

COMPANY REGISTRATION NUMBER: 07962125  
CHARITY REGISTRATION NUMBER: 1148238

**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

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# **Breakthrough - Transformation Trust**

**Company Limited by Guarantee**

**Financial Statements**

**Year ended 31 August 2021**

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# **Breakthrough - Transformation Trust**

## **Company Limited by Guarantee**

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

**Year ended 31 August 2021**

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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**

<b>Registered charity name</b>	Breakthrough - Transformation Trust
<b>Charity registration number</b>	1148238
<b>Company registration number</b>	07962125
<b>Principal office and registered office</b>	Cannamore House Avonwick South Brent Devon TQ10 9HA
<b>The trustees</b>	Deborah Dugdall David Dugdall Angus Dugdall Philip Reynolds Jose Luis De Silva Simeon Bale Claire Thomson
<b>Auditor</b>	Thomas Westcott Chartered accountants & statutory auditor Plym House 3 Longbridge Road Marsh Mills Plymouth Devon PL6 8LT
<b>Bankers</b>	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**

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#### **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

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# **Breakthrough - Transformation Trust**

## **Company Limited by Guarantee**

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

#### **Year ended 31 August 2021**

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##### **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**

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#### **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 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**

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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 a centre 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.

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# **Breakthrough - Transformation Trust**

## **Company Limited by Guarantee**

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

#### **Year ended 31 August 2021**

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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**

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##### **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**

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##### **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

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#### 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 25/05/22 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**

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#### **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**

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#### **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**

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#### **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.
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# Breakthrough - Transformation Trust

## Company Limited by Guarantee

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

Year ended 31 August 2021

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- 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

NOTED  
2022/05/26

2022/05/26

# Breakthrough - Transformation Trust

## Company Limited by Guarantee

### Statement of Financial Activities (including income and expenditure account)

Year ended 31 August 2021

		2021		2020
	Note	Unrestricted funds £	Total funds £	Total funds £
<b>Income and endowments</b>				
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
<b>Total income</b>		<u>2,888,648</u>	<u>2,888,648</u>	<u>2,171,146</u>
<b>Expenditure</b>				
Expenditure on charitable activities	9	2,500,716	2,500,716	1,933,888
Other expenditure	11	(465)	(465)	(438)
<b>Total expenditure</b>		<u>2,500,251</u>	<u>2,500,251</u>	<u>1,933,450</u>
<b>Net income and net movement in funds</b>		<u>388,397</u>	<u>388,397</u>	<u>237,696</u>
<b>Reconciliation of funds</b>				
Total funds brought forward		1,192,514	1,192,514	954,818
<b>Total funds carried forward</b>		<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 £
<b>Fixed assets</b>			
Tangible fixed assets	16	2,737,913	1,890,761
<b>Current assets</b>			
Debtors	17	15,165	16,748
Cash at bank and in hand		619,787	518,987
		634,952	535,735
<b>Creditors: amounts falling due within one year</b>	18	534,881	277,290
<b>Net current assets</b>		100,071	258,445
<b>Total assets less current liabilities</b>		2,837,984	2,149,206
<b>Creditors: amounts falling due after more than one year</b>	19	1,257,073	956,692
<b>Net assets</b>		1,580,911	1,192,514
<b>Funds of the charity</b>			
Unrestricted funds		1,580,911	1,192,514
<b>Total charity funds</b>	21	1,580,911	1,192,514

These financial statements were approved by the board of trustees and authorised for issue on 25/05/22 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 £
<b>Cash flows from operating activities</b>		
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>
<b>Cash flows from investing activities</b>		
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>
<b>Cash flows from financing activities</b>		
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>
<b>Net increase in cash and cash equivalents</b>	100,800	254,146
<b>Cash and cash equivalents at beginning of year</b>	518,987	264,841
<b>Cash and cash equivalents at end of year</b>	<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**

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#### **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**

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#### **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

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#### 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

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#### 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	(465)	(465)	(438)	(438)

#### 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

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#### 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 No.	2020 No.
Trustees	3	3
Teachers	30	23
Core workers	51	35
Therapy	2	3
Administration	10	6
	<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 £
<b>Cost</b>					
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)
<b>At 31 August 2021</b>	<b>2,842,447</b>	<b>905</b>	<b>194,653</b>	<b>31,851</b>	<b>3,069,856</b>
<b>Depreciation</b>					
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)
<b>At 31 August 2021</b>	<b>228,445</b>	<b>419</b>	<b>86,628</b>	<b>16,451</b>	<b>331,943</b>
<b>Carrying amount</b>					
<b>At 31 August 2021</b>	<b>2,614,002</b>	<b>486</b>	<b>108,025</b>	<b>15,400</b>	<b>2,737,913</b>
At 31 August 2020	1,824,385	649	53,416	12,311	1,890,761

#### 17. Debtors

	2021 £	2020 £
Trade debtors	5,124	9,611
Prepayments and accrued income	10,041	7,137
	<b>15,165</b>	<b>16,748</b>

# Breakthrough - Transformation Trust

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

Year ended 31 August 2021

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**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>
<b>Net assets</b>	<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>
<b>Net assets</b>	<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

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#### 23. Financial instruments

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

	2021 £	2020 £
<b>Financial assets that are debt instruments measured at amortised cost</b>		
Financial assets that are debt instruments measured at amortised cost	<u>5,124</u>	<u>9,611</u>
<b>Financial liabilities measured at amortised cost</b>		
Financial liabilities measured at amortised cost	<u>1,763,205</u>	<u>1,213,482</u>

#### 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	<u>125,576</u>	<u>158,302</u>
	<u>158,302</u>	<u>191,028</u>

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.

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