

BREAKTHROUGH - TRANSFORMATION TRUST

England & Wales · Charity number 1148238

Details

Status	Registered
Legal form	Charitable company
Company number	07962125
Registered	2012-07-23
Register	View on the Charity Commission register

Contact

Address	Cannamore House Avonwick South Brent TQ10 9HA
Phone	01626911456
Email	info@tborg.org
Website	www.breakthroughtransformationtrust.org

Activities

Objects: The Charity's Objects, which are carried out in the context of the Charity's Christian foundation, history and ethos and are for the public benefit, are:1) to advance the education (including social, emotional, mental health and physical training) of people of all ages and in such ways as the directors think fit, including, but not limited to, by:a) providing full time and/or part time education;b) the provision of recreational and leisure time activities provided in the interest of social welfare, designed to improve their conditions of life; andc) providing support and activities which develop their skills, capacities and capabilities to enable them to participate in society as mature and responsible individuals.2) To act as a resource for young people and young adults and for their families and carers/support networks by providing advice and assistance and organising programmes of physical, educational and other activities as a means of:a) advancing education;b) relieving unemployment;c) developing their skills, capacities and capabilities to enable them to participate in society as independent, mature and responsible individuals by, but not limited to, the provision of residential accommodation;d) providing recreational and leisure time activity in the interests of social welfare for people who have a need by reason of their youth, age, infirmity or disability, poverty or social and economic circumstances with a view to improving the conditions of life of such persons; ande) promoting the improvement and preservation of mental health and assisting in relieving and rehabilitating young people, their families and carers/support networks suffering from mental health issues or conditions of emotional or mental distress. 3) To provide assistance through conciliation for couples whose relationships appear to be breaking down, and where such relationships have already broken down, to advise and help in the settlement of differences or potential differences over associated matters such as custody and access to children, and financial matters.

Activities: Empowering & equipping individuals and families who experience serious challenges, to take competent charge of their lives, to live well and contribute to the wider community. This is achieved through behavioural, mental and physical health interventions & education with nationally recognised qualifications and supported employment. Participants are given long-term follow up and support.

Classification

- **How:** Provides Human Resources, Provides Services, Provides Advocacy/advice/information, Sponsors Or Undertakes Research
- **What:** General Charitable Purposes, Education/training, The Advancement Of Health Or Saving Of Lives, Disability, The Prevention Or Relief Of Poverty, Religious Activities, Animals, Environment/conservation/heritage, Economic/community Development/employment, Other Charitable Purposes
- **Who:** Children/young People, Elderly/old People, People With Disabilities, The General Public/mankind

Geography

- Cornwall
- Devon
- Plymouth City
- Somerset
- Torbay

Finances

Period end	Income	Expenditure	Assets	Employees
2025-08-31	£3,663,853	£3,665,871	£1,450,346	107
2024-08-31	£3,630,914	£3,751,868	£1,452,364	116
2023-08-31	£3,929,207	£4,269,814	£1,573,319	135
2022-08-31	£4,076,482	£3,743,467	£1,913,926	125
2021-08-31	£2,888,648	£2,500,251	£1,580,911	96
2020-08-31	£2,171,146	£1,933,450	£1,192,514	70

Trustees

Name	Role	Appointed
ANGUS DUGDALL		2012-07-18
Joel Maximillian Sparky Cole Sutton		2025-11-10
Paul Leather		2024-02-07
SIMEON BALE		2020-04-01
TIMOTHY SIMON BEARDSMORE		2025-11-26

BREAKTHROUGH - TRANSFORMATION TRUST

England & Wales - Charity number 1148238

Accounts

Company registration number: 07962125

Charity registration number: 1148238

Breakthrough - Transformation Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2025



WESTCOTTS

CHARTERED ACCOUNTANTS
& BUSINESS ADVISERS

Breakthrough - Transformation Trust

Contents

Reference and Administrative Details	1
Trustees' Report	2 to 11
Independent Auditors' Report	12 to 15
Statement of Financial Activities	16
Balance Sheet	17
Statement of Cash Flows	18
Notes to the Financial Statements	19 to 31

Breakthrough - Transformation Trust

Reference and Administrative Details

Trustees	Deborah Dugdall (resigned 21 January 2026) Jose Luis De Silva (resigned 23 October 2024) J D Angus Dugdall Philip Reynolds (resigned on 24 September 2025) Simeon Bale Paul Leather Joel Maximillian Sparky Cole Sutton (appointed 10 November 2025) Timothy Simon Beardsmore (appointed 26 November 2025)
Charity Registration Number	1148238
Company Registration Number	07962125
Registered Office	The charity is incorporated in England & Wales. Cannamore House Avonwick South Brent Devon TQ10 9HA
Auditor	Westcotts (SW) LLP Tallford House 38 Walliscote Road Weston-super-Mare Somerset BS23 1LP

Breakthrough - Transformation Trust

Trustees' Report

The trustees, who are directors for the purposes of company law, present the annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2025.

Objectives and activities

Public benefit

The trustees confirm that they have complied with the requirements of section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

Structure, governance and management

Constitution

The charity (Number 1148238) is a company limited by guarantee (Number 07962125), incorporated on 23rd February 2012 and is governed by its Memorandum and Articles of Association. It is administered and led by a Board of Trustees, details of which are given on page 1.

Method of appointment of election of trustees

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

Trustees are appointed to the Board of Trustees by an open recruitment process, inviting applications with appropriate skills, experience and/or qualifications. The successful applicants are invited to formal Interview in accordance with the Safer Recruitment procedures, (this is applied to all voluntary as well as paid positions within the organisation) with the Trustees prior to their appointment at a Board Meeting.

Policies adopted for the induction and training of trustees

All new and existing Trustees complete annual training in accordance with the Policies.

All newly appointed Trustees meet with the Trustees and are introduced to the Centres of Operation. They meet with staff and are given a reading list of relevant documentation, policies, systems and procedures. There is an expectation that Trustees will, where possible, visit centres to meet with staff and students, to do learning walks and to check on records and documentation.

Organisational structure and decision making

The Board of Trustees are responsible for agreeing the strategic direction of the organisation, ratifying policy and ensuring compliance with internal governance and external regulations and legislation.

The Board of Trustees convenes regularly and, where required, for extraordinary meetings.

Day-to-day management of the organisation is delegated to the Chief Executive and thereafter to the Executive Team. The Executive Team is defined as the Chief Operating Officer, and the Finance Manager.

The charity operates out of three centres in South Devon and also works in the community using public buildings, and where there is need, for example, where a student is confined to their home for reasons of physical disability, or mental health challenges, makes appropriately safeguarded outreach visits to the learner's home.

Breakthrough - Transformation Trust

Trustees' Report

Health and safety

Health and Safety (H & S) is a top priority at Breakthrough - Transformation Trust. The Chief Operating Officer who reports to the Chief Executive Officer, oversees and supports the Health and Safety Representatives on each site and in all activities. H & S is externally supported by an Independent H&S Professional who visits centres in person. We also have daily access to expert advice through our purchased plan with Peninsula Health and Safety Service.

Safeguarding

As an organisation, Breakthrough- Transformation Trust takes its duty to safeguard all in its care to the highest possible standards.

Safeguarding is overseen by the Designated Safeguarding Lead (DSL), who is also the Strategic Lead for Special Education Needs and Disabilities (SEND), for the organisation. Each of the 3 college centres has an appointed Deputy DSL, and SEND Support. The organisation trains all staff including new recruits, to Group 2 Level in Safeguarding, during induction and refreshing annually. In addition, they all train in Keeping Children Safe in Education (KCSIE), Prevent Strategy and Female Genital Mutilation. There has customarily been a group of 5 staff including one trustee, who have been trained to Group 3 Level in Safeguarding.

The organisation continues to outsource its Safeguarding audits to a specialist team in the Local Authority. This occurs every 3 years. The last audit was performed during the Spring term 2025. The report concluded that at each centre, as well as within central management, the level of safeguarding was very good. There was acknowledgement of the rigour and accuracy which the Designated Safeguarding Lead and their team had carried out their duties.

Therapeutic Interventions and Mental Health

Each student comes to Breakthrough because their needs can effectively be met only with a bespoke approach which is specifically moulded to their individual presentation. Trauma, cognitive neuropsychological, sensory and complex diagnoses require a high level of expertise not only among the therapeutic professionals but also by those who teach and work with students. It is important that our students are put on individualised programmes which equip them with skills so that they can effectively access their working memory in order to learn. Thus, Mental Health Counselling, Speech and Language Therapy and Occupational Therapy are part of the service provided and all staff receive ongoing training and development.

Breakthrough - Transformation Trust

Trustees' Report

Section 41 Registration

On 1st September 2023 Breakthrough became a provisional Section 41 Specialist Post-16 College. We had our Department for Education advisor inspection visit in May 2025. We received the inspection report on the 24th June 2025, which did not identify any major challenges, and confirmed that there were no concerns about Breakthrough's provision. We have moved from provisional to full approval following the inspection.

Breakthrough continues with its membership of NATSPEC, which is the membership association for colleges whose brief is to work with students who have additional needs. NATSPEC membership has proved invaluable for Breakthrough and is providing an opportunity to partner with other similar provisions, both in Devon and wider, nationally. Breakthrough is also receiving training at a central level, especially in the area of quality assurance.

Breakthrough College is on a programme of continuous improvement in line with our 'Health Check' by NATSPEC and the following details this:

- Breakthrough takes a learner-centred approach, and their qualifications are carefully considered, and in general learning is adapted to the individual's needs.
- The standard of work produced by learners is high.
- Breakthrough considers the mental well-being of learners to be of prime importance, and staff are well trained in this area.
- The Breakthrough mental health education counselling service is highly effective in enabling students to develop a positive approach to their futures.
- Relevant therapeutic interventions from Speech and Language, Occupational Therapy or other relevant therapeutic professionals are provided to target needs.
- The overall recording of students' progress and achievement is very good.
- Students demonstrate good or very good subject knowledge.
- Mainly, students are taught 1: 1, which results in students making good and very good progress.
- Careers advice and guidance is a high priority at all Breakthrough College centres.
- The Board of Trustees has welcomed another member who has experience relevant to business and communications. The Advisory Board has been in operation and is in the process of recruiting further members.
- There is a robust Quality Assurance process which is established and embedded across the trust. This is a rigorous self-assessment process that focuses on the experience of students, produces judgements that are measurable and realistic and will lead to further improvements across the college. The process identifies the key strengths of the college, identifies the factors that contribute to the strengths and provides the context. Areas for development are identified that pinpoint elements of the provision that do not meet the high standards and expectations articulated. The areas for development and other actions required will inform the quality improvement plan and self-assessment reports.

Breakthrough - Transformation Trust

Trustees' Report

- Breakthrough provides therapeutic interventions, education, independent living skills and a robust transition into education, employment, training, volunteering and/or supported living at the end of the students' time at Breakthrough.
- Breakthrough ensures that students and families are provided with a range of specialist information and also signposting to organisations who offer specialist advice.
- Provision of training and coaching to professionals and organisations to help meet the needs of those whose needs challenge their provision.
- Provision for the physical, psychological, social and where requested, the spiritual needs of those who use our service.
- Provision of a hub of knowledge and good practice from which to share and create initiatives.

South Devon Centres

All three of our South Devon Centres have continued to receive a steady flow of new students and most existing students are continuing their courses with us. Development, maintenance and repairs of the estates has continued.

The Organisation

We continue to be in a strong position going forwards and receive a steady flow of new commissions, some of which replace leavers.

Our purpose

To progress our provision to be inclusive of and to address more needs within the locality and to provide services and interventions where these are not currently in place. To establish our presence in the locality so that those in need know where to come for help.

Our vision

This charity exists to empower and equip individuals and families who experience serious life challenges to take competent charge of their lives and to be able to contribute effectively and positively to the wider community.

Breakthrough - Transformation Trust

Trustees' Report

Our core values

Unconditional love

- to accept people as they are
- to be inclusive and non-judgmental
- to be kind and compassionate, in all that we think, act and say
- to speak excellence into people's lives

Total Commitment

- to be the best that we can be
- to reflect together
- to carry the demeanour of humility
- to be able to be open, honest and kind, without 'egos'
- actively to encourage each other, notice and speak out the great things that people do
- to avoid a 'blame culture'
- to create a functional 'family' type atmosphere with robust professionalism and boundaries

Professionalism

- to make safeguarding and health and safety the highest priority
- to respect and support colleagues, creating a safe and unified culture
- to be a good learner
- to understand and adhere to professional boundaries
- to be wise, flexible and patient
- to follow correct systems and procedures
- continually to assess risks and advise and adapt accordingly
- to ask for help when needed

Meeting needs of service users

The charity has maintained the uptake of its services in the years 2024-2025. We continue to build on our relationships with the local authorities that we serve, as well as provide the absolute best possible service offering to our learners and their families.

We take this opportunity to thank our amazing staff team, who together deliver excellence and create a welcoming and safe environment for the Breakthrough service users.

Training

Breakthrough Transformation Trust is committed to investing in staff training and development throughout all departments. The team provides professional and personal development courses throughout each year, both through internal training and external nationally recognised qualifications. Where appropriate, the charity also engages with external training suppliers to provide courses.

Our supporters in the community

In addition to the help mentioned in the previous paragraph, the charity has during the period in question, received regular donations from independent supporters. There have also been a number of one-off donations. We would like to express our sincere thanks to everyone who has participated in this support.

Breakthrough - Transformation Trust

Trustees' Report

Achievements and performance

As is customary in setting objectives and planning activities for the year, the Trustees gave careful consideration to ensuring that the charity's activities are to the public benefit, and satisfy its own Objects, having due regard to the guidance issued by the Charity Commission.

1. Delivery of excellent practice to those whom we serve through therapeutics, families work, education, and within the community- through measurement, reflective practice, and completion of inspections and audits.
2. Provision of excellent value for money for commissioners, providing a high-quality service, where the quality of teaching and learning, of therapeutic interventions, of assessment, progression and transition, and every aspect of the service is monitored through a Quality of Provision process, which has been continuously improved in the 2024-2025 period.
3. The three South Devon centres provide a broad spectrum of therapeutic and educational services, and this is resulting in noticeable progress which is being reported via our systems and procedures.
4. Independent Living Skills and PSHE continue to be developed across the organisation, which is pivotal for the students' ability to live lives that are as independent, safe and well-informed as possible.
5. It is recognised that Communications and Interaction are precursors to the ability to learn, and they underpin good mental health. Breakthrough provides specialist 1:1 speech and language therapy interventions where required.
6. The charity is mindful of its need to be relevant in the sector and the Directors and Senior Leadership Team liaise with the Local Authorities and receive regular updates from Stakeholders and Government.
7. We are working closely with our commissioners to meet the needs of students in the most cost-effective way at the same time as maintaining our high standards and the integrity of our provision.
8. We are mindful of the need for the improvement and development of our facilities and additional office facilities
 - To continue to repair and maintain all buildings
 - To liaise with the Heads of Centre to ensure that there is adequate high-quality space for learning and therapeutic interventions
 - To continue to develop enhanced outdoor facilities at all centres
 - Updating hardware and software for IT facilities
 - Provision of learning resources
 - Replacement of old vehicles beyond repair and provision of extra second-hand cars as pool vehicles for the transportation of service users.

Breakthrough - Transformation Trust

Trustees' Report

Financial review

The October 2024 Budget by the Chancellor of the Exchequer, The Rt Hon Rachel Reeves resulted in the increase to Employers' National Insurance contribution and to the National Minimum Wage. This resulted in a revised hourly rate amount of £12.21. Both of these increases created a significant impact upon the Charity's finances and the consequent budget adjustments which needed to be made (28.5% increase over 3 years).

The results for the year are shown on page 16. The total income for the year is £3,663,853 (2024:£3,630,914) and total expenditure is £3,665,871 (2024: £3,751,868) which give a net expenditure of £2,018 (2024: £120,954).The unrestricted fund balance at 31 August 2025 is £1,450,346.

The principal source of funding is via Element3, which is the funding required over and above the place funding to enable a child with high needs to participate in education and learning and covers education, health, and care. The majority is commissioned by Devon County Council.

Reserves policy

Reserves are required in order that the charity is protected against future events, known and unknown and is able to maximise future opportunities and weather any future challenges that could possibly arise.

The charity has a long-term commitment to participant service users, and it requires long-term plans. The charity's short-term commitment is up to 1 term; medium-term commitment to be up to 2 terms and long-term commitment to be 3 terms or longer (many courses for post-16 require at least two years to complete the syllabus).

Where it is deemed correct and right to place an individual within our service, it is usual that the commissioning authorities will commit to educate students for at least the remainder of that Academic Year, and usually beyond that time. Most young people are commissioned to be with the charity for up to three days a week, and occasionally a student may be commissioned for more days than this, but the same principle normally applies. Therefore, there is some stability of income during the Academic Year.

The benefit of a reserves Policy is:

- To assist in strategic planning, for example, considering how new projects or activities will be funded
- To inform the budget process, for example, is it a balanced budget, or do reserves need to be drawn down or built up?
- To inform the budget and risk management process by identifying any uncertainty in future income streams
- To demonstrate to beneficiaries, donors, funders and the wider public that the charity is being protected from future challenges and changes in economic circumstances

Breakthrough - Transformation Trust

Trustees' Report

Guiding principles to justify the level of reserves and their use:

- To protect and sustain the charity's activities should income or expenditure become seriously out of line with expectations
- To have a level of funds available to support the payment of mortgages and staff wages in the event of having to downsize the services of the charity while seeking further funding
- To have a sufficient level of funds available to support new long term charitable initiatives in their launch phase and before fundraising support can be fully realised.

Level of Reserves to meet policy objectives:

To avoid closure if funding difficulties were to happen, the Board of Trustees has agreed to keep a certain level of financial reserves to ensure that all charitable activities can continue for a period of three months. The main concerns are to ensure that staff can continue working, primarily to secure new funding, and that as a last resort, beneficiaries are supported to move on to other services. It has been calculated that reserves of £535,000 are sufficient to cover staff wages plus our mortgage commitment for 3 months. The board of Trustees has agreed that the intention is for our reserve to be made up in the ratio 1 part cash reserves and 2 parts equity from property owned by the charity.

- It is anticipated that should such an event take place, during the period of grace provided by the existence of reserves, that the activities of the charity may be re-designed.
- If strategic cash reserves fall below £100,000 that would trigger an immediate review of income and expenditure to ensure no further cash loss.

Noting this policy, the trustees recognise that the cash balance of the charity does fluctuate, depending on the timing of receipts from its customers. The cash balance has recovered significantly since the year end, and is currently well above the threshold stated here.

This policy is currently under review by the Board of Trustees.

Strategic considerations on the level of reserves:

To support long term strategic objectives and improve the charity's overall financial security, in the event of the negative impact of any financial challenges, the Board of Trustees have agreed to review reserves annually, streamlining expenditure, and not detracting from the quality, quantity or nature of the service.

Investment policy and performance

The charity continues where possible to invest in the upgrading and development of its properties so that there is more room for the demand which it is experiencing for its services.

Breakthrough - Transformation Trust

Trustees' Report

Attitude to risk:

Breakthrough Transformation Trust relies on its income from commissioners to support operating costs. The key risks to the long-term sustainability of the charity are:

1. Changes in Government policy regarding non-registered Alternative Provision- this has been mitigated by our becoming an Independent Specialist College in September 2023.
2. Changes in Central Government or Local Government regulations which would adversely affect a funding stream
3. Ensuring that Element 3 Funding costs are accurately calculated
4. Catastrophic mishandling of funds or fraud
5. A catastrophic safeguarding or health and safety breach, which would call into question the trustworthiness and competence of the charity
6. A catastrophic global event such as a pandemic which may result in a range of irreversible staffing deficits; loss of students through sickness or a long period of time whereby college would be closed, and therapeutic education and families work adversely affected.

Strict measures are in place so that Trustees work together with Accountants, Auditors and external advisers to mitigate financial risks.

Strict measures are in place so that there are sufficient members of staff and directors who can ensure safeguarding, and health and safety are maintained to the highest possible standards, to review and analyse data and to train, refresh and improve facilities and resources accordingly.

Time Horizon

The Board of Trustees of Breakthrough Transformation Trust have the intention that the charity should exist into perpetuity and that investments and funds should be handled wisely so that it can both develop and consolidate reliably. Therefore, it is intended to adopt a long-term investment time horizon.

Reviewing and Reporting

The Trustees will regularly consider whether there is a need to revise its Policy Statement and keep under review the arrangements under which finances are invested.

The charity has now grown to the point at which, subject to income remaining in the current regions, a yearly Audit is required.

Events after the end of the reporting period

There have been no events after the reporting date that require disclosure.

Breakthrough - Transformation Trust

Trustees' Report

Statement of trustees' responsibilities

The trustees (who are also the directors of Breakthrough - Transformation Trust for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including its 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 apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards, comprising FRS 102 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 business.

The trustees are responsible for keeping proper accounting records that can 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.

Auditor

Each of the persons who is a trustee at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware; and
- they have taken all steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Small companies provision statement

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

The annual report was approved by the trustees of the charity on 20 March 2026 and signed on its behalf by:

.....
J D Angus Dugdall
Trustee

Breakthrough - Transformation Trust

Independent Auditor's Report to the Members of Breakthrough - Transformation Trust

Opinion

We have audited the financial statements of Breakthrough - Transformation Trust (the 'charity') for the year ended 31 August 2025, which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows, 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 United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2025 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 responsibilities for the audit of the financial statements section of our report. We are independent of the charity 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 charity's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were 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.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the 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.

Breakthrough - Transformation Trust

Independent Auditor's Report to the Members of Breakthrough - Transformation Trust

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.

Opinion on other matter 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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' 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 charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters where 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 trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of trustees' responsibilities (set out on page 11), the trustees 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor 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.

Breakthrough - Transformation Trust

Independent Auditor's Report to the Members of Breakthrough - Transformation Trust

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Detecting irregularities, including fraud

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Breakthrough - Transformation Trust

Independent Auditor's Report to the Members of Breakthrough - Transformation Trust

Use of our report

This report is made solely to the charitable company's trustees, 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 charity's trustees 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 its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

.....
Peter Lomax (Senior Statutory Auditor)
For and on behalf of Westcotts (SW) LLP, Statutory Auditor

Tallford House
38 Walliscote Road
Weston-super-Mare
Somerset
BS23 1LP

20 March 2026

Breakthrough - Transformation Trust

Statement of Financial Activities for the Year Ended 31 August 2025 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Total 2025 £	Total 2024 £
Income and Endowments from:				
Donations and legacies	3	1,453	1,453	1,219
Charitable activities	4	3,658,366	3,658,366	3,623,721
Investment income	5	1,584	1,584	3,536
Other income	6	2,450	2,450	2,438
Total income		<u>3,663,853</u>	<u>3,663,853</u>	<u>3,630,914</u>
Expenditure on:				
Charitable activities	7	<u>(3,665,871)</u>	<u>(3,665,871)</u>	<u>(3,751,868)</u>
Total expenditure		<u>(3,665,871)</u>	<u>(3,665,871)</u>	<u>(3,751,868)</u>
Net expenditure		<u>(2,018)</u>	<u>(2,018)</u>	<u>(120,954)</u>
Net movement in funds		(2,018)	(2,018)	(120,954)
Reconciliation of funds				
Total funds brought forward		<u>1,452,364</u>	<u>1,452,364</u>	<u>1,573,318</u>
Total funds carried forward	19	<u>1,450,346</u>	<u>1,450,346</u>	<u>1,452,364</u>

All of the charity's activities derive from continuing operations during the above two periods.

All balances for 2024 represent unrestricted funds.

The notes on pages 19 to 31 form an integral part of these financial statements.

Breakthrough - Transformation Trust

(Registration number: 07962125)
Balance Sheet as at 31 August 2025

	Note	2025 £	2024 £
Fixed assets			
Tangible assets	13	2,911,268	2,980,324
Current assets			
Debtors	14	27,293	31,042
Cash at bank and in hand	15	<u>14,665</u>	<u>742</u>
		41,958	31,784
Creditors: Amounts falling due within one year	16	<u>(355,321)</u>	<u>(770,271)</u>
Net current liabilities		<u>(313,363)</u>	<u>(738,487)</u>
Total assets less current liabilities		2,597,905	2,241,837
Creditors: Amounts falling due after more than one year	17	<u>(1,147,559)</u>	<u>(789,473)</u>
Net assets		<u>1,450,346</u>	<u>1,452,364</u>
Funds of the charity:			
Unrestricted income funds			
Unrestricted funds		<u>1,450,346</u>	<u>1,452,364</u>
Total funds	19	<u>1,450,346</u>	<u>1,452,364</u>

These financial statements have 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.

The financial statements on pages 16 to 31 were approved by the trustees, and authorised for issue on 20 March 2026 and signed on their behalf by:

.....
J D Angus Dugdall
Trustee

The notes on pages 19 to 31 form an integral part of these financial statements.

Breakthrough - Transformation Trust

Statement of Cash Flows for the Year Ended 31 August 2025

	Note	2025 £	2024 £
Cash flows from operating activities			
Net expenditure for the reporting period		(2,018)	(120,954)
Adjustments to cash flows from non-cash items			
Depreciation	13	79,110	90,552
Investment income	5	(1,584)	(3,536)
Interest payable		95,878	106,371
Loss/(profit) on disposal of tangible fixed assets		141	(50)
		<u>171,527</u>	<u>72,383</u>
Working capital adjustments			
Decrease/(increase) in debtors	14	3,749	(12,097)
Decrease/(increase) in creditors	16	<u>86,445</u>	<u>(144,141)</u>
Net cash flows from operating activities		<u>261,721</u>	<u>(83,855)</u>
Cash flows from investing activities			
Interest receivable and similar income	5	1,584	3,536
Purchase of tangible fixed assets	13	(10,240)	(11,079)
Sale of tangible fixed assets		<u>45</u>	<u>50</u>
Net cash flows from investing activities		<u>(8,611)</u>	<u>(7,493)</u>
Cash flows from financing activities			
Interest payable and similar charges		(95,878)	(106,371)
Repayment of loans and borrowings		<u>(70,511)</u>	<u>(56,074)</u>
Net cash flows from financing activities		<u>(166,389)</u>	<u>(162,445)</u>
Net increase/(decrease) in cash and cash equivalents		86,721	(253,793)
Cash and cash equivalents at 1 September		<u>(72,056)</u>	<u>181,738</u>
Cash and cash equivalents at 31 August		<u><u>14,665</u></u>	<u><u>(72,055)</u></u>
Adjusted for overdrafts			
Cash and cash equivalents at 31 August	15	<u><u>14,665</u></u>	<u><u>742</u></u>

All of the cash flows are derived from continuing operations during the above two periods.

The notes on pages 19 to 31 form an integral part of these financial statements.

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2025

1 Charity status

The charity is limited by guarantee, incorporated in England & Wales, and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

The address of its registered office is:

Cannamore House
Avonwick
South Brent
Devon
TQ10 9HA

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

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) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Basis of preparation

Breakthrough - Transformation Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

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

Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern nor any significant areas of uncertainty that affect the carrying value of assets held by the charity.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal related actual outcome.

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2025

Incoming resources

All income is included in the statement of financial activities when entitlement has passed to the charity, it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- income from contracts for the supply of services is recognised with the delivery of the contracted service. This is classified as unrestricted funds unless there is a contractual requirement for it to be spent on a particular purpose and returned if unspent, in which case it may be regarded as restricted. The turnover is stated after discounts.
- income from investments is included in the year in which it is receivable.

Expenditure

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2025

Tangible fixed assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amount are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other recognised gains and losses, unless it reverses a charge for impairment that has previously been recognised as expenditure within the statement of financial activities. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other recognised gains and losses, except to which it offsets any previous revaluation gain, in which case the loss is shown within other recognised gains and losses on the statement of financial activities.

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Land and building	1% straight line
Plant and machinery	25% reducing balance
Fixtures and fittings	20% straight line
Motor vehicles	25% reducing balance

Impairment of fixed assets

A review of indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Statement of Financial Activities over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the charity has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2025

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees discretion in furtherance of the objectives of the charity.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as an expense in the period in which it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised under the appropriate heading in the statement of financial activities in which the initial gain was recognised.

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2025

3 Income from donations and legacies

	Unrestricted funds General £	Total 2025 £	Total 2024 £
Donations and legacies;			
Donations from individuals	1,453	1,453	1,219
	<u>1,453</u>	<u>1,453</u>	<u>1,219</u>

4 Income from charitable activities

	Unrestricted funds General £	Total 2025 £	Total 2024 £
Service fees	3,650,209	3,650,209	3,614,085
Student lunches	7,012	7,012	7,410
Other income	1,145	1,145	2,226
	<u>3,658,366</u>	<u>3,658,366</u>	<u>3,623,721</u>

5 Investment income

	Unrestricted funds General £	Total 2025 £	Total 2024 £
Interest receivable and similar income;			
Interest receivable on bank deposits	1,584	1,584	3,536
	<u>1,584</u>	<u>1,584</u>	<u>3,536</u>

6 Other income

	Unrestricted funds General £	Total 2025 £	Total 2024 £
Gains on sale of tangible fixed assets for charity's own use	-	-	50
Solar power income	2,450	2,450	2,388
	<u>2,450</u>	<u>2,450</u>	<u>2,438</u>

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2025

7 Expenditure on charitable activities

	Note	Unrestricted funds General £	Total 2025 £	Total 2024 £
Activities undertaken directly		2,866,971	2,866,971	2,825,595
Support costs	8	707,148	707,148	885,480
Governance costs	8	91,752	91,752	40,793
		<u>3,665,871</u>	<u>3,665,871</u>	<u>3,751,868</u>

8 Analysis of governance and support costs

Support costs allocated to charitable activities

	Analysis of support costs £	Total 2025 £	Total 2024 £
Wages and salaries	241,399	241,399	326,383
Staff NIC (Employers)	46,542	46,542	52,167
Trustees remuneration	52,443	52,443	57,998
Other staff costs	7,738	7,738	-
Recruitment expenses	2,924	2,924	7,198
Staff training	12,641	12,641	20,238
Rent	11,971	11,971	14,274
Light, heat and power	64,509	64,509	54,985
Telephone	12,800	12,800	26,212
Office expenses	18,323	18,323	21,903
Subscriptions and licences	22,008	22,008	12,815
Sundry expenses	4,647	4,647	8,355
Motor expenses	31,879	31,879	45,266
Travel and subsistence	13,544	13,544	21,914
Student and exam expenses	8,092	8,092	9,741
Bank charges	2,243	2,243	1,931
Bank interest payable	95,877	95,877	113,548
Depreciation	79,110	79,110	90,552
Loss on sale of tangible fixed assets held for charity's own use	141	141	-
VAT Reclaim	(21,683)	(21,683)	-
	<u>707,148</u>	<u>707,148</u>	<u>885,480</u>

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2025

Governance costs

	Unrestricted funds General £	Total 2025 £	Total 2024 £
Audit fees			
Audit of the financial statements	13,125	13,125	12,100
Other fees paid to auditors	10,290	10,290	3,100
Legal fees	68,337	68,337	25,593
	<u>91,752</u>	<u>91,752</u>	<u>40,793</u>

9 Trustees remuneration and expenses

During the year the charity made the following transactions with trustees:

The trustees received remuneration of £190,263 (2024: £181,414) and employer pension contributions of £6,102 (2024: £17,635), and no expenses were reimbursed to the trustees during the year.

Further details on the above transactions are provided on Note 22.

10 Staff costs

The aggregate payroll costs were as follows:

	2025 £	2024 £
Staff costs during the year were:		
Wages and salaries	2,464,071	2,524,682
Social security costs	269,195	233,011
Pension costs	55,731	71,238
Trustees wages	190,263	181,414
Other staff cost	7,738	-
	<u>2,986,998</u>	<u>3,010,345</u>

During the year, the charity made redundancy and/or termination payments which totalled £7,738 (2024 - £1,750).

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2025

The monthly average number of persons (including senior management / leadership team) employed by the charity during the year was as follows:

	2025	2024
	No	No
Trustees	3	3
Teachers	51	56
Core Workers	25	32
Families and Therapy	19	12
Administration	9	13
	<u>107</u>	<u>116</u>

The number of employees whose emoluments fell within the following bands was:

	2025	2024
	No	No
£60,001 - £70,000	<u>3</u>	<u>2</u>

The total employee benefits of the key management personnel of the charity, including trustees were £425,777 (2024 - £424,610).

11 Auditors' remuneration

	2025	2024
	£	£
Audit of the financial statements	<u>13,125</u>	<u>12,100</u>
Other fees to auditors		
Other fees paid to auditors	<u>10,290</u>	<u>3,100</u>

12 Taxation

The charity is a registered charity and is therefore exempt from taxation.

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2025

13 Tangible fixed assets

	Land and buildings £	Furniture and equipment £	Motor vehicles £	Biological assets £	Total £
Cost					
At 1 September 2024	3,200,195	302,344	69,825	1,250	3,573,614
Additions	5,000	5,240	-	-	10,240
Disposals	-	(933)	-	-	(933)
At 31 August 2025	<u>3,205,195</u>	<u>306,651</u>	<u>69,825</u>	<u>1,250</u>	<u>3,582,921</u>
Depreciation					
At 1 September 2024	317,154	232,508	43,081	547	593,290
Charge for the year	32,062	40,183	6,689	176	79,110
Eliminated on disposals	-	(747)	-	-	(747)
At 31 August 2025	<u>349,216</u>	<u>271,944</u>	<u>49,770</u>	<u>723</u>	<u>671,653</u>
Net book value					
At 31 August 2025	<u><u>2,855,979</u></u>	<u><u>34,707</u></u>	<u><u>20,055</u></u>	<u><u>527</u></u>	<u><u>2,911,268</u></u>
At 31 August 2024	<u><u>2,883,041</u></u>	<u><u>69,836</u></u>	<u><u>26,744</u></u>	<u><u>703</u></u>	<u><u>2,980,324</u></u>

The properties held by the charity were revalued in September 2019 by Barclays, an independent valuer. At the date of the valuations, it was determined that the market values of the properties were below the net book value recognised within the financial statements. This incurred an impairment loss in 2019 of £125,476 which was recognised in the Statement of Financial Activities. Following the revaluation, further additions have been made to the properties and these are recognised at cost.

14 Debtors

	2025 £	2024 £
Trade debtors	1,017	4,718
Prepayments	26,276	23,770
VAT grant repayable	-	2,554
	<u><u>27,293</u></u>	<u><u>31,042</u></u>

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2025

15 Cash and cash equivalents

	2025	2024
	£	£
Cash on hand	746	715
Cash at bank	13,919	27
	<u>14,665</u>	<u>742</u>

16 Creditors: amounts falling due within one year

	2025	2024
	£	£
Bank overdrafts	-	72,798
Bank loans	72,387	500,984
Trade creditors	18,976	22,113
Other taxation and social security	97,428	-
Other creditors	117,593	145,693
Accruals	48,937	28,683
	<u>355,321</u>	<u>770,271</u>

As at the 30 August 2025 year end, the charity was no longer in breach of the loan covenant and so the whole amount of the loan of £436,684 is now recognised as a creditor falling due after more than one year.

17 Creditors: amounts falling due after one year

	2025	2024
	£	£
Bank loans	<u>1,147,559</u>	<u>789,473</u>

Included within creditors: amounts falling due after more than one year is an amount of £858,011 (2024: £621,196) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

At the start of the year, three commercial bank loans were outstanding £458,915 loan maturing in 2037, £375,958 loan maturing in 2035, and loan of £455,583 maturing in 2037. All three are recorded as creditors falling due after more than one year. The interest rate is approximately 3.25% per annum on the first two loans and approximately 3% per annum on the final loan still held at the year end.

All loans are secured on the freehold properties.

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2025

18 Obligations under leases and hire purchase contracts

Operating lease commitments

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

	2025	2024
	£	£
Within one year	13,437	1,820
Between one and five years	18,000	1,437
	<u>31,437</u>	<u>3,257</u>

19 Funds

	Balance at 1 September 2024	Incoming resources	Resources expended	Balance at 31 August 2025
	£	£	£	£
Unrestricted funds				
General				
General Funds	<u>1,452,364</u>	<u>3,663,853</u>	<u>(3,665,871)</u>	<u>1,450,346</u>
	Balance at 1 September 2023	Incoming resources	Resources expended	Balance at 31 August 2024
	£	£	£	£
Unrestricted funds				
General				
General Funds	<u>1,573,318</u>	<u>3,630,914</u>	<u>(3,751,868)</u>	<u>1,452,364</u>

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2025

20 Analysis of net assets between funds

	Unrestricted funds General £	Total funds at 31 August 2025 £
Tangible fixed assets	2,911,268	2,911,268
Current assets	41,958	41,958
Current liabilities	(355,321)	(355,321)
Creditors over 1 year	<u>(1,147,559)</u>	<u>(1,147,559)</u>
Total net assets	<u>1,450,346</u>	<u>1,450,346</u>

	Unrestricted funds General £	Total funds at 31 August 2024 £
Tangible fixed assets	2,980,324	2,980,324
Current assets	31,784	31,784
Current liabilities	(770,271)	(770,271)
Creditors over 1 year	<u>(789,473)</u>	<u>(789,473)</u>
Total net assets	<u>1,452,364</u>	<u>1,452,364</u>

21 Financial instruments

Categorisation of financial instruments

	2025 £	2024 £
Financial assets that are debt instruments measured at amortised cost		
Financial assets that are debt instruments measured at amortised cost	<u>1,017</u>	<u>4,718</u>
Financial liabilities measured at amortised cost		
Financial liabilities measured at amortised cost	<u>1,356,437</u>	<u>1,458,263</u>

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2025

22 Related party transactions

During the year the charity made the following related party transactions:

Three of the trustees and a number of their family members were employed by the charity, some of which are at a senior management level. The trustees' remuneration, pension contributions and other benefits amounted to £216,842 (2024 - £199,049). The three trustees remunerated for their employment with the charity were Mrs D Dugdall, Mr A Dugdall and Mr P Reynolds. The remuneration, pension contributions and other benefits of the trustees' related parties amounted to £70,538 (2024:£68,745). At the balance sheet date the amount due to/from was £Nil (2024 - £Nil).

23 Analysis of changes in net debt

	At 1 Sep 2024	Cash flows	At 31 Aug 2025
Cash at bank and in hand	742	13,923	14,665
Bank overdraft	(72,798)	72,798	-
Debt due within one year	(500,984)	428,597	(72,387)
Debt due after one year	(789,473)	(358,086)	(1,147,559)
	<u>(1,362,513)</u>	<u>157,232</u>	<u>(1,205,281)</u>

	At 1 Sep 2023	Cash flows	At 31 Aug 2024
Cash at bank and in hand	181,738	(180,996)	742
Debt due within one year	(66,456)	(434,528)	(500,984)
Debt due after one year	(1,280,075)	490,602	(789,473)
	<u>(1,164,793)</u>	<u>(124,922)</u>	<u>(1,289,715)</u>

BREAKTHROUGH - TRANSFORMATION TRUST

England & Wales - Charity number 1148238

Accounts

Company registration number: 07962125

Charity registration number: 1148238

Breakthrough - Transformation Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2024



WESTCOTT S

CHARTERED ACCOUNTANTS
& BUSINESS ADVISERS

Breakthrough - Transformation Trust

Contents

Reference and Administrative Details	1
Trustees' Report	2 to 12
Independent Auditors' Report	13 to 16
Statement of Financial Activities	17
Balance Sheet	18
Statement of Cash Flows	19
Notes to the Financial Statements	20 to 33

Breakthrough - Transformation Trust

Reference and Administrative Details

Trustees	Deborah Dugdall Jose Luis De Silva, (resigned 23 October 2024) Angus Dugdall Philip Reynolds Simeon Bale Paul Leather, (appointed 7 February 2024)
Charity Registration Number	1148238
Company Registration Number	07962125
Registered Office	The charity is incorporated in England & Wales. Cannamore House Avonwick South Brent Devon TQ10 9HA
Auditor	Westcotts (SW) LLP Tallford House 38 Walliscote Road Weston-super-Mare Somerset BS23 1LP

Breakthrough - Transformation Trust

Trustees' Report

The trustees, who are directors for the purposes of company law, present the annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2024.

Objectives and activities

Public benefit

The trustees confirm that they have complied with the requirements of section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

Structure, governance and management

Constitution

The charity (Number 1148238) is a company limited by guarantee (Number 07962125), incorporated on 23rd February 2012 and is governed by its Memorandum and Articles of Association. It is administered and led by a Board of Trustees, details of which are given on page 1.

Method of appointment of election of trustees

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

Trustees are appointed to the Board of Trustees by an open recruitment process, inviting applications with appropriate skills, experience and/or qualifications. The successful applicants are invited to formal Interview in accordance with the Safer Recruitment procedures, (this is applied to all voluntary as well as paid positions within the organisation) with the Trustees prior to their appointment at a Board Meeting.

Policies adopted for the induction and training of trustees

All newly appointed Trustees meet with the Trustees and are introduced to the Centres of Operation. They meet with staff and are given a reading list of relevant documentation, policies, systems and procedures. There is an expectation that Trustees will, where possible, visit centres to meet with staff and students, to do learning walks and to check on records and documentation.

Organisational structure and decision making

The Board of Trustees are responsible for agreeing the strategic direction of the organisation, ratifying policy and ensuring compliance with internal governance and external regulations and legislation.

The Board of Trustees convenes regularly and, where required, for extraordinary meetings.

Day-to-day management of the organisation is delegated to the Chief Executive and thereafter to the Executive Team. The Executive Team is defined as the Chief Operations Officer, and the Chief Finance Officer.

The charity operates out of three centres in South Devon and also works in the community using public buildings, and where appropriate makes outreach visits to the learner's home.

Breakthrough - Transformation Trust

Trustees' Report

Health and safety

Health and Safety (H & S) is a top priority at Breakthrough- Transformation Trust. There is a trained Health and Safety Trustee who reports to the Chief Executive Officer, and who oversees all areas of operation, in all locations, for the organisation. Each individual centre has its own Health and Safety Representative. H & S is externally overseen by an Independent H&S Professional who visits centres in person. We also have daily access to expert advice through our purchased plan with Peninsula H&S Service.

Safeguarding

As an organisation, Breakthrough- Transformation Trust takes its duty to safeguard all in its care to the highest possible standards.

Safeguarding is overseen by the Strategic Lead for SEND, who is also the Designated Safeguarding Lead for the organisation. Each of the 3 college centres has an appointed Deputy DSL, who are also the SEND Support Lead. The organisation trains all staff including new recruits, to Group 2 Level in Safeguarding, during induction and refreshing annually. In addition, they all train in Keeping Children Safe in Education (KCSIE), Prevent Strategy and Female Genital Mutilation. There has customarily been a group of 5 staff including one trustee, who have been trained to Group 3 Level in Safeguarding.

The organisation continues to outsource its Safeguarding audits to a specialist team in the local authority. This occurs every 3 years. The latest audit was performed during the Spring term 2025. The report concluded that at each centre, as well as within central management, the level of safeguarding was very good. There was acknowledgement of the rigour and accuracy which the Designated Safeguarding Lead and their team had carried out their duties.

Mental Health

Mental Health continues to be front and centre of the organisation. A trained mental health education counsellor operates across all 3 centres. Many of our students have experienced complex trauma, both from their life circumstances and from their own cognitive neuropsychological presentations. Equipping the organisation with highly qualified and experienced Mental Health practitioners ensures that learners at Breakthrough receive the support they need in order to succeed with their learning outcomes.

Breakthrough - Transformation Trust

Trustees' Report

Section 41 Registration

On 1st September 2023 Breakthrough became a provisional Section 41 Specialist Post-16 College. We had our Department for Education advisor inspection visit in May 2025. We received the inspection report on the 24th June 2025, which did not identify any major challenges, and confirmed that there were no concerns about Breakthrough's provision. We await the final DfE outcome decision regarding our completed Section 41 registration.

Breakthrough joined membership of NATSPEC, which is the membership association for organisations which offer specialist provision for students with learning difficulties and disabilities. NATSPEC membership has proved invaluable for Breakthrough and is providing an opportunity to partner with other similar provisions, both in Devon and wider, nationally. Breakthrough is also receiving training at a central level, especially in the area of quality assurance.

In November 2023, Breakthrough instructed NATSPEC to complete a 'Health-check'. The NATSPEC advisor spent 2 days with Breakthrough, visiting each centre, spending time with a variety of staff and observed a number of learner sessions. It was recognised that:

- Breakthrough takes a learner-centred approach, and their qualifications are carefully considered, and in general learning is adapted to the individual's needs.
- The standard of work produced by learners is high.
- Breakthrough considers the mental well-being of learners to be of prime importance, and staff are well trained in this area.
- The Breakthrough mental health education counselling service is highly effective in enabling students to develop a positive approach to their futures.
- The overall recording of students' progress and achievement is very good.
- Students demonstrate good or very good subject knowledge.
- Most students are taught 1:1, which results in students making good and very good progress.
- It was recognised that careers guidance and advice required further development, and this is a key area of focus going forward on development plans for all Breakthrough College centres.
- It was recognised that although the current governance structure of the charity aligns with the expectations of the Charity Commission, a revised governance structure is required to provide the necessary support and challenge for senior leaders. An advisory board has been established in the Autumn term 2024.
- NATSPEC recognised that a quality assurance process was in development. This is now in place and is becoming established across the trust. This is a rigorous self-assessment process that focusses on the experience of students, produces judgements that are measurable and realistic and will lead to further improvements across the college. The process identifies the key strengths of the college, identifies the factors that contribute to the strengths and provides the context. Areas for development are identified that pinpoint elements of the provision that do not meet the high standards and expectations articulated. The areas for development and other actions required will inform the quality improvement plan and self-assessment reports.

Breakthrough - Transformation Trust

Trustees' Report

South Devon Centres

Our South Devon Centres have continued to receive a steady flow of new students and most existing students are continuing their courses with us. Development of the estates has continued, with increased facilities and with ongoing repairs and maintenance of facilities and grounds.

The Organisation

We continue to be in a strong position going forwards, and continue to:

- To provide 1:1 (occasionally 2:1 where Risk Assessment indicates this to be necessary) interventions and education
- To provide therapeutic interventions, education, independent living skills and a robust transition into education, employment, training, volunteering and/or supported living at the end of the student's time at Breakthrough
- To support parents and caregivers to ensure attendance
- To provide a protective factor for the family in terms of safeguarding
- To ensure that students and families are provided with a range of specialist information and also signposting to organisations who operate specialist advice and help
- To ensure quality of provision through a newly designed process
- To ensure progression and the collection of good quality information to evidence this
- To provide for the physical, psychological, social and where requested, the spiritual needs of those who use our service.
- To provide training and coaching to professionals and organisations to help meet the needs of those whose needs challenge their provision.
- To provide a hub of knowledge and good practice from which to share and create initiatives.

Our purpose

To progress our provision to be inclusive of and to address more needs within the locality and to provide services and interventions where these are not currently in place. To establish our presence in the locality so that those in need know where to come for help.

Our vision

This charity exists to empower and equip individuals and families who experience serious life challenges to take competent charge of their lives and to be able to contribute effectively and positively to the wider community.

Breakthrough - Transformation Trust

Trustees' Report

Our core values

Unconditional love

- to accept people as they are
- to be inclusive and non-judgmental
- to be kind and compassionate, in all that we think, act and say
- to speak excellence into people's lives

Total Commitment

- to be the best that we can be
- to reflect together - with a kind heart, to offer each other sound counsel without fear of repercussions. Say it like it is, there are no "egos"
- to encourage - always to take the opportunity to say "well done" to colleagues wherever possible

Professionalism

- to give your personal best, using your gifts and talents
- to recognise professional excellence and to strive to achieve, through continued lifelong learning
- to accept support from, and offer support to, your colleagues, accepting teaching and necessary changes
- to be flexible and patient to ensure the success of the team

Meeting needs of service users

The charity has maintained the uptake of its services in the years 2023-2024. We continue to build on our relationships with the local authorities that serve, as well as provide the absolute best possible service offering to our learners and their families.

We take this opportunity to thank our amazing staff team, who together deliver excellence and create a welcoming and safe environment for the Breakthrough service users.

Training

Breakthrough Transformation Trust is committed to investing in staff training and development throughout all departments. The team provides professional and personal development courses throughout each year, both through internal training and external nationally recognised qualifications. Where appropriate, the charity also engages with external training suppliers to provide courses.

Our supporters in the community

In addition to the help mentioned in the previous paragraph, the charity has during the period in question, received regular donations from independent supporters. There have also been a number of one-off donations. We would like to express our sincere thanks to everyone who has participated in this support.

Breakthrough - Transformation Trust

Trustees' Report

Achievements and performance

In setting objectives and planning activities for the year, the Trustees gave careful consideration to ensuring that the charity's activities are to the public benefit, and satisfy its own Objects, having due regard to the guidance issued by the Charity Commission.

1. Delivery of excellent practice to those whom we serve through therapeutics, families work, education, and within the community- through measurement, reflective practice, and completion of inspections and audits.
2. Provision of excellent value for money for commissioners, providing a high-quality service, where the quality of teaching and learning, of therapeutic interventions, of assessment, progression and transition, and every aspect of the service is monitored through a Quality of Provision process, which has been continuously improved in the 2023-24 period.
3. The three South Devon centres provide a broad spectrum of therapeutic and educational services, and this is resulting in noticeable progress which is being reported via our systems and procedures.
4. Independent Living Skills and PSHE continue to be developed across the organisation, which is pivotal for the students' ability to live lives that are as independent, safe and well-informed as possible.
5. It is recognised that Communications and Interaction are precursors to the ability to learn, and they underpin good mental health. Breakthrough provides specialist 1:1 speech and language therapy interventions where required.
6. The charity is mindful of its need to be relevant in the sector and the Directors and Senior Leadership Team liaise with the Local Authorities and receive regular updates from Stakeholders and Government.
7. We are working closely with our commissioners to meet the needs of students in the most cost-effective way at the same time as maintaining our high standards and the integrity of our provision.
8. We are mindful of the need for the improvement and development of our facilities and additional office facilities
 - To continue to repair and maintain all buildings
 - To liaise with the Heads of Centre to ensure that there is adequate high-quality space for learning and therapeutic interventions
 - To continue to develop enhanced outdoor facilities at all centres
 - Updating hardware and software for IT facilities
 - Provision of learning resources
 - Replacement of old vehicles beyond repair and provision of extra second-hand cars as pool vehicles for the transportation of service users

Breakthrough - Transformation Trust

Trustees' Report

Financial review

The results for the year are shown on page 17. The total income for the year is £3,630,914 (2023: £3,929,207) and the total expenditure is £3,751,868 (2023: £4,269,814) which gives a net movement of funds of (£120,954) (2023: (£340,607)). The unrestricted fund balance at 31 August 2024 is £1,452,364.

The principal source of funding is via Element 3, which is the funding required over and above the place funding to enable a child with high needs to participate in education and learning and covers education, health, and care. The majority is commissioned by Devon County Council.

Reserves policy

Reserves are required in order that the charity is protected against future events, known and unknown and is able to maximise future opportunities and weather any future challenges that could possibly arise.

The charity has a long-term commitment to participant service users, and it requires long-term plans. The charity's short-term commitment is up to 1 term; medium-term commitment to be up to 2 terms and long-term commitment to be 3 terms or longer (many courses for post-16 require at least two years to complete the syllabus).

Where it is deemed correct and right to place an individual within our service, it is usual that the commissioning authorities will commit to educate students for at least the remainder of that Academic Year, and usually beyond that time. Most young people are commissioned to be with the charity for a minimum of three days a week, and rarely for more days than this, but the same principle normally applies. Therefore, there is some stability of income during the Academic Year.

The benefit of a reserves Policy is:

- To assist in strategic planning, for example, considering how new projects or activities will be funded
- To inform the budget process, for example, is it a balanced budget, or do reserves need to be drawn down or built up?
- To inform the budget and risk management process by identifying any uncertainty in future income streams
- To demonstrate to beneficiaries, donors, funders and the wider public that the charity is being protected from future challenges and changes in economic circumstances

Guiding principles to justify the level of reserves and their use:

- To protect and sustain the charity's activities should income or expenditure become seriously out of line with expectations
- To have a level of funds available to support the payment of mortgages and staff wages in the event of having to downsize the services of the charity while seeking further funding
- To have a sufficient level of funds available to support new long term charitable initiatives in their launch phase and before fundraising support can be fully realised.

Breakthrough - Transformation Trust

Trustees' Report

Level of Reserves to meet policy objectives:

- To avoid closure if funding difficulties were to happen, the Board of Trustees has agreed to keep a certain level of financial reserves to ensure that all charitable activities can continue for a period of three months. The main concerns are to ensure that staff can continue working, primarily to secure new funding, and that as a last resort, beneficiaries are supported to move on to other services. It has been calculated that reserves of £535,000 are sufficient to cover staff wages plus our mortgage commitment for 2 months. This reserve would be made up in the ratio 1 part cash reserves and 2 parts equity from property owned by the charity. Given the level of reserves at the year-end of £1,452,364 this is deemed achievable.
- It is anticipated that should such an event take place, during the period of grace provided by the existence of reserves, that the activities of the charity may be re-designed.
- If strategic cash reserves fall below £100,000 that would trigger an immediate review of income and expenditure to ensure no further cash loss.

This policy is currently under review by the Board of Trustees.

Strategic considerations on the level of reserves:

To support long term strategic objectives and improve the charity's overall financial security, in the event of the negative impact of any financial challenges, the Board of Trustees have agreed to review reserves annually, streamlining expenditure, and not detracting from the quality, quantity or nature of the service.

Investment policy and performance

The charity continues where possible to invest in the upgrading and development of its properties so that there is more room for the demand which it is experiencing for its services. Reserves are required to be held in an account with quick, penalty-free availability in order that we should be able to purchase and install safety features at Brocks Farm.

Future investments will be strategically planned after consultation with financial advisors.

Breakthrough - Transformation Trust

Trustees' Report

Attitude to risk:

Breakthrough Transformation Trust relies on its income from commissioners to support operating costs. The key risks to the long-term sustainability of the charity are:

- (i) changes in Government policy regarding non-registered Alternative Provision- this has been mitigated by our becoming an Independent Specialist College in September 2023.
- (ii) changes in Central Government or Local Government regulations which would adversely affect a funding stream
- (iii) ensuring that Element 3 Funding costs are accurately calculated
- (iv) catastrophic mishandling of funds or fraud
- (v) a catastrophic safeguarding or health and safety breach, which would call into question the trustworthiness and competence of the charity
- (vi) a catastrophic global event such as a pandemic which may result in a range of irreversible staffing deficits; loss of students through sickness or a long period of time whereby college would be closed, and therapeutic education and families work adversely affected.

Strict measures are in place so that Trustees work together with Accountants, Auditors and external advisers to mitigate financial risks.

Strict measures are in place so that there are sufficient members of staff and directors who can ensure safeguarding, and health and safety are maintained to the highest possible standards, to review and analyse data and to train, refresh and improve facilities and resources accordingly.

Time Horizon

The Board of Trustees of Breakthrough Transformation Trust have the intention that the charity should exist into perpetuity and that investments and funds should be handled wisely so that it can both develop and consolidate reliably. Therefore, it is intended to adopt a long-term investment time horizon.

Reviewing and Reporting

The Trustees will regularly consider whether there is a need to revise its Policy Statement and keep under review the arrangements under which finances are invested.

The charity has now grown to the point at which, subject to income remaining in the current regions, a yearly Audit is required.

Events after the end of the reporting period

There have been no events after the reporting date that require disclosure.

Breakthrough - Transformation Trust

Trustees' Report

Statement of trustees' responsibilities

The trustees, who are also directors for the purposes of company law, are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the incoming resources and application of resources, including the income and expenditure, 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 applicable Charities SORP.
- make judgments and accounting 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 charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who is a trustee at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware; and
- they have taken all steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards, comprising FRS 102 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 business.

Breakthrough - Transformation Trust

Trustees' Report

Small companies provision statement

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

The annual report was approved by the trustees of the charity on 25 June 2025 and signed on its behalf by:

.....
Philip Reynolds
Trustee

Breakthrough - Transformation Trust

Independent Auditor's Report to the Members of Breakthrough - Transformation Trust

Opinion

We have audited the financial statements of Breakthrough - Transformation Trust (the 'charity') for the year ended 31 August 2024, which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows, 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 United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2024 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 responsibilities for the audit of the financial statements section of our report. We are independent of the charity 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 charity's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were 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.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the 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.

Breakthrough - Transformation Trust

Independent Auditor's Report to the Members of Breakthrough - Transformation Trust

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.

Opinion on other matter 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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' 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 charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters where 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 trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of trustees' responsibilities (set out on page 11), the trustees 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor 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.

Breakthrough - Transformation Trust

Independent Auditor's Report to the Members of Breakthrough - Transformation Trust

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Detecting irregularities, including fraud

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Breakthrough - Transformation Trust

Independent Auditor's Report to the Members of Breakthrough - Transformation Trust

Use of our report

This report is made solely to the charitable company's trustees, 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 charity's trustees 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 its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

.....
Peter Lomax (Senior Statutory Auditor)
For and on behalf of Westcotts (SW) LLP, Statutory Auditor

Tallford House
38 Walliscote Road
Weston-super-Mare
Somerset
BS23 1LP

25 June 2025

Breakthrough - Transformation Trust

Statement of Financial Activities for the Year Ended 31 August 2024 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Total 2024 £	Total 2023 £
Income and Endowments from:				
Donations and legacies	3	1,219	1,219	1,140
Charitable activities	4	3,623,721	3,623,721	3,908,622
Investment income	5	3,536	3,536	1,137
Other income	6	2,438	2,438	18,308
Total income		<u>3,630,914</u>	<u>3,630,914</u>	<u>3,929,207</u>
Expenditure on:				
Charitable activities	7	<u>(3,751,868)</u>	<u>(3,751,868)</u>	<u>(4,269,814)</u>
Total expenditure		<u>(3,751,868)</u>	<u>(3,751,868)</u>	<u>(4,269,814)</u>
Net expenditure		<u>(120,954)</u>	<u>(120,954)</u>	<u>(340,607)</u>
Net movement in funds		(120,954)	(120,954)	(340,607)
Reconciliation of funds				
Total funds brought forward		<u>1,573,318</u>	<u>1,573,318</u>	<u>1,913,926</u>
Total funds carried forward	19	<u>1,452,364</u>	<u>1,452,364</u>	<u>1,573,319</u>

All of the charity's activities derive from continuing operations during the above two periods.

All balances for 2023 represent unrestricted funds.

The notes on pages 20 to 33 form an integral part of these financial statements.

Breakthrough - Transformation Trust

(Registration number: 07962125)
Balance Sheet as at 31 August 2024

	Note	2024 £	2023 £
Fixed assets			
Tangible assets	13	2,980,324	3,059,797
Current assets			
Debtors	14	31,042	18,945
Cash at bank and in hand	15	<u>742</u>	<u>181,738</u>
		31,784	200,683
Creditors: Amounts falling due within one year	16	<u>(770,271)</u>	<u>(407,086)</u>
Net current liabilities		<u>(738,487)</u>	<u>(206,403)</u>
Total assets less current liabilities		2,241,837	2,853,394
Creditors: Amounts falling due after more than one year	17	<u>(789,473)</u>	<u>(1,280,075)</u>
Net assets		<u>1,452,364</u>	<u>1,573,319</u>
Funds of the charity:			
Unrestricted income funds			
Unrestricted funds		<u>1,452,364</u>	<u>1,573,319</u>
Total funds	19	<u>1,452,364</u>	<u>1,573,319</u>

These financial statements have 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.

The financial statements on pages 17 to 33 were approved by the trustees, and authorised for issue on 25 June 2025 and signed on their behalf by:

.....
Philip Reynolds
Trustee

The notes on pages 20 to 33 form an integral part of these financial statements.

Breakthrough - Transformation Trust

Statement of Cash Flows for the Year Ended 31 August 2024

		(Restated)	
	Note	2024 £	2023 £
Cash flows from operating activities			
Net expenditure for the reporting period		(120,954)	(340,607)
Adjustments to cash flows from non-cash items			
Depreciation	13	90,552	93,335
Investment income	5	(3,536)	(1,137)
Interest payable		106,371	120,432
Profit on disposal of tangible fixed assets		<u>(50)</u>	<u>(18,308)</u>
		72,383	(146,285)
Working capital adjustments			
(Increase)/decrease in debtors	14	(12,097)	37,343
Decrease/(increase) in creditors	16	<u>(144,141)</u>	<u>(172,855)</u>
Net cash flows from operating activities		<u>(83,855)</u>	<u>(281,797)</u>
Cash flows from investing activities			
Interest receivable and similar income	5	3,536	1,137
Purchase of tangible fixed assets	13	(11,079)	(94,592)
Sale of tangible fixed assets		<u>50</u>	<u>755,914</u>
Net cash flows from investing activities		<u>(7,493)</u>	<u>662,459</u>
Cash flows from financing activities			
Interest payable and similar charges		(106,371)	(120,432)
Repayment of loans and borrowings		<u>(56,074)</u>	<u>(411,872)</u>
Net cash flows from financing activities		<u>(162,445)</u>	<u>(532,304)</u>
Net decrease in cash and cash equivalents		(253,793)	(151,642)
Cash and cash equivalents at 1 September		<u>181,738</u>	<u>333,380</u>
Cash and cash equivalents at 31 August		<u>(72,055)</u>	<u>181,738</u>
Adjusted for overdrafts			
Cash and cash equivalents at 31 August	15	<u>742</u>	<u>181,738</u>

All of the cash flows are derived from continuing operations during the above two periods.

The cash flow statement has been restated to separately disclose the cash flows from interest paid.

The notes on pages 20 to 33 form an integral part of these financial statements.

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2024

1 Charity status

The charity is limited by guarantee, incorporated in England & Wales, and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

The address of its registered office is:

Cannamore House

Avonwick

South Brent

Devon

TQ10 9HA

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

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) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Basis of preparation

Breakthrough - Transformation Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

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

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2024

Going concern

The charity has experienced a challenging trading year, with pressures on income and increased operational costs, not helped by the increase in both Employer's NI and National Minimum Wage. This has impacted the charity, leading to a reduction in our cash reserves. As a result, we have temporarily relied on overdraft facilities to manage short-term cash flow.

Despite these difficulties, we are pleased to report that we have recently been awarded a new local authority tender. Whilst at the time of writing this statement there are no contractual guarantees for additional commissioned learner places, this new relationship provides us with increased confidence that the charity will be able to start the journey to a more solid foundation for future financial stability. We believe that this contract also reflects the continued confidence in the quality and impact of our services.

If charity does not see an improvement in its cash flow position, The Trustees have mitigating actions available to them. The charity has already implemented robust contingency plans designed to strengthen our cash position. These include a programme of cost-saving measures across the organisation, ensuring that we continue to operate efficiently while maintaining the high standard of service our learners expect and deserve. The trustees have identified further actions to reduce costs or generate cash if necessary.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal related actual outcome.

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2024

Incoming resources

All income is included in the statement of financial activities when entitlement has passed to the charity, it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- legacy income is recognised when receipt is probable and entitlement is established.
- income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.
- income from contracts for the supply of services is recognised with the delivery of the contracted service. This is classified as unrestricted funds unless there is a contractual requirement for it to be spent on a particular purpose and returned if unspent, in which case it may be regarded as restricted. The turnover is stated after discounts.
- income from investments is included in the year in which it is receivable.

Expenditure

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2024

Tangible fixed assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amount are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other recognised gains and losses, unless it reverses a charge for impairment that has previously been recognised as expenditure within the statement of financial activities. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other recognised gains and losses, except to which it offsets any previous revaluation gain, in which case the loss is shown within other recognised gains and losses on the statement of financial activities.

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Freehold property	1% straight line
Plant and machinery	25% reducing balance
Fixtures and fittings	20% straight line
Motor vehicles	25% reducing balance

Impairment of fixed assets

A review of indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Statement of Financial Activities over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the charity has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2024

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees discretion in furtherance of the objectives of the charity.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as an expense in the period in which it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised under the appropriate heading in the statement of financial activities in which the initial gain was recognised.

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2024

3 Income from donations and legacies

	Unrestricted funds General £	Total 2024 £	Total 2023 £
Donations and legacies;			
Donations from individuals	1,219	1,219	1,140
	<u>1,219</u>	<u>1,219</u>	<u>1,140</u>

4 Income from charitable activities

	Unrestricted funds General £	Total 2024 £	Total 2023 £
Service fees	3,614,085	3,614,085	3,898,763
Student lunches	7,410	7,410	7,759
Other income	2,226	2,226	2,100
	<u>3,623,721</u>	<u>3,623,721</u>	<u>3,908,622</u>

5 Investment income

	Unrestricted funds General £	Total 2024 £	Total 2023 £
Interest receivable and similar income;			
Interest receivable on bank deposits	3,536	3,536	1,137
	<u>3,536</u>	<u>3,536</u>	<u>1,137</u>

6 Other income

	Unrestricted funds General £	Total 2024 £	Total 2023 £
Gains on sale of tangible fixed assets for charity's own use	50	50	18,308
Solar power income	2,388	2,388	-
	<u>2,438</u>	<u>2,438</u>	<u>18,308</u>

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2024

7 Expenditure on charitable activities

	Note	Unrestricted funds General £	Total 2024 £	Total 2023 £
Activities undertaken directly		2,825,595	2,825,595	3,236,039
Support costs	8	885,480	885,480	962,452
Governance costs	8	40,793	40,793	71,323
		<u>3,751,868</u>	<u>3,751,868</u>	<u>4,269,814</u>

8 Analysis of governance and support costs

Support costs allocated to charitable activities

	Analysis of support costs £	Total 2024 £	Total 2023 £
Wages and salaries	326,383	326,383	367,612
Staff NIC (Employers)	52,167	52,167	36,106
Trustees remuneration	57,998	57,998	62,084
Recruitment expenses	7,198	7,198	7,999
Staff training	20,238	20,238	39,808
Rent	14,274	14,274	33,200
Light, heat and power	54,985	54,985	60,995
Telephone	26,212	26,212	20,039
Office expenses	21,903	21,903	27,562
Subscriptions and licences	12,815	12,815	6,154
Sundry expenses	8,355	8,355	14,007
Motor expenses	45,266	45,266	45,047
Travel and subsistence	21,914	21,914	37,262
Student and exam expenses	9,741	9,741	6,520
Bank charges	1,931	1,931	936
Bank interest payable	113,548	113,548	103,786
Depreciation	90,552	90,552	93,335
	<u>885,480</u>	<u>885,480</u>	<u>962,452</u>

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2024

Governance costs

	Unrestricted funds General £	Total 2024 £	Total 2023 £
Audit fees			
Audit of the financial statements	12,100	12,100	12,350
Other fees paid to auditors	3,100	3,100	7,000
Legal fees	25,593	25,593	51,973
	<u>40,793</u>	<u>40,793</u>	<u>71,323</u>

9 Trustees remuneration and expenses

During the year the charity made the following transactions with trustees:

The trustees received remuneration of £181,414 (2023: £193,000) and employer pension contributions of £17,635 (2023: £4,843), and £98 (2023: £2,171) of expenses were reimbursed to the trustees during the year.

Further details on the above transactions are provided on Note 22.

10 Staff costs

The aggregate payroll costs were as follows:

	2024 £	2023 £
Staff costs during the year were:		
Wages and salaries	2,524,682	2,906,898
Social security costs	233,011	265,053
Pension costs	71,238	62,119
Trustees wages	181,414	193,000
	<u>3,010,345</u>	<u>3,427,070</u>

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2024

The monthly average number of persons (including senior management / leadership team) employed by the charity during the year was as follows:

	2024	2023
	No	No
Trustees	3	3
Teachers	56	58
Core Workers	32	38
Families	4	6
Therapy	8	13
Administration	13	17
	<u>116</u>	<u>135</u>

During the year, the charity made redundancy and/or termination payments which totalled £1,750 (2023 - £44,889).

The number of employees whose emoluments fell within the following bands was:

	2024	2023
	No	No
£60,001 - £70,000	<u>2</u>	<u>3</u>

The total employee benefits of the key management personnel of the charity, including trustees were £424,610 (2023 - £520,970).

11 Auditors' remuneration

	2024	2023
	£	£
Audit of the financial statements	<u>12,100</u>	<u>12,350</u>
Other fees to auditors		
Other fees paid to auditors	<u>3,100</u>	<u>7,000</u>

12 Taxation

The charity is a registered charity and is therefore exempt from taxation.

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2024

13 Tangible fixed assets

	Land and buildings £	Furniture and equipment £	Motor vehicles £	Biological assets £	Total £
Cost					
At 1 September 2023	3,198,231	293,429	69,825	1,250	3,562,735
Additions	1,964	9,115	-	-	11,079
Disposals	-	(200)	-	-	(200)
At 31 August 2024	<u>3,200,195</u>	<u>302,344</u>	<u>69,825</u>	<u>1,250</u>	<u>3,573,614</u>
Depreciation					
At 1 September 2023	285,142	183,321	34,162	313	502,938
Charge for the year	32,012	49,387	8,919	234	90,552
Eliminated on disposals	-	(200)	-	-	(200)
At 31 August 2024	<u>317,154</u>	<u>232,508</u>	<u>43,081</u>	<u>547</u>	<u>593,290</u>
Net book value					
At 31 August 2024	<u><u>2,883,041</u></u>	<u><u>69,836</u></u>	<u><u>26,744</u></u>	<u><u>703</u></u>	<u><u>2,980,324</u></u>
At 31 August 2023	<u><u>2,913,089</u></u>	<u><u>110,108</u></u>	<u><u>35,663</u></u>	<u><u>937</u></u>	<u><u>3,059,797</u></u>

The properties held by the charity were revalued in September 2019 by Barclays, an independent valuer. At the date of the valuations, it was determined that the market values of the properties were below the net book value recognised within the financial statements. This incurred an impairment loss in 2019 of £125,476 which was recognised in the Statement of Financial Activities. Following the revaluation, further additions have been made to the properties and these are recognised at cost.

14 Debtors

	2024 £	2023 £
Trade debtors	4,718	1,686
Prepayments	23,770	17,259
VAT grant repayable	2,554	-
	<u><u>31,042</u></u>	<u><u>18,945</u></u>

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2024

15 Cash and cash equivalents

	2024	2023
	£	£
Cash on hand	715	599
Cash at bank	27	181,139
	<u>742</u>	<u>181,738</u>

16 Creditors: amounts falling due within one year

	2024	2023
	£	£
Bank overdrafts	72,798	-
Bank loans	500,984	66,456
Trade creditors	22,113	19,627
Other taxation and social security	-	10,353
Other creditors	145,693	284,993
Accruals	28,683	25,657
	<u>770,271</u>	<u>407,086</u>

As at the 30 August 2024, the company breached one of its loan covenants relating to its mortgage on one of the charity's properties which has consequently been included in creditors due within one year. In these financial statements the whole amount of the loan is £459,481. Since the year end, this position has been waived by the bank by issuing a letter of waiver.

17 Creditors: amounts falling due after one year

	2024	2023
	£	£
Bank loans	<u>789,473</u>	<u>1,280,075</u>

Included within creditors: amounts falling due after more than one year is an amount of £621,196 (2023: £1,014,252) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

There were three commercial bank loans at the beginning of the year. One for £478,532 maturing in 2037 has been recognised as a creditor due within one year. The remaining two, one for £395,225 maturing in 2035 and second one for £472,774 maturing in 2037 are recognised as creditors due after one year. The interest rate is approximately 3.25% per annum on the first two loans and approximately 3% per annum on the final loan still held at the year end.

All loans are secured on the freehold properties.

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2024

18 Obligations under leases and hire purchase contracts

Operating lease commitments

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

	2024	2023
	£	£
Within one year	1,820	1,897
Between one and five years	1,437	3,257
	<u>3,257</u>	<u>5,154</u>

19 Funds

	Balance at 1 September 2023	Incoming resources	Resources expended	Balance at 31 August 2024
	£	£	£	£
Unrestricted funds				
General				
General Funds	<u>1,573,318</u>	<u>3,630,914</u>	<u>(3,751,868)</u>	<u>1,452,364</u>
	Balance at 1 September 2022	Incoming resources	Resources expended	Balance at 31 August 2023
	£	£	£	£
Unrestricted funds				
General				
General Funds	<u>1,913,926</u>	<u>3,929,207</u>	<u>(4,269,814)</u>	<u>1,573,319</u>

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2024

20 Analysis of net assets between funds

	Unrestricted funds General £	Total funds at 31 August 2024 £
Tangible fixed assets	2,980,324	2,980,324
Current assets	31,784	31,784
Current liabilities	(770,271)	(770,271)
Creditors over 1 year	(789,473)	(789,473)
Total net assets	<u>1,452,364</u>	<u>1,452,364</u>

	Unrestricted funds General £	Total funds at 31 August 2023 £
Tangible fixed assets	3,059,797	3,059,797
Current assets	200,683	200,683
Current liabilities	(407,086)	(407,086)
Creditors over 1 year	(1,280,075)	(1,280,075)
Total net assets	<u>1,573,319</u>	<u>1,573,319</u>

21 Financial instruments

Categorisation of financial instruments

	2024 £	2023 £
Financial assets that are debt instruments measured at amortised cost		
Financial assets that are debt instruments measured at amortised cost	<u>4,718</u>	<u>1,686</u>
Financial liabilities measured at amortised cost		
Financial liabilities measured at amortised cost	<u>1,458,263</u>	<u>1,651,151</u>

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2024

22 Related party transactions

During the year the charity made the following related party transactions:

Three of the trustees and a number of their family members were employed by the charity, some of which are at a senior management level. The trustees' remuneration, pension contributions and other benefits amounted to £199,049 (2023 - £197,843). The three trustees remunerated for their employment with the charity were Mrs D Dugdall, Mr A Dugdall and Mr P Reynolds. The remuneration, pension contributions and other benefits of the trustees' related parties amounted to £68,745. At the balance sheet date the amount due to/from was £Nil (2023 - £Nil).

23 Analysis of changes in net debt

	At 1 Sep 2023	Cash flows	At 31 Aug 2024
Cash at bank and in hand	181,738	(180,996)	742
Bank overdraft	-	(72,798)	(72,798)
Debt due within one year	(66,456)	(434,528)	(500,984)
Debt due after one year	(1,280,075)	490,602	(789,473)
	<u>1,164,793</u>	<u>197,720</u>	<u>1,362,513</u>

	At 1 Sep 2022	Cash flows	At 31 Aug 2023
Cash at bank and in hand	333,380	(151,642)	181,738
Debt due within one year	(89,122)	22,666	(66,456)
Debt due after one year	(1,669,281)	389,206	(1,280,075)
	<u>1,425,023</u>	<u>(260,230)</u>	<u>1,164,793</u>

BREAKTHROUGH - TRANSFORMATION TRUST

England & Wales - Charity number 1148238

Accounts

Company registration number: 07962125

Charity registration number: 1148238

Breakthrough - Transformation Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2023



WESTCOTTS

CHARTERED ACCOUNTANTS
& BUSINESS ADVISERS

Breakthrough - Transformation Trust

Contents

Reference and Administrative Details	1
Trustees' Report	2 to 14
Strategic Report	8
Independent Auditors' Report	15 to 18
Statement of Financial Activities	19
Balance Sheet	20
Statement of Cash Flows	21
Notes to the Financial Statements	22 to 34

Breakthrough - Transformation Trust

Reference and Administrative Details

Trustees Deborah Dugdall
Jose Luis De Silva
Angus Dugdall
Philip Reynolds
Simeon Bale

Charity Registration Number 1148238

Company Registration Number 07962125

Registered Office The charity is incorporated in England & Wales.
Cannamore House
Avonwick
South Brent
Devon
TQ10 9HA

Auditor Westcotts (SW) LLP
80 Oxford Street
Burnham-On-Sea
Somerset
TA8 1EF

Breakthrough - Transformation Trust

Trustees' Report

The trustees, who are directors for the purposes of company law, present the annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2023.

Objectives and activities

Public benefit

The trustees confirm that they have complied with the requirements of section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

Structure, governance and management

Constitution

The charity (Number 1148238) is a company limited by guarantee (Number 07962125), incorporated on 23rd February 2012 and is governed by its Memorandum and Articles of Association. It is administered and led by a Board of Trustees, details of which are given on page 1.

Method of appointment of election of trustees

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

Trustees are appointed to the Board of Trustees by an open recruitment process, inviting applications with appropriate skills, experience and/or qualifications. The successful applicants are invited to formal Interview in accordance with the Safer Recruitment procedures, (this is applied to all voluntary as well as paid positions within the organisation) with the Trustees prior to their appointment at a Board Meeting.

Policies adopted for the induction and training of trustees

All newly appointed Trustees meet with the Trustees and are introduced to the Centres of Operation. They meet with staff and are given a reading list of relevant documentation, policies, systems and procedures. There is an expectation that Trustees will, where possible, visit centres to meet with staff and students, to do learning walks and to check on records and documentation.

Breakthrough - Transformation Trust

Trustees' Report

Organisational structure and decision making

The Board of Trustees are responsible for agreeing the strategic direction of the organisation, ratifying policy and ensuring compliance with internal governance and external regulations and legislation.

The Board of Trustees convenes regularly and where required for extraordinary meetings.

Day-to-day management of the organisation is delegated to the Chief Executive and thereafter to the Executive Team. The Executive Team is defined as the Chief Operations Officer, and the Chief Finance Officer.

The charity operates broadly in four areas: therapeutics, families, education, and business.

- Therapeutics is led by the Mental Health Lead;
- Families is led by the Families Team Lead;
- Education is overseen by the Head of Therapeutic Education and rolled out by Heads of Centre;
- Business is overseen by the Chief Executive Officer and work experience is overseen by the Head of Therapeutic Education.

The charity has been operating out of four centres in Devon and also works in the community using public buildings, and where appropriate makes visits to homes.

Health and safety

Health and Safety (H & S) is a top priority at Breakthrough - Transformation Trust. There is a trained Health and Safety Trustee and also a trained Health and Safety Lead who reports to the Chief Executive Officer, and who oversees all areas of operation, in all locations, for the organisation. Each individual centre has its own Health and Safety Representative. The H & S Lead has revised and, where necessary, re-written policies and has been involved in training the new policies into each of the centres.

Breakthrough - Transformation Trust

Trustees' Report

Safeguarding

As an organisation, Breakthrough - Transformation Trust takes its duty to safeguard all in its care to the highest possible standards.

Safeguarding is overseen by Strategic Manager for SEND, who is also the Designated Safeguarding Lead for the organisation. The organisation trains all staff including new recruits, to Group 2 Level in Safeguarding, during induction and refreshing annually. In addition they all train in Keeping Children Safe in Education (KCSIE), Prevent Strategy and Female Genital Mutilation. . There has customarily been a group of 5 staff including one trustee, who have been trained to Group 3 Level in Safeguarding. The intention is to increase the number of Group 3 Level trained staff to 12 and training for this has begun.

In the last year, the Strategic Lead for SEND and Safeguarding has appointed a Deputy Designated Safeguarding Lead in each of our Centres. They are one and the same person as the SEND Support staff - please see paragraphs below.

In October and November 2022 we opted as an organisation to undergo a root and branch inspection of Safeguarding throughout the organisation. This was undertaken by Lara Stead, the Education Safeguarding Officer of Babcock on behalf of the Local Authority. Evidence was taken for all four centres, Cannamore Farm, Brocks Farm, Lilcott Farm and The Lighthouse. It sought to review all record-keeping systems and procedures, including safer recruitment and safeguarding logs. There was also a physical inspection, taking a site walk on each site and conversations with students to see if they felt safe, listened to and whether they knew to whom to report in the event of a safeguarding disclosure. The report concluded that at each centre, as well as within central management, overall the results were very good. There was acknowledgement of the rigour and accuracy which the Designated Safeguarding Lead and her team had carried out their duties. We were given considerations about what we might add to the safeguarding and strategic development plan.

Special Educational Needs and Disabilities

In the previous year (2021-2022) we increased our SEND Team with the addition of SEND Support staff at each centre. This was very successful, and in the year 2022-2023, this resulted in greater efficiency in carrying out reviews and in the ability to keep up with the ever growing volume of paperwork. In particular, internal monitoring was increased and a comprehensive range of detailed reporting became available which evidences all layers of engagement within the organisation.

Breakthrough - Transformation Trust

Trustees' Report

Mental Health

Mental Health has been front and centre of the organisation. The Strategic Lead for Mental Health has now recruited two Counsellors originating from outside the organisation and one Counsellor who has been trained to Level 4 in Counselling within the organisation. They operate across all the centres. In addition, the SL for Mental Health has appointed and trained Mental Health Assistants from within the pool of existing staff. This has considerably up-graded our response to Mental Health, to our response to and our capacity to provide recovery from Trauma. Many of our students have experienced complex trauma, both from their life circumstances and from their own cognitive neuropsychological presentations. Equipping the organisation with highly qualified and experienced Mental Health practitioners is paving the way for next year's focus to be on Mental Health.

Specialist Interventions

The SL for Mental Health has also overseen the practice of our Specialist Intervention Practitioner (SIP), who is a qualified AIM3 Assessor. The SP is tasked with relevant interventions for High Risk Behaviours as well as being able to assess and respond to Harmful Sexualised Behaviours in a bespoke manner, depending on the needs and circumstances of the student and their family or care setting.

This now means that this organisation has a range of highly qualified specialisms and appropriate interventions to respond to and to help to treat the most challenging behaviours.

UK Government changes in Education and Social Care

On 29th March, 2022, the Department for Education and Department of Health and Social Care published their Consultation Outcome: 'SEND review: right support, right place, right time. In March 2023, the Green Paper was published, setting out bold proposals to deliver a generational change for a more inclusive system.

At Breakthrough we offer Alternative Provision for a small number of pre-16 age children. They spend up to 15 hours a week in our provision under the statutory oversight of their schools or the statutory oversight of the 0-25 SEND Team if they are Educated Other Than At School (EOTAS). The main part of our work is commissioned by Local Authorities for children and young people over the age of 16 and as such we may be described as a type of Specialist SEND College.

The changes at Government level, plus very significant changes within the Local Authority, resulting in the movement of education support services from March, Babcock into Devon Education Services, meant that as an organisation, we needed to be responsible to change and to make sure that our already high quality provision keeps in step with changes in an appropriate and efficient way.

Throughout the whole of the past year, we explored and subsequently planned to become registered under Section 41 of the Children and Families Act 2014. This would make us visible on the 'Local Offer' for post-16 children and young people with Education Health Care Plans (EHCPs) and would qualify us for inspection by the Department for Education. This is due to come into effect on 1st September 2023.

Breakthrough - Transformation Trust

Trustees' Report

Sale of Lilcott Farm

We have been operating out of Lilcott Farm in North Devon for the past two years, where we have been providing services for post-16 young people and their families or care settings. With the introduction of new Government policy mentioned in the section above, together with the onset of major changes within the Local Authority and a significant number of our service users receiving input and education from us in the community rather than travelling in to the centre, it gradually became obvious that running a physical centre in North Devon would not continue to be necessary. We are able to meet needs in the community very effectively from South Devon centres. Therefore, we closed the centre at the end of the Academic year in mid-July. Sadly this meant that we needed to make a number of staff redundant, both from Lilcott Farm and also a small number of central staff, although some central staff members still continue to work with us from North Devon, regularly travelling south. This is working extremely well and has been well received by the staff involved. The timely decision-making and subsequent efficient and precisely executed actions, has meant that our actions have strengthened and consolidated our organisation and ensured the continued high quality of our offer.

South Devon Centres

Our South Devon Centres have continued to receive a steady flow of new students and most existing students are continuing their courses with us. Development of the estates has continued, with increased facilities and with ongoing repairs and maintenance of facilities and grounds.

The Organisation

All the above changes, including obtaining Section 41 Registration will put us in a strong position going forwards.

Therefore we continue:

- To provide 1:1 (occasionally 2:1 where Risk Assessment indicates this to be necessary) interventions and education
- To provide therapeutic interventions, education, independent living skills and a robust transition into education, employment, training, volunteering and/or supported living at the end of the student's time at Breakthrough
- To support parents and care-givers to ensure attendance
- To provide a protective factor for the family in terms of safeguarding
- To ensure that students and families are provided with a range of specialist information and also signposting to organisations who operate specialist advice and help
- To ensure quality of provision through a newly designed process, put in place by our Head of Therapeutic Education
- To ensure progression and the collection of good quality information to evidence this
- To provide for the physical, psychological, social and where requested, the spiritual needs of those who use our service.
- To provide training and coaching to professionals and organisations to help meet the needs of those whose needs challenge their provision.
- To provide a hub of knowledge and good practice from which to share and create initiatives.
- To plan strategically to work in an organised and pragmatic way with volunteers in the future.

Our purpose

To progress our provision to be inclusive of and to address more needs within the locality and to provide services and interventions where these are not currently in place.

To establish our presence in the locality so that those in need know where to come for help.

Breakthrough - Transformation Trust

Trustees' Report

Our vision

This charity exists to empower and equip individuals and families who experience serious life challenges to take competent charge of their lives and to be able to contribute effectively and positively to the wider community.

Our core values

Unconditional love

- To accept people as they are
- To be inclusive and non-judgmental
- To be kind and compassionate, in all we think and say
- To speak excellence into people's lives
- To give every student a fresh start each day

Total Commitment

- To be the best that we can be
- To reflect together to analyse and improve practice through concepts, skills and attitudes
- To encourage each other
- To create a 'functional family' feel within the organisation

Professionalism

- To give our personal best
- To recognise professional excellence and practice lifelong learning
- To accept support from and offer support to colleagues, building and maintaining a unified team
- To be flexible and patient
- To make a difference and leave a powerfully supportive legacy

Breakthrough - Transformation Trust

Trustees' Report

Strategic Report for the Year Ended 31 August 2023

Meeting needs of service users

The charity has maintained the uptake of its services in the years 2022-2023. The recent redundancies have been very carefully and deliberately decided in order not to make any deleterious 'arterial' cuts to the scope and quality of our services.

The ending of Covid restrictions has brought its challenges for some students, who found it a trigger for anxiety as they began to come out of their homes after lockdown and there has been a detailed and significant amount of work which has been undertaken by the Families' Team and by Counsellors, who are now allocated to each centre. It does not cease to be an important aspect of the work of Families' Workers and Practitioners to bridge the gap between the desire some parents have to avoid the harder parts of parenting and the need for parents to be able to assert the need and model the confidence to their children that it is safe to come in to college. With the addition of Counselling, this has strengthened and up-skilled this area of our service.

Training

The Board of Trustees would like to record its appreciation of the commitment to the charity of all staff and volunteers.

Breakthrough Transformation Trust is committed to investing in staff training and development throughout all departments. The team provides professional and personal development courses throughout each year, both through internal training and external nationally recognised qualifications. Where appropriate, the charity also engages with external training suppliers to provide courses. This is particularly important for areas of high accountability such as Control and Restraint, First Aid, Fire Marshalling, Group 3 Safeguarding and Health and Safety.

Breakthrough recognises its social and statutory duty to employ persons with additional needs and individuals on Government-assisted work schemes wherever possible and strategic planning has been rolled out to assist in providing openings for these within the organisation.

Our supporters in the community

In addition to the help mentioned in the previous paragraph, the charity has during the period in question, received regular donations from independent supporters. There have also been a number of one-off donations. We would like to express our sincere thanks to everyone who has participated in this support.

Breakthrough - Transformation Trust

Trustees' Report

Strategic Report for the Year Ended 31 August 2023

Achievements and performance

In setting objectives and planning activities for the year, the Trustees gave careful consideration to ensuring that the charity's activities are to the public benefit, having due regard to the guidance issued by the Charity Commission.

1. Delivery of excellent practice to those whom we serve through therapeutics, families work, education, and within the community - through measurement, reflective practice, and completion of inspections and audits.
2. Provision of excellent value for money for commissioners, providing a high-quality service, where the quality of teaching and learning, of therapeutic interventions, of assessment, progression and transition, and every aspect of the service is monitored through a Quality of Provision process which will undergo root and branch restructuring now and be developed throughout the next academic year.
3. The three South Devon centres provide a broad spectrum of therapeutic and educational services and this is resulting in noticeable progress which is being reported via our systems and procedures.
4. Independent Living Skills has been developed across the organisation, being pivotal for students' ability to live lives that are as independent, safe and well-informed as possible. Students are assessed using two nationally recognised assessment tools and skills are taught to them to address their own most pressing needs. We are then able to transition students who will need continued support into Adult Social Care.
5. A range of therapeutic interventions has been in operation alongside the Mental Health suite of practices, to include Speech and Language Therapy, Complex Communications, Occupational Therapy and the therapeutic use of the art, music and singing.
6. The charity is mindful of its need to be relevant in the sector and the Directors and Senior Leadership Team liaise with the Local Authorities and receive regular updates from Stakeholders and Government.
7. We are increasingly aware of the political agenda for Alternate Provisions in the light Government policy.
8. We are working closely with our commissioners to meet the needs of students in the most cost effective way at the same time as maintaining our high standards and the integrity of our provision.
9. We are mindful of the need for the improvement and development of our facilities and additional office facilities
 - a. To continue to repair and maintain all buildings
 - b. To liaise with the Heads of Centre to ensure that there is adequate high quality space for learning and therapeutic interventions
 - c. To continue to develop enhanced outdoor facilities at all centres
 - d. Updating hardware and software for IT facilities
 - e. Increased provision of musical instruments and resources
 - f. Provision of learning resources
 - g. Replacement of old vehicles beyond repair and provision of extra second-hand cars as pool vehicles for the transportation of service users

Breakthrough - Transformation Trust

Trustees' Report

Strategic Report for the Year Ended 31 August 2023

Financial review

The results for the year are shown on page 19. The total income for the year is £3,929,207 (2022: £4,076,482) and the total expenditure is £4,269,814 (2022: £3,743,467) which gives a net movement of funds of (£340,607) (2022: £333,015). The unrestricted fund balance at 31 August 2023 is £1,573,319.

The principal source of funding is via Element 3, which is the funding required over and above the place funding to enable a child with high needs to participate in education and learning and covers education, health, and care. The majority is commissioned by Devon County Council.

Reserves policy

Reserves are required in order that the charity is protected against future events, known and unknown and is able to maximise future opportunities and weather any future challenges that could possibly arise.

The charity has a long-term commitment to participant service users and it requires long-term plans. The charity's short-term commitment is up to 1 term; medium-term commitment to be up to 2 terms and long-term commitment to be 3 terms or longer (many courses for post-16 require at least two years to complete the syllabus).

Where it is deemed correct and right to place an individual within our service, it is usual that the Devon County Council 0-25 Special Educational Needs Team, together with, or independent from Devon County Council Children or Adult Social Services will commit to educate them for at least the remainder of that Academic Year, and usually beyond that time. Most young people are commissioned to be with the charity for three days a week, and rarely for more days than this, but the same principle normally applies. Therefore, there is some stability of income during the Academic Year.

The benefit of a reserves Policy is:

- To assist in strategic planning, for example, considering how new projects or activities will be funded
- To inform the budget process, for example, is it a balanced budget, or do reserves need to be drawn down or built up?
- To inform the budget and risk management process by identifying any uncertainty in future income streams
- To demonstrate to beneficiaries, donors, funders and the wider public that the charity is being protected from future challenges and changes in economic circumstances

Breakthrough - Transformation Trust

Trustees' Report

Strategic Report for the Year Ended 31 August 2023

Guiding principles to justify the level of reserves and their use:

- To protect and sustain the charity's activities should income or expenditure become seriously out of line with expectations
- To have a level of funds available to support the payment of mortgages and staff wages in the event of having to downsize the services of the charity while seeking further funding
- To have a sufficient level of funds available to support new long term charitable initiatives in their launch phase and before fundraising support can be fully realised.

Level of Reserves to meet policy objectives:

- To avoid closure if funding difficulties were to happen, the Board of Trustees has agreed to keep a certain level of financial reserves to ensure that all charitable activities can continue for a period of three months. The main concerns are to ensure: that staff can continue working, primarily to secure new funding, and that as a last resort, beneficiaries are supported to move on to other services. It has been calculated that reserves of £535,000 are sufficient to cover staff wages plus our mortgage commitment for 2 months. This reserve would be made up in the ratio 1 part cash reserves and 2 parts equity from property owned by the charity. Given the level of reserves at the year end of £1,573,319 this is deemed achievable.
- It is anticipated that should such an event take place, during the period of grace provided by the existence of reserves, that the activities of the charity may be re-designed.
- If strategic cash reserves fall below £100,000 that would trigger an immediate review of income and expenditure to ensure no further cash loss.

Strategic considerations on the level of reserves:

To support long term strategic objectives and improve the charity's overall financial security, in the event of the negative impact of any financial challenges, the Board of Trustees have agreed to review reserves annually, streamlining expenditure, and not detracting from the quality, quantity or nature of the service.

Investment policy and performance

The charity continues where possible to invest in the upgrading and development of its properties so that there is more room for the demand which it is experiencing for its services. Reserves are required to be held in an account with quick, penalty-free availability in order that we should be able to purchase and install safety features at Brocks Farm.

Future investments will be strategically planned after consultation with financial advisors.

Breakthrough - Transformation Trust

Trustees' Report

Strategic Report for the Year Ended 31 August 2023

Attitude to risk:

Breakthrough Transformation Trust relies on its income from commissioners to support operating costs. The key risks to the long-term sustainability of the charity are:

- (i) changes in Government policy regarding non-registered Alternative Provision - this will be mitigated by our becoming an Independent specialist College in September 2023.
- (ii) changes in Central Government or Local Government regulations which would adversely affect a funding stream
- (iii) ensuring that Element 3 Funding costs are accurately calculated
- (iv) catastrophic mishandling of funds or fraud
- (v) a catastrophic safeguarding or health and safety breach, which would call into question the trustworthiness and competence of the charity
- (vi) a catastrophic global event such as a pandemic which may result in a range of irreversible staffing deficits; loss of students through sickness or a long period of time whereby college would be closed and therapeutic education and families work adversely affected.

- Strict measures are in place so that Trustees work together with Accountants, Auditors and external advisers to mitigate financial risks.

- Strict measures are in place so that there are sufficient members of staff and directors who can ensure safeguarding and health and safety are maintained to the highest possible standards, to review and analyse data and to train, refresh and improve facilities and resources accordingly.

Time Horizon

The Board of Trustees of Breakthrough Transformation Trust have the intention that the charity should exist into perpetuity and that investments and funds should be handled wisely so that it can both develop and consolidate reliably. Therefore, it is intended to adopt a long-term investment time horizon.

Reviewing and Reporting

The Trustees will regularly consider whether there is a need to revise its Policy Statement and keep under review the arrangements under which finances are invested.

The charity has now grown to the point at which, subject to income remaining in the current regions, a yearly Audit is required.

Events after the end of the reporting period

Particulars of events after the reporting date are detailed in note 25 to the financial statements.

Breakthrough - Transformation Trust

Trustees' Report

Statement of trustees' responsibilities

The trustees, who are also directors for the purposes of company law, are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the incoming resources and application of resources, including the income and expenditure, 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 applicable Charities SORP;
- make judgments and accounting 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 charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who is a trustee at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware; and
- they have taken all steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards, comprising FRS 102 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 business.

The trustees are responsible for keeping proper accounting records that can 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.

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

Breakthrough - Transformation Trust

Trustees' Report

Small companies provision statement

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

The annual report was approved by the trustees of the charity on 25 April 2024 and signed on its behalf by:

.....
Deborah Dugdall
Trustee

.....
Philip Reynolds
Trustee

Breakthrough - Transformation Trust

Independent Auditor's Report to the Members of Breakthrough - Transformation Trust

Opinion

We have audited the financial statements of Breakthrough - Transformation Trust (the 'charity') for the year ended 31 August 2023, which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows, 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 United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2023 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 responsibilities for the audit of the financial statements section of our report. We are independent of the charity 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 the provisions available for small entities, in the circumstances set out in note to the financial statements, 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 charity's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were 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.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the 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.

Breakthrough - Transformation Trust

Independent Auditor's Report to the Members of Breakthrough - Transformation Trust

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.

Opinion on other matter 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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' 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 charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters where 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 trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of trustees' responsibilities (set out on page 13), the trustees 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor 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.

Breakthrough - Transformation Trust

Independent Auditor's Report to the Members of Breakthrough - Transformation Trust

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Trustees and other management. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.
- The Trust is subject to laws and regulations that govern the preparation of the financial statements, including financial reporting legislation. The company is also subject to other laws and regulations where the consequences of non-compliance could have a material impact on the amounts or disclosures within the financial statements, including employment, anti-bribery, and anti-money laundering.
- Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. In any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Breakthrough - Transformation Trust

Independent Auditor's Report to the Members of Breakthrough - Transformation Trust

Use of our report

This report is made solely to the charitable company's trustees, 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 charity's trustees 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 its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

.....
David Wright (Senior Statutory Auditor)
For and on behalf of Westcotts (SW) LLP, Statutory Auditor

80 Oxford Street
Burnham-On-Sea
Somerset
TA8 1EF

2 May 2024

Breakthrough - Transformation Trust

Statement of Financial Activities for the Year Ended 31 August 2023 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Total 2023 £	Total 2022 £
Income and Endowments from:				
Donations and legacies	3	1,140	1,140	3,991
Charitable activities	4	3,908,622	3,908,622	4,069,704
Investment income	5	1,137	1,137	30
Other income	6	18,308	18,308	2,757
Total income		<u>3,929,207</u>	<u>3,929,207</u>	<u>4,076,482</u>
Expenditure on:				
Charitable activities	7	<u>(4,269,814)</u>	<u>(4,269,814)</u>	<u>(3,743,467)</u>
Total expenditure		<u>(4,269,814)</u>	<u>(4,269,814)</u>	<u>(3,743,467)</u>
Net (expenditure)/income		<u>(340,607)</u>	<u>(340,607)</u>	<u>333,015</u>
Net movement in funds		(340,607)	(340,607)	333,015
Reconciliation of funds				
Total funds brought forward		<u>1,913,926</u>	<u>1,913,926</u>	<u>1,580,911</u>
Total funds carried forward		<u>1,573,319</u>	<u>1,573,319</u>	<u>1,913,926</u>

All of the charity's activities derive from continuing operations during the above two periods.

Breakthrough - Transformation Trust

(Registration number: 07962125)
Balance Sheet as at 31 August 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	13	3,059,797	3,796,146
Current assets			
Debtors	14	18,945	56,288
Cash at bank and in hand	15	<u>181,738</u>	<u>333,380</u>
		200,683	389,668
Creditors: Amounts falling due within one year	16	<u>(407,086)</u>	<u>(602,607)</u>
Net current liabilities		<u>(206,403)</u>	<u>(212,939)</u>
Total assets less current liabilities		2,853,394	3,583,207
Creditors: Amounts falling due after more than one year	17	<u>(1,280,075)</u>	<u>(1,669,281)</u>
Net assets		<u>1,573,319</u>	<u>1,913,926</u>
Funds of the charity:			
Unrestricted income funds			
Unrestricted funds		<u>1,573,319</u>	<u>1,913,926</u>
Total funds		<u>1,573,319</u>	<u>1,913,926</u>

These financial statements have 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.

The financial statements on pages 19 to 34 were approved by the trustees, and authorised for issue on 25 April 2024 and signed on their behalf by:

.....
Deborah Dugdall
Trustee

.....
Philip Reynolds
Trustee

The notes on pages 22 to 34 form an integral part of these financial statements.

Breakthrough - Transformation Trust

Statement of Cash Flows for the Year Ended 31 August 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Net cash (expenditure)/income		(340,607)	333,015
Adjustments to cash flows from non-cash items			
Depreciation		93,335	96,626
Investment income	5	(1,137)	(30)
Profit on disposal of tangible fixed assets		<u>(18,308)</u>	<u>(1,475)</u>
		(266,717)	428,136
Working capital adjustments			
Decrease/(increase) in debtors	14	37,343	(41,123)
(Decrease)/increase in creditors	16	<u>(172,855)</u>	<u>43,871</u>
Net cash flows from operating activities		<u>(402,229)</u>	<u>430,884</u>
Cash flows from investing activities			
Interest receivable and similar income	5	1,137	30
Purchase of tangible fixed assets	13	(94,592)	(1,158,709)
Sale of tangible fixed assets		<u>755,914</u>	<u>5,325</u>
Net cash flows from investing activities		662,459	(1,153,354)
Cash flows from financing activities			
Repayment of loans and borrowings	16	<u>(411,872)</u>	<u>436,063</u>
Net decrease in cash and cash equivalents		(151,642)	(286,407)
Cash and cash equivalents at 1 September		<u>333,380</u>	<u>619,787</u>
Cash and cash equivalents at 31 August		<u><u>181,738</u></u>	<u><u>333,380</u></u>

All of the cash flows are derived from continuing operations during the above two periods.

The notes on pages 22 to 34 form an integral part of these financial statements.

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2023

1 Charity status

The charity is limited by guarantee, incorporated in England & Wales, and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

The address of its registered office is:

Cannamore House
Avonwick
South Brent
Devon
TQ10 9HA

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

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) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Basis of preparation

Breakthrough - Transformation Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern nor any significant areas of uncertainty that affect the carrying value of assets held by the charity.

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2023

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal related actual outcome.

Incoming resources

All income is included in the statement of financial activities when entitlement has passed to the charity, it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- legacy income is recognised when receipt is probable and entitlement is established.
- income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.
- income from contracts for the supply of services is recognised with the delivery of the contracted service. This is classified as unrestricted funds unless there is a contractual requirement for it to be spent on a particular purpose and returned if unspent, in which case it may be regarded as restricted. The turnover is stated after discounts and is exempt from VAT.
- income from investments is included in the year in which it is receivable.

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2023

Expenditure

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.

- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.

- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

Tangible fixed assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amount are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other recognised gains and losses, unless it reverses a charge for impairment that has previously been recognised as expenditure within the statement of financial activities. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other recognised gains and losses, except to which it offsets any previous revaluation gain, in which case the loss is shown within other recognised gains and losses on the statement of financial activities.

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Freehold property	1% straight line
Plant and machinery	25% reducing balance
Fixtures and fittings	20% straight line
Motor vehicles	25% reducing balance

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2023

Impairment of fixed assets

A review of indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Statement of Financial Activities over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the charity has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees discretion in furtherance of the objectives of the charity.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as an expense in the period in which it arises.

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2023

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised under the appropriate heading in the statement of financial activities in which the initial gain was recognised.

3 Income from donations and legacies

	Unrestricted funds General £	Total 2023 £	Total 2022 £
Donations and legacies;			
Donations from individuals	1,140	1,140	3,991
	<u>1,140</u>	<u>1,140</u>	<u>3,991</u>

4 Income from charitable activities

	Unrestricted funds General £	Total 2023 £	Total 2022 £
Service fees	3,898,763	3,898,763	4,061,259
Student lunches	7,759	7,759	8,208
Other income	2,100	2,100	237
	<u>3,908,622</u>	<u>3,908,622</u>	<u>4,069,704</u>

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2023

5 Investment income

	Unrestricted funds General £	Total 2023 £	Total 2022 £
Interest receivable and similar income; Interest receivable on bank deposits	1,137	1,137	30

6 Other income

	Unrestricted funds General £	Total 2023 £	Total 2022 £
Gains on sale of tangible fixed assets for charity's own use	18,308	18,308	1,475
Solar power income	-	-	1,282
	<u>18,308</u>	<u>18,308</u>	<u>2,757</u>

7 Expenditure on charitable activities

	Unrestricted funds General £	Total 2023 £	Total 2022 £
Activities undertaken directly	3,236,039	3,236,039	2,785,093
Support costs	962,452	962,452	903,275
Governance costs	71,323	71,323	55,099
	<u>4,269,814</u>	<u>4,269,814</u>	<u>3,743,467</u>

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2023

8 Analysis of governance and support costs

Support costs allocated to charitable activities

	Analysis of support costs	Total 2023	Total 2022
	£	£	£
Wages and salaries	367,612	367,612	350,544
Staff NIC (Employers)	36,106	36,106	34,768
Trustees remuneration	62,084	62,084	60,100
Recruitment expenses	7,999	7,999	25,543
Staff training	39,808	39,808	41,178
Rent	33,200	33,200	58,183
Light, heat and power	60,995	60,995	47,241
Telephone	20,039	20,039	10,407
Office expenses	27,562	27,562	30,868
Subscriptions and licences	6,154	6,154	5,499
Sundry expenses	14,007	14,007	12,175
Motor expenses	45,047	45,047	40,423
Travel and subsistence	37,262	37,262	38,891
Student and exam expenses	6,520	6,520	4,341
Bank charges	936	936	614
Bank interest payable	103,786	103,786	45,874
Depreciation	93,335	93,335	96,626
	<u>962,452</u>	<u>962,452</u>	<u>903,275</u>

Governance costs

	Unrestricted funds General	Total 2023	Total 2022
	£	£	£
Audit fees			
Audit of the financial statements	12,350	12,350	7,500
Other fees paid to auditors	7,000	7,000	7,500
Legal fees	51,973	51,973	40,099
	<u>71,323</u>	<u>71,323</u>	<u>55,099</u>

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2023

9 Trustees remuneration and expenses

During the year the charity made the following transactions with trustees:

received remuneration of £193,000 (2022: £185,300) and £2,171 (2022: £2,701) of expenses were reimbursed to during the year.

Further details on the above transactions are provided on Note 21.

10 Staff costs

The aggregate payroll costs were as follows:

	2023	2022
	£	£
Staff costs during the year were:		
Wages and salaries	2,906,898	2,449,219
Social security costs	265,053	222,500
Pension costs	62,119	48,428
Trustees wages	193,000	185,300
	<u>3,427,070</u>	<u>2,905,447</u>

The monthly average number of persons (including senior management / leadership team) employed by the charity during the year expressed as full time equivalents was as follows:

	2023	2022
	No	No
Trustees	3	3
Teachers	58	38
Core Workers	38	58
Families	6	-
Therapy	13	7
Administration	17	19
	<u>135</u>	<u>125</u>

During the year, the charity made redundancy and/or termination payments which totalled £44,889 (2022 - £Nil).

The number of employees whose emoluments fell within the following bands was:

	2023	2022
	No	No
£60,001 - £70,000	<u>3</u>	<u>3</u>

The total employee benefits of the key management personnel of the charity were £516,127 (2022 - £491,899).

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2023

11 Auditors' remuneration

	2023 £	2022 £
Audit of the financial statements	<u>12,350</u>	<u>7,500</u>
Other fees to auditors		
Other fees paid to auditors	<u>7,000</u>	<u>7,500</u>

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2023

12 Taxation

The charity is a registered charity and is therefore exempt from taxation.

13 Tangible fixed assets

	Land and buildings £	Furniture and equipment £	Motor vehicles £	Biological assets £	Total £
Cost					
At 1 September 2022	3,900,591	268,970	55,155	-	4,224,716
Additions	46,598	25,399	21,345	1,250	94,592
Disposals	<u>(748,958)</u>	<u>(940)</u>	<u>(6,675)</u>	<u>-</u>	<u>(756,573)</u>
At 31 August 2023	<u>3,198,231</u>	<u>293,429</u>	<u>69,825</u>	<u>1,250</u>	<u>3,562,735</u>
Depreciation					
At 1 September 2022	267,454	134,986	26,130	-	428,570
Charge for the year	31,983	49,147	11,892	313	93,335
Eliminated on disposals	<u>(14,295)</u>	<u>(812)</u>	<u>(3,860)</u>	<u>-</u>	<u>(18,967)</u>
At 31 August 2023	<u>285,142</u>	<u>183,321</u>	<u>34,162</u>	<u>313</u>	<u>502,938</u>
Net book value					
At 31 August 2023	<u>2,913,089</u>	<u>110,108</u>	<u>35,663</u>	<u>937</u>	<u>3,059,797</u>
At 31 August 2022	<u>3,633,137</u>	<u>133,984</u>	<u>29,025</u>	<u>-</u>	<u>3,796,146</u>

The disposal of Land and Buildings in the year relates to the sale of Lilicott farm, as detailed in the Trustee's report.

The properties held by the charity were revalued in September 2019 by Barclays, an independent valuer. At the date of the valuations, it was determined that the market values of the properties were below the net book value recognised within the financial statements. This incurred an impairment loss in 2019 of £125,476 which was recognised in the Statement of Financial Activities. Following the revaluation, further additions have been made to the properties and these are recognised at cost.

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2023

14 Debtors

	2023	2022
	£	£
Trade debtors	1,686	39,719
Prepayments	17,259	16,569
	<u>18,945</u>	<u>56,288</u>

15 Cash and cash equivalents

	2023	2022
	£	£
Cash on hand	599	392
Cash at bank	181,139	332,988
	<u>181,738</u>	<u>333,380</u>

16 Creditors: amounts falling due within one year

	2023	2022
	£	£
Bank loans	66,456	89,122
Trade creditors	19,627	31,380
Other taxation and social security	10,353	69,736
Other creditors	284,993	391,062
Accruals	25,657	21,307
	<u>407,086</u>	<u>602,607</u>

17 Creditors: amounts falling due after one year

	2023	2022
	£	£
Bank loans	<u>1,280,075</u>	<u>1,669,281</u>

Included within creditors: amounts falling due after more than one year is an amount of £1,014,252 (2022: £1,312,793) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

There were four commercial bank loans at the beginning of the year, first one for £411,781 maturing in 2035, second one for £490,071 maturing in 2037, third one for £356,882 maturing in 2041 however this was fully paid off in the year and the fourth one for £499,669. The interest rate is approximately 3.25% per annum on the first two loans and approximately 3% per annum on the final loan still held at the year end.

All loans are secured on the freehold properties.

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2023

18 Obligations under leases and hire purchase contracts

Operating lease commitments

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

	2023	2022
	£	£
Within one year	1,897	28,028
Between one and five years	3,257	844
	<u>5,154</u>	<u>28,872</u>

19 Analysis of net assets between funds

	Unrestricted funds	Total funds
	General	at 31 August
	£	2023
	£	£
Tangible fixed assets	3,059,797	3,059,797
Current assets	200,683	200,683
Current liabilities	(407,086)	(407,086)
Creditors over 1 year	<u>(1,280,075)</u>	<u>(1,280,075)</u>
Total net assets	<u>1,573,319</u>	<u>1,573,319</u>
	Unrestricted funds	Total funds
	General	at 31 August
	£	2022
	£	£
Tangible fixed assets	3,796,146	3,796,146
Current assets	389,668	389,668
Current liabilities	(602,607)	(602,607)
Creditors over 1 year	<u>(1,669,281)</u>	<u>(1,669,281)</u>
Total net assets	<u>1,913,926</u>	<u>1,913,926</u>

Breakthrough - Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2023

20 Financial instruments

Categorisation of financial instruments

	2023 £	2022 £
Financial assets that are debt instruments measured at amortised cost		
Financial assets that are debt instruments measured at amortised cost	<u>1,686</u>	<u>39,719</u>
Financial liabilities measured at amortised cost		
Financial liabilities measured at amortised cost	<u>1,651,151</u>	<u>2,180,845</u>

21 Related party transactions

During the year the charity made the following related party transactions:

Three of the trustees and a number of their family members were employed by the charity, some of which are at a senior management level. The trustees' remuneration, pension contributions and other benefits amounted to £193,000 (2022 - £185,300). The three trustees remunerated for their employment with the charity were Mrs D Dugdall, Mr A Dugdall and Mr P Reynolds. At the balance sheet date the amount due to/from was £Nil (2022 - £Nil).

22 Analysis of changes in net debt

	At 1 Sep 2022	Cash flows	At 31 Aug 2023
Cash at bank and in hand	333,380	(151,642)	181,738
Debt due within one year	(89,122)	22,666	(66,456)
Debt due after one year	(1,669,281)	389,206	(1,280,075)
	<u>1,425,023</u>	<u>(260,230)</u>	<u>1,164,793</u>

	At 1 Sep 2021	Cash flows	At 31 Aug 2022
Cash at bank and in hand	619,787	(286,407)	333,380
Debt due within one year	(65,267)	(23,855)	(89,122)
Debt due after one year	(1,257,073)	(412,208)	(1,669,281)
	<u>702,553</u>	<u>722,470</u>	<u>1,425,023</u>

BREAKTHROUGH - TRANSFORMATION TRUST

England & Wales - Charity number 1148238

Accounts

Breakthrough - Transformation Trust
Company Limited by Guarantee
Financial Statements
31 August 2022

WESTCOTTS (SW) LLP

Chartered Accountants & Statutory Auditor
26-28 Southernhay East
Exeter
EX1 1 NS

Breakthrough - Transformation Trust

Company Limited by Guarantee

Financial Statements

Year ended 31 August 2022

	Page
Trustees' Annual Report (incorporating the Director's Report)	1
Independent Auditor's Report to the Members	10
Statement of Financial Activities (including Income and Expenditure Account)	15
Statement of Financial Position	16
Statement of Cash Flows	17
Notes to the financial statements	18
The following pages do not form part of the financial statements	
Detailed Statement of Financial Activities	32
Notes to the Detailed Statement of Financial Activities	34

Breakthrough - Transformation Trust

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report)

Year ended 31 August 2022

The trustees, who are also the directors for the purposes of company law, present their report and the financial statements of the charity for the year ended 31 August 2022.

Reference and administrative details

Registered charity name Breakthrough - Transformation Trust

Charity registration number 1148238

Company registration number 07962125

Principal office and registered office Cannamore House
Avonwick
South Brent
Devon
TQ10 9HA

The trustees Deborah Dugdall
David Dugdall (Resigned 28 March 2022)
Angus Dugdall
Philip Reynolds
Jose Luis De Silva
Simeon Bale
Claire Thomson (Resigned 28 September 2022)

Auditor Westcotts (SW) LLP
Chartered Accountants & Statutory Auditor
26-28 Southernhay East
Exeter
EX1 1 NS

Bankers Barclays Bank PLC
40 Courtenay Street
Newton Abbot
Devon
TQ12 2EA

Breakthrough - Transformation Trust

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 August 2022

Structure, governance and management

Constitution

The charity (Number 1148238) is a company limited by guarantee (Number 07962125), incorporated on 23rd February 2012 and is governed by its Memorandum and Articles of Association. It is administered and led by a Board of Trustees, details of which are given on page 1.

Method of appointment of election of trustees

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

Trustees are appointed to the Board of Trustees by an open recruitment process, inviting applications with appropriate skills, experience and/or qualifications. The successful applicants are invited to formal interview in accordance with the Safer Recruitment procedures, (this is applied to all voluntary as well as paid positions within the organisation) with the Trustees prior to their appointment at a Board Meeting.

Polices adopted for the induction and training of trustees

All newly appointed Trustees meet with the Trustees and are introduced to the Centres of Operation. They meet with staff and are given a reading list of relevant documentation, policies, systems and procedures.

Organisational structure and decision making

The Board of Trustees are responsible for agreeing the strategic direction of the organisation, ratifying policy and ensuring compliance with internal governance and external regulations and legislation.

The Board of Trustees convenes regularly and where required for extraordinary meetings.

Day-to-day management of the organisation is delegated to the Chief Executive and thereafter to the Executive Team. The Executive Team is defined as the Chief Experience Officer, the Chief Operations Officer, and the chief Experience Officer.

The charity operates broadly in four areas: therapeutics, families, education, and business. Mental health is led by the Mental Health Lead; other Therapeutics is led by the Strategic Manager for SEND and Safeguarding; Families is led by the Families Lead; Education is led by Heads of Centre; Business is led by the Executive Team.

The charity has four centres in Devon and currently also works in the community using public buildings, and where appropriate makes visits to homes.

Health and safety

Health and Safety is a top priority at Breakthrough – Transformation Trust. There is a trained Health and Safety Trustee and also a trained Health and Safety Lead who oversees all four centres. Each individual centre has its own Health and Safety Representative. The H & S Lead is in the process of revising and, where necessary, re-writing policies and will then be training the new policies into each of the centres.

Safeguarding

As an organisation, Breakthrough – Transformation Trust takes its duty to safeguard all in its care to the highest possible standards. The organisation trains all staff to Group 2 level in Safeguarding (during induction and annually) and currently has 5 staff, including one Trustee, who are trained to Group 3 level in Safeguarding. There is also a Strategic Lead for SEND and Safeguarding, who is our

Breakthrough - Transformation Trust

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 August 2022

Designated Safeguarding Lead (DSL) and a Deputy Designated Safeguarding Lead will shortly be appointed at each centre. All staff as well as new recruits, receive annual training in Level2 Safeguarding, Keeping Children Safe in Education (KCSIE), Prevent Strategy and FGM.

Inspection

There were no inspections this academic year due to Covid, however, there was comprehensive contact and communication with Commissioners, with relevant quality assurance data being submitted regularly.

Objectives and activities

Policies and objectives

- To provide education, therapeutic interventions, independent living skills and family support to children, young people, and families who have experienced serious traumas and life challenges, or who have cognitive-neuropsychological or other disabilities which have resulted in the need to be educated 1:1 or 2:1 in a small setting.

- The objective of providing Family Support is to
 - Ensure attendance
 - Provide support to parents and family members which will in turn support the effective education of the student
 - To provide a protective factor for the family in terms of safeguarding
 - Ensure families have a range of specialist information from families' workers to assist in the support of the family and progression of the student
- The object of therapeutic interventions is to provide a range of psychoeducation tools to enable students to have the mental and cognitive facility to process learning and have sufficient working memory to support learning.
- To provide for the physical, psychological, social and where requested, the spiritual needs of those who use our service.
- To prepare for, and provide, a robust transition for students from Breakthrough Transformation Trust into education, employment, training, volunteering and/or supported living.
- To provide training and coaching to professionals and organisations to help meet the needs of those whose needs challenge their provision.
- To provide a hub of knowledge and good practice from which to share and create initiatives.
- To plan strategically to work in an organised and pragmatic way with volunteers in the future.

Our purpose

- To progress our provision to be inclusive of and to address more needs within the locality and to provide services and interventions where these are not currently in place.
- To establish our presence in the locality so that those in need know where to come for help.

Our vision

This charity exists to empower and equip individuals and families who experience serious life challenges to take competent charge of their lives and contribute to the wider community.

Breakthrough - Transformation Trust

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 August 2022

Our core values

Unconditional love

- To accept people as they are
- To be inclusive and non-judgmental
- To be kind and compassionate, in all we think and say
- To speak excellence into people's lives
- To give every student a fresh start each day

Total Commitment

- To be the best that we can be
- To reflect together to analyse and improve practice through concepts, skills and attitudes
- To encourage

Professionalism

- To give our personal best
- To recognise professional excellence and practice lifelong learning
- To accept support from and offer support to colleagues, building and maintaining a unified team
- To be flexible and patient
- To make a difference and leave a powerfully supportive legacy

Strategic report

Meeting needs of service users

The charity has again seen a significant increase in the uptake of its services in the years 2021-2022. As a result, there has been significant recruitment of Teachers and Core Workers as well as central staff who bring specialisms across all the centres.

The remaining Covid restrictions have meant that it has been necessary to be both flexible and creative in the management of provision, particularly where staff or students and their families have been infected. There has been a regular stream of variations of advice from Central Government, all of which has had to be sensitively rolled out to students, families and staff. We have seen an up-take in students willing to attend the centres; some had been adversely affected by anxiety as a result of the pandemic and by what they have seen in the national media. For some students it has been extremely hard to return to the socialisation elements which arise from attending a centre.

Families Workers and Practitioners have had to help parents and students to navigate and overcome their own fears, establishing the fact that 'real life' will require coming out of one's home to learn and to work. An important aspect of the work of Families' Workers and Practitioners is to bridge the gap between the desire some parents have to avoid the harder parts of parenting and the need for parents to be able to assert the need and model the confidence to their children that it is safe to come in to college.

Training and Development

There is a continued and deepening complexity of needs involved for children who are referred to us. We recognised last year the need for more specialised training and we have increased the scope of our Mental Health Team to include Counsellors and a Specialist Intervention Practitioner to address the assessment and programme management for students who exhibit High Risk Behaviours and Harmful Sexualised Behaviours. We now provide AIM Assessment and interventions.

Breakthrough - Transformation Trust

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 August 2022

Employees and volunteers

The Board of Trustees would like to record its appreciation of the commitment to the charity of all staff and volunteers.

Breakthrough Transformation Trust is committed to investing in staff training and development throughout all departments. The team provides professional and personal development courses throughout each year, both through internal training and external nationally recognised qualifications. Where appropriate, the charity also engages with external training suppliers to provide courses. This is particularly important for areas of high accountability such as Control and Restraint, First Aid, Fire Marshalling, Group 3 Safeguarding and Health and Safety.

Breakthrough recognises its social and statutory duty to employ persons with additional needs and individuals on Government-assisted work schemes wherever possible and strategic planning has been rolled out to assist in providing openings for these within the organisation.

Our supporters in the community

In addition to the help mentioned in the previous paragraph, the charity has during the period in question, received regular donations from independent supporters. There have also been a number of one-off donations. We would like to express our sincere thanks to everyone who has participated in this support.

Achievements and performance

Review of activities

In setting objectives and planning activities for the year, the Trustees gave careful consideration to ensuring that the charity's activities are to the public benefit, having due regard to the guidance issued by the Charity Commission.

1. Delivery of excellent practice to those whom we serve through therapeutics, families work, education, and within the community - through measurement, reflective practice, and completion of inspections and audits.
2. Provision of excellent value for money for commissioners, providing a high-quality service, where the quality of teaching and learning, of therapeutic interventions, of assessment, progression and transition, and every aspect of the service is monitored through a Quality of Provision process which will undergo root and branch restructuring now and be developed throughout the next academic year.
3. Lilcott Farm in North Devon, near Atherington has continued its work with male and female students who are compound trauma victims and also have complex mental health needs. We have continued our work with those who are inpatients as well as in the community. The farm has a range of animals, to include goats, poultry, pigs, rabbits and guinea pigs.
4. The in-town centre Newton Abbot, is becoming too crowded and we are now in the process of purchasing our new 'Lighthouse' Centre at Kingsteignton near Newton Abbot. This is open for visits from students who will be based there from September 2022 when it officially opens. The new centre, based on a retail park, is close to hundreds of businesses, both national chains and small businesses. This will provide opportunities for students to develop links, to gain supported work experience and, hopefully to open up opportunities for work.
5. Independent Living Skills are being developed across the organisation, being pivotal for students' ability to live lives that are as independent, safe and well-informed as possible. Students are assessed using two nationally recognised assessment tools and skills are taught to them to address their own most pressing needs. We are then able to transition students who will need continued support into Adult Social Care.

Breakthrough - Transformation Trust

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 August 2022

6. The charity is mindful of its need to be relevant in the sector and the Directors and Senior Leadership Team liaise with the Local Authorities and receive regular updates from Stakeholders and Government.
7. We are increasingly aware of the political agenda for Alternate Provisions in the light of tightened Government spending.
8. We continue to analyse all data and information to explore how we might determine possible specialisms for each centre.
9. We are mindful of the need for the improvement and development of our facilities and additional office facilities
 - a. To continue to maintain all buildings
 - b. To liaise with the Heads of Centre to ensure that there is adequate high quality space for learning and therapeutic interventions
 - c. To continue to develop enhanced outdoor facilities at all centres
- a. Updating hardware and software for IT facilities
- b. Increased provision of musical instruments and resources
- c. Provision of learning resources
- d. Replacement of old vehicles beyond repair and provision of extra second-hand cars as pool vehicles for the transportation of service users

Financial review

The results for the year are shown on page 15. The total income for the year is £4,076,482 (2021: £2,888,648) and the total expenditure is £3,743,467 (2021: £2,500,251) which gives a net movement of funds of £333,015 (2021: £388,397). The unrestricted fund balance at 31 August 2022 is £1,913,926.

The principal source of funding is via Element 3, which is the funding required over and above the place funding to enable a child with high needs to participate in education and learning and covers education, health, and care. The majority is commissioned by Devon County Council.

Reserves policy

Reserves are required in order that the charity is protected against future events, known and unknown and is able to maximise future opportunities and weather any future challenges that could possibly arise.

The charity has a long-term commitment to participant service users and it requires long-term plans. The charity's short-term commitment is up to 1 term; medium-term commitment to be up to 2 terms and long-term commitment to be 3 terms or longer (many courses for post-16 require at least two years to complete the syllabus).

Where it is deemed correct and right to place an individual within our service, it is usual that the Devon County Council 0-25 Special Educational Needs Team, together with, or independent from Devon County Council Children or Adult Social Services will commit to educate them for at least the remainder of that Academic Year, and usually beyond that time. Some young people are commissioned to be with the charity for full weeks, and some for part of the week, but the same principle normally applies. Therefore, there is some stability of income during the Academic Year.

Breakthrough - Transformation Trust

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 August 2022

The benefit of a Reserves Policy is:

- To assist in strategic planning, for example, considering how new projects or activities will be funded
- To inform the budget process, for example, is it a balanced budget, or do reserves need to be drawn down or built up?
- To inform the budget and risk management process by identifying any uncertainty in future income streams
- To demonstrate to beneficiaries, donors, funders and the wider public that the charity is being protected from future challenges and changes in economic circumstances

Guiding principles to justify the level of reserves and their use:

- To protect and sustain the charity's activities should income or expenditure become seriously out of line with expectations
- To have a level of funds available to support the payment of mortgages and staff wages in the event of having to downsize the services of the charity while seeking further funding
- To have a sufficient level of funds available to support new long term charitable initiatives in their launch phase and before fundraising support can be fully realised.

Level of Reserves to meet policy objectives:

- To avoid closure if funding difficulties were to happen, the Board of Trustees has agreed to keep a certain level of financial reserves to ensure that all charitable activities can continue for a period of two months. The main concerns are to ensure: that staff can continue working primarily to secure new funding, and that as a last resort, beneficiaries are supported to move on to other services. It has been calculated that reserves of £300,000 are sufficient to cover staff wages plus or mortgage commitment for 1 month. This reserve would be made up in the ratio 1 part cash reserves and 2 parts equity from property owned by the charity.that staff can continue working, primarily to secure new funding, s and 2 parts equity from property owned by the charity.
- It is anticipated that should such an event take place, during the period of grace provided by the existence of reserves, that the activities of the charity may be re-designed.
- If strategic cash reserves fall below £100,000 that would trigger an immediate review of income and expenditure to ensure no further cash loss.

Strategic considerations on the level of reserves:

To support long term strategic objectives and improve the charity's overall financial security, in the event of the negative impact of any financial challenges, the Board of Trustees have agreed to review reserves annually, streamlining expenditure, and not detracting from the quality, quantity or nature of the service.

Investment policy and performance

The charity is investing in the upgrading and development of its properties so that there is more room for the demand which it is experiencing for its services. Reserves were, during the accounting year ending 31st August 2022, held in an accessible bank account where the interest rate was <0.5%. Funds were required to be held in an account with quick, penalty-free availability in order that we should be able to purchase and install safety features at Brocks Farm. Future investments will be strategically planned after consultation with financial advisors.

Breakthrough - Transformation Trust

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 August 2022

Attitude to risk:

Breakthrough Transformation Trust relies on its income from commissioners to support operating costs. The key risks to the long-term sustainability of the charity are:

- (i) changes in Government policy regarding non-registered Alternative Provision
- (ii) changes in Central Government or Local Government regulations which would adversely affect a funding stream
- (iii) ensuring that Element 3 Funding costs are accurately calculated
- (iv) catastrophic mishandling of funds or fraud
- (v) a catastrophic safeguarding or health and safety breach, which would call into question the trustworthiness and competence of the charity
- (vi) a catastrophic global event such as a pandemic which may result in a range of irreversible staffing deficits; loss of students through sickness or a long period of time whereby college would be closed and therapeutic education and families work adversely affected.

- Strict measures are in place so that Trustees work together with Accountants, Auditors and external advisers to mitigate financial risks.

- Strict measures are in place so that there are sufficient members of staff and directors who can ensure safeguarding and health and safety are maintained to the highest possible standards, to review and analyse data and to train, refresh and improve facilities and resources accordingly.

Time Horizon

The Board of Trustees of Breakthrough Transformation Trust have the intention that the charity should exist into perpetuity and that investments and funds should be handled wisely so that it can both develop and consolidate reliably. Therefore, it is intended to adopt a long-term investment time horizon.

Reviewing and Reporting

The Trustees will regularly consider whether there is a need to revise its Policy Statement and keep under review the arrangements under which finances are invested.

The charity has now grown to the point at which, subject to income remaining in the current regions, a yearly Audit is required.

Events after the end of the reporting period

Particulars of events after the reporting date are detailed in note 27 to the financial statements.

Breakthrough - Transformation Trust

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 August 2022

Trustees' responsibilities statement

The trustees, who are also directors for the purposes of company law, are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the incoming resources and application of resources, including the income and expenditure, 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 applicable Charities SORP (FRS 102);
- make judgments and accounting 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 charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who is a trustee at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware; and
- they have taken all steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

The Trustees' Annual Report and the Strategic Report were approved on 11 May 2023 and signed on behalf of the board of trustees by:

Deborah Dugdall
Trustee

Philip Reynolds
Trustee

Breakthrough - Transformation Trust

Company Limited by Guarantee

Independent Auditor's Report to the Members of Breakthrough - Transformation Trust

Year ended 31 August 2022

Opinion

We have audited the financial statements of Breakthrough - Transformation Trust (the 'charity') for the year ended 31 August 2022 which comprise the statement of financial activities (including income and expenditure account), statement of financial position, statement of cash flows and the related notes, 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 FRS 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 charity's affairs as at 31 August 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;
- 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 charity 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 charity'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.

Breakthrough - Transformation Trust

Company Limited by Guarantee

Independent Auditor's Report to the Members of Breakthrough - Transformation Trust *(continued)*

Year ended 31 August 2022

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

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

- adequate accounting records have not been kept, 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Breakthrough - Transformation Trust

Company Limited by Guarantee

Independent Auditor's Report to the Members of Breakthrough - Transformation Trust *(continued)*

Year ended 31 August 2022

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Trustees and other management. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.
- The Trust is subject to laws and regulations that govern the preparation of the financial statements, including financial reporting legislation. The company is also subject to other laws and regulations where the consequences of non-compliance could have a material impact on the amounts or disclosures within the financial statements, including employment, anti-bribery, and anti-money laundering.
- Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. In any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Breakthrough - Transformation Trust

Company Limited by Guarantee

Independent Auditor's Report to the Members of Breakthrough - Transformation Trust *(continued)*

Year ended 31 August 2022

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Breakthrough - Transformation Trust

Company Limited by Guarantee

Independent Auditor's Report to the Members of Breakthrough - Transformation Trust *(continued)*

Year ended 31 August 2022

Use of our report

This report is made solely to the charity'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 charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Wright (Senior Statutory Auditor)

For and on behalf of
Westcotts (SW) LLP
Chartered Accountants & Statutory Auditor
26-28 Southernhay East
Exeter
EX1 1 NS

18 May 2023

Breakthrough - Transformation Trust

Company Limited by Guarantee

Statement of Financial Activities (including income and expenditure account)

Year ended 31 August 2022

		2022		2021
		Unrestricted funds	Total funds	Total funds
	Note	£	£	£
Income				
Donations and legacies	5	3,991	3,991	1,951
Charitable activities	6	4,069,704	4,069,704	2,882,852
Investment income	7	30	30	375
Other income	8	2,757	2,757	3,470
Total income		<u>4,076,482</u>	<u>4,076,482</u>	<u>2,888,648</u>
Expenditure				
Expenditure on charitable activities	9	3,743,467	3,743,467	2,500,716
Other expenditure	11	–	–	(465)
Total expenditure		<u>3,743,467</u>	<u>3,743,467</u>	<u>2,500,251</u>
Net income and net movement in funds		<u>333,015</u>	<u>333,015</u>	<u>388,397</u>
Reconciliation of funds				
Total funds brought forward		1,580,911	1,580,911	1,192,514
Total funds carried forward		<u>1,913,926</u>	<u>1,913,926</u>	<u>1,580,911</u>

The Statement of Financial Activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

Prior year fund comparatives are disclosed in note 25.

The notes on pages 18 to 30 form part of these financial statements.

Breakthrough - Transformation Trust

Company Limited by Guarantee

Statement of Financial Position

31 August 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible fixed assets	16	3,796,146	2,737,913
Current assets			
Debtors	17	56,288	15,165
Cash at bank and in hand		333,380	619,787
		<u>389,668</u>	<u>634,952</u>
Creditors: amounts falling due within one year	18	<u>602,607</u>	<u>534,881</u>
Net current liabilities		<u>(212,939)</u>	<u>100,071</u>
Total assets less current liabilities		3,583,207	2,837,984
Creditors: amounts falling due after more than one year	19	<u>1,669,281</u>	<u>1,257,073</u>
Net assets		<u>1,913,926</u>	<u>1,580,911</u>
Funds of the charity			
Unrestricted funds		<u>1,913,926</u>	<u>1,580,911</u>
Total charity funds	21	<u>1,913,926</u>	<u>1,580,911</u>

These financial statements were approved by the board of trustees and authorised for issue on 11 May 2023, and are signed on behalf of the board by:

Deborah Dugdall
Trustee

Company registration number: 07962125

The notes on pages 18 to 30 form part of these financial statements.

Breakthrough - Transformation Trust

Company Limited by Guarantee

Statement of Cash Flows

Year ended 31 August 2022

	2022	2021
	£	£
Cash flows from operating activities		
Net income	333,015	388,397
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	96,626	68,086
Other interest receivable and similar income	(30)	(375)
Interest payable and similar charges	46,488	36,531
Gains on disposal of tangible fixed assets	(1,475)	(465)
Accrued (income)/expenses	(79)	915
<i>Changes in:</i>		
Trade and other debtors	(41,123)	1,583
Trade and other creditors	43,950	239,877
Cash generated from operations	477,372	734,549
Interest paid	(46,488)	(36,531)
Interest received	30	375
Net cash from operating activities	430,914	698,393
Cash flows from investing activities		
Purchase of tangible assets	(1,158,709)	(915,238)
Proceeds from sale of tangible assets	5,325	465
Net cash used in investing activities	(1,153,384)	(914,773)
Cash flows from financing activities		
Proceeds from borrowings	436,063	317,180
Net cash from financing activities	436,063	317,180
Net (decrease)/increase in cash and cash equivalents	(286,407)	100,800
Cash and cash equivalents at beginning of year	619,787	518,987
Cash and cash equivalents at end of year	333,380	619,787

The notes on pages 18 to 30 form part of these financial statements.

Breakthrough - Transformation Trust

Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31 August 2022

1. General information

The charity is a public benefit entity and a private company limited by guarantee, registered in England and Wales and a registered charity in England and Wales. The address of the registered office is Cannamore House, Avonwick, South Brent, Devon, TQ10 9HA.

2. Statement of compliance

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

3. Accounting policies

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

There are no material uncertainties about the charity's ability to continue. The accounts have been prepared on the going concern basis.

Consolidation

The charity is not required to prepare consolidated accounts in accordance with the Charities Act 2011, and has taken advantage of the option not to prepare consolidated financial statements contained in Section 398 of the Companies Act 2006 on the basis that the charity and its subsidiary undertakings comprise a small group.

Breakthrough - Transformation Trust

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2022

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Income

All income is included in the Statement of Financial Activities when entitlement has passed to the charity, it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- legacy income is recognised when receipt is probable and entitlement is established.
- income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.
- income from contracts for the supply of services is recognised with the delivery of the contracted service. This is classified as unrestricted funds unless there is a contractual requirement for it to be spent on a particular purpose and returned if unspent, in which case it may be regarded as restricted. The turnover is stated after discounts and is exempt from VAT.
- income from investments is included in the year in which it is receivable.

Breakthrough - Transformation Trust

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2022

3. Accounting policies *(continued)*

Expenditure

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other recognised gains and losses, unless it reverses a charge for impairment that has previously been recognised as expenditure within the statement of financial activities. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other recognised gains and losses, except to which it offsets any previous revaluation gain, in which case the loss is shown within other recognised gains and losses on the Statement of Financial Activities.

Breakthrough - Transformation Trust

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2022

3. Accounting policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	-	1% straight line
Plant and machinery	-	25% reducing balance
Fixtures and fittings	-	20% straight line
Motor vehicles	-	25% reducing balance

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised under the appropriate heading in the statement of financial activities in which the initial gain was recognised.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as an expense in the period in which it arises.

Breakthrough - Transformation Trust

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2022

4. Limited by guarantee

Breakthrough - Transformation Trust is a company limited by guarantee and accordingly does not have a share capital.

Every member of the company undertakes to contribute such amount as may be required, not exceeding £1, to the assets of the charitable company in the event of it being wound up whilst a member, or within one year after ceasing to be a member.

5. Donations and legacies

	Unrestricted Funds £	Total Funds 2022 £	Unrestricted Funds £	Total Funds 2021 £
Donations				
Donations	<u>3,991</u>	<u>3,991</u>	<u>1,951</u>	<u>1,951</u>

6. Charitable activities

	Unrestricted Funds £	Total Funds 2022 £	Unrestricted Funds £	Total Funds 2021 £
Service fees	4,061,259	4,061,259	2,877,261	2,877,261
Student lunches	8,208	8,208	5,056	5,056
Other income	<u>237</u>	<u>237</u>	<u>535</u>	<u>535</u>
	<u>4,069,704</u>	<u>4,069,704</u>	<u>2,882,852</u>	<u>2,882,852</u>

7. Investment income

	Unrestricted Funds £	Total Funds 2022 £	Unrestricted Funds £	Total Funds 2021 £
Bank interest receivable	<u>30</u>	<u>30</u>	<u>375</u>	<u>375</u>

8. Other income

	Unrestricted Funds £	Total Funds 2022 £	Unrestricted Funds £	Total Funds 2021 £
Gain on disposal of tangible fixed assets held for charity's own use	1,475	1,475	–	–
Solar power income	<u>1,282</u>	<u>1,282</u>	<u>3,470</u>	<u>3,470</u>
	<u>2,757</u>	<u>2,757</u>	<u>3,470</u>	<u>3,470</u>

Breakthrough - Transformation Trust

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2022

9. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Support costs £	Total funds 2022 £
Charitable activities	2,785,093	903,275	3,685,118
Governance costs	–	55,099	55,099
	<u>2,785,093</u>	<u>958,374</u>	<u>3,740,217</u>

	Activities undertaken directly £	Support costs £	Total funds 2021 £
Charitable activities	1,960,560	481,030	2,441,590
Governance costs	–	59,126	59,126
	<u>1,960,560</u>	<u>540,156</u>	<u>2,500,716</u>

10. Analysis of support costs

	Analysis of support costs £	Total 2022 £	Total 2021 £
Staff costs	486,590	486,590	228,622
Premises	105,424	105,424	64,272
Communications and IT	10,407	10,407	10,878
General office	17,674	17,674	13,173
Finance costs	46,488	46,488	36,531
Governance costs	55,099	55,099	59,126
Motor and travel	79,314	79,314	37,097
Depreciation	96,626	96,626	68,086
Other	35,209	35,209	22,371
Recruitment costs	25,543	25,543	–
	<u>958,374</u>	<u>958,374</u>	<u>540,156</u>

Breakthrough - Transformation Trust

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2022

11. Other expenditure

	Unrestricted Funds £	Total Funds 2022 £	Unrestricted Funds £	Total Funds 2021 £
Loss on disposal of tangible fixed assets held for charity's own use	<u>–</u>	<u>–</u>	<u>(465)</u>	<u>(465)</u>

12. Net income

Net income is stated after charging/(crediting):

	2022 £	2021 £
Depreciation of tangible fixed assets	96,626	68,086
Gains on disposal of tangible fixed assets	<u>(1,475)</u>	<u>(465)</u>

13. Auditors remuneration

	2022 £	2021 £
Fees payable for the audit of the financial statements	<u>7,500</u>	<u>7,500</u>
Fees payable to the charity's auditor and its associates for other services: Other non-audit services	<u>7,500</u>	<u>7,500</u>

14. Staff costs

The average head count of employees during the year was 125 (2021: 96). The average number of full-time equivalent employees during the year is analysed as follows:

	2022 No.	2021 No.
Trustees	3	3
Teachers	38	30
Core workers	58	51
Therapy	7	2
Administration	19	10
	<u>125</u>	<u>96</u>

The number of employees whose remuneration for the year fell within the following bands, were:

	2022 No.	2021 No.
£60,000 to £69,999	<u>3</u>	<u>–</u>

Key Management Personnel

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the charity. The total compensation paid to key management personnel for services provided to the charity was £491,899 (2021: £396,074).

Breakthrough - Transformation Trust

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2022

15. Trustee remuneration and expenses

Three trustees have been paid remuneration or received other benefits from employment with the charity.

During the year, three (2021 - three) trustees were reimbursed £2,701 (2021 - £2,458) relating to travel expenses (2021 - travel expenses), in relation to their employment.

No (2021 - one) trustee was reimbursed £nil (2021 - £130) relating to travel expenses in regard to their role as trustee.

16. Tangible fixed assets

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 September 2021	2,842,447	905	194,653	31,851	3,069,856
Additions	1,058,144	–	73,411	27,154	1,158,709
Disposals	–	–	–	(3,850)	(3,850)
At 31 August 2022	<u>3,900,591</u>	<u>905</u>	<u>268,064</u>	<u>55,155</u>	<u>4,224,715</u>
Depreciation					
At 1 September 2021	228,445	419	86,628	16,451	331,943
Charge for the year	39,008	122	47,817	9,679	96,626
At 31 August 2022	<u>267,453</u>	<u>541</u>	<u>134,445</u>	<u>26,130</u>	<u>428,569</u>
Carrying amount					
At 31 August 2022	<u>3,633,138</u>	<u>364</u>	<u>133,619</u>	<u>29,025</u>	<u>3,796,146</u>
At 31 August 2021	<u>2,614,002</u>	<u>486</u>	<u>108,025</u>	<u>15,400</u>	<u>2,737,913</u>

The properties held by the charity were revalued in September 2019 by Barclays, an independent valuer. At the date of the valuations, it was determined that the market values of the properties were below the net book value recognised within the financial statements. This incurred an impairment loss in 2019 of £125,476 which was recognised in the Statement of Financial Activities. Following the revaluation, further additions have been made to the properties and these are recognised at cost.

17. Debtors

	2022 £	2021 £
Trade debtors	39,719	5,124
Prepayments and accrued income	16,569	10,041
	<u>56,288</u>	<u>15,165</u>

Breakthrough - Transformation Trust

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2022

18. Creditors: amounts falling due within one year

	2022	2021
	£	£
Bank loans and overdrafts	89,122	65,267
Trade creditors	31,380	440,865
Accruals and deferred income	21,307	21,386
Social security and other taxes	69,736	7,363
Other creditors	391,062	–
	<u>602,607</u>	<u>534,881</u>

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

	2022	2021
	£	£
Bank loans and overdrafts	<u>1,669,281</u>	<u>1,257,073</u>

Included within creditors: amounts falling due after more than one year is an amount of £1,312,793 (2021: £996,005) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

There were three commercial bank loans at the beginning of the year, first one for £436,430 maturing in 2035, second one for £515,824 maturing in 2037 and the third one for £370,086 maturing in 2041. The interest rate is approximately 3.25% per annum on the first two loans and approximately 2% on the third loan.

There was one new commercial bank loan taken out during the year, as at the year end this was valued at £499,669. maturing in 2037. The interest rate is approximately 3% per annum.

All loans are secured on the freehold properties.

20. Pensions and other post retirement benefits

Defined contribution plans

The amount recognised in income or expenditure as an expense in relation to defined contribution plans was £48,428 (2021: £35,126).

Breakthrough - Transformation Trust

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2022

21. Analysis of charitable funds

Unrestricted funds

	At 1 September 2021 £	Income £	Expenditure £	At 31 August 2022 £
General funds	<u>1,580,911</u>	<u>4,076,482</u>	<u>(3,743,467)</u>	<u>1,913,926</u>

	At 1 September 2020 £	Income £	Expenditure £	At 31 August 2021 £
General funds	<u>1,192,514</u>	<u>2,888,648</u>	<u>(2,500,251)</u>	<u>1,580,911</u>

The purpose of the unrestricted funds is to furtherance the aims and objectives of the charity, as explained in detail in the trustees' report.

22. Analysis of net assets between funds

	Unrestricted Funds £	Total Funds 2022 £
Tangible fixed assets	3,796,146	3,796,146
Current assets	389,668	389,668
Creditors less than 1 year	(602,607)	(579,219)
Creditors greater than 1 year	<u>(1,669,281)</u>	<u>(1,689,419)</u>
Net assets	<u>1,913,926</u>	<u>1,917,176</u>

	Unrestricted Funds £	Total Funds 2021 £
Tangible fixed assets	2,737,913	2,737,913
Current assets	634,952	634,952
Creditors less than 1 year	(534,881)	(534,881)
Creditors greater than 1 year	<u>(1,257,073)</u>	<u>(1,257,073)</u>
Net assets	<u>1,580,911</u>	<u>1,580,911</u>

Breakthrough - Transformation Trust

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2022

23. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2022	2021
	£	£
Financial assets that are debt instruments measured at amortised cost		
Financial assets that are debt instruments measured at amortised cost	39,719	5,124
	<u>39,719</u>	<u>5,124</u>
Financial liabilities measured at amortised cost		
Financial liabilities measured at amortised cost	2,180,845	1,763,205
	<u>2,180,845</u>	<u>1,763,205</u>

24. Analysis of changes in net debt

	At 1 Sep 2021	Cash flows	At 31 Aug 2022
	£	£	£
Cash at bank and in hand	619,787	(286,407)	333,380
Debt due within one year	(65,267)	(23,855)	(89,122)
Debt due after one year	(1,257,073)	(412,208)	(1,669,281)
	<u>(702,553)</u>	<u>(722,470)</u>	<u>(1,425,023)</u>

	At 1 Sep 2020	Cash flows	At 31 Aug 2021
	£	£	£
Cash at bank and in hand	518,987	100,800	619,787
Debt due within one year	(48,468)	(16,799)	(65,267)
Debt due after one year	(956,692)	(300,381)	(1,257,073)
	<u>(486,173)</u>	<u>(216,380)</u>	<u>(702,553)</u>

Breakthrough - Transformation Trust

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2022

25. Prior year fund comparatives

	Unrestricted funds £	Total funds 2021 £
Income		
Donations and legacies	1,951	1,951
Charitable activities	2,882,852	2,882,852
Investment income	375	375
Other income	3,470	3,470
Total income	<u>2,888,648</u>	<u>2,888,648</u>
Expenditure		
Expenditure on charitable activities	2,500,716	2,500,716
Other expenditure	(465)	(465)
Total expenditure	<u>2,500,251</u>	<u>2,500,251</u>
Net income and net movement in funds	<u>388,397</u>	<u>388,397</u>
Reconciliation of funds		
Total funds brought forward	1,192,514	1,192,514
Total funds carried forward	<u>1,580,911</u>	<u>1,580,911</u>

26. Operating lease commitments

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

	2022 £	2021 £
Not later than 1 year	28,028	32,726
Later than 1 year and not later than 5 years	844	125,576
	<u>28,872</u>	<u>158,302</u>

20 Courtenay Park has been leased by the charity since July 2020. During the year the charity terminated the lease prior to the review period in July 2023. The lease was for a term of six years until July 2026.

Breakthrough - Transformation Trust

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2022

27. Post balance sheet events

After the Balance Sheet date, the Board made the decision to close the North Devon Centre and sell Lilcott Farm, due to the regular deficits being made. Lilcott Farm is included in the accounts at an initial cost of £625,000, with improvements of £132,728. The total net book value of the cost and improvements as at 31 August 2022 is £743,345. The property was put on the market after the year end, and an offer has been received of £750,000.

There have been no other events in the subsequent period that will require an adjustment to the balances reported in the statement of financial position of these financial statements dated 31 August 2022.

Breakthrough Transformation Trust have and will continue to evaluate the management actions to mitigate the impact on the charity. The charity has adopted initiatives to safeguard the health of its people and actions aimed at maintaining operational activity.

28. Related parties

Three of the trustees and a number of their family members were employed by the charity, some of which are at a senior management level. The trustees' remuneration, pension contributions and other benefits amounted to £185,300 (2021 - £156,162). The three trustees remunerated for their employment with the charity were Mrs D Dugdall, Mr A Dugdall and Mr P Reynolds.

Breakthrough - Transformation Trust

Company Limited by Guarantee

Management Information

Year ended 31 August 2022

The following pages do not form part of the financial statements.

Breakthrough - Transformation Trust

Company Limited by Guarantee

Detailed Statement of Financial Activities

Year ended 31 August 2022

	2022	2021
	£	£
Income and endowments		
Donations and legacies		
Donations	<u>3,991</u>	<u>1,951</u>
Charitable activities		
Service fees	4,061,259	2,877,261
Student lunches	8,208	5,056
Other income	<u>237</u>	<u>535</u>
	<u>4,069,704</u>	<u>2,882,852</u>
Investment income		
Bank interest receivable	<u>30</u>	<u>375</u>
Other income		
Gain on disposal of tangible fixed assets held for charity's own use	1,475	–
Solar power income	<u>1,282</u>	<u>3,470</u>
	<u>2,757</u>	<u>3,470</u>
Total income	<u><u>4,076,482</u></u>	<u><u>2,888,648</u></u>

Breakthrough - Transformation Trust

Company Limited by Guarantee

Detailed Statement of Financial Activities *(continued)*

Year ended 31 August 2022

	2022	2021
	£	£
Expenditure		
Expenditure on charitable activities		
Purchases	58,499	39,007
Wages and salaries	2,449,219	1,685,194
Employer's NIC	222,500	143,165
Pension costs	48,428	35,126
Other post-retirement benefits	185,300	125,234
Rent	58,183	51,729
Rates and water	9,419	9,034
Light and heat	68,223	19,130
Repairs and maintenance	137,776	84,903
Insurance	26,285	22,880
Other establishment	41,178	22,279
Motor vehicle expenses	40,423	18,461
Other motor/travel costs	38,891	18,636
Legal and professional fees	127,995	63,947
Telephone	10,407	6,818
Other office costs	30,868	17,766
Depreciation	96,626	68,086
Interest on debenture loans	42,624	36,001
Interest on bank loans and overdrafts	614	530
Farm expenses & Licenses	30,243	16,276
Student and exam expenses	4,341	4,818
Sundry Expenses	12,175	11,696
	<u>3,740,217</u>	<u>2,500,716</u>
Other expenditure		
Loss on disposal of tangible fixed assets held for charity's own use	—	465
	<u>3,740,217</u>	<u>2,500,251</u>
Total expenditure		
	<u>3,740,217</u>	<u>2,500,251</u>
Net income	<u>336,265</u>	<u>388,397</u>

Breakthrough - Transformation Trust

Company Limited by Guarantee

Notes to the Detailed Statement of Financial Activities *(continued)*

Year ended 31 August 2022

	2022	2021
	£	£
Brought forward	887,850	469,334
Sundry expenses	12,175	11,696
	<u>900,025</u>	<u>481,030</u>
Governance costs		
Accountancy fees	7,500	7,500
Audit fees	7,500	7,500
Legal and other professional fees	40,099	44,126
	<u>55,099</u>	<u>59,126</u>
Expenditure on charitable activities	<u>3,740,217</u>	<u>2,500,716</u>

BREAKTHROUGH - TRANSFORMATION TRUST

England & Wales - Charity number 1148238

Accounts

Breakthrough - Transformation Trust
Company Limited by Guarantee
Financial Statements
31 August 2021

THOMAS WESTCOTT

Chartered accountants & statutory auditor

Plym House
3 Longbridge Road
Marsh Mills
Plymouth
Devon
PL6 8LT

Breakthrough - Transformation Trust

Company Limited by Guarantee

Financial Statements

Year ended 31 August 2021

	Page
Trustees' annual report (incorporating the directors report)	1
Independent auditor's report to the members	10
Statement of financial activities (including income and expenditure account)	14
Statement of financial position	15
Statement of cash flows	16
Notes to the financial statements	17
The following pages do not form part of the financial statements	
Detailed statement of financial activities	29
Notes to the detailed statement of financial activities	31

Breakthrough - Transformation Trust

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Directors Report)

Year ended 31 August 2021

The trustees, who are also the directors for the purposes of company law, present their report and the financial statements of the charity for the year ended 31 August 2021.

Reference and administrative details

Registered charity name	Breakthrough - Transformation Trust
Charity registration number	1148238
Company registration number	07962125
Principal office and registered office	Cannamore House Avonwick South Brent Devon TQ10 9HA
The trustees	Deborah Dugdall David Dugdall Angus Dugdall Philip Reynolds Jose Luis De Silva Simeon Bale Claire Thomson
Auditor	Thomas Westcott Chartered accountants & statutory auditor Plym House 3 Longbridge Road Marsh Mills Plymouth Devon PL6 8LT
Bankers	Barclays Bank PLC 40 Courtenay Street Newton Abbot Devon TQ12 2EA

Breakthrough - Transformation Trust

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Directors Report) *(continued)*

Year ended 31 August 2021

Structure, governance and management

Constitution

The charity (Number 1148238) is a company limited by guarantee (Number 07962125), incorporated on 23rd February 2012 and is governed by its Memorandum and Articles of Association. It is administered and led by a Board of Trustees, details of which are given on page 1.

Method of appointment of election of trustees

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

Trustees are appointed to the Board of Trustees by an open recruitment process, inviting applications with appropriate skills, experience and/or qualifications. The successful applicants are invited to formal interview in accordance with the Safer Recruitment procedures, (this is applied to all voluntary as well as paid positions within the organisation) with the Trustees prior to their appointment at a Board Meeting.

Polices adopted for the induction and training of trustees

All newly appointed Trustees meet with the Trustees and are introduced to the Centres of Operation. They meet with staff and are given a reading list of relevant documentation, policies, systems and procedures.

Organisational structure and decision making

The Board of Trustees are responsible for agreeing the strategic direction of the organisation, ratifying policy and ensuring compliance with internal governance and external regulations and legislation.

The Board of Trustees convenes regularly and where required for extraordinary meetings.

Day-to-day management of the organisation is delegated to the Chief Executive and thereafter to the Executive Team. The Executive Team is defined as the Chief Experience Officer, the Chief Operations Officer, and the chief Experience Officer.

The charity operates broadly in four areas: therapeutics, families, education, and business. Mental health is led by the Mental Health Lead; other Therapeutics is led by the Strategic Manager for SEND and Safeguarding; Families is led by the Families Lead; Education is led by Heads of Centre; Business is led by the Executive Team.

The charity has four centres in Devon and currently also works in the community using public buildings, and where appropriate makes visits to homes.

Health and safety

There is a trained Health and Safety Trustee and also a trained Health and Safety Lead who oversees all four centres.

Safeguarding

The organisation trains all staff to Group 2 level in Safeguarding (during induction and annually) and currently has 5 staff, including one Trustee, who are trained to Group 3 level in Safeguarding. There is also a Designated Safeguarding Lead (DSL) and a Deputy. All staff and students receive training in the Keeping Children Safe in Education (KCSIE), Prevent Strategy and FGM.

Inspection

There were no inspections this academic year due to Covid, however, there was comprehensive contact and communication with Commissioners, with relevant quality assurance data being submitted regularly

Breakthrough - Transformation Trust

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Directors Report) *(continued)*

Year ended 31 August 2021

Objectives and activities

Policies and objectives

- To provide education, therapeutic interventions, and family support to children, young people, and families who have experienced serious traumas and life challenges, or who have cognitive-neuropsychological or other disabilities which have resulted in the need to be educated in a small setting.
- To provide for the physical, psychological, social and where requested, the spiritual needs of those who use our service.
- To provide training and coaching to professionals and organisations to help meet the needs of those whose needs challenge their provision.
- To provide a hub of knowledge and good practice from which to share and create initiatives.
- To plan strategically to work in an organised and pragmatic way with volunteers in the future.

Our purpose

- To progress our provision to be inclusive of and to address more needs within the locality and to provide services and interventions where these are not currently in place.
- To establish our presence in the locality so that those in need know where to come for help.

Our vision

This charity exists to empower and equip individuals and families who experience serious life challenges to take competent charge of their lives and contribute to the wider community.

Our core values

Unconditional love

- To accept people as they are
- To be inclusive and non-judgmental
- To be kind and compassionate, in all we think and say
- To speak excellence into people's lives
- To give every student a fresh start each day

Total Commitment

- To be the best that we can be
- To reflect together to analyse and improve practice through concepts, skills and attitudes
- To encourage

Professionalism

- To give our personal best
- To recognise professional excellence and practice lifelong learning
- To accept support from and offer support to colleagues, building and maintaining a unified team
- To be flexible and patient
- To make a difference and leave a powerfully supportive legacy

Breakthrough - Transformation Trust

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Directors Report) *(continued)*

Year ended 31 August 2021

Strategic report

Meeting needs of service users

The charity has seen a significant increase in the uptake of its services in the years 2020 to 2021. As a result, there has been significant recruitment of Teachers and Core Workers.

Continued Covid restrictions have meant that it has been necessary to be both flexible and creative in the management of provision, particularly where staff or students and their families have been infected. There has been a regular stream of variations of advice from Central Government, all of which has had to be sensitively rolled out to students, families and staff. Post the Covid Lockdown which began in March 2020, we encouraged full attendance by students and staff, although those who were classed as Extremely Clinically Vulnerable were afforded reasonable adjustments. Subsequent to the commencement of vaccinations on 8th December, 2020, as staff and students took their first and second vaccines, we continued to exercise robust infection control systems within our buildings and in social settings. Vaccines meant that those who contracted the infection appeared to weather the illness with more resistance than prior to vaccination.

Families workers and practitioners have again provided a reliable and consistent highway of communication between students and their families and through to all staff involved. There has been a new, more intense set of problems arising out of continued Covid restrictions, financial hardship, unemployment, furlough, business failure, families being forced together with no respite for prolonged periods of time, untreated illness, loneliness, isolation, domestic abuse, anxiety, depression and other mental health challenges.

Training and Development

We are seeing the complexity of student profiles becoming more intense and multi-faceted and as a consequence, we recognised the need for more specialised training. In particular, when we indicated that we wanted to recruit BACP/NCS Level 4 Qualified Counsellors, we have seen a number of existing staff with a well-proven track record and with a suitable character profile, ask to be considered for counselling training. Growing this expertise from within our own staff base has proved to be successful. Our plan is that where the organisation continues to expand, that every year one or two applications will be accepted from suitable staff to train for counselling.

Although we have a rich range of professional specialisms and qualifications within the families team, they are beginning to expand their range of specialist interventions through a progression of training in order to address the ever-growing and changing intervention and support needs being experienced by families.

Employees and volunteers

The Board of Trustees would like to record its appreciation of the commitment to the charity of all staff and volunteers.

Breakthrough Transformation Trust is committed to investing in staff development throughout all departments. The team provides professional and personal development courses throughout each year, both through internal training and external nationally recognised qualifications. Where appropriate, the charity also engages with external training suppliers to provide courses. This is particularly important for areas of high accountability such as Control and Restraint, First Aid, Fire Marshalling, Group 3 3 Safeguarding and Health and Safety.

Breakthrough - Transformation Trust

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Directors Report) *(continued)*

Year ended 31 August 2021

Breakthrough recognises its social and statutory duty to employ persons with additional needs and individuals on Government-assisted work schemes wherever possible and strategic planning is in place to assist in providing openings for these within the organisation.

The Board of Directors extend deep gratitude to the Telecommunications Company EE, Plymouth Centre, for the highly valued help and support they have given, both in terms of allowing corporate volunteers to attend Cannamore Farm, where they have worked tirelessly on estates projects and on helping to maintain the grounds.

Our supporters in the community

In addition to the help mentioned in the previous paragraph, the charity has during the period in question, received regular donations from two independent supporters. There have also been a number of one-off donations. We would like to express our sincere thanks to everyone who has participated in this support.

Achievements and performance

Review of activities

In setting objectives and planning activities for the year, the Trustees gave careful consideration to ensuring that the charity's activities are to the public benefit, having due regard to the guidance issued by the Charity Commission.

1. Delivery of excellent practice to those whom we serve through therapeutics, families work, education, and within the community - through measurement, reflective practice, and completion of inspections and audits.

2. Provision of excellent value for money for commissioners, providing a high-quality service, where the quality of teaching and learning, of therapeutic interventions, of assessment, progression and transition, and every aspect of the service is monitored through a Quality of Provision process which will undergo root and branch restructuring now and be developed throughout the next academic year.

3. A new centre was purchased in North Devon (Feb 2021) to continue the provision currently in place via the rental facilities. This new property, Lilcott Farm, is strategically placed in Atherington, and is ideally suited to cover a catchment area stretching from; Okehampton to the south, Tiverton to the south-east, Barnstaple to the north, Bideford to the north-west and Torrington to the west. Lilcott Farm is a working small-holding and the plans are to develop it as a successful farm shop and butchery providing work experience to learners across several disciplines.

4. In Newton Abbot, a rental property has been sourced to extend our capacity for learners. This is centre is located in the town centre, close the mainline railway station. This is providing additional accommodation for a specialism in therapeutics, therapeutic education. This centre will focus on becoming life- and employment-/further-/higher education-ready and prepared.

5. The charity continues to develop its strategic plans to take into account the rapid rate of commissioning; to analyse the type of up-scaling which will be required to continue growing the organisation in a safe and sustainable manner.

6. To analyse trends in our market sector, research potential competitors, and liaise with stakeholders. Use this data to inform forward planning.

Breakthrough - Transformation Trust

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Directors Report) *(continued)*

Year ended 31 August 2021

7. Use all data and information to explore how we might determine possible specialisms for each centre.

8. Improvement and development of our facilities

a. The continued build and of log cabins at Cannamore Farm centre to increase learner capacity. These have proved to be very successful and the learners are finding the new spaces excellent areas to work in

b. Provision of hardware and software for IT facilities

c. Provision of musical instruments and resources

d. Provision of art and craft resources

e. Upgrading, decorating and change of use of some rooms to maximise learning space and to provide relocated office spaces

f. Installation of additional fire safety equipment and fire doors

g. Provision of extra second-hand cars as pool vehicles for the transportation of service users

h. Regarding site maintenance, in order to ensure that the toilet facilities were working properly and as a result of a previous septic tank fault, a new Sewage Treatment Plant was required at Cannamore Farm at a cost of £31,500

Financial review

The results for the year are shown on page 15. The total income for the year is £2,888,648 (2020: £2,171,146) and the total expenditure is £2,500,251 (2020: £1,933,450) which gives a net movement of funds of £388,397 (2020: £237,696). The unrestricted fund balance at 31 August 2021 is £1,580,911.

The principal source of funding is via Element 3, which is the funding required over and above the place funding to enable a child with high needs to participate in education and learning and covers education, health, and care. The majority is commissioned by Devon County Council.

Reserves policy

Reserves are required in order that the charity is protected against future events, known and unknown and is able to maximise future opportunities and weather any future challenges that could possibly arise.

The charity has a long-term commitment to participant service users and it requires long-term plans. The charity's short-term commitment is up to 1 term; medium-term commitment to be up to 2 terms and long-term commitment to be 3 terms or longer (many courses for post-16 require at least two years to complete the syllabus).

Where it is deemed correct and right to place an individual within our service, it is usual that the Devon County Council 0-25 Special Educational Needs Team, together with, or independent from Devon County Council Children or Adult Social Services will commit to educate them for at least the remainder of that Academic Year, and usually beyond that time. Some young people are commissioned to be with the charity for full weeks, and some for part of the week, but the same principle normally applies. Therefore, there is some stability of income during the Academic Year.

Breakthrough - Transformation Trust

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Directors Report) *(continued)*

Year ended 31 August 2021

The benefit of a Reserves Policy is:

- To assist in strategic planning, for example, considering how new projects or activities will be funded
- To inform the budget process, for example, is it a balanced budget, or do reserves need to be drawn down or built up?
- To inform the budget and risk management process by identifying any uncertainty in future income streams
- To demonstrate to beneficiaries, donors, funders and the wider public that the charity is being protected from future challenges and changes in economic circumstances

Guiding principles to justify the level of reserves and their use:

- To protect and sustain the charity's activities should income or expenditure become seriously out of line with expectations
- To have a level of funds available to support the payment of mortgages and staff wages in the event of having to downsize the services of the charity while seeking further funding
- To have a sufficient level of funds available to support new long term charitable initiatives in their launch phase and before fundraising support can be fully realised.

Level of Reserves to meet policy objectives:

•To avoid closure if funding difficulties were to happen, the Board of Trustees has agreed to keep a certain level of financial reserves to ensure that all charitable activities can continue for a period of three months. The main concerns are to ensure: that staff can continue working, primarily to secure new funding, and that as a last resort, beneficiaries are supported to move on to other services. It has been calculated that reserves of £535,000 are sufficient to cover staff wages plus our mortgage commitment for 3 months. This reserve would be made up in the ratio 1 part cash reserves and 2 parts equity from property owned by the charity.

•It is anticipated that should such an event take place, during the period of grace provided by the existence of reserves, that the activities of the charity may be re-designed.

•If strategic cash reserves fall below £100,000 that would trigger an immediate review of income and expenditure to ensure no further cash loss.

Strategic considerations on the level of reserves:

To support long term strategic objectives and improve the charity's overall financial security, in the event of the negative impact of any financial challenges, the Board of Trustees have agreed to review reserves annually, streamlining expenditure, and not detracting from the quality, quantity or nature of the service.

Investment policy and performance

The charity is investing in the upgrading and development of its properties so that there is more room for the demand which it is experiencing for its services. Reserves were, during the accounting year ending 31st August 2021, held in an accessible bank account where the interest rate was <0.5%. Funds were required to be held in an account with quick, penalty-free availability in order that we should be able to purchase and install safety features at Brocks Farm. Future investments will be strategically planned after consultation with financial advisors

Breakthrough - Transformation Trust

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Directors Report) *(continued)*

Year ended 31 August 2021

Attitude to risk:

Breakthrough Transformation Trust relies on its income from commissioners to support operating costs.

The key risks to the long-term sustainability of the charity are:

- (i) changes in Government policy regarding non-registered Alternative Provision
- (ii) changes in Central Government or Local Government regulations which would adversely affect a funding stream
- (iii) ensuring that Element 3 Funding costs are accurately calculated
- (iv) catastrophic mishandling of funds or fraud
- (v) a catastrophic safeguarding or health and safety breach, which would call into question the trustworthiness and competence of the charity
- (vi) a catastrophic global event such as a pandemic which may result in a range of irreversible staffing deficits; loss of students through sickness or a long period of time whereby college would be closed and therapeutic education and families work adversely affected.

•Strict measures are in place so that Trustees work together with Accountants, Auditors and external advisers to mitigate financial risks.

•Strict measures are in place so that there are sufficient members of staff and directors who can ensure safeguarding and health and safety are maintained to the highest possible standards, to review and analyse data and to train, refresh and improve facilities and resources accordingly.

Time Horizon

The Board of Trustees of Breakthrough Transformation Trust have the intention that the charity should exist into perpetuity and that investments and funds should be handled wisely so that it can both develop and consolidate reliably. Therefore, it is intended to adopt a long-term investment time horizon.

Reviewing and Reporting

The Trustees will regularly consider whether there is a need to revise its Policy Statement and keep under review the arrangements under which finances are invested.

The charity has now grown to the point at which, subject to income remaining in the current regions, a yearly Audit is required.

Events after the end of the reporting period

Particulars of events after the reporting date are detailed in note 25 to the financial statements.

Breakthrough - Transformation Trust

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Directors Report) *(continued)*

Year ended 31 August 2021

Trustees' responsibilities statement

The trustees, who are also directors for the purposes of company law, are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the incoming resources and application of resources, including the income and expenditure, 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 applicable Charities SORP;
- make judgments and accounting 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 charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who is a trustee at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware; and
- they have taken all steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

The trustees' annual report and the strategic report were approved on 25 May 2022 and signed on behalf of the board of trustees by:

Deborah Dugdall
Chief Executive Officer

Philip Reynolds
Chair of Trustees

Breakthrough - Transformation Trust

Company Limited by Guarantee

Independent Auditor's Report to the Members of Breakthrough - Transformation Trust

Year ended 31 August 2021

Opinion

We have audited the financial statements of Breakthrough - Transformation Trust (the 'charity') for the year ended 31 August 2021 which comprise the statement of financial activities (including income and expenditure account), statement of financial position, statement of cash flows and the related notes, 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 FRS 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 charity's affairs as at 31 August 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 charity 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 charity'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.

Breakthrough - Transformation Trust

Company Limited by Guarantee

Independent Auditor's Report to the Members of Breakthrough - Transformation Trust *(continued)*

Year ended 31 August 2021

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

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

- adequate accounting records have not been kept, 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Breakthrough - Transformation Trust

Company Limited by Guarantee

Independent Auditor's Report to the Members of Breakthrough - Transformation Trust *(continued)*

Year ended 31 August 2021

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.

Breakthrough - Transformation Trust

Company Limited by Guarantee

Independent Auditor's Report to the Members of Breakthrough - Transformation Trust *(continued)*

Year ended 31 August 2021

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Use of our report

This report is made solely to the charity'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 charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Adam Croney (Senior Statutory Auditor)

For and on behalf of
Thomas Westcott
Chartered accountants & statutory auditor
Plym House
3 Longbridge Road
Marsh Mills
Plymouth
Devon
PL6 8LT

26 May 2022

Breakthrough - Transformation Trust

Company Limited by Guarantee

Statement of Financial Activities (including income and expenditure account)

Year ended 31 August 2021

		2021		2020
		Unrestricted funds	Total funds	Total funds
	Note	£	£	£
Income and endowments				
Donations and legacies	5	1,951	1,951	12,321
Charitable activities	6	2,882,852	2,882,852	2,155,236
Investment income	7	375	375	717
Other income	8	3,470	3,470	2,872
Total income		<u>2,888,648</u>	<u>2,888,648</u>	<u>2,171,146</u>
Expenditure				
Expenditure on charitable activities	9	2,500,716	2,500,716	1,933,888
Other expenditure	11	(465)	(465)	(438)
Total expenditure		<u>2,500,251</u>	<u>2,500,251</u>	<u>1,933,450</u>
Net income and net movement in funds		<u>388,397</u>	<u>388,397</u>	<u>237,696</u>
Reconciliation of funds				
Total funds brought forward		1,192,514	1,192,514	954,818
Total funds carried forward		<u>1,580,911</u>	<u>1,580,911</u>	<u>1,192,514</u>

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

The notes on pages 17 to 27 form part of these financial statements.

Breakthrough - Transformation Trust

Company Limited by Guarantee

Statement of Financial Position

31 August 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible fixed assets	16	2,737,913	1,890,761
Current assets			
Debtors	17	15,165	16,748
Cash at bank and in hand		619,787	518,987
		<u>634,952</u>	<u>535,735</u>
Creditors: amounts falling due within one year	18	<u>534,881</u>	<u>277,290</u>
Net current assets		<u>100,071</u>	<u>258,445</u>
Total assets less current liabilities		2,837,984	2,149,206
Creditors: amounts falling due after more than one year	19	<u>1,257,073</u>	<u>956,692</u>
Net assets		<u>1,580,911</u>	<u>1,192,514</u>
Funds of the charity			
Unrestricted funds		<u>1,580,911</u>	<u>1,192,514</u>
Total charity funds	21	<u>1,580,911</u>	<u>1,192,514</u>

These financial statements were approved by the board of trustees and authorised for issue on 25 May 2022, and are signed on behalf of the board by:

Deborah Dugdall
Chief Executive Officer

The notes on pages 17 to 27 form part of these financial statements.

Breakthrough - Transformation Trust

Company Limited by Guarantee

Statement of Cash Flows

Year ended 31 August 2021

	2021	2020
	£	£
Cash flows from operating activities		
Net income	388,397	237,696
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	68,086	42,824
Impairment of tangible fixed assets	–	125,476
Gains on disposal of tangible fixed assets	(465)	(438)
Accrued expenses/(income)	915	(20,226)
<i>Changes in:</i>		
Trade and other debtors	1,583	3,167
Trade and other creditors	239,877	93,125
Cash generated from operations	698,393	481,624
Net cash from operating activities	<u>698,393</u>	<u>481,624</u>
Cash flows from investing activities		
Purchase of tangible assets	(915,238)	(180,383)
Proceeds from sale of tangible assets	465	2,038
Net cash used in investing activities	<u>(914,773)</u>	<u>(178,345)</u>
Cash flows from financing activities		
Proceeds from borrowings	317,180	–
Repayments of borrowings	–	(49,133)
Net cash from/(used in) financing activities	<u>317,180</u>	<u>(49,133)</u>
Net increase in cash and cash equivalents	100,800	254,146
Cash and cash equivalents at beginning of year	<u>518,987</u>	<u>264,841</u>
Cash and cash equivalents at end of year	<u>619,787</u>	<u>518,987</u>

The notes on pages 17 to 27 form part of these financial statements.

Breakthrough - Transformation Trust

Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31 August 2021

1. General information

The charity is a public benefit entity and a private company limited by guarantee, registered in England and Wales and a registered charity in England and Wales. The address of the registered office is Cannamore House, Avonwick, South Brent, Devon, TQ10 9HA.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the 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) (Charities SORP (FRS 102)) and the Companies Act 2006.

3. Accounting policies

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

There are no material uncertainties about the charity's ability to continue.

Consolidation

The charity is not required to prepare consolidated accounts in accordance with the Charities Act 2011, and has taken advantage of the option not to prepare consolidated financial statements contained in Section 398 of the Companies Act 2006 on the basis that the charity and its subsidiary undertakings comprise a small group.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome.

Breakthrough - Transformation Trust

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2021

3. Accounting policies *(continued)*

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Incoming resources

All income is included in the statement of financial activities when entitlement has passed to the charity, it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- legacy income is recognised when receipt is probable and entitlement is established.
- income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.
- income from contracts for the supply of services is recognised with the delivery of the contracted service. This is classified as unrestricted funds unless there is a contractual requirement for it to be spent on a particular purpose and returned if unspent, in which case it may be regarded as restricted. The turnover is stated after discounts and is exempt from VAT.
- income from investments is included in the year in which it is receivable.

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

Breakthrough - Transformation Trust

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2021

3. Accounting policies *(continued)*

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other recognised gains and losses, unless it reverses a charge for impairment that has previously been recognised as expenditure within the statement of financial activities. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other recognised gains and losses, except to which it offsets any previous revaluation gain, in which case the loss is shown within other recognised gains and losses on the statement of financial activities.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	-	1% straight line
Plant and machinery	-	25% reducing balance
Fixtures and fittings	-	20% straight line
Motor vehicles	-	25% reducing balance

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Breakthrough - Transformation Trust

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2021

3. Accounting policies *(continued)*

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised under the appropriate heading in the statement of financial activities in which the initial gain was recognised.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as an expense in the period in which it arises.

4. Limited by guarantee

Breakthrough - Transformation Trust is a company limited by guarantee and accordingly does not have a share capital.

Every member of the company undertakes to contribute such amount as may be required, not exceeding £1, to the assets of the charitable company in the event of it being wound up whilst a member, or within one year after ceasing to be a member.

5. Donations and legacies

	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Donations				
Donations	<u>1,951</u>	<u>1,951</u>	<u>12,321</u>	<u>12,321</u>

Breakthrough - Transformation Trust

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2021

6. Charitable activities

	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Service fees	2,877,261	2,877,261	2,151,977	2,151,977
Student lunches	5,056	5,056	2,976	2,976
Other income	535	535	283	283
	<u>2,882,852</u>	<u>2,882,852</u>	<u>2,155,236</u>	<u>2,155,236</u>

7. Investment income

	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Bank interest receivable	<u>375</u>	<u>375</u>	<u>717</u>	<u>717</u>

8. Other income

	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Solar power income	<u>3,470</u>	<u>3,470</u>	<u>2,872</u>	<u>2,872</u>

9. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Support costs £	Total funds 2021 £	Total fund 2020 £
Charitable activities	1,960,560	481,030	2,441,590	1,901,594
Governance costs	–	59,126	59,126	32,294
	<u>1,960,560</u>	<u>540,156</u>	<u>2,500,716</u>	<u>1,933,888</u>

Breakthrough - Transformation Trust

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2021

10. Analysis of support costs

	Analysis of support costs £	Total 2021 £	Total 2020 £
Staff costs	228,622	228,622	157,785
Premises	64,272	64,272	42,411
Communications and IT	10,878	10,878	6,438
General office	13,173	13,173	7,659
Finance costs	36,531	36,531	33,421
Governance costs	59,126	59,126	32,294
Motor and travel	37,097	37,097	31,869
Depreciation	68,086	68,086	42,824
Other	22,371	22,371	11,789
	<u>540,156</u>	<u>540,156</u>	<u>366,490</u>

11. Other expenditure

	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Loss on disposal of tangible fixed assets held for charity's own use	<u>(465)</u>	<u>(465)</u>	<u>(438)</u>	<u>(438)</u>

12. Net income

Net income is stated after charging/(crediting):

	2021 £	2020 £
Depreciation of tangible fixed assets	68,086	42,824
Gains on disposal of tangible fixed assets	<u>(465)</u>	<u>(438)</u>

13. Auditors remuneration

	2021 £	2020 £
Fees payable for the audit of the financial statements	<u>7,500</u>	<u>7,500</u>
Fees payable to the charity's auditor and its associates for other services: Other non-audit services	<u>7,500</u>	<u>7,500</u>

Breakthrough - Transformation Trust

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2021

14. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2021	2020
	£	£
Wages and salaries	1,684,262	1,186,226
Social security costs	143,165	104,717
Employer contributions to pension plans	35,155	25,727
Other employee benefits	125,234	130,300
	<u>1,987,816</u>	<u>1,446,970</u>

The average head count of employees during the year was 96 (2020: 70). The average number of full-time equivalent employees during the year is analysed as follows:

	2021	2020
	No.	No.
Trustees	3	3
Teachers	30	23
Core workers	51	35
Therapy	2	3
Administration	<u>10</u>	<u>6</u>
	<u>96</u>	<u>70</u>

No employee received employee benefits of more than £60,000 during the year (2020: Nil).

Key Management Personnel

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the charity. The total compensation paid to key management personnel for services provided to the charity was £396,074 (2020:£385,192).

15. Trustee remuneration and expenses

Three trustees have been paid remuneration or received other benefits from employment with the charity.

During the year, three (2020 - three) trustees were reimbursed £2,458 (2020 - £3,650) relating to travel expenses (2020 - travel expenses), in relation to their employment.

One (2020 - one) trustee was reimbursed £130 (2020 - £71) relating to travel expenses in regard to their role as trustee.

Breakthrough - Transformation Trust

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2021

16. Tangible fixed assets

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 September 2020	2,024,403	905	106,149	23,626	2,155,083
Additions	818,044	–	88,969	8,225	915,238
Disposals	–	–	(465)	–	(465)
At 31 August 2021	<u>2,842,447</u>	<u>905</u>	<u>194,653</u>	<u>31,851</u>	<u>3,069,856</u>
Depreciation					
At 1 September 2020	200,018	256	52,733	11,315	264,322
Charge for the year	28,427	163	34,360	5,136	68,086
Disposals	–	–	(465)	–	(465)
At 31 August 2021	<u>228,445</u>	<u>419</u>	<u>86,628</u>	<u>16,451</u>	<u>331,943</u>
Carrying amount					
At 31 August 2021	<u>2,614,002</u>	<u>486</u>	<u>108,025</u>	<u>15,400</u>	<u>2,737,913</u>
At 31 August 2020	<u>1,824,385</u>	<u>649</u>	<u>53,416</u>	<u>12,311</u>	<u>1,890,761</u>

17. Debtors

	2021 £	2020 £
Trade debtors	5,124	9,611
Prepayments and accrued income	10,041	7,137
	<u>15,165</u>	<u>16,748</u>

Breakthrough - Transformation Trust

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2021

18. Creditors: amounts falling due within one year

	2021	2020
	£	£
Bank loans and overdrafts	65,267	48,468
Trade creditors	440,865	208,322
Accruals and deferred income	21,386	20,471
Social security and other taxes	7,363	29
	<u>534,881</u>	<u>277,290</u>

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

	2021	2020
	£	£
Bank loans and overdrafts	<u>1,257,073</u>	<u>956,692</u>

Included within creditors: amounts falling due after more than one year is an amount of £1,257,073 (2020: £956,692) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

There are two were commercial bank loans at the beginning of the year, one for £436,430 maturing in 2035 and one for £515,824 maturing in 2037. The interest rate is approximately 3.25% per annum.

There was one new commercial bank loan taken out during the year, as at the year end this was valued at £370,086. maturing in 2041. The interest rate is approximately 2% per annum.

All loans are secured on the freehold properties.

20. Pensions and other post retirement benefits

Defined contribution plans

The amount recognised in income or expenditure as an expense in relation to defined contribution plans was £35,126 (2020: £25,727).

Breakthrough - Transformation Trust

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2021

21. Analysis of charitable funds

Unrestricted funds

	1 September 2020 £	Income £	Expenditure £	At 31 August 2021 £
General funds	<u>1,192,514</u>	<u>2,888,648</u>	<u>(2,500,251)</u>	<u>1,580,911</u>

	1 September 2019 £	Income £	Expenditure £	At 31 August 2020 £
General funds	<u>954,818</u>	<u>2,171,146</u>	<u>(1,933,450)</u>	<u>1,192,514</u>

The purpose of the unrestricted funds is to furtherance the aims and objectives of the charity, as explained in detail in the trustees' report.

22. Analysis of net assets between funds

	Unrestricted Funds £	Total Funds 2021 £
Tangible fixed assets	2,737,913	2,737,913
Current assets	634,952	634,952
Creditors less than 1 year	(534,881)	(534,881)
Creditors greater than 1 year	<u>(1,257,073)</u>	<u>(1,257,073)</u>
Net assets	<u>1,580,911</u>	<u>1,580,911</u>

	Unrestricted Funds £	Total Funds 2020 £
Tangible fixed assets	1,890,761	1,890,761
Current assets	535,735	535,735
Creditors less than 1 year	(277,290)	(277,290)
Creditors greater than 1 year	<u>(956,692)</u>	<u>(956,692)</u>
Net assets	<u>1,192,514</u>	<u>1,192,514</u>

Breakthrough - Transformation Trust

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2021

23. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2021 £	2020 £
Financial assets that are debt instruments measured at amortised cost		
Financial assets that are debt instruments measured at amortised cost	5,124	9,611
Financial liabilities measured at amortised cost		
Financial liabilities measured at amortised cost	1,763,205	1,213,482

24. Operating lease commitments

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

	2021 £	2020 £
Not later than 1 year	32,726	32,726
Later than 1 year and not later than 5 years	125,576	158,302
	158,302	191,028

20 Courtenay Park is leased by the charity. The lease started in July 2020 for a term of six years until July 2026 with a review period in July 2023. There is an option to buy within the lease agreement.

25. Post balance sheet events

There have been no events in the subsequent period that will require an adjustment to the balances reported in the statement of financial position of these financial statements dated 31 August 2021.

However, the continued impact of the global Coronavirus outbreak that was declared a world health emergency by the World Health Organisation in January 2020 should be noted. In March 2020, November 2020, and again in January 2021, the UK government implemented travel restrictions and other guidance in an attempt to reduce the spread of the virus, which has impacted, and continues to impact, the UK economy significantly. The financial impact of this developing situation in the subsequent period will be reflected in the financial statements of the corresponding subsequent period.

Breakthrough Transformation Trust have and will continue to evaluate the management actions to mitigate the impact on the charity. The charity has adopted initiatives to safeguard the health of its people and actions aimed at maintaining operational activity.

26. Related parties

Three of the trustees and a number of their family members were employed by the charity, some of which are at a senior management level. The trustees' remuneration, pension contributions and other benefits amounted to £156,162 (2020 - £148,822). The three trustees remunerated for their employment with the charity were Mrs D Dugdall, Mr A Dugdall and Mr P Reynolds.

Breakthrough - Transformation Trust

Company Limited by Guarantee

Management Information

Year ended 31 August 2021

The following pages do not form part of the financial statements.

Breakthrough - Transformation Trust

Company Limited by Guarantee

Detailed Statement of Financial Activities

Year ended 31 August 2021

	2021	2020
	£	£
Income and endowments		
Donations and legacies		
Donations	<u>1,951</u>	<u>12,321</u>
Charitable activities		
Service fees	2,877,261	2,151,977
Student lunches	5,056	2,976
Other income	535	283
	<u>2,882,852</u>	<u>2,155,236</u>
Investment income		
Bank interest receivable	<u>375</u>	<u>717</u>
Other income		
Solar power income	<u>3,470</u>	<u>2,872</u>
Total income	<u><u>2,888,648</u></u>	<u><u>2,171,146</u></u>

Breakthrough - Transformation Trust

Company Limited by Guarantee

Detailed Statement of Financial Activities *(continued)*

Year ended 31 August 2021

	2021	2020
	£	£
Expenditure		
Expenditure on charitable activities		
Purchases	39,007	22,821
Wages and salaries	1,685,194	1,186,226
Employer's NIC	143,165	104,717
Pension costs	35,126	25,727
Other post-retirement benefits	125,234	130,300
Rent	51,729	33,504
Rates and water	9,034	5,910
Light and heat	19,130	23,371
Repairs and maintenance	84,903	75,941
Insurance	22,880	11,693
Other establishment	22,279	14,251
Motor vehicle expenses	18,461	14,786
Other motor/travel costs	18,636	17,083
Legal and professional fees	63,947	34,826
Telephone	6,818	5,239
Other office costs	17,766	8,966
Depreciation	68,086	42,824
Impairment	–	125,476
Interest on debenture loans	36,001	33,128
Interest on bank loans and overdrafts	530	293
Farm expenses & Licenses	16,276	7,078
Student and exam expenses	4,818	680
Sundry Expenses	11,696	9,048
	<u>2,500,716</u>	<u>1,933,888</u>
Other expenditure		
Loss on disposal of tangible fixed assets held for charity's own use	465	438
	<u>465</u>	<u>438</u>
Total expenditure	<u>2,500,251</u>	<u>1,933,450</u>
Net income	<u>388,397</u>	<u>237,696</u>

Breakthrough - Transformation Trust

Company Limited by Guarantee

Notes to the Detailed Statement of Financial Activities

Year ended 31 August 2021

	2021 £	2020 £
Expenditure on charitable activities		
<i>Activities undertaken directly</i>		
Purchases	39,007	22,821
Wages and salaries	1,541,266	1,098,167
Employer's NIC	125,918	93,742
Pension costs	35,126	25,727
Trustees wages	80,066	85,800
Rates	9,034	5,910
Sub-contractors	6,587	14,464
Repairs & maintenance	84,903	75,941
Insurance	22,880	11,693
Professional consultancy fees	4,821	2,532
Literature and brochures	533	108
Impairment	–	125,476
Farm expenses	10,419	4,427
Volunteer expenses	–	590
	<u>1,960,560</u>	<u>1,567,398</u>
<i>Support costs</i>		
Wages and salaries	143,928	88,059
Employer's NIC	17,247	10,975
Trustees wages	45,168	44,500
Rent	51,729	33,504
Light & heat	12,543	8,907
Staff training	22,279	14,251
Motor vehicle expenses	18,461	14,786
Subsistence and travel costs	18,636	17,083
Telephone	6,818	5,239
Other office costs	17,233	8,858
Depreciation	68,086	42,824
Bank loan interest	36,001	33,128
Bank charges	530	293
Subscriptions and licences	5,857	2,651
Student and exam expenses	4,818	90
Sundry expenses	11,696	9,048
	<u>481,030</u>	<u>334,196</u>
<i>Governance costs</i>		
Accountancy fees	7,500	8,500
Audit fees	7,500	7,500
Legal and other professional fees	44,126	16,294
	<u>59,126</u>	<u>32,294</u>
Expenditure on charitable activities	<u><u>2,500,716</u></u>	<u><u>1,933,888</u></u>