

Registration No. 07328440 (England and Wales)  
Charity No. 1138657

**RED BALLOON OF THE AIR**  
(a company limited by guarantee)

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**RED BALLOON OF THE AIR**  
**(a company limited by guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND  
ADVISORS FOR THE YEAR ENDED 31 AUGUST 2020**

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<b>CHARITY REGISTRATION NUMBER</b>	1138657
<b>COMPANY REGISTRATION NUMBER</b>	07328440
<b>TRUSTEES</b>	Mr M A Frankl (Chair) Mrs J R Raine (Treasurer) Mrs D Barry Dr C M Herbert Mr M Maddocks Mrs C Revie (appointed 26 March 2020) Mrs C D Tiller
<b>KEY MANAGEMENT PERSONNEL</b>	Michelle Williams, David Golding, Leanne Thurston
<b>PRINCIPAL / REGISTERED OFFICE</b>	Winship House Winship Road Milton Cambridge CB24 6AP
<b>INDEPENDENT AUDITORS</b>	Price Bailey LLP Chartered Accountants & Statutory Auditors Tennyson House Cambridge Business Park Cambridge CB4 0WZ
<b>BANKERS</b>	CAF Bank Ltd 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ

# **RED BALLOON OF THE AIR**

**(a company limited by guarantee)**

## **TRUSTEES' REPORT (INCORPORATING A DIRECTORS' REPORT) FOR THE YEAR ENDED 31 AUGUST 2020**

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The Trustees (who are also the Directors of the Charitable Company for the purposes of Company Law) present their report and the audited financial statements of the charity for the year ended 31 August 2020. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity.

### **1. STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **a. Constitution**

The company is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association on 28 July 2010 and amended on 16 July 2015.

The principal objectives of the charity are to advance the education of students aged 9 to 18, being students who are the victims of bullying, or by reason of other emotional trauma or illness, are for the time being unable to attend mainstream schools, including, but not limited to, providing them with online tuition and appropriate online and face to face therapy and support.

#### **Governance of Red Balloon of the Air (RBAir)**

As part of the ongoing development of the wider Red Balloon organisation, RBAir continues under the direct control of Red Balloon Learner Centre Group (RBLCG), Company No. 5385341. RBAir Trustees and the RBAir Head Teacher are responsible for developing RBAir's services in line with current best practice and inspectorate requirements. The RBAir Senior Leadership Team manage the day-to-day activities of RBAir and student progress.

RBAir is also a member of the Red Balloon Association in conjunction with all of the Red Balloon Learner Centres. RBAir participates in its Council which meets several times a year. These meetings are used to share common experiences, examples of good practice and to encourage close cooperation.

#### **Raising awareness**

All parts of Red Balloon help to raise awareness of the needs of children who have severe anxiety and/or mental health issues as a result of bullying or some other trauma and who therefore cannot attend mainstream school despite wanting an education. Red Balloon offers such children a way to reconnect with their education.

#### **b. Method of appointment or election of Trustees**

The governance of the charity is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

All Trustee roles have detailed job descriptions. Potential Trustees are identified by various methods. If it is deemed desirable to recruit a Trustee with a particular set of skills, relevant experience or interest, such as in human resources, legislation or fundraising, existing Trustees are asked to propose people. In some cases, the Charity is approached by a person who expresses an interest in volunteering to help with its work. Trustees for specific roles may also be sought through the use of a specialist recruitment agency. Potential Trustees are invited to an interview with at least two of the Trustees who then make a recommendation about an appointment at a Trustee board meeting. After receiving a recommendation of appointment, Trustees vote to confirm this. No person or external body other than the Trustees is entitled to appoint Trustees.

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## **TRUSTEES' REPORT (INCORPORATING A DIRECTORS' REPORT) FOR THE YEAR ENDED 31 AUGUST 2020**

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### **c. Policies adopted for the induction and training of Trustees**

- i) All Trustees are invited to visit a Red Balloon Learner Centre in order to see how it operates and differs from a school.
- ii) The Chair explains the aims of Red Balloon Learner Centre Group.
- iii) The President describes the history of the founding and development of Red Balloon and expounds the five core principles governing the operation of the individual Learner Centres.
- iv) New Trustees are given the documents issued by the Charity Commission regarding the duties of Trustees ("The Essential Trustee"), together with "Red Balloon - An Introduction".

New Trustees are required to have a DBS check to ensure their suitability to work with young people, and complete Prevent and Safeguarding training and to provide certificates confirming completion.

### **d. Organisational structure and decision making**

- i) Day to day decisions are made by the Head Teacher and members of the Senior Leadership Team, the Chair of Trustees, or another Trustee for advice or guidance if necessary.
- ii) Subcommittees are set up to discuss particular issues and formulate proposals.
- iii) Major proposals are brought to the attention of the Trustees by the Chair, discussed, and decisions made are minuted and subsequently implemented.
- iv) The Trustees meet formally approximately twice per term during the academic year, when they receive and discuss written reports from the Head Teacher.
- v) At each meeting, the Chair asks Trustees to record any potential conflict of interest.

### **e. Risk management**

The Trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the charity, and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

The Trustees have identified the following concerns:

1. Sourcing sustainable funding for students.
2. Sourcing students that are suitable for RBAir online provision.

RBAir holds a business continuity plan in which risks to the charity are assessed and responses to an incident recorded. A combination of risk likelihood and impact determine the materiality ascribed to a risk. On this basis, RBAir considers its most material risks to be:

- Loss or breach of IT systems caused by a catastrophic failure (e.g. flood, fire) or security breach. RBAir backs-up soft documents securely, accessibly and remotely. Passwords and virus protection are used on hardware. Personally identifiable information is encrypted. Separate and distinct data lines are maintained at its primary location.
- A serious safeguarding compliance issue. All staff are trained, current and conversant with Safeguarding policy, and using MyConcern to immediately log concerns about a child's safety or wellbeing. RBAir employs a trained full-time Safeguarding Lead. Risk assessments are completed prior to RBAir initiating provision. The online Evolve system is used to log all documentation required for trips and visits.
- A change in government policy that compromises RBAir's operational model. RBAir maintains an active dialogue with DfE, educational inspectorates and local authorities. It also monitors the evolution of educational regulations. RBAir provision is quality assured with data and evidence of student progression recorded.
- The financial pressure which comes from a combination of providing a high quality and very flexible service at a pricing level which is competitive and affordable for local authorities, schools, and parents. Fees are individualised and the cost of the provision is tightly tracked, with close monitoring of budget and capacity by SLT and trustees. Cash is closely managed and the trustees are focusing on replenishing the reserves within the next two years.

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### **2. OBJECTIVES AND STRATEGIES**

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit.

RBAir's provision involves both online and face-to-face learning and therapeutic support for children who can no longer access education. RBAir has developed its provision in Cambridgeshire, Norfolk, Hertfordshire and Essex and is continuing to explore new markets for its services. Commissioners are increasingly aware of and interested in the potential that distance learning combined with local personal and social support holds for isolated children. RBAir has essentially developed a way to move many aspects of a school to a student in their moment of need. The student can re-engage with their education and access all the support necessary to prepare personally and practically for the next phase of their education and life.

### **3. ACHIEVEMENTS AND PERFORMANCE**

RBAir offers education and therapeutic support through its virtual centre which operates from 9am - 5pm each weekday for 36 weeks of the year. The flexibility of the provision means RBAir is able to tailor services to suit each student's specific needs. RBAir was able to continue effectively with its provision despite the restrictions imposed due to the Covid-19 pandemic during the year.

Achievement and performance at RBAir are measured by attendance and the engagement level of each student in their education, the increase in self-esteem and confidence of each student, their ability to hold their own in the wider world, their understanding of themselves and others, and their return to appropriate mainstream or further education or employment. This is in addition to the usual expectations of academic progress in sessions and outcomes in external exams such as GCSEs.

The academic year began with RBAir providing its services to 59 students (47 with Education and Health Care (EHC) plans). By the end of the summer term, RBAir was supporting 81 children (66 with EHC plans), although there was a total of 85 individual students supported by RBAir across the whole academic year. Students were either funded by their school or academy, or by the local authority, or privately. Red Balloon Bursary Fund assisted by providing up to 50% of the fees for a small number of students with inadequate financial backing.

#### **Attendance**

Before joining RBAir these students had extremely poor attendance at school, with many refusing to attend entirely. Over the year at RBAir, and including all students who joined and/or left during the academic year, attendance improved to above 75% for 61 students, with over 50% attendance for an additional 19 students. (Ongoing anxiety and mental health issues adversely impacted the cohort but figures demonstrate significant improvement in attendance.)

#### **Academic achievement**

Most of the students supported by RBAir have previously missed months if not years of education. RBAir tuition support for students includes maths, English, history, science, ICT, and PSHEE, as well as a range of other subjects.

RBAir aims to make a range of accessible qualification options available to students. In 2019/20:

- 3 ASDAN awards were obtained,
- 32 AQA certificates were awarded,
- 7 students gained Functional Skills qualifications in English,
- 5 students gained Functional Skills qualifications in Maths, and
- 6 students were awarded Edexcel Maths Award certificates.

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In this academic year RBAir reduced the number of GCSEs on offer to the 3 core subjects, English, Maths and Science (with the option for negotiation where appropriate). This was as part of the strategy to streamline the provision in order to provide the best possible service while still being able to maintain a reasonable price point. The reduction in the number of subjects taken in one year allows RBAir to balance the wider provision of therapeutic support alongside the academic focus, and better meets the needs of the majority of the cohort.

No exams took place in summer 2020 due to the outbreak of Covid-19, and students were awarded grades based on centre assessment grades. RBAir students took GCSE courses and received results in maths, English language, English literature and science (biology, chemistry and/or physics), as well as psychology, history, computer science, and art. Over 70% of students who were due to sit GCSEs in English, Maths, or Science achieved good passes (grade 4-9).

As RBAir focuses progress measurement at KS3 via engagement grades, it is useful to note that students' engagement in the year was measured at 64% for Maths, 70% for English, and 67% for Science. Considering that engagement is often minimal when students begin their journey with RBAir, after years of missed education and sometimes severe anxiety and other mental health issues, this data confirms the quality and value of our provision.

### **Face-to-face support**

RBAir aims to provide blended support, complementing online academic learning with face-to-face local sessions in different regions. Our 'satellite centres' or 'community hubs' offer face-to-face learning opportunities and supported social skills development with peers for students in the same geographical area. Students are usually invited to a gathering once per week.

The Cambridge satellite centre was attended weekly by many Cambridgeshire students. The activities included maths, science and English workshops, cooking, arts and crafts activities, self-care and life skills support, forest skills workshops, outings and picnics.

As well as the base in Cambridge, a base in Danbury, Essex has been established to provide students in the region with similar opportunities to access face-to-face support. This allowed RBAir to offer first aid training, a range of guest speakers, opportunities to undertake physical activity, social skills development, creative arts, and participation in trips and outings. It has also provided a base for face-to-face mentoring and therapy sessions. We have begun the process of registering Danbury as a JCQ-approved examination centre.

Student gatherings also take place in partnership with other Red Balloon centres, particularly in RB-Norwich, where students ready to access face-to-face learning gather together weekly.

### **Safeguarding**

RBAir continues to meet all requirements in relation to safeguarding matters. All safeguarding policy, procedural and operational matters are reviewed and updated annually.

All concerns of a safeguarding nature are recorded. During 2019-2020, 174 concerns were recorded relating to matters such as mental health, emotional health, suicide ideation, suicide attempt, self-harm, low mood and other issues. Of this number, there were no child protection plans required, only one student was deemed a "child in need" and three were in receipt of an Early Help Plan.

RBAir responds promptly to all concerns and continues to refer students to CAMHS as required and to support, mentor and offer therapy for each student as needed.

We are mindful of students who may be isolated, so our mentors regularly visit those students who receive teaching remotely. During the pandemic, online mentoring was offered to some students to reduce risk of infection, unless there were safeguarding concerns around a student. Where necessary a Covid risk-assessed face to face visit took place.

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### **Post-16 Programme**

RBAir, in partnership with Cambridgeshire LA, has continued to develop a post-16 Preparation for Adulthood programme after the LA identified a gap in support for 16+ EHCP learners who are not yet ready to attend a larger regional setting, such as a further education college. Initial take-up was low, with up to only 5 learners in FY19/20, but referrals have steadily increased and there are 12 active learners in the FY20/21 autumn term.

### **Transition**

There were proportionally fewer leavers in 2020 compared to preceding years as more learners are staying in RBAir's new Post 16 Preparation for Adulthood programme commissioned and developed in partnership with the local authority (Cambridgeshire).

Of the 27 leavers in the year, the majority have successfully transitioned to other post-16 education and training providers, with 14 learners going on to further education, 10 returning to mainstream education or alternative provision, and 3 learners continuing on to bespoke packages involving work, work experience, adult mental health provision and some ongoing RBAir support.

COVID has caused disruption to all post-16 organisations' application and induction processes, and as a result 2 learners are continuing to be supported by RBAir on 'transitions packages' while starting FE programmes (mentor only and a full day per week transitions programme). RBAir Mentors and Transitions staff continue to monitor the progress of these leavers. Occasionally these checks result in an emergency Annual Review and a learner returning to RBAir for a short time.

## **4. FINANCIAL REVIEW**

### **a. Going concern and financial review**

The Trustees review the budget and expenditure at each Trustee meeting and work closely with the Coordinator to ensure expenditure is closely controlled.

Income for the year at £1,384,559 was in total just over 20% lower than the previous year of £1,606,111. Income from charitable activities, which is mainly made up of fees for our students, was lower in the year due to the drop in student numbers at the start of the year. This income at £1,164,536 was 11% lower than the previous year of £1,308,868. Income from donations and grants was also lower at £211,565 compared to £296,797.

In response to the fall in student numbers, a comprehensive restructure was carried out during the year, with the ultimate result of reducing the fixed costs and improving efficiencies across the board, placing the charity in a strong position to weather any future fluctuations in income. These measures were complemented by a review of pricing strategy, and a renewed focus on marketing which led to a noticeable increase in demand. The result was a 17% reduction of expenditure to £1,382,138 a saving of £278,412, from the previous year's total of £1,660,550.

The net result for the year was a surplus of £2,421 (2019: £54,443 loss), with an increase of £43,507 in unrestricted funds, and restricted funds being reduced by £41,086.

RBAir was able to maintain its provision despite the challenges posed by the Covid-19 situation, and has seen no major adverse impact on operations as a result of the pandemic. Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

There were no significant events affecting the charity's financial position during the year, other than sustained growth, and the charity's financial position at the end of the reporting period remained stable.



# **RED BALLOON OF THE AIR**

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## **TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2020**

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### **b. Principal Sources of Funding**

The principal sources of funding are fees from commissioners (local authorities, schools and academies), and grants from Trusts and Foundations.

The Trustees are very grateful to BBC Children in Need for its grants toward mentoring support for our students in Cambridgeshire and Essex, and for supporting a joint project with Red Balloon Cambridge to offer science activities. RBAir also received generous grants from the Philip King Charitable Trust, the Ingles Charitable Trust and the Cambridge Children's Charity. Thanks also goes to the National Lottery Community Fund, the Cambridgeshire Community Foundation, individual donors and those who took part in the JustGiving 2.6 challenge. These gifts have enabled us to provide students and parents with extra support regarding Covid-19 challenges. Contributions were also received from the Red Balloon Bursary Fund, kindly supported by individual donors, to help meet the fees of some of the students.

### **c. Remuneration Policy**

Staff at RBAir are placed in salary bands according to their role, responsibilities and experience. Progression to the next band is determined by experience and performance. Salaries are reviewed annually. Staff are remunerated modestly compared to their peers in mainstream education. Key management remuneration is set on appointment by the trustees, with respect to the prevailing market rates for charities, and thereafter the Trustees decide on pay changes taking into account performance of the individual and of the charity, inflation levels and any changes in responsibility or in their working week.

The key management personnel comprise the Coordinator and two senior managers, who led the management of the charity during the year. The aggregate cost of key management personnel is detailed in note 8 of the accounts.

### **d. Investment Policy and Performance**

Restricted funds and reserves are held in a CAF bank reserve account until required.

### **e. Reserves Policy**

It is the policy of Red Balloon of the Air to maintain a cash reserve that represents three months of the budgeted future annual expenditure. At 31 August 2020, Red Balloon of the Air held £148,634 (2019: £104,127) of unrestricted cash reserves, which is approximately 40% of the required level. With the comprehensive restructure of the business carried out in 2019/20 and the other strategies for growth outlined below, the Trustees and RBAir SLT are aiming to gradually improve the cash reserve over the following two years.

## **5. PLANS FOR THE FUTURE**

Red Balloon of the Air has continued to expand the provision of online education meeting the needs of the young people it supports and by working closely with commissioners. The aim is to continue to provide an individualised service, incorporating both online real-time learning and therapeutic support, tailored to the particular needs of the student. This provision works well as a result of the engagement and cooperation between commissioners, the physical Centres and RBAir, and continued increasing demand has shown this to be an effective model for future expansion. Additionally, RBAir is well positioned to further establish a competitive position in a market where more learning is expected to move online, as a result of the pandemic.

RBAir will continue to provide educational and therapeutic services to young people unable to attend school due to bullying and trauma. It will continue to work closely with the other RB Learner Centres and provide them with teaching support as requested. We will also work with the other centres to seek to establish commissioning relationships with more local authorities, academies and academy trusts as it extends provision to new markets. Most growth is expected to occur in the East and South of England. However, RBAir will look to support young people elsewhere as relationships with commissioning parties from Local Authorities (LAs) and elsewhere are actively pursued, or strengthened. RBAir will continue to quality assure its work and seek ISA and ISI support to ensure its provision is inspectorate compliant.

# **RED BALLOON OF THE AIR**

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## **TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2020**

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The new premises in Cambridge and Essex have facilitated a continuing growth in the face to face provision for students, alongside the online service.

RBAir was one of only two UK providers to recently take part in the DfE's 2019 consultation regarding the registration and inspection of online education providers. We eagerly await the outcome of this consultation, which should result in an official online accreditation scheme. RBAir will be the first online education provider in England to receive this new quality assurance.

### **6. FUNDRAISING STANDARDS INFORMATION**

Fundraising is carried out on behalf of RBAir by a small team of professional fundraising staff employed by Red Balloon Learner Centres Group (RBLCG).

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

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

The Charity's fundraising activities continue to be almost exclusively focused on approaches to grant-making bodies as well as high-net-worth individuals. It does not engage in any activities that put vulnerable people and others at risk from unreasonable intrusion on their privacy, unreasonably persistent approaches or undue pressure to give. RBLCG does not engage in telephone or reciprocal marketing for fundraising purposes. No fundraising activities have been subcontracted out or carried out 'on behalf of' the Charity. No complaints have been received about the fundraising activity of the Charity.

### **7. PUBLIC BENEFIT**

RBAir provides educational and therapeutic services to children (9-18) who have been so traumatised (by bullying, physical violence, family breakdown etc) that they exclude themselves from school. There is no other purpose-made scheme to recover this group of children and to reconnect them with their education in any similar way in the UK.

Students supported by RBAir are provided with individual full-time academic, pastoral and therapeutic programmes. Research by NatCen in 2011 estimated that 16,000 11-15 year olds in England are absent from secondary school where bullying is the primary cause of absence. Over 77,000 are estimated to be absent from state school where bullying is a contributory reason given for absence.

RBAir sees a need for much wider access in the UK to provision of the sort that it provides.

Red Balloon improves the skills and life opportunities of a group of socially isolated, confidence-lacking and ignored children who are out of school. Red Balloon contributes to stronger communities by identifying and addressing the problem of bullied and traumatised children with the help of the community and for the benefit of the community.

# RED BALLOON OF THE AIR

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## TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2020

### 8. TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of Red Balloon of the Air) for the purposes of company law are responsible for preparing the Trustees' Annual 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 directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP 2019 (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;
- 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 auditor is unaware; and
- the Trustees have taken all 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.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report, which has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

This report was approved by the Board on 16 March 2021 and signed on its behalf by:



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**Mr M Frankl**

**RED BALLOON OF THE AIR**  
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
RED BALLOON OF THE AIR**

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**Opinion**

We have audited the financial statements of Red Balloon of the Air (the 'charitable company') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cashflows 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 August 2020, 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**

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

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

**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.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
RED BALLOON OF THE AIR**

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**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 require 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.

**Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 7, 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.

**RED BALLOON OF THE AIR**  
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
RED BALLOON OF THE AIR**

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**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

**Use of 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.



Helena Wilkinson BSc FCA DChA (Senior Statutory Auditor)

for and on behalf of  
**PRICE BAILEY LLP**

Chartered Accountants  
Statutory Auditors

Tennyson House  
Cambridge Business Park  
Cambridge  
CB4 0WZ

Date: 25 March 2021

# RED BALLOON OF THE AIR

(a company limited by guarantee)

## STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 AUGUST 2020

	Note	Unrestricted £	Restricted £	2020 Total £	2019 Total £
<b>INCOME</b>					
Donations and grants	2	109,291	110,274	219,565	296,797
Charitable activities	3	1,164,536	-	1,164,536	1,308,868
Investment income	4	458	-	458	446
<b>Total income</b>		<b>1,274,285</b>	<b>110,274</b>	<b>1,384,559</b>	<b>1,606,111</b>
<b>EXPENDITURE</b>					
Charitable activities	5	1,230,883	151,255	1,382,138	1,660,554
<b>Total expenditure</b>		<b>1,230,883</b>	<b>151,255</b>	<b>1,382,138</b>	<b>1,660,554</b>
<b>Net income / (expenditure)</b>		<b>43,402</b>	<b>(40,981)</b>	<b>2,421</b>	<b>(54,443)</b>
Transfers between funds		105	(105)	-	-
<b>Net movement in funds</b>		<b>43,507</b>	<b>(41,086)</b>	<b>2,421</b>	<b>(54,443)</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward	15	104,127	82,691	186,818	241,261
<b>Total funds carried forward</b>	14	<b>147,634</b>	<b>41,605</b>	<b>189,239</b>	<b>186,818</b>

All amounts relate to continuing activities of the charitable company.

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

The notes to the accounts are shown on pages 16 to 27.

**RED BALLOON OF THE AIR**  
(a company limited by guarantee)  
**REGISTERED COMPANY NUMBER: 07328440**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2020**

	Notes	2020 £	2019 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	11	16,332	15,737
<b>TOTAL FIXED ASSETS</b>		<b>16,332</b>	<b>15,737</b>
<b>CURRENT ASSETS</b>			
Debtors	12	178,650	85,442
Cash at bank and in hand		419,214	409,512
<b>TOTAL CURRENT ASSETS</b>		<b>597,864</b>	<b>494,954</b>
<b>LIABILITIES</b>			
Creditors: amounts falling due within one year	13	(424,957)	(323,873)
<b>NET CURRENT ASSETS</b>		<b>172,907</b>	<b>171,081</b>
<b>TOTAL NET ASSETS</b>		<b>189,239</b>	<b>186,818</b>
<b>FUNDS OF THE CHARITY:</b>			
Restricted funds	14	41,605	82,691
General funds	14	147,634	104,127
<b>TOTAL FUNDS</b>		<b>189,239</b>	<b>186,818</b>

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

The financial statements were approved by the Board of Trustees on 16 March 2021 and signed on their behalf by:



.....  
**Mrs J R Raine**

The attached notes on pages 16 to 27 form part of these financial statements.



# RED BALLOON OF THE AIR

(a company limited by guarantee)

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

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	Notes	2020 £	2019 £
<b>Cash Flows from Operating Activities</b>			
Net cash provided by / (used in) operating activities	19	19,962	(2,652)
<b>Cash Flows from Investing Activities</b>			
Purchase of property, plant and equipment		(12,834)	(18,687)
Proceeds from sales of property, plant and equipment		2,574	1,822
<b>Change in cash and cash equivalents in the reporting period</b>		<u>9,702</u>	<u>(19,517)</u>
Cash and cash equivalents at the beginning of the reporting period		<u>409,512</u>	<u>429,029</u>
<b>Cash and cash equivalents at the end of the reporting period</b>		<u><u>419,214</u></u>	<u><u>409,512</u></u>

The attached notes on pages 16 to 27 form part of these financial statements.

# **RED BALLOON OF THE AIR**

**(a company limited by guarantee)**

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

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### **1 Accounting policies**

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

#### **1.1 Basis of preparation of financial statements**

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

The Charity constitutes a public benefit entity as defined by FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The financial statements are presented in sterling, which is the functional currency of the charity.

The Charity is registered in England and Wales. The address of the Charity's registered office is shown on page 1.

#### **1.2 Going Concern**

The substantial operational review and restructure which was implemented in 2019/20 means that the charity is operating at a sustainable level and is forecasting steady growth over the next few years from this foundation. The continued growth in enquires has not been impacted by the COVID-19 situation and interest in the provision continues to spread. The trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

#### **1.3 Legal status of the Charity**

There is no share capital as the company is limited by guarantee. The number of members during the year was 1 (2019: 1). Each member has guaranteed an amount, not exceeding £10, towards the company's liabilities in the event of a winding up, provided that a member has not ceased to be a member one year prior to any winding up order.

#### **1.4 Fund accounting**

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

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

# **RED BALLOON OF THE AIR**

**(a company limited by guarantee)**

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

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### **1.5 Income**

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

Income from charitable activities relates to school fee income which is invoiced in advance at the start of each term. Fee income is recognised on a monthly basis as teaching occurs and fees received for future months are deferred as shown in note 13.

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

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

### **1.6 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis.

Redundancy and termination costs are recognised as an expense in the Statement of Financial Activities and a liability on the Balance Sheet immediately at the point the charity is demonstrably committed to either:

- Terminate the employment of an employee or group of employees before normal retirement date; or
- Provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The charity is considered to be demonstrably committed only when it has a detailed formal plan for the termination and is without realistic possibility of withdrawal from the plan.

Where costs cannot be directly attributed to particular headings they have been allocated to activities based upon staff numbers.

### **1.7 Tangible fixed assets and depreciation**

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated off the cost on a straight line basis over their expected useful economic lives as follows:

Office equipment	33.33% on cost
Computer equipment	50% on cost

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

**RED BALLOON OF THE AIR**  
**(a company limited by guarantee)**

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

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**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. Accrued income and tax recoverable is included at the best estimate of the amounts receivable at the balance sheet date.

**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**

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

**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. Fixed assets are recorded at depreciated historical cost and all other assets and liabilities are recorded at cost which is their fair value.

**1.12 Pensions**

Employees of the charity are entitled to join a defined contribution pension scheme. The charity contribution is restricted to the contributions disclosed in note 9.

**1.13 Operating Leases**

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

**1.14 Significant Estimates and Judgements**

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

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

**2 Donations and grants**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Grants	110,274	254,472
Bursaries	75,775	26,477
Other donations	33,516	15,848
	<u>219,565</u>	<u>296,797</u>

**RED BALLOON OF THE AIR**  
(a company limited by guarantee)

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

Restricted donations and grants received during the year amounted to £110,274 (2019 – £204,472) and unrestricted donations amounted to £109,291 (2019 - £92,325).

**3 Income from Charitable Activities**

	<b>2020</b> £	<b>2019</b> £
Teaching and support of bullied children	1,164,536	1,308,868
	<u>1,164,536</u>	<u>1,308,868</u>

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

**4 Investment Income**

	<b>2020</b> £	<b>2019</b> £
Interest income	458	446
	<u>458</u>	<u>446</u>

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

**5 Analysis of expenditure by activity – current year**

	<b>Direct Costs</b> £	<b>Support costs (note 6)</b> £	<b>2020 costs</b> £
<b>Charitable activities:</b>			
Teaching and support of bullied children	1,283,746	98,392	1,382,138
	<u>1,283,746</u>	<u>98,392</u>	<u>1,382,138</u>

**Analysis of expenditure by activity – prior year**

	<b>Direct Costs</b> £	<b>Support costs (note 6)</b> £	<b>2019 costs</b> £
<b>Charitable activities:</b>			
Teaching and support of bullied children	1,538,402	122,152	1,660,554
	<u>1,538,402</u>	<u>122,152</u>	<u>1,660,554</u>

Expenditure on charitable activities includes £1,230,883 (2019 - £1,514,106) spent from unrestricted funds and £151,255 (2019 - £146,448) spent from restricted funds.

**RED BALLOON OF THE AIR**  
(a company limited by guarantee)

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

<b>6 Analysis of support costs</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Property	10,860	11,024
Finance and Professional	57,895	47,141
Levy expense	15,600	18,600
Staff costs	10,037	34,982
Governance – audit fees	4,000	2,600
Other support costs	-	7,805
	<u>98,392</u>	<u>122,152</u>

<b>7 Analysis of staff costs and key management personnel</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Wages and salaries	977,991	1,158,117
Social security costs	68,810	86,653
Pension	17,865	18,157
	<u>1,064,666</u>	<u>1,262,927</u>

The average monthly head count was as follows:

	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
Charitable activities	<u>60</u>	<u>68</u>

No employee received remuneration amounting to more than £60,000 in either year.

During the year, no Trustees received any reimbursements of expenses (2019 - £Nil).

The charity considers its key management personnel to comprise of 3 people (2019: 3 people). During the year, the total employment benefits of these 3 included gross pay £85,686 (2019: £95,469), employers national insurance £8,226 (2019: £9,652) and employers pension costs of £1,585 (2019: £1,369). A portion of total employment benefits of key management personnel were paid by the parent company, Red Balloon Learner Centre Group Ltd and some costs were recharged to Red Balloon of the Air including gross pay £Nil (2019: £25,048), employers national insurance £Nil (2019: £3,063) and employers pension costs of £Nil (2019: £371). These costs are not included in the analysis above.

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

- The exits were agreed by the board.
- Exits took place from December 2019 through to August 2020 and the payments are accounted for within the 2019/20 financial year.
- The policy is to account for the termination payments at the point that the employee accepted the offer.
- The total payments made were £15,939 (2019: £13,188).

# RED BALLOON OF THE AIR

(a company limited by guarantee)

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

### 8 Pension costs

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. Contributions payable by Red Balloon of the Air amounted to £17,989 (2019 - £18,724). The amount of outstanding contributions payable to the pension fund at the balance sheet date was £277 (2019 - £Nil).

### 9 Net income

	2020 £	2019 £
Net income is stated after charging:		
(Profit)/Loss on sale of fixed assets	(2,178)	459
Operating lease rentals – land and buildings	135,686	105,440
Depreciation of charitable assets owned by the charity	11,842	29,707
Auditor's remuneration:		
- for audit services	4,000	2,600
- for non-audit services	450	-
	<u>          </u>	<u>          </u>

### 10 Taxation

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

### 11 Tangible fixed assets

	Computer equipment £	Office equipment £	Total £
<b>Cost</b>			
At 1 September 2019	107,769	7,448	115,217
Additions	9,104	3,730	12,834
Disposals	(2,574)	-	(2,574)
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 August 2020	114,299	11,178	125,477
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Depreciation</b>			
At 1 September 2019	94,353	5,128	99,481
Charge for the year	10,272	1,571	11,843
Eliminated on disposal	(2,179)	-	(2,179)
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 August 2020	102,446	6,699	109,145
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net book value</b>			
At 31 August 2019	13,416	2,320	15,736
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 August 2020	11,853	4,479	16,332
	<u>          </u>	<u>          </u>	<u>          </u>

**RED BALLOON OF THE AIR**  
(a company limited by guarantee)

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

**12 Debtors**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Trade debtors	103,514	54,765
Amount due from group undertakings	47,600	8,180
Other debtors	270	270
Prepayments and accrued income	27,266	22,228
	<u>178,650</u>	<u>85,443</u>

**13 Creditors: amounts falling due within one year**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Trade creditors	4,965	2,899
Amounts owed to group undertakings	45,633	78,332
Social security and other taxes	15,362	19,869
Accruals and deferred income	358,997	222,773
	<u>424,957</u>	<u>323,873</u>

**Deferred income**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Deferred income at 1 September	208,322	239,394
Income deferred during the year	343,537	208,322
Amounts released from previous years	(208,322)	(239,394)
Deferred income at 31 August	<u>343,537</u>	<u>208,322</u>

Deferred income relates to school term fees, being unrestricted income, invoiced in advance.



**RED BALLOON OF THE AIR**  
(a company limited by guarantee)

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

**14 Funds analysis – current year**

	Balance at 01/09/2019 £	Income £	Expenditure £	Transfers £	Balance at 31/08/20 £
<b>Unrestricted funds</b>					
General funds	104,127	1,274,285	(1,230,883)	105	147,634
<b>Total unrestricted funds</b>	<b>104,127</b>	<b>1,274,285</b>	<b>(1,230,883)</b>	<b>-</b>	<b>147,634</b>
<b>Restricted funds</b>					
Funding for regional scouts and mentors	14,591	58,850	(73,540)	99	-
Funding to develop RB Air provision	67,123	51,424	(76,739)	(203)	41,605
Funding for student resources	977	-	(976)	(1)	-
<b>Total restricted funds</b>	<b>82,691</b>	<b>110,274</b>	<b>(151,255)</b>	<b>-</b>	<b>41,605</b>
<b>Total funds</b>	<b>186,818</b>	<b>1,384,559</b>	<b>(1,382,138)</b>	<b>-</b>	<b>189,239</b>

**15 Funds analysis – prior year**

	Balance at 01/09/2018 £	Income £	Expenditure £	Transfers £	Balance at 31/08/19 £
<b>Unrestricted funds</b>					
General funds	216,594	1,401,639	(1,514,106)	-	104,127
<b>Total unrestricted funds</b>	<b>216,594</b>	<b>1,401,639</b>	<b>(1,514,106)</b>	<b>-</b>	<b>104,127</b>
<b>Restricted funds</b>					
Funding for regional scouts and mentors	6,413	57,328	(49,150)	-	14,591
Funding to develop RB Air provision	13,659	146,544	(93,080)	-	67,123
Funding for student resources	4,595	600	(4,218)	-	977
<b>Total restricted funds</b>	<b>24,667</b>	<b>204,472</b>	<b>(146,448)</b>	<b>-</b>	<b>82,691</b>
<b>Total funds</b>	<b>241,261</b>	<b>1,606,111</b>	<b>(1,660,554)</b>	<b>-</b>	<b>186,818</b>

# RED BALLOON OF THE AIR

(a company limited by guarantee)

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

Funding for Regional Scouts and Mentors includes funds provided to support the development of the Red Balloon of the Air programme, and to continue the provision of therapeutic support and mentoring to students.

Funding to develop RBAir provision consists of funds awarded to help with the growth and development of Red Balloon of the Air.

Funding for Student Resources includes grants for resources to aid in the online education provision.

### 16 Analysis of net assets by funds – current year

	Restricted Funds £	Unrestricted funds £	Total funds £
Tangible fixed assets	-	16,332	16,332
Current assets	41,710	556,154	597,864
Creditors due within one year	-	(424,957)	(424,957)
	41,710	147,529	189,239
	41,710	147,529	189,239

### 16 Analysis of net assets by funds – prior year

	Restricted Funds £	Unrestricted funds £	Total funds £
Tangible fixed assets	-	15,737	15,737
Current assets	82,691	412,263	494,964
Creditors due within one year	-	(323,873)	(323,873)
	82,691	104,127	186,818
	82,691	104,127	186,818

### 17 Related party transactions

#### Analysis of related parties – current year

	Debtor £	Creditor £	Income £	Expenditure £
Red Balloon Leaner Centre Group	-	45,633	113,270	203,316
Red Balloon Braintree	-	-	-	-
Red Balloon Norwich	36,703	-	177,142	-
Red Balloon Reading	8,333	-	3,006	12,916
Red Balloon Cambridge	1,360	-	1,360	-
Red Balloon North West London	-	-	25,349	965
	46,396	45,633	320,127	217,197
	46,396	45,633	320,127	217,197

# RED BALLOON OF THE AIR

(a company limited by guarantee)

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

### 17 Related party transactions (continued)

#### Analysis of related parties – prior year

	Debtor £	Creditor £	Income £	Expenditure £
Red Balloon Learner Centre Group	8,180	77,205	146,773	207,051
Red Balloon Braintree	817	-	4,148	-
Red Balloon Norwich	5,283	-	137,904	229
Red Balloon Reading	-	429	75,436	-
Red Balloon Cambridge	-	698	2,262	4,142
	<u>14,280</u>	<u>78,332</u>	<u>366,523</u>	<u>211,422</u>

Red Balloon Learner Centre Group, Red Balloon Reading and Red Balloon Cambridge are group member charities.

Red Balloon Braintree and Red Balloon Norwich are charities of which A G Dunn is a Trustee.

There are no other related party transactions to note.

### 18 Controlling party

Red Balloon of the Air is owned 100% and controlled by Red Balloon Learner Centre Group, a company limited by guarantee and registered in England and Wales (registered company number: 05385341) and a registered charity with the Charity Commission (registered charity number:1109606).

The principal purpose and activities of Red Balloon Learner Centre Group are to continue to raise public and political awareness of the plight of self-excluding children, to support the setting up of new Red Balloon Learner Centres, to raise money to do so and to monitor, maintain and, if possible, improve the quality of provision offered by existing Red Balloon Learner Centres. It can exercise control through having power to remove or appoint trustees.

The results of Red Balloon of the Air are consolidated into the accounts of Red Balloon Learner Centre Group and are available at the registered office shown on page 1.

**RED BALLOON OF THE AIR**  
(a company limited by guarantee)

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

**19 Reconciliation of net expenditure to net cash flow from operating activities**

	2020 £	2019 £
<b>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</b>	<b>2,421</b>	<b>(46,638)</b>
<b>Adjustments for:</b>		
Depreciation charges	11,842	29,707
Profit/ (Loss) on disposal of tangible fixed assets	(2,178)	458
(Increase)/ Decrease in debtors	(93,207)	2,495
Increase in creditors	101,084	11,326
<b>Net cash provided by / (used by) operating activities</b>	<b>19,962</b>	<b>(2,652)</b>

**20 Analysis of net debt**

	At Beginning of Year £	Cash Flows £	At End of Year £
Cash and cash equivalents	409,512	9,702	419,214
<b>Total Net Debt</b>	<b>409,512</b>	<b>9,702</b>	<b>419,214</b>

**21 Operating leases**

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

	<b>Land and Buildings</b>	
	2020 £	2019 £
Within one year	97,368	93,457
Within two to five years	46,658	436,052
After more than five years	-	492,278
	<b>144,026</b>	<b>1,021,787</b>

**RED BALLOON OF THE AIR**  
**(a company limited by guarantee)**

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

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**22 Events after the balance sheet date**

With the agreement of RBAir, Red Balloon Learner Centre Group have issued the landlord of Winship House with notice that Red Balloon has exercised its right under the terms of the lease to initiate the break clause allowing the lease term to end on 28<sup>th</sup> September 2021. RBAir is now focusing efforts on finding a suitable premises which will allow the service to continue in the same way.

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

The trustees are keen to use this opportunity to relocate to a property that could be registered as an independent school, and therefore enable the charity to register with the Department for Education. This will further establish the provision as a reliable alternative to mainstream schools for those students who need it, and is expected to facilitate further growth for the the charity, with new opportunities for development.