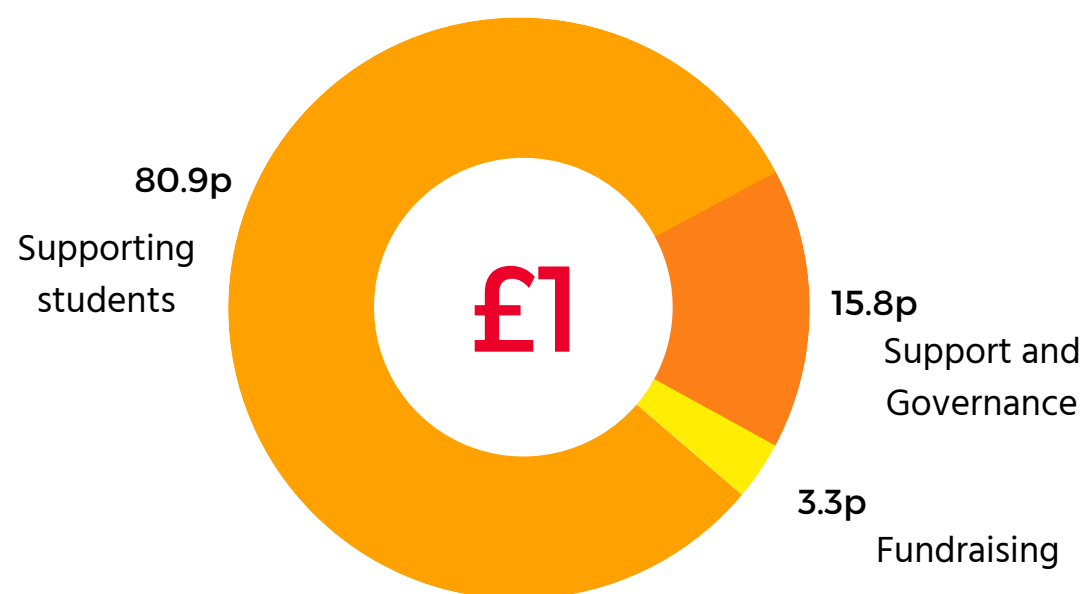
We couldn't do what we do without our incredible supporters who have donated money, time, and expertise to keep our Centres running and help us reach more young people in need of our provision. It is thanks to them that our young people are able to turn their lives around.

A very special thanks to our supporters below

BBC Children in Need
The Beatrice Laing Trust
Cambridge Intelligence
Cheryl Sfetas
Christine Buccella and John Wadham
Clare King Charitable Trust
David Soanes
Diarmuid Ó Séaghdha
Francis Burkitt
Garfield Weston Foundation
Ingles & Hayday
The Ingles Charitable Trust
The Leri Charitable Trust

Michael Thorne
Nic Humphries
Nick Munday
Philip Goldenberg
Philip King Charitable Trust
Rachel Munday
Ralph Burditt
Revd Prof Michael Reiss
Ruth Loshak
The Screwfix Foundation
Stan Webster
Susan Cooklin
The Sussex Community Foundation
Tim and Charlotte Ingles

For every £1 we spent in 2021/22 in the Red Balloon Educational Trust consolidated group, 80.9p went on direct costs supporting students:



We cannot operate effectively without good management and fundraising efforts.



Supporter case study: Cambridge Intelligence

Cambridge Intelligence builds data visualization tools that make the world a safer place. From law enforcement to cyber security and fraud detection, they work with organisations around the globe. Every day thousands of analysts rely on their technology to 'join the dots' in data and uncover hidden threats.

They began a Charity of the Year programme in 2021 to give back and support the local community. Red Balloon was chosen as one of the charities and Cambridge Intelligence kindly donated £25,000 in Dec 2021, and pledged to donate a further £14,000 in Dec 2022.

Cambridge Intelligence

A Charity of the Year donation to support opening Red Balloon Educational Trust's new premises at Willow Lodge, 37 High Street, Milton

£25,000 in 2021

Creating a versatile, well-equipped and homely space for students is a vital part of the Red Balloon Educational Trust's provision. Red Balloon Centres all feel as little like a standard school as possible to avoid any bad associations our students may have with attending a formal setting, and to ensure they feel comfortable and at ease while with us. Our spaces need to be flexible and well-equipped to meet the changing needs of our students: this enables us to adapt sessions to follow students' interests or in response to wellbeing needs, to make sure they're getting the best possible support to reach their goals.

Moving within Milton from Winship House to our new Willow Lodge premises gave us the opportunity to create the spaces our students most need. Support from Cambridge Intelligence enabled us to grasp this opportunity fully and make optimum student spaces a reality.

Cambridge Intelligence's donation helped renovate and equip student spaces including three main in-person session spaces, a science lab, therapy rooms and a kitchen for functional

skills sessions. These new spaces allow our students to truly explore and learn about subjects that they are passionate about. There is breakout space if needed for wellbeing, designated areas for therapy, cooking and science, and ample storage for all the equipment our students need to engage with learning and personal development.

“The new student space has made such a difference to our young people! We're able to offer so much more and be more adaptable to their needs in sessions.”

- Jacqui from the in-person staff team

With Cambridge Intelligence's help, RBAir students have a transformed suite of rooms for in-person sessions, lessons and therapy.



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, recognising the impact of the COVID pandemic on our current students and those who will access our services in the future.

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:

- completing preparations for opening a new Centre in Worthing, West Sussex.
- expanding Cambridge and NW London Centres - by 20 children each.

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 emphasise 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 in line with 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.





Financial review

Risk assesment

Structure, governance
and management

Financial review

Red Balloon Educational Trust (RBET), 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. 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. In addition, since 12 October 2021, Red Balloon’s blended online and face-to-face provision, Red Balloon of the Air (‘RBAir Education Activity’), has been directly operated by the Charity. Prior to this date, the RBAir Provision was operated through a separately registered charity and company limited by guarantee, Red Balloon of the Air (‘RBAir Company’).

At the start of the prior year, 1 Sept 2020, the RB consolidated group consisted of RBAir Company, 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 RBAir Company, 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. On 12 October 2021, the operations, assets and liabilities of RBAir Company, except for those in relation to a lease on the Danbury property, were transferred to its parent company, Red Balloon Educational Trust. The group results for 2021-22 include RBAir Company.

Consolidated income decreased by £1,057k (2021: £444k increase) on prior year to £2,404k (2021: £3,461k), which can mostly be attributed to RB-Reading and RB-Cambridge’s results being included for part of the year in the prior year. Fee income decreased by £1,216k (2021: £556k increase) to £1,475k (2021: £2,691k), £52k of which was due to 3.4% lower fee income from

the RBAir Education Activity and the balance due to RB-Cambridge and RB-Reading no longer being consolidated. Income from donations and grants decreased by £47k (2021: £104k) on prior year to £606k (2021: £653k). However, fundraising events, included in other trading activities, increased significantly by £147k (2021: £0.5k) to £147k (2021: £0.5k), mostly in relation to a Giving Dinner held in Oct 2021. Other income decreased by £6k (2021: £30k) on prior year to £2k (2021: £8k), £8k decrease was in relation to the Coronavirus Job Retention Scheme grant claimed; £5k by the Charity and £3k by RBAir in 2021.

Expenditure decreased by £1,294k (2021: £596k increase) on prior year to £2,168k (2021: £3,462k), however, included within expenditure for the prior year were £850k in relation to the disposal of the RB-Reading and RB-Cambridge and £770k of their expenditure for part of the year. There was £326k, 18% increase in expenditure for RBET and the RBAir Education Activity combined, £69k of which related to various set up costs for the new Worthing Centre. Expenditure in the Charity increased by 223% (2021: 36% decrease) and in RBAir Company decreased by 61% (2021: 3% increase); the significant movements due to the RBAir Education Activity being transferred from RBAir Company to RBET during the year.

Overall, there was a consolidated surplus of £228k (2021: £6k), of which £241k (2021: £236k) was attributable to the Charity, £13k deficit (2021: £221k surplus) to RBAir Company, £Nil (2021: £196k) to RB-Cambridge and £Nil (2021: £152k) to RB-Reading. In the prior year, there were additional factors attributable to the consolidated surplus: £58k surplus in relation to the reclassification of the Cambridge and Reading properties to programme related investments; £850k deficit arising on the disposal of subsidiaries and the balance of £7k deficit due to consolidation adjustments.

RBAir Education Activity’s fee income decreased by £52k in 2021-22 (2021: £362k increase) to £1,475k (2021: £1,527k) due to slightly lower student numbers. £148k of the fees were in RBAir Company and £1,327k in RBET. RBAir Education Activity’s expenditure increased by £154k (2021: £33k), £124k increase in staff costs and £33k increase in property costs, due to the 5 months overlap of the Winship House and Willow Lodge properties. At 31 August 2022, RBAir Company held £31k (2021: £387k) of unrestricted reserves, following the transfer of £26k restricted and £340k unrestricted reserves totalling £366k to RBET on 12 October 2021. The unrestricted reserves transferred became restricted to the RBAir Education Activity in RBET on transfer; £112k was spent as a contribution towards the purchase of Willow Lodge and £228k spent on staff costs in 2021-22.

The Charity’s net assets increased by £607k (2021: £236k) to £2,743k (2021: £2,136k) in the year. Its income increased by £1,786k (2021: £140k decrease) to £2,642k (2021: £856k); £1,327 from fee income which was not previously generated in the Charity, £366k (2021: £Nil) donation on the transfer of RBAir, £108k increase (2021: £91k decrease) from donations and grants income, £5k decrease (2021: £33k) in relation to the Coronavirus Job Retention Scheme, £147k increase (2021: Nil) in income generated from fundraising events, and £157k net decrease (2021: £16k) in other income categories, including levies and recharges to other Red Balloons, which are no longer charged to RBAir Company, following the transfer of the RBAir Education Activity to RBET. Costs increased by £1,398k (2021: £348k decrease) to £2,025k (2021: £627k) due to higher expenditure in the following areas: £26k (2021: £255k lower) in bursaries and grants awarded to other Red Balloons; £76k (2021: £27k lower) in premises costs, £1,112k in staff costs (2021: £144k lower), £81k (2021: £59k higher) in recruitment and professional costs, £25k (2021: £Nil) in education activity costs, £47k (2021: £Nil) impairment of

programme related investments and £51k net increase (2020: £13k net decrease) in other areas. This was partially offset by lower expenditure of £4k (2021: 4k higher) in fundraising expenses and £16k (2021: £28k higher) in depreciation and amortisation charges.

At 31 August 2022, the consolidated group’s net assets amounted to £2,774k (2021: £2,546k), of which approximately £1,766k (2021: £1,613k) is in fixed assets (net of mortgages).

Investment policy and performance

Surplus funds were split between CAF Bank savings accounts, paying interest at the end of the financial year at approximately 0.5% pa (2021: 0.01% pa) and funds held with Investec. During 2021-22, Investec funds were liquidated and transferred in full to the CAF Bank savings accounts. Around 65% of the Investec funds were held as cash paying 0% pa at the start of the year and from April 22, 0.15% (2021: 0% pa) interest, 10% in fixed interest investments and the remaining 20% in UK and international equities. The trustees believe the CAF Bank savings accounts, currently paying interest at 1.35% pa, appropriately balance the need for ready access, good security and investment return, although other investment options are also being considered.

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 minimum level of free reserves at three to six months of the forecasted future annual 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 £755k (2021: £557k), equating to around 4.3 months (2021: 14.6 months) operating costs. The operating costs of RBET have increased significantly following the transfer of the RBAir Education Activity in Oct 2021 and the opening of the Worthing Centre in Sept 2022. Some of the free reserves at the prior year end were used towards the purchase of a new property in Milton, in April 2022. 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 Education Activity was able to maintain their 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 remained stable in 2022-23 but an increase in fee income is forecast due to higher fees, as a result of a review of pricing strategy. Fee income is forecast to increase again the following year, as a result of further fee adjustments and based on the level of enquiries. Grants and donations income has been lower in 2022-23 compared to the previous couple of years but the RBAir Education Activity and the new Worthing Centre are both forecast a surplus, which will offset any reduction in fundraising income. Following detailed review of the Company's forecasts and projections, the Trustees have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

There were no significant events affecting the Charity's financial position during the year and the Charity's financial position at the end of the reporting period remained stable.

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 students' overall 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 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 & safety risk assessment policies up-to-date and inspections 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 requested. Interviews take place and candidates who most closely match the selection criteria are invited to attend a trustees meeting as an observer. No person or external body other than the trustees is 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 are carried out at a full Trustees' meeting.

Organisational structure and decision making

i) The Charity operates from its premises at Willow Lodge in Milton, Cambridge. The Executive Officer oversees individuals with responsibility for the RBAir & RB-Worthing provisions, 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.

1. RBET undertakes fundraising through our internal resources and we do not commission a professional fund-raiser/commercial participator for these;
2. 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;
3. RBET monitors fundraising activities via the board reports and via fortnightly meetings;
4. RBET received no complaints during the year about activities for the purpose of fundraising;
5. 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 guidance on Public Benefit. Red Balloon Learner Centres provide an 'intensive care' full-time education, mainly for children (11-18) who have been so seriously bullied or traumatised that they exclude themselves from school. There is no other purpose-made scheme to help this group of children recover and to restore them to normal life. They are provided with a safe environment with clear boundaries for behaviour and a bespoke full-time academic, pastoral and therapeutic programme.

Structure, governance and management

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

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

Trustees' responsibilities

The Trustees (who are also Directors of Red Balloon 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 18 May 2023 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 Simon P Mace (resigned 22 November 2022)
Ms Jennifer R Raine (appointed 25 November 2021 and resigned 3 February 2023)
Mr Nicholas H P Munday (appointed 5 October 2022)

Executive Officer Director of Education: Mr Robert Watson

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



Auditor's report and financial statements for the year ended 31 August 2022



Independent Auditor's 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 2022 which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheet, the Group Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 August 2022, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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 and 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.

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

Independent Auditor's Report to the Members of Red Balloon Educational Trust

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of 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 the 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' exemption in preparing the strategic report.

Independent Auditor's 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 parent 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 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 parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and report in accordance with this Act.

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 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.

- We reviewed systems and procedures to identify potential areas of management override risk. In particular, 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, any correspondence with the Charity Commission and reviewed the procedures in place for the reporting of any incidents to the Trustee Board including serious incident reporting of these matters as necessary with the Charity Commission.
- certain disclosures of trustees' remuneration specified by law are not made; or
- We agreed the financial statement disclosures to underlying supporting documentation, made enquiries of management and officers of the parent charitable company regarding laws and regulations applicable to the organisation and discussed whether there had been any known breaches of laws and regulations in order to consider any possible further considerations or impact upon the charity.
- We reviewed the risk management processes and procedures including a review of the Board assurance reporting.

Independent Auditor's Report to the Members of Red Balloon Educational Trust

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

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

A further description of our responsibilities is available on the FRC'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 our 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 BSc FCA DChA (Senior Statutory Auditor)

for and on behalf of

PRICE BAILEY LLP

Chartered Accountants

Statutory Auditors

Tennyson House

Cambridge Business Park

Cambridge

CB4 0WZ

Date: **30 May 2023**

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 2022

	Notes	Restricted £	Unrestricted £	2022 Total £	2021 Total £
INCOME					
Donations and grants	2	350,802	255,358	606,160	652,670
Charitable activities	3	-	1,524,001	1,524,001	2,718,321
Other trading activities	4	31,025	116,425	147,450	390
Investment income	5	2	125,301	125,303	81,003
Other income	6	-	1,537	1,537	8,449
Total income		381,829	2,022,622	2,404,451	3,460,833
EXPENDITURE					
Costs of raising funds	7	(30,130)	(40,511)	(70,641)	(89,737)
Charitable activities	7	(168,326)	(1,928,757)	(2,097,083)	(2,522,495)
Donation on disposal of subsidiaries	7,26	-	-	-	(850,188)
Total expenditure		(198,456)	(1,969,268)	(2,167,724)	(3,462,420)
Net (expenditure) / income in the year and net movement in funds before gains and losses on investments		183,373	53,354	236,727	(1,587)
Net (losses)/gains on investments	16	-	(8,373)	(8,373)	7,466
Net income in the year		183,373	44,981	228,354	5,879
Transfer between funds		(153,013)	153,013	-	-
Net movement in funds		30,360	197,994	228,354	5,879
Reconciliation of funds:					
Total funds brought forward	22b	192,023	2,353,875	2,545,898	2,540,019
Total funds carried forward	22a	222,383	2,551,869	2,774,252	2,545,898

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 48 to 69.

RED BALLOON EDUCATIONAL TRUST
(a company limited by guarantee)
REGISTERED COMPANY NUMBER: 05385341
CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2022

	Notes	2022 £	2021 £
FIXED ASSETS			
Intangible fixed assets	14	5,167	10,335
Tangible fixed assets	15	980,089	17,665
Fixed asset investments	16	-	185,874
Programme related investments	17	1,972,881	2,720,104
TOTAL FIXED ASSETS		2,958,137	2,933,978
CURRENT ASSETS			
Debtors: amounts falling due within one year	18	213,926	242,839
Programme related investments	17	700,000	-
Cash at bank and in hand		1,135,061	1,072,932
TOTAL CURRENT ASSETS		2,048,987	1,315,771
LIABILITIES			
Creditors: amounts falling due within one year	19	(372,666)	(394,487)
NET CURRENT ASSETS		1,676,321	921,284
TOTAL ASSETS LESS CURRENT LIABILITIES			
Creditors: amounts falling due after more than one year	20	(1,860,206)	(1,309,364)
TOTAL NET ASSETS		2,774,252	2,545,898
FUNDS OF THE CHARITY			
Unrestricted funds:			
-General funds	22a	785,520	927,214
-Designated funds	22a	1,766,349	1,426,661
Restricted funds	22a	222,383	192,023
TOTAL FUNDS		2,774,252	2,545,898

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

The attached notes on pages 48 to 69 form part of these financial statements.

The financial statements were approved by the Board of Trustees on 18 May 2023 and signed on their behalf by:



Beverley Williams - Trustee



Nicholas Munday - Trustee

RED BALLOON EDUCATIONAL TRUST
(a company limited by guarantee)
REGISTERED COMPANY NUMBER: 05385341
CHARITY BALANCE SHEET
AS AT 31 AUGUST 2022

	Notes	2022 £	2021 £
FIXED ASSETS			
Intangible fixed assets	14	5,167	10,335
Tangible fixed assets	15	980,089	904
Fixed asset investments	16	-	185,874
Programme related investments	17	1,972,881	2,720,104
TOTAL FIXED ASSETS		2,958,137	2,917,217
CURRENT ASSETS			
Debtors: amounts falling due within one year	18	213,521	146,938
Programme related investments	17	700,000	-
Cash at bank and in hand		1,110,681	531,985
TOTAL CURRENT ASSETS		2,024,202	678,923
LIABILITIES			
Creditors: amounts falling due within one year	19	(378,686)	(151,119)
NET CURRENT ASSETS		1,645,516	527,804
TOTAL ASSETS LESS CURRENT LIABILITIES			
Creditors: amounts falling due after more than one year	20	(1,860,206)	(1,309,364)
TOTAL NET ASSETS		2,743,447	2,135,657
FUNDS OF THE CHARITY			
Unrestricted funds:			
-General funds	22a	754,715	556,906
-Designated funds	22a	1,766,349	1,409,900
Restricted funds	22a	222,383	168,851
TOTAL FUNDS		2,743,447	2,135,657

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

The attached notes on pages 48 to 69 form part of these financial statements.

The financial statements were approved by the Board of Trustees on 18 May 2023 and signed on their behalf by:



Beverley Williams - Trustee



Nicholas Munday - Trustee

RED BALLOON EDUCATIONAL TRUST
(a company limited by guarantee)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	2022 £	2021 £
Cash Flows from Operating Activities			
Net cash provided by / (used in) operating activities	27	293,111	(49,430)
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(981,409)	(43,214)
Proceeds from sales of property, plant and equipment		2,968	-
Proceeds from sales of fixed asset investments		177,114	-
Net cash used in Investing Activities		(801,327)	(43,214)
Cash Flows from Financing Activities			
Borrowing – mortgage on 37 High Street		600,000	-
Repayments of borrowing		(29,655)	(24,083)
Net cash used in Financing Activities		(570,345)	(24,083)
Change in cash and cash equivalents in the reporting period			
		62,129	(116,727)
Cash and cash equivalents at the beginning of the reporting period			
	28	1,072,932	1,189,659
Cash and cash equivalents at the end of the reporting period			
	28	1,135,061	1,072,932

The attached notes on pages 48 to 69 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 2022

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 26.

At the start of the prior 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. Together with Red Balloon of the Air, they were included in the group results up to their respective disposal dates, as required by UK accounting standards. On 12 October 2021, the operations, assets and liabilities of Red Balloon of the Air, except for those in relation to a lease on a property, were transferred to the Charity. The group results for 2021-22 include Red Balloon of the Air, as required by UK accounting standards. See note 26.

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 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 37. The number of members during the year was 5 (2021: 5). In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity (2021: £10 per member).

RED BALLOON EDUCATIONAL TRUST
(a company limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

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.

e) 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 19.

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.

RED BALLOON EDUCATIONAL TRUST
(a company limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

f) 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.

g) Intangible fixed assets and amortisation

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

Website 25% straight line

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

h) 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
Fixtures & fittings	20% straight line
Computer equipment	33% straight line (2021: 50% straight line)
Leasehold improvements	10% straight line or over the lease term if less than 10 years
Buildings	2% straight line
Freehold land	Not depreciated

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

i) 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.

RED BALLOON EDUCATIONAL TRUST
(a company limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

j) 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.

k) 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.

l) 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 held some quoted investments with Investec which were 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 20.

m) 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.

n) Operating leases

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

o) 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.

p) Programme related investments

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

q) 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.

RED BALLOON EDUCATIONAL TRUST
(a company limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

r) Significant Estimates and Judgements

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

The Trustees make estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. These include depreciation, debtor recoverability and bad debts. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2 Donations and grants

	2022 £	2021 £
Donations	317,773	382,040
Legacies	-	12,046
Grants	288,387	258,584
	<u>606,160</u>	<u>652,670</u>

Included within donations received are restricted funds of £178,346 (2021: £19,759) and unrestricted funds of £139,427 (2021: £362,281). All legacies received in the prior year relate to restricted funds. Included within grants received are restricted funds of £172,456 (2021: £187,171) and unrestricted funds of £115,931 (2021: £71,413).

3 Income from Charitable Activities

	2022 £	2021 £
Levies and recharges to Red Balloon Centres	48,969	27,798
Teaching and support of bullied children	1,475,032	2,690,523
	<u>1,524,001</u>	<u>2,718,321</u>

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

4 Other trading activities

	2022 £	2021 £
Fundraising events	147,450	390
	<u>147,450</u>	<u>390</u>

Included within fundraising income are restricted funds of £31,025 (2021: £Nil) and unrestricted funds of £116,425 (2021: £390). A Giving Dinner event was held in October 2021, at which donors made pledges totalling £142,575 (2021: £Nil).

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

5 Investment income

	2022 £	2021 £
Rents received	123,000	79,125
Dividends	1,454	1,765
Deposit account interest	849	113
	<u>125,303</u>	<u>81,003</u>

Included within investment income are restricted funds of £2 (2021: £10). All remaining investment income relate to unrestricted funds.

6 Other income

	2022 £	2021 £
Government grants	-	8,449
Profit on sale of fixed assets	1,537	-
	<u>1,537</u>	<u>8,449</u>

Government grants received in the prior year were wholly in relation to the Coronavirus Job Retention Scheme, which were unrestricted funds. There were no unfilled conditions in relation to the government grants at the year end (2021: None).

7 Analysis of expenditure by activity – current year

	Direct costs £	Grant funding £ (note 10)	Support costs £ (note 8)	2022 costs £
Costs of raising funds	40,716	-	29,925	70,641
Charitable activities:				
Advance the education of students at Red Balloon Centres	289,961	33,767	193,244	516,972
Teaching and support of bullied children	1,429,218	-	150,893	1,580,111
	<u>1,719,179</u>	<u>33,767</u>	<u>344,137</u>	<u>2,097,083</u>
	<u>1,759,895</u>	<u>33,767</u>	<u>374,062</u>	<u>2,167,724</u>

RED BALLOON EDUCATIONAL TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

Analysis of expenditure by activity – prior year

	Direct costs £	Grant funding £ (note 10)	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	222,573	7,700	157,778	388,051
Teaching and support of bullied children	2,007,745	-	126,699	2,134,444
	<u>2,230,318</u>	<u>7,700</u>	<u>284,477</u>	<u>2,522,495</u>
Donation on disposal of subsidiaries	850,188	-	-	850,188
	<u>3,145,506</u>	<u>7,700</u>	<u>309,214</u>	<u>3,462,420</u>

Expenditure in 2022 related to restricted funds was £198,456 (2021: £278,732) and unrestricted funds was £1,969,268 (2021: £3,183,688).

8 Analysis of support costs

	2022 £	2021 £
Finance and professional	155,478	109,870
Bank charges	887	1,062
Communication	16,013	20,104
Insurance	32,344	24,501
Rent and rates	52,890	43,214
Repairs and maintenance	14,041	13,001
General office expenses	2,886	7,203
Staff costs	65,638	57,275
Governance costs (note 9)	33,885	32,984
	<u>374,062</u>	<u>309,214</u>

9 Analysis of governance costs

	2022 £	2021 £
Auditors' fees		
- for audit services	26,308	22,340
- for non-audit services	7,577	6,424
Accountancy fees	-	4,220
	<u>33,885</u>	<u>32,984</u>

All expenditure on governance costs is spent from unrestricted funds in 2022 and 2021.

RED BALLOON EDUCATIONAL TRUST
(a company limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

10 Grants to individuals

	Number	Total 2022 £	Number	Total 2021 £
Bursaries	<u>8</u>	<u>33,767</u>	<u>4</u>	<u>7,700</u>

The average bursary per student in 2022 was £4,221 (2021: £1,925). The increase was due to all bursaries awarded in the prior year being for only a part of the year.

11 Analysis of staff costs and key management personnel

	2022 £	2021 £
Wages and salaries	1,366,532	1,831,594
Social security costs	106,962	141,691
Pension	27,539	41,506
	<u>1,501,033</u>	<u>2,014,791</u>

The average monthly head count during the year was as follows:

	2022 Number	2021 Number
Charitable activities	<u>72</u>	<u>102</u>

The number of higher paid employees was as follows:

	2022 Number	2021 Number
In the band £60,000 - £70,000	<u>1</u>	<u>-</u>

The employers pension contributions in relation to the above higher paid employees was £1,321 (2021: £Nil).

The charity considers its key management personnel to comprise of 4 people (3 people in the prior year). Total aggregate remuneration of key management personnel was £201,580 (2021: £186,501). During the year, £5,929 (2021: £Nil) of the employment benefit of these were paid by Red Balloon of the Air and £195,651 (2021: £186,501) were paid by the parent company, Red Balloon Educational Trust.

Total termination payments made were £7,893 (2021: £3,000).

The trustees all give freely their time and expertise without any form of remuneration or other benefit in cash or kind (2021: £Nil). Expenses paid to the trustees in the year totalled £105 (2021: £Nil). These expenses were in relation to 1 trustee reimbursed for their travel expenses of £79 (2021: £Nil) and fees for their documents certification required by the Charity of £26 (2021: £Nil).

RED BALLOON EDUCATIONAL TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

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 £27,539 (2021: £41,506). No pension contributions (2021: £976) were payable to the fund at the balance sheet date.

13 Net (expenditure) / income

	2022 £	2021 £
Net (expenditure) / income is stated after charging:		
Amortisation of intangible assets owned by the charity	5,168	5,167
Depreciation of charitable assets owned by the group	17,456	62,492
(Profit) on sale of fixed assets	(1,537)	-
Loss on sale of fixed assets	98	-
Operating lease payments for land and buildings	116,444	89,175
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)
Impairment of programme related investment	47,223	-
Auditors remuneration:		
- for audit services	26,308	22,340
- for non-audit services	7,577	6,424

14 Intangible fixed assets

Group and Charity	Website £
Cost:	
At 1 September 2021	20,670
Additions	-
At 31 August 2022	20,670
Amortisation:	
At 1 September 2021	10,335
Charge for the year	5,168
At 31 August 2022	15,503
Net book value:	
At 31 August 2021	10,335
At 31 August 2022	5,167

RED BALLOON EDUCATIONAL TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

15 Tangible fixed assets

Group	Land and buildings £	Leasehold improvements £	Fixtures & fittings, office and computer equipment £	Total £
Cost:				
At 1 September 2021	-	39,245	147,851	187,096
Additions	912,221	42,949	26,239	981,409
Disposals	-	(39,245)	(132,271)	(171,516)
At 31 August 2022	912,221	42,949	41,819	996,989
Depreciation:				
At 1 September 2021	-	39,245	130,186	169,431
Charge for the year	5,040	2,070	10,346	17,456
Eliminated on disposals	-	(39,245)	(130,742)	(169,987)
At 31 August 2022	5,040	2,070	9,790	16,900
Net book value:				
At 31 August 2021	-	-	17,665	17,665
At 31 August 2022	907,181	40,879	32,029	980,089
Charity				
Cost:				
At 1 September 2021	-	39,245	10,082	49,327
Additions	912,221	42,949	42,330	997,500
Disposals	-	(39,245)	(10,593)	(49,838)
At 31 August 2022	912,221	42,949	41,819	996,989
Depreciation:				
At 1 September 2021	-	39,245	9,178	48,423
Charge for the year	5,040	2,070	9,602	16,712
Eliminated on disposals	-	(39,245)	(8,990)	(48,235)
At 31 August 2022	5,040	2,070	9,790	16,900
Net book value:				
At 31 August 2021	-	-	904	904
At 31 August 2022	907,181	40,879	32,029	980,089

RED BALLOON EDUCATIONAL TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

Land and buildings additions in Group and the Charity is in respect of 37 High Street, Milton, which was purchased in April 2022.

Outstanding mortgage of £594,667 (2021: £Nil) in relation to the property is secured on the property included in land and buildings in Group and the Charity.

16 Fixed asset investments

Group and Charity	2022 £	2021 £
Investments are allotted to each range as follows:		
UK Unit Trust	-	17,743
Equities	-	46,996
	<u>-</u>	<u>64,739</u>
Listed Investments	-	64,739
Cash	-	121,135
	<u>-</u>	<u>185,874</u>
LISTED INVESTMENTS	2022	2021
	£	£
At market value:		
Quoted at 1 September	64,739	57,273
Additions - donated investments	213	-
(Losses)/Gains on investments	(8,373)	7,466
Disposal	(56,579)	-
	<u>-</u>	<u>64,739</u>
At 31 August	-	64,739
	<u>-</u>	<u>64,739</u>
Historical cost of investment	-	52,605
	<u>-</u>	<u>52,605</u>

RED BALLOON EDUCATIONAL TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

17 Programme Related Investments

Properties rented to other Red Balloon Centres:	Group £	Charity £
Cost or valuation:		
At 31 August 2021	2,720,104	2,720,104
Impairment	(47,223)	(47,223)
	<u>2,672,881</u>	<u>2,672,881</u>
At 31 August 2022	2,672,881	2,672,881
Net book value:		
At 31 August 2021	2,720,104	2,720,104
	<u>2,672,881</u>	<u>2,672,881</u>
At 31 August 2022	2,672,881	2,672,881

Programme related investments represented by:

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
76 Earlham Road, Norwich	700,740	700,740	700,740	700,740
220-222 Kings Road, Reading	545,762	545,762	545,762	545,762
13 Kenton Road, Harrow	700,000	747,223	700,000	747,223
57 Warkworth Terrace, Cambridge	726,379	726,379	726,379	726,379
	<u>2,672,881</u>	<u>2,720,104</u>	<u>2,672,881</u>	<u>2,720,104</u>
Total	2,672,881	2,720,104	2,672,881	2,720,104

Outstanding mortgages of £1,297,121 (2021: £1,321,443) in Group and in the Charity in relation to the properties are secured on the properties listed above.

£700,000 (2021: £Nil) and £1,972,881 (2021: £2,720,104) of the programme related investments are included within current and fixed assets respectively. The property at 13 Kenton Road, Harrow is included in current assets as it was sold to Red Balloon Learner Centre NW London and the mortgage repaid in September 2022 for £700,000.

Impairment of £47,223 is in relation to this property.

18 Debtors: amounts falling due within one year

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Trade debtors	76,469	94,995	76,469	-
Amounts owed by group undertakings	-	-	968	34,758
Amounts owed by other Red Balloon Centres	9,257	30,234	9,257	8,333
Prepayments and accrued income	103,516	92,796	102,143	79,303
Rent deposit	24,544	24,544	24,544	24,544
Other debtors	140	270	140	-
	<u>213,926</u>	<u>242,839</u>	<u>213,521</u>	<u>146,938</u>

RED BALLOON EDUCATIONAL TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

19 Creditors: amounts falling due within one year

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Trade creditors	21,652	87,752	21,652	84,364
Amounts owed to group undertakings	-	-	14,642	4,286
Amounts owed to other Red Balloon centres	1,216	9,120	1,216	8,680
Social security and other taxes	26,489	23,026	26,489	6,837
Other creditors and accruals	71,591	45,420	62,969	24,141
Deferred income	209,404	206,358	209,404	-
Mortgages due within one year	42,314	22,811	42,314	22,811
	<u>372,666</u>	<u>394,487</u>	<u>378,686</u>	<u>151,119</u>

Deferred income	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Deferred income at 1 September	206,358	471,590	-	-
Resources deferred during the year	209,404	206,358	209,404	-
Amounts released from previous years	(206,358)	(471,590)	-	-
Deferred income at 31 August	<u>209,404</u>	<u>206,358</u>	<u>209,404</u>	<u>-</u>

Deferred income relates to school autumn term fees, being unrestricted income, invoiced in advance of £209,404 (2021: £206,358).

20 Creditors: amounts falling due after more than one year

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Mortgages	1,849,474	1,298,632	1,849,474	1,298,632
Amounts owed to other Red Balloon centres	10,732	10,732	10,732	10,732
	<u>1,860,206</u>	<u>1,309,364</u>	<u>1,860,206</u>	<u>1,309,364</u>

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

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Due within 2-5 years	204,341	111,868	204,341	111,868
Due after more than 5 years	1,655,865	1,197,496	1,655,865	1,197,496
	<u>1,860,206</u>	<u>1,309,364</u>	<u>1,860,206</u>	<u>1,309,364</u>

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Mortgages are secured on the properties concerned. In addition, there is a debenture in relation to the Milton property mortgage, which contains a floating charge and a negative pledge.

The mortgages for the Cambridge, Harrow and Norwich properties are with The Cambridge Building Society, the Reading property with Saffron Building Society and the Milton property with CAF Bank. The mortgages are interest only, except for the Milton property and 61% (2021: 65%) of the balance outstanding at the year end on the Cambridge property.

The rates at the year end were as follows:	2022 %	2021 %
76 Earham Road, Norwich	5.64	4.74
220-222 Kings Road, Reading	6.19	5.39
13 Kenton Road, Harrow	5.64	4.74
57 Warkworth Terrace, Cambridge	5.64	4.74
37 High Street, Milton	4.23	-

The mortgage interest on the Milton property is fixed for the first five years (commencement 6 April 2022). All other mortgages are on variable interest rates.

21 Operating leases - lessee

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

	Land and Buildings Group		Land and Buildings Charity	
	2022 £	2021 £	2022 £	2021 £
Within one year	21,189	54,489	11,977	40,984
Within two to five years	120,897	22,718	120,897	-
After more than five years	181,425	-	181,425	-
	<u>323,511</u>	<u>77,207</u>	<u>314,299</u>	<u>40,984</u>

With the agreement of Red Balloon of the Air, Red Balloon Educational Trust issued the landlord of Winship House with notice in February 2021 that Red Balloon had 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 September 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. 4 months notice was issued in April 2022 and the lease ended in August 2022.

In March 2022, a 15 year lease was enacted for a property at 52-54 Windsor Road, Worthing. Red Balloon Worthing, a new Centre, opened to students at these premises in September 2022. See note 25 Related Party Transactions.

In April 2023, Red Balloon of the Air signed a Deed of Surrender on the Danbury property lease and Red Balloon Educational Trust signed a new 5 year lease for the property. See note 24.

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22a Funds analysis – current year

Group	Balance at 1/9/2021 £	Income £	Gains and losses & Expenditure £	Transfers £ (note 22c)	Balance at 31/8/2022 £
General Funds	927,214	2,022,622	(1,930,418)	(233,989)	785,520
Designated Funds:					
- Intangible & tangible fixed assets	28,000	-	-	362,589	390,589
- Programme related investments	1,398,661	-	(47,223)	24,322	1,375,760
Total unrestricted funds	2,353,875	2,022,622	(1,977,641)	153,013	2,551,869
Restricted funds					
Bursaries	101,941	17,246	(33,775)	-	85,412
Funding for staff training	32,396	-	(2,285)	-	30,111
Funding to further develop and expand the Red Balloon provision	30,290	62,804	(26,418)	(48,763)	17,913
Other restricted donations for IT and other equipment, teachers, interns etc	27,396	123,279	(115,016)	(212)	35,447
37 High Street, Milton property & refurbishment	-	178,500	(20,962)	(104,038)	53,500
Total restricted funds	192,023	381,829	(198,456)	(153,013)	222,383
Total funds	2,545,898	2,404,451	(2,176,097)	-	2,774,252
Charity					
General Funds	556,906	1,898,331	(1,561,565)	(138,957)	754,715
Designated Funds:					
- Intangible & tangible fixed assets	11,239	-	-	379,350	390,589
- Programme related investments	1,398,661	-	(47,223)	24,322	1,375,760
Total unrestricted funds	1,966,806	1,898,331	(1,608,788)	264,715	2,521,064
Restricted funds					
Bursaries	101,941	17,246	(33,775)	-	85,412
Funding for staff training	32,396	-	(2,285)	-	30,111
Funding for expansion of the Red Balloon provision	16,898	74,738	(24,960)	(48,763)	17,913
Other restricted donations for IT and other equipment, teachers, interns etc	17,616	132,482	(114,439)	(212)	35,447
37 High Street, Milton property & refurbishment	-	178,500	(20,962)	(104,038)	53,500
RBAir education activity	-	340,275	(228,573)	(111,702)	-
Total restricted funds	168,851	743,241	(424,994)	(264,715)	222,383
Total funds	2,135,657	2,641,572	(2,033,782)	-	2,743,447

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22b Funds analysis – prior year

Group	Balance at 1/9/2020 £	Income £	Gains and losses & Expenditure £	Transfers £ (note 22c)	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	2,286,545	3,241,847	(3,176,222)	1,705	2,353,875
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	253,474	218,986	(278,732)	(1,705)	192,023
Total funds	2,540,019	3,460,833	(3,454,954)	-	2,545,898
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	1,730,468	747,980	(511,642)	-	1,966,806
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	168,915	107,749	(107,813)	-	168,851
Total funds	1,899,383	855,729	(619,455)	-	2,135,657

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22c Funds analysis – fund types

During the year, there were net transfers from restricted to unrestricted funds of £153,013 (2021: £1,705) in Group and £264,715 (2021: £Nil) in the Charity.

£366,412 is included within restricted income in the Charity in the current year in relation to the funds transferred from Red Balloon of the Air on 12 October 2021, the date on which the operations, assets and liabilities of Red Balloon of the Air, except for those in relation to a lease on the Danbury property, were transferred to the Charity. £26,137 of this was restricted in Red Balloon of the Air and £340,275 was unrestricted in Red Balloon of the Air, which became restricted on transfer. £111,702 was used as RBAir's contribution to the purchase of the Milton property and therefore transferred from restricted to unrestricted (designated) funds. The remaining £228,573 was spent on RBAir salaries.

In the Group in the current year, £153,013 was transferred from restricted to unrestricted funds in relation to capital expenditure as the restrictions were satisfied upon the purchase of the assets. £100,000 for the purchase of the Milton property, £42,949 for leasehold improvements at the Worthing property and £10,064 for fixtures & fittings.

In the Charity in the current year, £264,715, including the £111,702 RBAir contribution to the Milton property, was transferred from restricted to unrestricted funds in relation to capital expenditure as the restrictions were satisfied upon the purchase of the assets. £211,702 in total for the purchase of the Milton property, £42,949 for leasehold improvements at the Worthing property and £10,064 for fixtures & fittings.

In the Group in the prior 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 prior 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 prior year in relation to the disposal of subsidiaries. £35,434 in relation to Red Balloon Learner Centre Reading and £19,017 related to Red Balloon Learner Centre Cambridge.

Restricted Funds

- Bursaries fund – Grants and donations 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.
- 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 £38,000 (2021: over £17,000) for the establishment of a new centre in Worthing.
- 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.
- 37 High Street, Milton property & refurbishment – Grants and donations received to either contribute towards the purchase or enable the move and for property improvements/adjustments at the new Milton property.
- RBAir education activity – Funds which were unrestricted in Red Balloon of the Air which became restricted to the RBAir provision, on transfer to the Charity (see above).

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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23a Analysis of net assets by funds – current year

	Restricted funds £	Unrestricted funds £	Total funds £
Group			
Intangible fixed assets	-	5,167	5,167
Tangible fixed assets	-	980,089	980,089
Programme related investments	-	2,672,881	2,672,881
Current assets	222,383	1,126,604	1,348,987
Creditors due within one year	-	(372,666)	(372,666)
Creditors due in more than one year	-	(1,860,206)	(1,860,206)
	<u>222,383</u>	<u>2,551,869</u>	<u>2,774,252</u>
Charity	£	£	£
Intangible fixed assets	-	5,167	5,167
Tangible fixed assets	-	980,089	980,089
Programme related investments	-	2,672,881	2,672,881
Current assets	222,383	1,101,819	1,324,202
Creditors due within one year	-	(378,686)	(378,686)
Creditors due in more than one year	-	(1,860,206)	(1,860,206)
	<u>222,383</u>	<u>2,521,064</u>	<u>2,743,447</u>

23b Analysis of net assets by funds – prior 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>

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24 Events after the balance sheet date

On 30 September 2022, the lease of the property at 76 Earham Road, included in property related investments to Red Balloon Norwich ended and the property returned to Red Balloon Educational Trust. The Charity plans to open a new Centre at Earham Road in 2024 and preparations are underway.

In April 2023, Red Balloon of the Air signed a Deed of Surrender on the Danbury property lease and Red Balloon Educational Trust signed a new 5 year lease for the property. The lease end date on the Red Balloon of the Air lease was 7 May 2024. The lease term on the Red Balloon Educational Trust is from 5 April 2023 to 4 April 2028. The remaining assets and liabilities of Red Balloon of the Air will be transferred to Red Balloon Educational Trust, and Red Balloon of the Air will become dormant after the next year end, 31 August 2023.

25 Related party transactions

Analysis of Red Balloon related parties – current year

	Debtor £	Creditor £	Income £	Expenditure £
Red Balloon of the Air	968	14,642	24,932	25,721
Red Balloon Norwich	9,257	351	124,900	-
Red Balloon Reading	-	29	40,146	-
Red Balloon Cambridge	-	11,528	69,227	-
Red Balloon NW London	-	40	106,753	-
	<u>10,225</u>	<u>26,590</u>	<u>365,958</u>	<u>25,721</u>

Analysis of Red Balloon related parties – prior 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 NW London	1,333	40	44,860	-
	<u>43,091</u>	<u>23,698</u>	<u>355,795</u>	<u>12,146</u>

Red Balloon of the Air was a fully owned subsidiary for the full year (2021: full year). On 12 October 2021, the operations, assets and liabilities of Red Balloon of the Air, except for those in relation to their lease on the Danbury property, were transferred to its parent company, Red Balloon Educational Trust.

Red Balloon Learner Centre Cambridge and Red Balloon Learner Centre Reading were wholly owned subsidiaries for part of the prior year.

See note 26.

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In March 2022, the Charity entered into a lease agreement for a property at 52-54 Windsor Road, Worthing with Solewild Ltd, a company in which Mr N Munday, who was appointed as a Trustee of Red Balloon Educational Trust on 5 October 2022, is the sole Director. During the year the Charity incurred expenditure totalling £9,738 (2021: £Nil) in relation to Solewild Ltd, which includes rent of £7,100 (2021: £Nil) and £2,638 (2021: £Nil) for other Worthing property related costs, including insurance. At the year end, a balance of £4,777 was owed by the Charity to Solewild Ltd, included in trade creditors. Prepayments of £2,400 (2021: £Nil) and an accrual for the lease incentive of £5,521 (2021: £Nil) are also recorded at the year end.

There are no other related party transactions to note.

26 Principal subsidiaries and subsidiaries disposed in the prior 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

The following were 100% owned subsidiary undertakings of the Charity at the start of the prior 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 2022 were £30,805 (2021: £410,243), which comprised of assets of £40,395 (2021: £709,992) and liabilities of £9,590 (2021: 299,749). The charity had income during the year of £176,141 (2021: £1,635,836) and expenditure of £555,577 (2021: £1,414,832), giving net expenditure for the year ended 31 August 2022 of £379,436 (2021: net income £221,004).

On 12 October 2021, the operations, assets and liabilities of Red Balloon of the Air, except for those in relation to a lease on the Danbury property, were transferred to the Charity. £366,412 is included in Red Balloon of the Air's expenditure during the year, which represents the donation made by Red Balloon of the Air to Red Balloon Educational Trust on transfer. These funds were received in the Charity as restricted income (see note 22c).

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During the prior 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 Learner Centre Cambridge is a company limited by guarantee and a registered charity. It was consolidated up to and including 11 May 2021 in the prior year and its reserves on 11 May 2021 of £446,764 were taken to expenditure during 2020-21 (£19,017 restricted and £427,747 unrestricted) which represented the net assets on ceasing to be a group member. Its net assets were £241,701 at the start of the prior year. The charity had income during the consolidated period, between 1 September 2020 and 11 May 2021, of £718,334 and expenditure of £513,271, giving net income, included in the group results for the prior period of £205,063.

Red Balloon Learner Centre Reading is a company limited by guarantee and a registered charity. It was consolidated up to and including 19 May 2021 in the prior year and its reserves on 19 May 2021 of £403,424 were taken to expenditure during 2020-21 (£35,434 restricted and £367,990 unrestricted) which represented the net assets on ceasing to be a group member. Its net assets were £251,892 at the start of the prior year. The charity had income during the consolidated period, between 1 September 2020 and 19 May 2021, of £536,069 and expenditure of £384,537, giving net income, included in the group results for the prior period of £151,532.

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

	2022 £	2021 £
Net income for the reporting period (as per the statement of financial activities)	228,354	5,879
Adjustments for:		
Amortisation charges	5,168	5,167
Depreciation charges	17,456	62,492
Net Profit on disposal of tangible fixed assets	(1,439)	-
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)
Impairment of programme related investments	47,223	-
Losses/(Gains) on investments	8,373	(7,466)
Investment management charges	600	599
Donation as investments	(213)	-
Decrease in debtors	28,913	111,601
Decrease in creditors	(41,324)	(245,180)
Net cash provided by/(used in) operating activities	293,111	(49,430)

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28 Analysis of changes in net debt

	Balance at 1/9/2021 £	Cash flows £	Other non- cash changes £	Balance at 31/8/2022 £
Cash and cash equivalents:				
Cash	1,072,932	62,129	-	1,135,061
Borrowings:				
Debt due within one year	(22,811)	24,322	(43,825)	(42,314)
Debt due after one year	(1,298,632)	(594,667)	43,825	(1,849,474)
	(1,321,443)	(570,345)	-	(1,891,788)
Total	(248,511)	(508,216)	-	(756,727)

Borrowings relate to mortgages on the 5 (2021: 4) properties owned by Red Balloon Educational Trust.



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for the year ended 31 August 2022

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

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