

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



# **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**

<b>Trustees</b>	Deborah Dugdall Jose Luis De Silva Angus Dugdall Philip Reynolds Simeon Bale
<b>Charity Registration Number</b>	1148238
<b>Company Registration Number</b>	07962125
<b>Registered Office</b>	The charity is incorporated in England & Wales. Cannamore House Avonwick South Brent Devon TQ10 9HA
<b>Auditor</b>	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 £
<b>Income and Endowments from:</b>				
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>
<b>Expenditure on:</b>				
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
<b>Reconciliation of funds</b>				
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.

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

## Breakthrough - Transformation Trust

(Registration number: 07962125)

### Balance Sheet as at 31 August 2023

	Note	2023 £	2022 £
<b>Fixed assets</b>			
Tangible assets	13	3,059,797	3,796,146
<b>Current assets</b>			
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
<b>Creditors: Amounts falling due within one year</b>	16	<u>(407,086)</u>	<u>(602,607)</u>
<b>Net current liabilities</b>		<u>(206,403)</u>	<u>(212,939)</u>
<b>Total assets less current liabilities</b>		2,853,394	3,583,207
<b>Creditors: Amounts falling due after more than one year</b>	17	<u>(1,280,075)</u>	<u>(1,669,281)</u>
<b>Net assets</b>		<u>1,573,319</u>	<u>1,913,926</u>
<b>Funds of the charity:</b>			
<b>Unrestricted income funds</b>			
Unrestricted funds		<u>1,573,319</u>	<u>1,913,926</u>
<b>Total funds</b>		<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 £
<b>Cash flows from operating activities</b>			
Net cash (expenditure)/income		(340,607)	333,015
<b>Adjustments to cash flows from non-cash items</b>			
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
<b>Working capital adjustments</b>			
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>
<b>Cash flows from investing activities</b>			
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)
<b>Cash flows from financing activities</b>			
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:

<b>Asset class</b>	<b>Depreciation method and rate</b>
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

	<b>Unrestricted funds General £</b>	<b>Total 2023 £</b>	<b>Total 2022 £</b>
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

	<b>Unrestricted funds General £</b>	<b>Total 2023 £</b>	<b>Total 2022 £</b>
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
	18,308	18,308	2,757

### 7 Expenditure on charitable activities

	Note	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	8	71,323	71,323	55,099
		4,269,814	4,269,814	3,743,467

## 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 £
<b>Staff costs during the year were:</b>		
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 No	2022 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 No	2022 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

	<b>2023</b> <b>£</b>	<b>2022</b> <b>£</b>
Audit of the financial statements	<u>12,350</u>	<u>7,500</u>
<b>Other fees to auditors</b>		
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 £
<b>Cost</b>					
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>
<b>Depreciation</b>					
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>
<b>Net book value</b>					
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:

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
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

	<b>Unrestricted funds</b>	<b>Total funds</b>
	<b>General</b>	<b>at 31 August</b>
	<b>£</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
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>
	<b>Unrestricted funds</b>	<b>Total funds</b>
	<b>General</b>	<b>at 31 August</b>
	<b>£</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
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	(1,669,281)	(1,669,281)
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 £
<b>Financial assets that are debt instruments measured at amortised cost</b>		
Financial assets that are debt instruments measured at amortised cost	<u>1,686</u>	<u>39,719</u>
<b>Financial liabilities measured at amortised cost</b>		
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>