

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 2022

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

Contents

	Page
Report of the Management Trustees	1 – 8
Independent Auditor's Report	9 – 13
Statement of Financial Activities	14
Balance Sheet	15
Cash Flow Statement	16
Notes to the Financial Statements	17 – 31

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

Report of the Management Trustees
for the year ended 31 March 2022

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 2022.

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. In the wake of the global pandemic, our most recent school Ofsted monitoring visit was in March 22 which was also a positive inspection and we expect a full inspection imminently. However, the outcome was very positive and our inspector was complementary about the school. During the autumn 21/22 term, we expect to be inspected face to face.

Our Residential Home was inspected by Ofsted in June 2022 and we maintained a rating of "good".

Report of the Management Trustees (Continued)
for the year ended 31 March 2022

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. The school is registered for children from age 5 to age 18.

Our Green zone is 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 scheme.

Our Blue zone 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 Yellow zones 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 if appropriate.

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. Further improvements have been made to soften the environment which includes the bathroom and corridors. We take children who have predominantly suffered some early life trauma, and that may be additional to complex needs and or specific diagnoses.

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

Report of the Management Trustees (Continued)
for the year ended 31 March 2022

FINANCIAL REVIEW

The financial position remains stable. The building refurbishment program continues to progress with more areas of modernisation planned. School roll has remained static compared this position last year, with 26 on roll. The results by activity are detailed below;

	Income	Expenditure	2022	2021
	£	£	£	£
School	1,811,609	(1,704,957)	106,652	184,158
Residential care home	1,034,585	(830,122)	204,463	195,258
	<u>2,846,194</u>	<u>(2,535,079)</u>	<u>311,115</u>	<u>379,416</u>

An operating surplus of £535,340 (2021 - £434,237) is shown on the Statement of Financial Activities.

The fund balances carried forward at 31 March 2022 show a total of £2,300,636 (2021 - £1,765,296) of which £nil (2021: £nil) 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 2022 the free reserves held amounts to £275,374.

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
(a company limited by guarantee and not having a share capital)

Report of the Management Trustees (*Continued*)
for the year ended 31 March 2022

Going Concern

The charity reported a surplus of £535,340 for the year ended 31 March 2022 (2021: £434,237) and has net assets of £2,300,636 (2021: £1,765,296).

The trust has been able to sustain a healthy cash position due to continued surpluses although this is inflated by the additional pupil premium, sports premium and Covid19 support payments which are ringfenced to be used for specific elements or projects. Some of those projects are underway and they include a new science lab, Green zone and Blue zone playgrounds and outdoor gym. We have continued to support families during school holiday periods by providing Aldi vouchers to assist with increases in the cost of living.

Referrals to the school remain stable. The quality of the information at the referral stage has improved as local authorities have become more experienced in the EHCP process and this in turn has meant we are able to match more appropriately. Of the children we now have, many of them have complex learning needs are successful within our therapeutic provisions. After a long period of restrictions, we were able to enjoy a Celebration of Success day at the end of the summer term which was attended by our children, staff and parents.

We have four residents who have enjoyed two holidays this year, one in Yorkshire and one in Scotland. Recruitment of staff remains difficult within the care sector nationally and our home has experienced this. We are currently reviewing the staffing structure to determine the best way forward. Our children all attend college or school placements. For one of our residents, who is approaching her 18th birthday, we are supporting her transition into move on accommodation.

Report of the Management Trustees (*Continued*)
for the year ended 31 March 2022

PLANS FOR THE FUTURE

Aims

Our aims for 2022/2023 are:

- Bring the residential managers office into the home
- Sensory/meeting room in residential
- Staff conference in early 2023
- Athletics area
- Large Multi Use Games Area
- Garages perimeter replacement and demolish unused buildings
- Determine the new use for the detached house on site and refurbish it
- Sensory room
- Replacement Minibuses

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
(a company limited by guarantee and not having a share capital)

Report of the Management Trustees (*Continued*)
for the year ended 31 March 2022

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	
L Alcorn	
N Ramsey	
V Mears	

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

Key management

D Pearson	Chief Executive
J Reiling	Head of Development
C Smiles	Head Teacher

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

Report of the Management Trustees (*Continued*)
for the year ended 31 March 2022

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.

Report of the Management Trustees (Continued)

for the year ended 31 March 2022

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. 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. Relationships continue to be developed between other charities, focus groups such as provider forums, special heads groups, ICHA (Independent Children's Homes Association), 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.

Union Recognition

In December 2021, the trust management were approached by a representative of the NEU who represented the teaching staff. An agreement was made that the NEU would be the recognised union for the bargaining unit who requested input on decisions over teachers pay, holidays and hours.

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
(a company limited by guarantee and not having a share capital)

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 19th October 2022.

Signed on behalf of the Board


.....
Rev Allison Harding
Chair

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

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 2022 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 2022, 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.

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

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.

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.

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

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

7 December 2022
.....

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 2022

	Notes	Unrestricted funds £	Designated funds £	Restricted funds £	Total 2022 £	Total 2021 £
Income from:						
Donations	4	44,288	-	30,141	74,429	41,967
Charitable activities	5	2,778,266	-	-	2,778,266	2,687,488
Investment income		27	-	-	27	-
Other income	6	-	-	-	-	8,509
Total income		<u>2,822,581</u>	<u>-</u>	<u>30,141</u>	<u>2,852,722</u>	<u>2,737,964</u>
Expenditure on:						
Charitable activities	7	2,287,241	-	30,141	2,317,382	2,303,727
Total expenditure		<u>2,287,241</u>	<u>-</u>	<u>30,141</u>	<u>2,317,382</u>	<u>2,303,727</u>
Net movement before transfers		<u>535,340</u>	<u>-</u>	<u>-</u>	<u>535,340</u>	<u>434,237</u>
Transfers between funds	20	(1,865,210)	1,865,210	-	-	-
Net movement in funds		<u>(1,329,870)</u>	<u>1,865,210</u>	<u>-</u>	<u>535,340</u>	<u>434,237</u>
Reconciliation of funds						
Total funds brought forward		1,765,296	-	-	1,765,296	1,331,059
Total funds carried forward		<u>435,426</u>	<u>1,865,210</u>	<u>-</u>	<u>2,300,636</u>	<u>1,765,296</u>

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

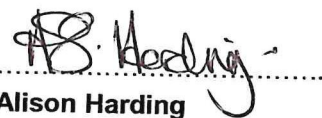
Talbot House Trust North East
(a company limited by guarantee and not having a share capital)

Balance Sheet
as at 31 March 2022

	Notes	2022 £	2021 £
Fixed assets			
Tangible assets	13	1,968,367	1,662,317
Current assets			
Debtors	14	541,214	324,864
Cash at bank and in hand		505,009	635,508
		<u>1,046,223</u>	<u>960,372</u>
Liabilities:			
Creditors: amounts falling due within one year	15	(657,059)	(575,021)
Net current assets		<u>389,164</u>	<u>385,351</u>
Total assets less current liabilities		<u>2,357,531</u>	<u>2,047,668</u>
Creditors: falling due after more than one year	17	(56,895)	(282,372)
Total net assets		<u>2,300,636</u>	<u>1,765,296</u>
The funds of the charity			
Restricted funds	20	-	-
Unrestricted funds	20	435,426	1,765,296
Designated	20	1,865,210	-
		<u>2,300,636</u>	<u>1,765,296</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 19th October 2022 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.

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

Cash Flow Statement
for the year ended 31 March 2022

	Note	2022 £	2021 £
Cash flow from operating activities			
<i>Net cash flow from operating activities</i>	24	340,682	621,678
Cash flow from investing activities			
Payments to acquire tangible fixed assets		(418,655)	(245,316)
<i>Net cash flow from investing activities</i>		(418,655)	(245,316)
Cash flow from financing activities			
Repayment of borrowings		(52,526)	(64,200)
<i>Net cash flow from financing activities</i>		(52,526)	(64,200)
Net increase/(decrease) in cash and cash equivalents		(130,499)	(312,162)
Cash and cash equivalents at the beginning of the year		635,508	323,346
Cash and cash equivalents at the end of the year		<u>505,009</u>	<u>635,508</u>
Cash and cash equivalents consist of:			
Cash at bank and in hand		<u>505,009</u>	<u>635,508</u>

Notes to the Financial Statements
for the year ended 31 March 2022

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 £535,340 for the year ended 31 March 2022 (2021: £434,237) and has net assets of £2,300,636 (2021: £1,765,296).

The trust has been able to sustain a healthy cash position due to continued surpluses although this is inflated by the additional pupil premium, sports premium and Covid19 support payments which are ringfenced to be used for specific elements or projects. Some of those projects are underway and they include a new science lab, Green zone and Blue zone playgrounds and outdoor gym. We have continued to support families during school holiday periods by providing Aldi vouchers to assist with increases in the cost of living.

Referrals to the school remain stable. The quality of the information at the referral stage has improved as local authorities have become more experienced in the EHCP process and this in turn has meant we are able to match more appropriately. Of the children we now have, many of them have complex learning needs are successful within our therapeutic provisions. After a long period of restrictions, we were able to enjoy a Celebration of Success day at the end of the summer term which was attended by our children, staff and parents.

We have four residents who have enjoyed two holidays this year, one in Yorkshire and one in Scotland. Recruitment of staff remains difficult within the care sector nationally and our home has experienced this. We are currently reviewing the staffing structure to determine the best way forward. Our children all attend college or school placements. For one of our residents, who is approaching her 18th birthday, we are supporting her transition into move on accommodation.

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.

Notes to the Financial Statements (Continued)
for the year ended 31 March 2022

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.

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
(a company limited by guarantee and not having a share capital)

Notes to the Financial Statements (Continued)
for the year ended 31 March 2022

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

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

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 2022

4. Income from donations

	2022	2021
	£	£
Grants	72,524	40,967
Donations	1,905	1,000
	<u>74,429</u>	<u>41,967</u>

5. Income from charitable activities

	2022	2021
	£	£
School	1,739,777	1,785,232
Residential children's home	1,034,396	897,911
Other	4,093	4,345
	<u>2,778,266</u>	<u>2,687,488</u>

6. Other income

	2022	2021
	£	£
Insurance claim	-	8,509

7. Expenditure on charitable activities

	Activities undertaken directly	Support costs	2022	2021
	£	£	£	£
School	1,402,098	110,953	1,513,051	1,601,073
Residential care home	738,801	65,530	804,331	702,654
	<u>2,140,899</u>	<u>176,483</u>	<u>2,317,382</u>	<u>2,303,727</u>

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 2022

8. Support costs

	2022	2021
	£	£
Salary costs	165,662	336,744
Governance costs (note 9)	10,821	10,504
	<u>176,483</u>	<u>347,248</u>

9. Governance costs

	2022	2021
	£	£
Payroll costs	4,161	4,024
Audit fee	6,240	6,060
Non audit fee	420	420
	<u>10,821</u>	<u>10,504</u>

10. Net movement for the year

This is stated after charging:

	2022	2021
	£	£
Depreciation	112,605	94,441
Audit remuneration	6,240	6,060
	<u></u>	<u></u>

11. Analysis of staff costs and trustee remuneration and expenses

Staff costs were as follows:

	2022	2021
	£	£
Wages and salaries	1,499,166	1,476,290
Social security costs	135,931	135,941
Pension costs	147,629	143,942
	<u>1,782,726</u>	<u>1,756,173</u>

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 2022

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

The average monthly number of employees during the year was:

	2022 Number	2021 Number
Charitable activities	62	58

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

	2022 Number	2021 Number
£60,000 - £70,000	1	-
£80,000 - £90,000	1	1

The charity trustees were not paid or received any other benefits from employment in the year (2021 - £nil) neither were they reimbursed expenses during the year (2021 - £nil). No charity trustee received payment for professional or other services supplied to the charity (2021 - £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 £312,390 (2021 - £294,139).

14. Tangible fixed assets

	Freehold land & buildings £	Motor Vehicles £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 April 2021	1,961,311	58,869	620,177	2,640,357
Additions	371,446	-	47,209	418,655
At 31 March 2022	2,332,757	58,869	667,386	3,059,012
Depreciation				
At 1 April 2021	431,553	47,450	499,037	978,040
Charge for the year	35,994	7,655	68,956	112,605
At 31 March 2022	467,547	55,105	567,993	1,090,645
Net book value				
At 31 March 2022	1,865,210	3,764	99,393	1,968,367
At 31 March 2021	1,529,758	11,419	121,140	1,662,317

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 2022

15. Debtors

	2022	2021
	£	£
Trade debtors	526,306	309,877
Prepayments and accrued income	14,908	14,987
	<u>541,214</u>	<u>324,864</u>

16. Creditors: amounts falling due within one year

	2022	2021
	£	£
Bank loans and overdraft (secured)	-	52,526
Trade creditors	36,633	36,540
Taxes and social security	31,039	32,905
Accruals and deferred income	577,666	302,960
Other creditors	11,721	150,090
	<u>657,059</u>	<u>575,021</u>

17. Deferred income

Deferred income comprises fee income relating to future periods:

	£
Balance at 1 April 2021	293,165
Amounts released to income earned from charitable activities	(293,165)
Amounts deferred in the year	568,130
Balance at 31 March 2022	<u>568,130</u>

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 2022

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

	2022	2021
	£	£
Pension liability (note 18)	56,895	282,372
	<u>56,895</u>	<u>282,372</u>

19. 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 2022 amounted to £16,883 (2021 - £18,973).

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.

19. 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.

19. Pension scheme (Continued)

The Pensions Trust

The company participates in the scheme, a multi-employer scheme which provides benefits to some 638 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 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. 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 2022 to 31 January 2025: £3,312,000 per annum (payable monthly)

Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2019 to 30 September 2025: £11,243,000 per annum (payable monthly and increasing by 3% on 1st April)

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 2022	31 March 2021	31 March 2020
	£'000	£'000	£'000
Present value of provision	57	282	335
	<hr/>	<hr/>	<hr/>

Notes to the Financial Statements (Continued)
for the year ended 31 March 2022

19. Pension scheme (Continued)

Reconciliation of opening and closing provisions

	Period Ending 31 March 2022	Period Ending 31 March 2021
	£'000	£'000
Provision at start of period	282	335
Unwinding of the discount factor (interest expense)	2	7
Deficit contribution paid	(71)	(69)
Remeasurements – impact of any change in assumptions	(1)	9
Remeasurements – amendments to the contribution schedule	(155)	-
Provision at end of period	<u>57</u>	<u>282</u>

Income and expenditure impact

	Period Ending 31 March 2022	Period Ending 31 March 2021
	£'000	£'000
Interest expense	1	8
Remeasurements – impact of any change in assumptions	(1)	10
Remeasurements – amendments to the contribution schedule	(154)	-
Contributions paid in respect of future service*	-	-
Costs recognised in income and expenditure account	-	-

* 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 2022	31 March 2021	31 March 2020
	% per annum	% per annum	% per annum
Rate of discount	2.35	0.66	2.53

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.

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 2022

20. Funds

Year ended 31 March 2022

	At 1 April 2021 £	Income £	Expenditure £	Transfers £	At 31 March 2022 £
Unrestricted funds	1,765,296	2,822,581	(2,287,241)	(1,865,210)	435,426
Designated funds					
Property fund	-	-	-	1,865,210	1,865,210
Restricted funds					
Devolved Formula Capital	-	30,141	(30,141)	-	-
	-	30,141	(30,141)	-	-
Total	1,765,296	2,852,722	(2,317,382)	-	2,300,636

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)	-
	98,198	13,686	(13,686)	(98,198)	-
Total	1,331,059	2,737,964	(2,303,727)	-	1,765,296

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
(a company limited by guarantee and not having a share capital)

Notes to the Financial Statements (Continued)
for the year ended 31 March 2022

21. Analysis of net assets between funds

Year ended 31 March 2022

	Unrestricted Funds £	Restricted Funds £	Total £
Tangible fixed assets	1,968,367	-	1,968,367
Net current assets	389,165	-	389,165
Creditors: amounts falling due after more than one year	(56,895)	-	(56,895)
	<u>2,300,636</u>	<u>-</u>	<u>2,300,636</u>

21. Analysis of net assets between funds (Continued)

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>

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 2022

22. Related party transactions

There have been no transactions incurred with related parties during the period (2021 – none).

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

	2022	2021
	£	£
Net income for the year	535,340	434,237
Depreciation	112,605	94,441
Increase/(decrease) in debtors	(216,350)	510,231
(Decrease)/increase in creditors: due within one year	134,564	(365,030)
(Decrease)/increase in creditors: due after more than one year	(225,477)	(52,201)
	<u>340,682</u>	<u>621,678</u>

24. Analysis of changes in net debt

	At 1 April 2021 £	Cash flows £	At 31 March 2022 £
Cash and cash equivalents			
Cash at bank and in hand	635,508	(130,499)	505,009
Borrowings			
Debt due within one year	(52,526)	52,526	-
Debt due after one year	(282,372)	339,267	(56,895)
	<u>(334,898)</u>	<u>391,793</u>	<u>(56,895)</u>
Total	<u>300,610</u>	<u>261,294</u>	<u>448,114</u>