

Charity No: 1076317
Company No: 03069213

Talbot House Trust North East
(a company limited by guarantee and not having a share capital)

Report of the Management Trustees and
Financial Statements
for the year ended 31 March 2021



Talbot House Trust North East
(a company limited by guarantee and not having a share capital)

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Talbot House Trust North East
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Report of the Management Trustees
for the year ended 31 March 2021

The Management Trustees, who act as directors for the purposes of company law, are pleased to present their annual report together with the audited financial statements for the year ended 31 March 2021.

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) issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice.

OBJECTIVES AND ACTIVITIES

In setting our objectives and planning our activities we have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education and care.

Principal objective

To provide an innovative approach to the needs of children with social, emotional and mental health considerations, in either daily education in school, our children's home or in both.

Mission statement

Our mission is to improve the everyday lives of children. Talbot House Trust admitted its first pupils in 1974 and was established to provide a positive alternative approach to meet the particular needs of young people, aged 5 to 18 years who manifest emotional, social and mental health issues and associated learning difficulties which have resulted in problems of adjustment in available mainstream provision. In recent years Talbot House Trust has extended its offer to include a residential children's home. We create a warm, happy and caring environment in which everyone is equally valued and within which the needs of the individual can be identified and met.

Overview

Our school rating is "requires improvement", we were last inspected in May 2019, during that inspection it was noted that we were on the cusp of a "good" rating and had achieved "good" in personal development, behaviour and welfare.

Our Residential Home was inspected by Ofsted in May 2019 and we achieved a rating of "good". In our interim inspection in October 2019, we sustained effectiveness.

Talbot House Trust North East

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Report of the Management Trustees (*Continued*) for the year ended 31 March 2021

Key areas of operation

Talbot House Trust has two key areas of operation, the school and residential children's home. Each delivers services for children with one common aim, to engage them in care or education which has positive outcomes.

ACHIEVEMENTS AND PERFORMANCE

Charity

First and foremost we are a children's charitable trust and as such structured differently to other schools and residential homes. We have a Chief Executive Officer and a senior management team consisting of a Head of Development and Head Teacher. We are governed by a board of Trustees, although all of those trustees are also governors within our school.

School

The school now has a number of specific areas for the education of children and young people who have a range of requirements. We have Upper, Primary and Aces.

Upper school is a senior school for children over the age of 11 years old or year 7 onwards, although younger children are able to access appropriate elements according to their need, and for the purposes of transition. Our classes are small with a high proportion of adult support. The curriculum includes a proportion of social learning via enrichment activities, which link to learning and achievement with AQA awards. Our children also now have access to Duke of Edinburgh and John Muir awards schemes.

Primary is across three classrooms with separate facilities to the rest of the school where children between the ages of 5 and 11 receive education and enrichment which is aimed at social development.

Our Aces provisions are self contained areas on our site which cater for the education of children with complex needs. Children can stay in this unit beyond primary school age.

Throughout the school we provide interwoven therapeutic intervention in the classroom and in one to one sessions on site with our Thrive practitioners and all classroom staff who are trained to provide a Thrive approach.

Residential Children's Home

The home has continued to thrive remaining at capacity most of the year. Improvements have been made to the environment with bedrooms being decorated, new soft furnishings including carpets and a full refurbishment of the kitchen and dining space and further plans to continue this are underway for the corridor and staircase areas.

Covid-19

The DfE provide daily updates about Covid-19 and our school follows these along with government guidelines. We risk assess dynamically, in both our home and school and have maintained link with public health.

Talbot House Trust North East
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Report of the Management Trustees (*Continued*)
for the year ended 31 March 2021

FINANCIAL REVIEW

The financial position remains stable. The building refurbishment program continues to progress with more areas of modernisation planned. School roll is up on this position last year, with 39 on roll for September compared to 26 same time last year. The results by activity are detailed below;

	Income	Expenditure	2021	2020
	£	£	£	£
School	1,785,232	(1,601,074)	184,158	235,057
Residential care home	897,911	(702,653)	195,258	(43,355)
	<u>2,683,143</u>	<u>(2,303,727)</u>	<u>379,416</u>	<u>191,702</u>

An operating surplus of £434,237 (2020 - £310,369) is shown on the Statement of Financial Activities.

The fund balances carried forward at 31 March 2021 show a total of £1,765,296 (2019 - £1,331,059) of which £nil (2020: £98,198) related to restricted funds.

Reserves policy

The charity is reliant for its operational costs on numbers of children attending our school or living in our children's home. All unrestricted income is received from government funding. Our policy is to hold reserves of six months operation expenses. At 31 March 2021 the free reserves held amounts to £235,538.

In the Trustees' view, these reserves should provide the charity with adequate financial stability and the means for it to meet its charitable objectives for the foreseeable future. We are currently working towards bringing increasing our level of reserves in order to meet to policy. Trustees will review the amount of reserves on a quarterly basis at their board meetings to ensure that the charity is able to fulfil its continuing obligations.

Talbot House Trust North East

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**Report of the Management Trustees (*Continued*)
for the year ended 31 March 2021**

Going Concern

The charity reported a surplus of £434,237 for the year ended 31 March 2021 (2020: £310,369) and has net assets of £1,765,296 (2020: £1,331,059).

The trust is operating in the wake of multiple national lockdowns, which were in force at the height of the pandemic. We have been able to sustain a very healthy cash position due to the Government continuing to direct local authorities to maintain swift payment schedules for non-maintained special schools, plus a reduction in spending while the external activities part of the enrichment curriculum were not available. The trust has deployed some of the surplus in ensuring that the children had all of the resources required to allow them to continue in education, while face to face options were restricted. Care packages, food hampers and wellbeing visits all continued. Although the vaccination program is well underway and we do not anticipate further lockdowns, trust management feel well equipped to respond to restrictions.

Referrals to the school have been stable and are now increasing further despite the pandemic. Communications with local authority officers has been challenging at times, with many of them working from home but this has not affected admissions adversely. The environment within school was periodically changed in line with requirements from public health and the DfE in response to restrictions but the new academic year sees a return to a more usual arrangement for most elements.

We have also had a successful year in our children's home under very difficult circumstances. Two separate Covid-19 outbreaks have occurred where all but 3 of the staff were affected yet we were still able to admit a new resident towards the end of the financial year. The five residents have enjoyed a holiday in this country and both the independent visitor and our Ofsted inspector have given favourable feedback.

Due to the complexities of need, both income and staffing have increased in both areas.

Talbot House Trust North East

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**Report of the Management Trustees (*Continued*)
for the year ended 31 March 2021**

PLANS FOR THE FUTURE

Aims

Our aims for 2021/2022 are:

- Kitchen, dining and second living room refurbishment within residential
- New residential bathroom
- Environment refresh in the residential communal areas
- New science lab
- New roof for the main building, bungalow and primary
- Playground for Aces 1
- New playground for KS2
- Outdoor Gym and playground for upper school
- Garages perimeter replacement and demolish unused buildings
- Determine the new use for the detached house on site
- Staff room
- Sensory room

REFERENCE AND ADMINISTRATIVE DETAILS

Charity Number	1076317
Company Number	03069213
Registered office	Hexham Road, Walbottle, Newcastle upon Tyne, NE15 8HW

Our advisors

Bankers	National Westminster Bank, 149 High Street, Gosforth, Newcastle upon Tyne, NE3 1HA
Solicitors/Legal issues	Ward Hadaway Law Firm, Sandgate House, 102 Quayside, Newcastle upon Tyne, NE1 3DX
Auditors	Haines Watts, 17 Queens Lane, Newcastle upon Tyne, NE1 1RN

Talbot House Trust North East

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Report of the Management Trustees (*Continued*) for the year ended 31 March 2021

Directors and Trustees

The directors of the charitable company ('the charity') are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Management Trustees.

The members of the Management Trustees during and after the year were as follows:-

Rev A Harding	(Chair)
L Cannell-Mirza	
L Wright	

The Trustees are also members of the Board of Governors, in addition to the following:

D Pearson	Chief Executive Governor
J Reiling	Head of Development Governor
C Smiles	Head Teacher Governor
Karen Cowan	Staff Governor
Steve Hughes	Staff Governor
Sophie Robinson	Parent Governor

Key management

D Pearson	Chief Executive
J Reiling	Head of Development
C Smiles	Head Teacher
S Robinson	Residential Manager

Talbot House Trust North East

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Report of the Management Trustees (*Continued*) for the year ended 31 March 2021

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

Talbot House Trust North East is a company limited by guarantee and a registered charity governed by its Memorandum and Articles of Association.

A Trust Deed established Talbot House 'The Charity' on 12 December 1973. On 31 March 2000 all assets and liabilities were transferred to Talbot House Independent Special School Limited ('a company limited by guarantee').

In July 2002 an application to the DfES, by the Trustees, to become a Non-Maintained Special School was approved by the Secretary of State for Education. New Articles and Memorandum of Association were duly implemented and subsequently, as a condition, a Governing Body was formulated.

On 29 January 2015 an Extraordinary General Meeting passed a Special Resolution to ratify a further change of name to that of 'Talbot House Trust'. Further to this another Extraordinary General Meeting passed a Special Resolution to ratify a further change of name to that of Talbot House Trust North East on the 20 May 2015.

Talbot House Trust is a Registered Charity (Charity No 1076317). It is also a Company Limited by Guarantee (Company No 03069213) and a Non-Maintained Special School (DfES No 3917038).

Method of Election of Trustees and Governors

Approval for the appointment of new Trustees/Members is made at Trustees Meetings. New members are recruited proactively through various networks available to the trust. Rotation of Members/Trustees is in accordance with the Memorandum and Articles of Association.

Governors are appointed in accordance with the Instrument and Articles of Government documents.

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**Report of the Management Trustees (Continued)
for the year ended 31 March 2021**

Trustee induction and training

All the trustees are familiar with the practical work of the charity and are kept up to date with their legal responsibilities through the circularisation of Charity Commission newsletters, correspondence and updates. Governor training is undertaken with a subscription to an e-learning tool along with face to face training as appropriate.

Organisational structure

The organisation structure adopted in March 2001 consists of the Management Trustees and the Senior Management Team. The Management Trustees are responsible for governance, strategy and mission and advises, directs and supports the Senior Management Team. The Senior Management Team comprises Ms D Pearson, Chief Executive, Ms J Reiling, Head of Development and Deputy Chief Executive and Mrs C Smiles, Head Teacher. Collectively they are responsible for the day to day running of the trust. Their work is monitored via sub-committee support groups and specific areas of school development are cascaded down to other individuals within the staff group. The school and residential home are subject to rigorous Ofsted and independent inspections, as well as local authority monitoring visits.

The charity has excellent external links and relationships with LA Commissioning Officers. There is also support from agencies such as Social Services, Careers Connexions Services and representatives from various health agencies NHS and LEA advisory services. New relationships with other schools and charities are being developed as well as membership of focus groups such as Providers Forums, Special Heads, NASS (National Association of Special Schools) and NE12+.

Related parties and co-operation with other organisations

We maintain links with other schools in the area via special heads groups, safeguarding forums and networking. Our residential manager also maintains membership of local providers groups and other residential settings.

Pay policy for senior staff

Our Trustees delegate responsibility to the payroll committee which is made up of up to three trustees annually. Pay increases are awarded in April each year.

Risk assessment

The Management Trustees recognise that the main risk to the Charity would result from a fall in pupil numbers. A development plan is drawn up each year and submitted to the trustees. At their quarterly meetings the Chief Executive and senior team report on all aspects of the charity's business, including pupil numbers, staffing levels and financial matters.

Auditors

A resolution proposing that Haines Watts be reappointed as auditors of the company will be put to the Annual General Meeting.

Talbot House Trust North East

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Independent auditor's report

to the members of Talbot House Trust North East

STATEMENT OF MANAGEMENT TRUSTEES' RESPONSIBILITIES

The Management Trustees (who are also directors of Talbot House Trust North East for the purpose of company law) are responsible for preparing the Management 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, which 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 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

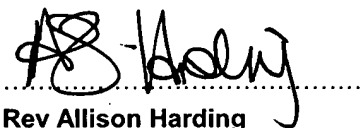
The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding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

In so far as the trustees are aware:

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

This report was approved by the Management Trustees on 6th October 2021.

Signed on behalf of the Board



Rev Allison Harding
Chair

Talbot House Trust North East

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Independent auditor's report

to the members of Talbot House Trust North East

Opinion

We have audited the financial statements of Talbot House Trust North East (the 'charitable company') for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

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 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.

However, not all future events or conditions can be predicted. The COVID-19 viral pandemic is one of the most significant economic events for the UK with unprecedented levels of uncertainty of outcomes. It is therefore difficult to evaluate all of the potential implications on the charitable company's activities, funders, suppliers and wider economy. The trustees' view on the impact of COVID-19 is disclosed on page 5 and the accounting policies note.

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Independent auditor's report
to the members of Talbot House Trust North East (Continued)

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Talbot House Trust North East
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Independent auditor's report
to the members of Talbot House Trust North East (Continued)

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 9, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the companies Act 2006 and we 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 obtained an understanding of the legal and regulatory framework applicable to both the company itself and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the directors and other management. The most significant were identified as the Charities Act 2011, Companies Act 2006, UK GAAP (FRS102) and relevant tax legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements. Our audit procedures included:

- confirming with the trustees and management whether they have any knowledge or suspicion of fraud;
- obtaining an understanding of the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- assessing the risk of management override including identifying and testing a sample of journal entries;
- confirmation received from the banks to verify the balance as on the last day of the accounting year;
- reviewing minutes of meetings of those charged with governance; and
- challenging the assumptions and judgements made by management in its significant accounting estimates.

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Independent auditor's report
to the members of Talbot House Trust North East (Continued)

Our audit did not identify any key audit matters relating to the detection of irregularities including fraud. However, despite the audit being planned and conducted in accordance with ISAs (UK) there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularity likely involve collusion, forgery, intentional misrepresentations, or the override of internal controls.

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

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



Donna Bulmer BA (Hons) ACA (Senior Statutory Auditor)
For and on behalf of Haines Watts North East Audit LLP

12 November 2021
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Statutory Auditors

17 Queens Lane
Newcastle upon Tyne
NE1 1RN

Talbot House Trust North East
(a company limited by guarantee and not having a share capital)

Statement of Financial Activities (including the income and expenditure account)
for the year ended 31 March 2021

		Unrestricted Funds £	Restricted Funds £	Total 2021 £	Total 2020 £
	Notes				
Income from:					
Donations	4	28,281	13,686	41,967	109,039
Charitable activities	5	2,687,488	-	2,687,488	2,424,565
Other income	6	8,509	-	8,509	-
Total income		<u>2,724,278</u>	<u>13,686</u>	<u>2,737,964</u>	<u>2,533,604</u>
Expenditure on:					
Charitable activities	7	2,290,041	13,686	2,303,727	2,223,235
Total expenditure		<u>2,290,041</u>	<u>13,686</u>	<u>2,303,727</u>	<u>2,223,235</u>
Net income/(expenditure) before transfers		434,237	-	434,237	310,369
Transfers	20	98,198	(98,198)	-	-
Net movement		<u>532,435</u>	<u>(98,198)</u>	<u>434,237</u>	<u>310,369</u>
Reconciliation of funds					
Total funds brought forward		1,232,861	98,198	1,331,059	1,020,690
Total funds carried forward		<u>1,765,296</u>	<u>-</u>	<u>1,765,296</u>	<u>1,331,059</u>

There have been no recognised gains or losses other than the above surplus.
All income and expenditure derives from continuing activities.

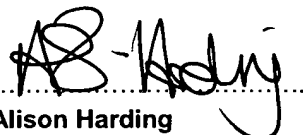
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Balance Sheet
as at 31 March 2021

	Notes	2021	2020
		£	£
Fixed assets			
Tangible assets	13	1,662,317	1,511,442
Current assets			
Debtors	14	324,864	835,095
Cash at bank and in hand		635,508	323,346
		<u>960,372</u>	<u>1,158,441</u>
Liabilities:			
Creditors: amounts falling due within one year	15	(575,021)	(945,425)
Net current assets		<u>385,351</u>	<u>213,016</u>
Total assets less current liabilities		<u>2,047,668</u>	<u>1,724,458</u>
Creditors: falling due after more than one year	17	(282,372)	(393,399)
Total net assets		<u>1,765,296</u>	<u>1,331,059</u>
The funds of the charity			
Restricted funds	20	-	98,198
Unrestricted funds	20	1,765,296	1,232,861
		<u>1,765,296</u>	<u>1,331,059</u>

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

Approved by the Management Trustees on 6th October 2021 and signed on their behalf by:


Alison Harding
Chair

Company Number 03069213

The notes on pages 17 to 31 form part of these financial statements.

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Cash Flow Statement
for the year ended 31 March 2021

	Note	2021 £	2020 £
Cash flow from operating activities			
<i>Net cash flow from operating activities</i>	24	621,678	236,890
Cash flow from investing activities			
Payments to acquire tangible fixed assets		(245,316)	(205,826)
<i>Net cash flow from investing activities</i>		(245,316)	(205,826)
Cash flow from financing activities			
Repayment of borrowings		(64,200)	(61,035)
<i>Net cash flow from financing activities</i>		(64,200)	(61,035)
Net increase/(decrease) in cash and cash equivalents		312,162	(29,971)
Cash and cash equivalents at the beginning of the year		323,346	353,317
Cash and cash equivalents at the end of the year		635,508	323,346
Cash and cash equivalents consist of:			
Cash at bank and in hand		635,508	323,346

Talbot House Trust North East
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Notes to the Financial Statements
for the year ended 31 March 2021

1. Accounting Policies

1.1 Basis of preparation

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) issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice.

Talbot House Trust North East meets the definition of a public benefit under FRS 102. The financial statements are prepared under the historical cost convention or transaction value unless otherwise stated in the relevant accounting policy note(s). The financial statements are prepared in Sterling which is the functional currency of the charity and rounded to the nearest £.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

1.2 Going concern

The charity reported a surplus of £434,237 for the year ended 31 March 2021 (2020: £310,369) and has net assets of £1,765,296 (2020: £1,331,059).

We are navigating unprecedented times at the moment during the pandemic. In terms of the trust and financial viability, we have been able to sustain a very healthy cash position due to Government guidance directing local authorities to maintain swift payment schedules for independent schools.

Referrals to the school have maintained momentum despite the pandemic, although the children we are admitting have new complexities. The quality of supporting documentation for referrals has improved as the EHCP document is now well embedded meaning that we are able to better match the needs we our offering a child. In reacting to market demand we have been able to adapt our environment and ensure that provision for all need is available.

The financial statements have been prepared on the going concern basis. The charity has maintained a positive bank position throughout the course of the year. Were this not the case, adjustments would have to be made to reduce the value of the assets to their recoverable amount, to provide any further liabilities that might arise and to reclassify fixed assets and long term liabilities as current assets and current liabilities.

1.3 Funds

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

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes.

Talbot House Trust North East
(a company limited by guarantee and not having a share capital)

Notes to the Financial Statements (Continued)
for the year ended 31 March 2021

1.3 Funds (Continued)

Restricted funds are funds which are set to be used in accordance with specific restrictions imposed by donors which have been raised by the company 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.

1.4 Incoming resources

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity has entitlement to the funds, any performance conditions have been met, the amount can be measured reliably and it is possible that the income will be received.

Income from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions and is recognised as earned. Grant income included in this category provides funding to support performance activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with reasonable certainty. Income received to deliver services over a specific period covering more than one financial year is accounted for over the specific period; related expenditure is accounted when incurred.

Investment income relates to interest earned through holding assets on deposit.

1.5 Expenditure and irrecoverable VAT

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

Irrecoverable VAT is charged against the cost which the expenditure was incurred.

1.6 Support cost allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity.

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost including any incidental expenses of acquisition.

Depreciation of tangible fixed assets is provided by equal annual instalments so as to write off the cost of the assets over their estimated useful economic lives as follows:

Freehold buildings	-	50 years
Fixtures, fittings & equipment	-	3 - 10 years
Motor vehicles	-	3 years

Land is not depreciated.

Fixed assets below a value of £100 are not capitalised.

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Notes to the Financial Statements (Continued)
for the year ended 31 March 2021

1.8 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.

1.9 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.

1.10 Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of fund to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement after allowing for any trade discounts due.

1.11 Financial instruments

The charity only 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 with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.12 Leases

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.13 Post retirement benefits

The charitable company contributes to a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the charitable company. The annual contributions payable are charged to the SoFA.

The charity also contributes to a defined benefit pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. It is not possible for the charitable company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme and therefore accounts for it as a defined contribution scheme. In addition to the above accounting the scheme has agreed a schedule of contributions with participating employers that will eliminate the plan over 12 years. The charity has recognised a liability for the contributions adjusted for the time value of money and an equal expense in the SoFA.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 18, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

Talbot House Trust North East
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Notes to the Financial Statements (Continued)
for the year ended 31 March 2021

1.14 Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

2. Legal status

Talbot House Trust North East is a company limited by guarantee (No 03069213) and not having a share capital. In the event of the company being wound up, members may be required to contribute an amount not exceeding £1 each.

3. Comparative Statement of Financial Activities

		Unrestricted Funds £	Restricted Funds £	Total 2020 £
	Notes			
Income from:				
Donations	4	198	108,841	109,039
Charitable activities	5	2,424,565	-	2,424,565
Other trading income	6	-	-	-
Total income		2,424,763	108,841	2,533,604
Expenditure on:				
Charitable activities	7	2,212,592	10,643	2,223,235
Total expenditure		2,212,592	10,643	2,223,235
Net movement in funds		212,171	98,198	310,369
Reconciliation of funds				
Total funds brought forward	20	1,020,690	-	1,020,690
Total funds carried forward		1,232,861	98,198	1,331,059

Talbot House Trust North East
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Notes to the Financial Statements (Continued)
for the year ended 31 March 2021

4. Income from donations

	2021	2020
	£	£
Grants	40,967	108,841
Donations	1,000	198
	<u>41,967</u>	<u>109,039</u>

5. Income from charitable activities

	2021	2020
	£	£
School	1,785,232	1,864,988
Residential children's home	897,911	549,949
Other	4,345	9,628
	<u>2,687,488</u>	<u>2,424,565</u>

6. Other income

	2021	2020
	£	£
Insurance claim	8,509	-
	<u>8,509</u>	<u>-</u>

7. Expenditure on charitable activities

	Activities undertaken directly	Support costs	2021	2020
	£	£	£	£
School	1,370,701	230,372	1,601,073	1,629,931
Residential care home	585,776	116,878	702,654	593,304
	<u>1,956,477</u>	<u>347,250</u>	<u>2,303,727</u>	<u>2,223,235</u>

Talbot House Trust North East
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Notes to the Financial Statements (Continued)
for the year ended 31 March 2021

8. Support costs

	2021	2020
	£	£
Salary costs	336,744	318,532
Governance costs (note 9)	10,504	8,700
	<u>347,248</u>	<u>327,232</u>

9. Governance costs

	2021	2020
	£	£
Payroll costs	4,024	3,960
Audit fee	6,060	4,740
Non audit fee	420	-
	<u>10,504</u>	<u>8,700</u>

10. Net movement for the year

This is stated after charging:

	2021	2020
	£	£
Depreciation	94,441	84,036

11. Auditor's remuneration

	2021	2020
	£	£
Fees payable to the charity's auditors for the audit of the charity's annual accounts	6,060	4,740

12. Analysis of staff costs and trustee remuneration and expenses

Staff costs were as follows:

	2021	2020
	£	£
Wages and salaries	1,476,290	1,364,071
Social security costs	135,941	122,870
Pension costs	143,942	104,482
Termination payment	-	8,662
	<u>1,756,173</u>	<u>1,600,085</u>

Talbot House Trust North East
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Notes to the Financial Statements (Continued)
for the year ended 31 March 2021

12. Analysis of staff costs and trustee remuneration and expenses (Continued)

The average monthly number of employees during the year was:

	2021	2020
	Number	Number
Charitable activities	58	58

The number of employees who received total employee benefits (excluding employer pension costs) of more than £60,000 is as follows:

	2021	2020
	Number	Number
£80,001 - £90,000	1	1

The charity trustees were not paid or received any other benefits from employment in the year (2020 - £nil) neither were they reimbursed expenses during the year (2020 - £nil). No charity trustee received payment for professional or other services supplied to the charity (2020 - £nil).

The key management personnel of the charity comprise the trustees, the Chief Executive Officer, the Head of Development, Head Teacher and Residential Manager. The total employee benefits of the key management personnel of the charity were £294,139 (2020 - £256,022).

13. Tangible fixed assets

	Freehold land & buildings £	Motor Vehicles £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 April 2020	1,835,549	58,869	500,623	2,395,041
Additions	125,762	-	119,554	245,316
At 31 March 2021	1,961,311	58,869	620,177	2,640,357
Depreciation				
At 1 April 2020	403,936	37,611	442,052	883,599
Charge for the year	27,617	9,839	56,985	94,441
At 31 March 2021	431,553	47,450	499,037	978,040
Net book value				
At 31 March 2021	1,529,758	11,419	121,140	1,662,317
At 31 March 2020	1,431,613	21,258	58,571	1,511,442

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Notes to the Financial Statements (Continued)
for the year ended 31 March 2021

14. Debtors

	2021	2020
	£	£
Trade debtors	309,877	820,442
Prepayments and accrued income	14,987	14,653
	<u>324,864</u>	<u>835,095</u>

Included within trade debtors is £309,566 (2020 - £705,253) invoiced in March 2021 relating to income for the financial year ended 31 March 2022.

15. Creditors: amounts falling due within one year

	2021	2020
	£	£
Bank loans and overdraft (secured)	52,526	57,900
Trade creditors	36,540	39,760
Taxes and social security	32,905	33,224
Accruals and deferred income	302,960	791,818
Other creditors	150,090	22,723
	<u>575,021</u>	<u>945,425</u>

16. Deferred income

Deferred income comprises fee income relating to future periods:

	£
Balance at 1 April 2020	776,911
Amounts released to income earned from charitable activities	(776,911)
Amounts deferred in the year	293,165
Balance at 31 March 2021	<u>293,165</u>

Talbot House Trust North East
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Notes to the Financial Statements (Continued)
for the year ended 31 March 2021

17. Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Bank loan (secured)	-	58,826
Pension liability (note 18)	282,372	334,573
	<u>282,372</u>	<u>393,399</u>

The bank loan with National Westminster Bank Plc are secured by a first legal charge over the property of Talbot House School at Walbottle and a debenture.

Bank loans are repayable within five years. The terms of repayment are 10 years and interest is payable at 3.0% above base rate on the principal amount.

18. Pension scheme

Talbot House School's employees belong to two principal pension schemes; the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff and The Pension Trust for non-teaching staff. Both are defined benefit schemes. The charity also operates a defined contribution scheme run by Royal London (previously Scottish Equitable). The % contributions paid in to this scheme vary depending on employment contract.

Defined contribution scheme

Pension contributions payable for the year ended 31 March 2021 amounted to £18,973 (2020 - £33,357).

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

Talbot House Trust North East
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Notes to the Financial Statements (Continued)
for the year ended 31 March 2021

18. Pension scheme (Continued)

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of The Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found by following this link to [the Teachers' Pension Scheme website](#)

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

Talbot House Trust North East
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Notes to the Financial Statements (Continued)
for the year ended 31 March 2020

18. Pension scheme (Continued)

The Pensions Trust

The company participates in the scheme, a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards by the Financial Reporting Council, set out in the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2011. This valuation showed assets of £780m, liabilities of £928m and a deficit of £148m.

A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2016 to 30 September 2025: £12,945,440 per annum (payable monthly and increasing by 3% each on 1 April)

From 1 April 2016 to 30 September 2028: £54,560 per annum (payable monthly and increasing by 3% each on 1 April)

Unless a concession has been agreed with the Trustee the term to 30 September 2025 applies.

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present values of provisions

	31 March 2021	31 March 2020	31 March 2019
	£'000	£'000	£'000
Present value of provision	282	335	406
	<hr/>	<hr/>	<hr/>

Talbot House Trust North East
(a company limited by guarantee and not having a share capital)

Notes to the Financial Statements (Continued)
for the year ended 31 March 2021

18. Pension scheme (Continued)

Reconciliation of opening and closing provisions

	Period Ending 31 March 2021	Period Ending 31 March 2020
	£'000	£'000
Provision at start of period	335	406
Unwinding of the discount factor (interest expense)	7	5
Deficit contribution paid	(69)	(67)
Remeasurements – impact of any change in assumptions	9	(9)
Remeasurements – amendments to the contribution schedule	-	-
	<u>282</u>	<u>335</u>

Income and expenditure impact

	Period Ending 31 March 2020	Period Ending 31 March 2020
	£'000	£'000
Interest expense	8	5
Remeasurements – impact of any change in assumptions	(10)	(9)
Remeasurements – amendments to the contribution schedule	-	-
Contributions paid in respect of future service*	-	-
Costs recognised in income and expenditure account	-	-
	<u>-</u>	<u>-</u>

* Includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes.

Assumptions	31 March 2021 % per annum	31 March 2020 % per annum	31 March 2019 % per annum
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Rate of discount	0.66	2.53	1.39
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The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

19. Leases

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

	2021 £	2020 £
Not later than one year	-	4,188
Later than one and not later than five years	-	-
	<u>-</u>	<u>4,188</u>

Talbot House Trust North East
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Notes to the Financial Statements (Continued)
for the year ended 31 March 2021

20. Funds

Year ended 31 March 2021

	At 1 April 2020 £	Income £	Expenditure £	Transfers £	At 31 March 2021 £
Unrestricted funds	1,232,861	2,724,278	(2,290,041)	98,198	1,765,296
Restricted funds					
Devolved Formula Capital	-	13,686	(13,686)	-	-
Mark Benevolent Fund	98,198	-	-	(98,198)	-
	<u>98,198</u>	<u>13,686</u>	<u>(13,686)</u>	<u>-</u>	<u>-</u>
Total	<u>1,331,059</u>	<u>2,737,964</u>	<u>(2,303,727)</u>	<u>-</u>	<u>1,765,296</u>

Year ended 31 March 2020

	At 1 April 2019 £	Income £	Expenditure £	Transfers £	At 31 March 2020 £
Unrestricted funds	1,020,690	2,424,763	(2,212,592)	-	1,232,861
Restricted funds					
Devolved Formula Capital	-	10,643	(10,643)	-	-
Mark Benevolent Fund	-	98,198	-	-	98,198
	<u>-</u>	<u>108,841</u>	<u>(10,643)</u>	<u>-</u>	<u>98,198</u>
Total	<u>1,020,690</u>	<u>2,533,604</u>	<u>(2,223,235)</u>	<u>-</u>	<u>1,331,059</u>

Restricted funds

Devolved Formula Capital – This income is received for improvements to the building and other facilities or capital repairs/refurbishment and minor work.

Mark Benevolent Fund – The trust received £98k in order to renovate the school kitchen and dining room. The project cost approximately £145k in total as alternations were also required for the hall and roof coverings. The project completed in the summer break 2020.

Talbot House Trust North East
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Notes to the Financial Statements (Continued)
for the year ended 31 March 2021

21. Analysis of net assets between funds

Year ended 31 March 2021

	Unrestricted Funds £	Restricted Funds £	Total £
Tangible fixed assets	1,662,317	-	1,662,317
Net current assets	385,351	-	385,351
Creditors: amounts falling due after more than one year	(282,372)	-	(282,372)
	<u>1,765,296</u>	<u>-</u>	<u>1,765,296</u>

21. Analysis of net assets between funds (Continued)

Year ended 31 March 2020

	Unrestricted Funds £	Restricted Funds £	Total £
Tangible fixed assets	1,511,442	-	1,511,442
Net current assets	114,818	98,198	213,016
Creditors: amounts falling due after more than one year	(393,399)	-	(393,399)
	<u>1,232,861</u>	<u>98,198</u>	<u>1,331,059</u>

22. Financial instruments

Financial instruments measured at amortised cost comprise the loan financing provided by Natwest Bank Plc to the charity.

	2021 £	2020 £
Loan payable falling due within 1 year	52,526	57,900
Loan payable falling due in more than 1 year but less than 5 years	-	58,826
	<u>52,526</u>	<u>116,726</u>

Talbot House Trust North East
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Notes to the Financial Statements (Continued)
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23. Related party transactions

There have been no transactions incurred with related parties during the period (2020 – none).

24. Reconciliation of net income/expenditure to net cash flow from operating activities

	2021 £	2020 £
Net income for the year	434,237	310,369
Depreciation	94,441	84,036
Increase/(decrease) in debtors	510,231	(375,561)
(Decrease)/increase in creditors: due within one year	(365,030)	289,437
(Decrease)/increase in creditors: due after more than one year	(52,201)	(71,389)
	<u>621,678</u>	<u>236,890</u>

25. Analysis of changes in net debt

	At 1 April 2020 £	Cash flows £	At 31 March 2021 £
Cash and cash equivalents			
Cash at bank and in hand	323,346	312,162	635,508
Borrowings			
Debt due within one year	(940,271)	370,404	(569,867)
Debt due after one year	(393,399)	111,027	(282,372)
	<u>(1,333,670)</u>	<u>481,431</u>	<u>(852,239)</u>
Total	<u>(1,010,324)</u>	<u>793,593</u>	<u>(216,731)</u>