

THE TALKING TRUST
(A Company Limited by Guarantee)
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

THE TALKING TRUST
(A Company Limited by Guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2021

Trustees	Mr M Clarke Ms J Haigh Ms J Muggleton Ms V Oliver Mr C Pamphilon (appointed 20 October 2021) Mr R Preece (resigned 10 September 2020) Ms S Wickens (resigned 7 January 2022)
Company registered number	00907923
Charity registered number	307021
Registered office	St Mary's Special School and College Wrestwood Road Bexhill-on-Sea East Sussex TN40 2LU
Independent auditor	Cooper Parry Group Limited Chartered Accountants Statutory Auditor Sky View Argosy Road East Midlands Airport Castle Donington Derby DE74 2SA
Bankers	HSBC Bank plc 2 Devonshire Road Bexhill-On-Sea East Sussex TN40 1AT

THE TALKING TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2021

The Trustees, who are also Company Directors, of The Talking Trust (the "Trust" or "charity") present their annual report and the audited financial statements for the year ended 31 August 2021. The annual report serves the purposes of both a Trustees' report and a Directors' report, including strategic report, under company law. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" in preparing the annual report and financial statements of the charity.

The financial statements have been prepared in accordance with the accounting policies set out in notes to the financial statements and comply with the charity's governing document, the Charities Act 2011 and 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 published in October 2019.

Objectives and activities

The Trust works to support children and young people with severe speech, language and communication difficulties.

The objects of the Trust as set out in the articles of association are:

- a. to advance education for the public benefit in particular but without prejudice to the generality of the foregoing by maintaining and managing the school; and
- b. to assist in the education, treatment and care of pupils with mental or physical illness or disability of any description, or in need of rehabilitation or care as a result of illness or disability.

Our vision is to:

- a. To improve the life chances of pupils by providing the best possible educational opportunities for our learners, allowing them to work towards independence and to achieve well over time;
- b. To continually strive to improve standards in every aspect of Trust provision; and
- c. By providing consistently high quality educational experiences across all phases of their education, we aim to raise aspirations for children and young people, enabling them to be confident and successful in their next step in education or training and in their preparation for adulthood.

The principal activity of the Trust is the management and operation of St Mary's School and 6th Form College ("St Mary's"). The purpose of the Trust is to provide integrated specialist education, therapy and care for pupils with speech, language, communication and other associated complex needs.

In setting our objectives and planning our activities we have given careful consideration to the Charity Commission's general guidance on public benefit and in particular its supplementary public benefit guidance on advancing education and fee charging.

We are a non-maintained special school based on the south coast of England in Bexhill, East Sussex and we currently cater for both residential and day pupils aged 5 to 19. Our mission is to ensure that children with Speech, Language and Communication needs and additional special educational needs receive the integrated support they need to enable them to achieve their potential and take their place in the community. Many of our pupils have autism, PDA and a range of additional needs.

St Mary's uses a range of approaches that enable our pupils to succeed in their development of their communication skills. Our staff are trained in sign-supported English. Our staff provide assistance for parents who wish to learn to sign in order that they can support their child in the home. In addition, we value and use communication and learning technologies.

Our residential houses offer a safe, caring and supportive environment for pupils to live and learn for up to 38 weeks a year. There is an emphasis on providing a residential experience at the school in which pupils are given every opportunity to do things for themselves and work towards independence wherever possible.

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Criteria for success in the reporting period include:

Responses to Ofsted inspection and associated action plans, including advisory reports from external organisation such as East Sussex County Council and our recently appointed External Advisor;

Analysis of the financial position of the school including income, expenditure, assets and liabilities, so that the continued operation of the school is secured;

Progress against Health and Safety check reports, compliance with electrical and fire safety reports and other related health and safety and servicing reports;

Improvements in relationships and subsequent commissioning of placements with the main feeder Local Authority in which the school is geographically located.

In addition to supporting Speech, Language and Communication Needs, the school and college offers a personalised provision for each child, with access to a broad and balanced curriculum that, where appropriate, includes integrated physiotherapy and occupational therapy, social, emotional and mental health support and opportunities to develop independence and life skills. Our facilities offer excellent opportunities to support individual needs and include a swimming pool, indoor and outdoor gym equipment, library, sports hall, Food Tech, Computing, Art, Music and Science rooms, physiotherapy and sensory integration facilities and therapy support rooms. Our vocational centre provides opportunities for young people to participate in a range of vocational activities.

Our purpose is to provide the highest quality education, therapy and care for our pupils to allow them to achieve their potential and to be equipped to live happy and successful adult lives.

Strategic report

Achievements and performance

Achievement and Performance during the 2020/21 year

This section includes some information from previous years in order to provide context to the significant developments and progress during the 2020/21 year. The number of pupils on roll at September 2019 was 50. This rose to 76 by September 2020 and 80 by September 2021.

Prior to 2019/20, St Mary's underwent an Ofsted inspection of the residential provision in November 2018. The inspection raised a number of significant issues and the provision rated as Inadequate. The interim Principal and Interim Headteacher both left St Mary's before Christmas 2018. The Board of Governors appointed a new Interim Headteacher starting in January 2019. Unfortunately, he went on long term sick leave in February 2019 and resigned with effect from March 2019. The substantive Deputy Headteacher became the Acting Headteacher from February 2019.

St Mary's underwent an Ofsted inspection of the education provision and a monitoring visit for the residential provision in February 2019. The school was rated as Inadequate and the residential monitoring report found a similar position to that of November 2018.

The Board of Trustees accepted the proposed support from the Torfield and Saxon Mount Multi Academy Trust ("TaSMAT") which had been brokered by East Sussex County Council and the Regional Schools Commissioner on behalf of the Department for Education. TaSMAT is a multi academy trust formed of two good and outstanding special schools in the local area. At that point, with the agreement of the Local Authority, the Regional Schools Commissioner and the Education and Skills Funding Agency, the majority of the Board of Governors, including the Chair, resigned.

A new Board of Trustees was established under the chairmanship of a Director of TaSMAT. The new Board were in place from 11 March 2019. An Interim Executive Board (IEB) was put in place by the new Board of Trustees soon after.

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FOR THE YEAR ENDED 31 AUGUST 2021

This was for two main reasons. Firstly, TaSMAT leaders recognised that an IEB would enable a more operational role for this governance committee at a time when the school was experiencing significant difficulties. Secondly it was the first step to ensuring the structure of governance included a separation between Trustees and Governors, meaning that in the longer-term governance could be conducted more effectively.

From December 2019, steps were taken to continue to plan for the longer term governance at St Mary's. This is because by this time the longer-term viability as a going concern of the Trust was more secure, due to the actions undertaken by Leaders from TaSMAT and governors in partnership with the local Authority and DfE. A School Effectiveness Board (SEB) was established. It is envisaged that at such time the IEB is no longer required by Trustees, the SEB will fulfill duties on behalf of Trustees, so that there continues to be a separation between school governance and Trustees. During the interim period, the SEB will provide their minutes and reports to the IEB for their oversight. The key function of the SEB is to hold school leaders to account for the overall performance of the school and college. By reporting to the IEB, action required can be jointly agreed as the Chair of the SEB also sits on the IEB (but is not chair of the IEB).

A significant staffing restructure was completed in Summer 2019; internal staffing and external service contracts were reviewed and renegotiated, a Post 19 facility that had recently begun operating was closed and financial operations were investigated and reviewed. ESCC agreed to fund a number of additional pupil places from 2019/20. This supported the school and the LA as demand for SEND places is high within the LA and there are limited placement opportunities locally. It also ensured that the school remained operational and able to secure improvements, whilst also increasing the predictability of income in the short to medium term. This was also an imperative because there are only a very few other residential special school providers in the region available. These actions were in addition to a number of school improvement activities occurring that focused initially on safeguarding, health and safety compliance and practice and improving the quality of education and residential provision. As well as this, action was taken to improve provision for pupils in the school in terms of the quality of effectiveness of safeguarding as well as residential and educational provision.

The CEO of TaSMAT has provided Consultant Headteacher support since March 2019. This remains a temporary position.

Achievement and Performance since July 2019

The Trustees have appointed the Consultant Headteacher as part time CEO of the Trust with effect from 1 January 2020, following the resignation of the Acting Headteacher, and the Head of Therapy, Health and Wellbeing has been appointed as Acting Principal also with effect from 1 January 2020.

In July 2019 a full Ofsted inspection of the residential provision gave a 'requires improvement' grade overall, reflecting a number of significant improvements made under the new leadership and governance arrangements. A monitoring (Section 8) Ofsted visit was made to the educational provision by an HMI at the same time. This visit found that the school was making effective progress to address the issues found in the previous inspection.

Vigorous measures have been taken to improve the financial situation of the Trust including the staff restructure. High priority for spending has been given to health and safety and compliance matters.

In September 2019 a new Behaviour policy was introduced and is effective in supporting the pupils to make the right choices. A new curriculum was also implemented in September 2019 which includes the National Curriculum and provides for GCSE courses where appropriate. The new assessment system is also based on the National Curriculum.

In the spring of 2020, the Covid 19 pandemic began to affect all schools, including St Mary's, with prolonged periods of partial closure and limited on-site access. During the spring and summer, senior leaders focused on ensuring risk assessments were in place and safety of all pupils and staff was the priority. In the period of partial closure, though, a number of improvements to the site and buildings were possible, including significant plumbing, heating and safety works as well as the refurbishment of a number of teaching areas as well as the installation of new outdoor gym equipment and refurbishment of outdoor play areas.

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Any parent who wished their child to attend school was offered a place, if this was compliant with the DfE guidance at the time and consequently pupil attendance increased during the period to the point that approximately 70% of pupils were attending regularly by the summer term. Other pupils were provided with support at home including the provision of learning activities, free school meals and welfare support.

Although no formal exams were sat nationally in the summer, assessments were used to provide exam grades. This was significant for St Mary's because a number of students were entered into exams for the first time this year. All pupils who were expected to achieve an exam grade did so, marking a significant achievement for them and the school.

During the 2020-21 year, the pandemic continued to impact on all schools' operation, although the principal outlined above remained and consequently many children attended regularly throughout the period.

Financial review

The income of the Trust has increased this year by £256,288 to £4,235,923, while the expenditure of the Trust has increased by £230,731 to £3,299,478. This significant increase in expenditure has been primarily due to a significant increase in staffing costs and due to a detailed review of the Trust's staff levels, which has then enabled the Trust to invest in expenditure on improvements and developments for the school and college. This resulted in a net surplus of income over expenditure for the year of £936,445 (2020: net surplus of £910,888). Excluding the impact of capital funding, depreciation charges and FRS102 pension costs adjustments on the Trust's defined benefit pension scheme, the net operating surplus for the year was £1,046,550 (2020: net operating surplus of £591,562).

The cash flow statement shows a net increase in cash during the year of £248,045 to £2,086,545.

In accordance with UK accounting standards, the Trust's defined benefit pension scheme has been incorporated into the financial statements. Market conditions and changes in actuarial assumptions have resulted in an actuarial gain of £1,468,000 in the year (2020: actuarial gain of £214,000). The deficit in the scheme is closely monitored by the Trustees and there continues to be ongoing and positive discussions with the Scheme Trustees and their advisors over the ongoing deficit contribution levels.

In July 2019, the Trust negotiated the one year lease for one of its buildings to a local FE provider. This lease has now been extended for a further two year period until July 2022. The value of the lease for the second full year remains at £45,000 and will increase in year 3 by an additional 3.5%. We also continue to hold a £3,000 deposit in a separate bank account as required under the leasing terms, and interest accrued on this is payable back to the lessee on cessation of the arrangement.

The Board has established a reserves policy that aims to protect the Trust's activities from risk of disruption at short notice, whilst at the same time ensuring that the Trust does not retain income for longer than required. It determines an appropriate target level for 'free' reserves, taking into account the Trust's vulnerability to unplanned changes in its financial position, relating mainly to pupil numbers and the sourcing of income from LAs.

The Trustees regard the level of 'free' reserves, namely the general fund within unrestricted reserves, as crucial in allowing the Trust to serve its beneficiaries through temporary shortages in pupil numbers or Local Authority funding. The Trustees also wish to be able to call on funds to seize opportunities to further develop the Trust. The general fund is a sub-category of unrestricted funds which are neither earmarked for either capital purposes (the capital fund) or for the defined benefit pension scheme.

The Board judges that the Trust should hold at least three months but not more than six months value of unrestricted expenditure in order to preserve its structure through periods of low income. Based on the operating expenditure for the year ended 31 August 2021 of £3,127,284, the target level for 'free' reserves is between £780,000 to £1,560,000. At 31 August 2021, the Trust's 'free' reserves were £2,024,826 (2020: £1,195,047).

The total funds at 31 August 2021 are £7,440,048 (2020: £5,035,603), which includes the designated capital funds of £6,903,222 (2020: £6,892,556), the pension fund liability reserve of £1,488,000 (2020: £3,052,000) and the unrestricted general funds of £2,024,826 (2020: £1,195,047).

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The Trustees have assessed the major risks to which the charity is exposed and are satisfied that systems are in place to mitigate exposure to the major risks.

The Trustees are pleased to note the continued increase in referrals for new pupils from East Sussex County Council and are hopeful that the number of pupils on roll at the end of the 2020/21 academic year was 79. These referrals are for day placements in the main and we will work proactively to promote the residential provision over the coming year with more distant local authorities.

Considerable planning and action is being undertaken to address the issues raised by Ofsted in relation to the quality of teaching and learning, assessment (including accreditation) and the curriculum.

Discussions are also on going with the Regional Schools Commissioner and the Department for Education in relation to the business and support partnership between TASMAT and St Mary's as a non-maintained special school to secure the longer term future of the The Talking Trust.

Going concern

The financial statements are prepared on the going concern basis. The Trustees have a reasonable expectation that the charity will continue in operational existence for the foreseeable future. However, they are aware of material uncertainties which impact upon the charity's ability to continue as a going concern. These material uncertainties exist as a result of the recent poor Ofsted report that the Trust received and the potential uncertainties surrounding children's placements at the school as a result of this Ofsted report.

The Trustees are confident that the measures undertaken since April 2019 will mean that they will continue to receive the support of the Local Authority and parents of pupils. The Trustees believe that, based upon predicted future income streams as negotiated with Local Authorities together with achieved and further planned cost cutting together with the continuing assistance from TaSMAT that the Trust will remain a going concern, and for this reason, the financial statements are prepared on the going concern basis.

Structure, governance and management

The Talking Trust (the 'Trust') was incorporated as St Mary's Wrestwood Children's trust on 7 June 1967 and changed its name to The Talking Trust on 26 November 2012. It is a charitable company limited by guarantee. The Board of Trustees ('Board') governs the Trust in accordance with the Memorandum and Articles of Association. St Mary's School and College (the 'School' or 'St Mary's') as part of the Trust, is registered as a Non-maintained Special School. The School provides specialist education, therapy and care for young people aged 7-19 with speech, language and communication needs.

The Trustees, who are also the Directors for the purpose of company law, who served during the year and up to the date of signature of the financial statements are detailed in the reference and administrative details of the charity on page 1.

The Trustees benefit from indemnity insurance purchased by the Trust to cover the liability of the Trustees arising from negligent acts, errors or commissions occurring whilst on Trust business. The limit of this indemnity is £2,000,000.

The Trustees aim to maintain a Board in accordance with statute and with the range of expertise, experience and perspectives needed to provide effective direction and oversight. New Trustees are appointed by the Board of Trustees and are subject to application forms, references and DBS clearance. Trustees are provided with training in line with the Charity Commission's guidance on governance.

The new Board of Trustees, which was formed following the resignation of the majority of the previous Governing Board, has agreed to separate the functions of Trusteeship and school governance. To that end the Trustees delegated their governance responsibilities in full to an Interim Executive Board (IEB) consisting of experienced professionals and chaired by the Chair of Trustees. The IEB members were selected by the Trustees, in partnership with East Sussex County Council on the basis of their professional expertise and experience and were subject to application, interview, references and DBS clearance. It is intended that the IEB will remain in place until the situation of St Mary's changes and it moves out of an Ofsted category.

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The IEB is delegated responsibility for governance of the school. The IEB is supplemented by a School Effectiveness Board (SEB) consisting of the Chair of Trustees, the CEO and chaired by a member of the IEB. This Board receives reports from the senior leadership team in relation to safeguarding, attainment and progress and health and safety. The SEB reports to the IEB and the IEB reports to the Trustees

In addition, a Finance and Audit Committee has been established and a Trustee is appointed to this committee by the Chair of the trust, who also attends, along with the Acting CEO and lead finance staff.

Local Authorities fund the majority of pupil placements, with a small number of placements being privately funded. There is also a small amount of fundraised income from other charitable bodies and private donations.

The day to day management of the school is undertaken by the Acting Principal, with the support and guidance of the Acting CEO and additional consultancy support with particular regard to teaching, learning, assessment and curriculum from an Independent Education Consultant who is also a member of the IEB. During the 2019-20 year, an additional consultant supported the school in this way in order to facilitate the gradual transition from an operational governance model that the IEB provide, to a more traditional model of governance, supported by external advisors, as the school demonstrates increased stability and security.

The IEB consists of the following members:

Jean Haigh
Jenny Sutherland
Richard Preece
Catherine Dooley
Lindsey Diamond
Antony Julyan (resigned 21 July 2021)
Craig Pamphilon

None of the Trustees has any beneficial interest in the company. All of the Trustees are members of the company and guarantee to contribute £1 in the event of a winding up of the company.

The Trustees consider the IEB and the senior leadership team to comprise the key management personnel of the Trust in charge of directing and controlling, running and operating the Trust on a day to day basis. All IEB members give of their time freely and no IEB member received any remuneration in the current or prior year. The senior leadership team comprise the following members of staff:

Richard Preece, CEO
Natalie Edwards, Acting Principal
Stephen Weakley, Head of Education
Ashley Pollen, SENCO and Admissions Lead
Gemma Martin, Head of Care and Designated Safeguarding Lead

Key management and personnel are subject to performance management / appraisal processes and remuneration and pay decisions related to performance are evidenced. For the Acting Principal, this is approved by the Board of Trustees and for other positions, this is approved by the Advisory Headteacher.

Related parties and other connected charities and organisations

The relationship between the charity and Torfield and Saxon Mount Academy Trust was brokered by East Sussex County Council and the DfE Regional Schools Commissioners South East London office. The purpose of the relationship was to provide support to the charity in relation to leadership, governance, financial operation and school improvement, with a view to ascertaining the longer term viability of the charity.

In January 2021 a formal Business partnership agreement was entered into between TaSMAT and The Talking Trust, formalizing the operational relationship and support in place and as an immediate measure whilst the longer term relationship is considered by the Trustees of both Trusts, DfE and RSC.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Fundraising

The Trust has not undertaken any material fundraising activities during the year ended 31 August 2021.

Plans for future periods

The Trustees are pleased to see the continued increase in referrals for new pupils from East Sussex County Council, with the number on roll at the end of the 2020/21 academic year having increased to 79. These referrals are for day placements in the main and the management team will continue to work proactively to promote the residential provision over the coming year with more distant Local Authorities.

Considerable planning and action is also being undertaken to address the issues raised by Ofsted in relation to the quality of teaching and learning, assessment (including accreditation) and the curriculum. Discussions are also on going with the Regional Schools Commissioner and the Department for Education in relation to the business and support partnership between TASMAT and St Mary's as a non-maintained special school to secure the longer term future of the The Talking Trust.

Funds held as custodian on behalf of others

The Trust and its Trustees do not act as custodian Trustees for other charities.

Trustees' responsibilities

The Trustees, who are also the Directors of The Talking Trust for the purpose 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 Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the 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.

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

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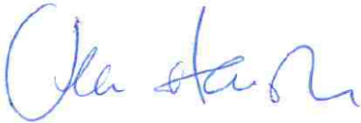
Disclosure of information to auditor

Each of the Trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

Auditor

The auditors, Cooper Parry Group Limited, have indicated their willingness to continue in office and the Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

Approved by order of the members of the board of Trustees on 18 May 2022 and signed on their behalf by:



Ms J Haigh
Chair of Trustees

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE TALKING TRUST

Opinion

We have audited the financial statements of The Talking Trust (the 'charity') for the year ended 31 August 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE TALKING TRUST (CONTINUED)

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 contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 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 including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

We have nothing to report in respect of the following matters in relation to which 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 Trustees' Responsibilities Statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE TALKING TRUST (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

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

Our assessment focussed on key laws and regulations the charitable company has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, Charities Act 2011, taxation legislation, data protection, anti-bribery and employment legislation.

We are not responsible for preventing irregularities, including fraud. Our approach to detecting irregularities, including fraud, included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the charitable company and how the charitable company is complying with that framework, including agreement of financial statement disclosures to underlying documentation and other evidence;
- obtaining an understanding of the charitable company's control environment and how the charitable company has applied relevant control procedures, through discussions with Trustees and other management and by performing walkthrough testing over key areas;
- obtaining an understanding of the charitable company's risk assessment process, including the risk of fraud;
- reviewing meeting minutes of those charged with governance throughout the year; and
- performing audit testing to address the risk of management override of controls, including testing journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Whilst considering how our audit work addressed the detection of irregularities, we also considered the likelihood of detection of fraud based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

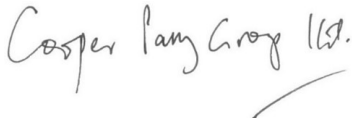
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

THE TALKING TRUST
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE TALKING TRUST (CONTINUED)

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Atkins FCA (Senior Statutory Auditor)

for and on behalf of

Cooper Parry Group Limited

Chartered Accountants

Statutory Auditor

Sky View

Argosy Road

East Midlands Airport

Castle Donington

Derby

DE74 2SA

Date: 24 May 2022

THE TALKING TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2021**

	Note	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:				
Donations and legacies	4	70,370	70,370	70,441
Charitable activities	5	4,025,565	4,025,565	3,697,254
Other trading activities	6	139,941	139,941	210,406
Investments	7	47	47	1,534
Total income		4,235,923	4,235,923	3,979,635
Expenditure on:				
Charitable activities	8	3,299,478	3,299,478	3,068,747
Total expenditure		3,299,478	3,299,478	3,068,747
Net movement in funds before other recognised gains		936,445	936,445	910,888
Other recognised gains:				
Actuarial gains on defined benefit pension schemes	23	1,468,000	1,468,000	214,000
Net movement in funds		2,404,445	2,404,445	1,124,888
Reconciliation of funds:				
Total funds brought forward		5,035,603	5,035,603	3,910,715
Net movement in funds		2,404,445	2,404,445	1,124,888
Total funds carried forward		7,440,048	7,440,048	5,035,603

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

The notes on pages 17 to 34 form part of these financial statements.

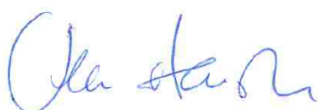
THE TALKING TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 00907923

BALANCE SHEET
AS AT 31 AUGUST 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	12	6,903,222	6,892,556
Investments	13	1	1
		<u>6,903,223</u>	<u>6,892,557</u>
Current assets			
Debtors	14	1,114,719	533,268
Cash at bank and in hand		2,086,545	1,838,500
		<u>3,201,264</u>	<u>2,371,768</u>
Creditors: amounts falling due within one year	15	(1,176,439)	(1,176,722)
Net current assets		<u>2,024,825</u>	<u>1,195,046</u>
Total assets less current liabilities		<u>8,928,048</u>	<u>8,087,603</u>
Defined benefit pension scheme liability	23	(1,488,000)	(3,052,000)
Total net assets		<u><u>7,440,048</u></u>	<u><u>5,035,603</u></u>
Charity funds			
Restricted funds	17	-	-
Unrestricted funds			
Designated funds	17	6,903,222	6,892,556
General unrestricted funds	17	2,024,826	1,195,047
		<u>8,928,048</u>	<u>8,087,603</u>
Unrestricted funds excluding pension fund	17	8,928,048	8,087,603
Pension fund	17	(1,488,000)	(3,052,000)
		<u>7,440,048</u>	<u>5,035,603</u>
Total funds		<u><u>7,440,048</u></u>	<u><u>5,035,603</u></u>

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees on 18 May 2022 and signed on their behalf by:



Ms J Haigh
Chair of Trustees

The notes on pages 17 to 34 form part of these financial statements.

THE TALKING TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash provided by / (used in) operating activities	19	464,770	1,235,128
Cash flows from investing activities			
Dividends, interests and rents from investments		47	1,534
Proceeds from the sale of tangible fixed assets		-	-
Purchase of tangible fixed assets		(278,861)	(127,291)
Capital grants and funding		62,089	63,973
Net cash used in investing activities		(216,725)	(61,784)
Cash flows from financing activities			
Net cash provided by financing activities		-	-
Change in cash and cash equivalents in the year		248,045	1,173,344
Cash and cash equivalents at the beginning of the year		1,838,500	665,156
Cash and cash equivalents at the end of the year	20	2,086,545	1,838,500

The notes on pages 17 to 34 form part of these financial statements

THE TALKING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. General information

The Talking Trust is a charitable company limited by guarantee and incorporated in England and Wales under company number 00907923. It is registered with the Charity Commission under charity number 307021. The registered office is St Mary's Special School and College, Wrestwood Road, Bexhill-on-Sea, East Sussex, TN40 2LU.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The Talking 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.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

2.2 Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the charity has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the charity's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

2.3 Fund accounting

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

2.4 Taxation

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

THE TALKING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

2. Accounting policies (continued)

2.5 Income

All incoming resources are included in the Statement of Financial Activity when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. Gifts in kind are included at valuation and recognised as income when received. No amounts are included in the financial statements for services donated by volunteers.

Income relates to pupils' fees that are paid for by Local Authorities. The fees are raised in advance for the coming term and are recognised on an accruals basis. School fees receivable and charges for services and use of premises are accounted for in the period to which the service is provided. Fees received in advance of education to be provided in future years are held as liabilities until either taken into income in the term when used or else refunded. The amounts are net of discounts, VAT and other sales related taxes where appropriate.

Other miscellaneous grants may be received to which performance conditions are attached. These grants are recognised in the Statement of Financial Activities when the conditions have been met. Where the conditions for recognition have not been met at the year end, the amounts are carried forward as deferred income.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Income from trading activities includes income earned from fundraising events and trading activities to raise funds for the charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable.

The income of the charity for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

2.6 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Raising funds. This comprises marketing and is the cost of attracting students to the school.
- Charitable activities. This includes the direct costs of salaries, and other educational activities undertaken to further the purposes of the charity as well as associated support costs. Support costs comprises administrative costs associated with delivering the educational activities as well as the costs of governance. Governance costs comprise the costs of strategic management of the charity as well as compliance costs such as audit fees. Support and governance costs have been allocated equally across the various charitable activities.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

THE TALKING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

2. Accounting policies (continued)

2.7 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.8 Tangible fixed assets and depreciation

Tangible fixed assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

At each reporting date the charity assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined to be the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives.

Depreciation is provided on the following bases:

Freehold property	- 2% and 10% straight line method
Motor vehicles	- 25% reducing balance method
Fixtures and fittings	- 10% straight line method
Swimming pool	- 5% reducing balance method

Gains and losses on disposals of tangible fixed assets are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Financial Activities.

2.9 Investments

Fixed asset investments comprise investments held in the dormant subsidiaries. These investments are stated at cost less provision for diminution in value.

2.10 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.11 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term interest accounts. The trustees seek to use short and medium term deposits where possible to maximise the return on monies held at the bank and to manage cash flow. Bank overdrafts are shown within borrowings in current liabilities.

2.12 Liabilities

Liabilities and provisions are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

THE TALKING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

2. Accounting policies (continued)

2.13 Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

2.14 Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

2.15 Pensions

Retirement benefits to employees of the charity are provided by the Teachers' Pension Scheme ("TPS"), the St Mary's Wrestwood Children's Trust Pension Scheme, both of which are defined benefit schemes, and three defined contribution schemes.

The teaching staff of the charity are members of the TPS. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the charity in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The St Mary's Wrestwood Children's Trust Pension Scheme is a defined benefit pension scheme and the assets are held separately from those of the charity in separate trustee administered funds. The scheme was closed to new members on 31 July 2009. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

The defined contribution schemes comprise the salary exchange and money purchase schemes, both of which are closed to new members, and the NOW pension scheme which was set up as a result of auto-enrolment. The assets of the schemes are held separately from those of the charity in independently administered funds.

THE TALKING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

3. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Tangible fixed assets are depreciated over their economic useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

The present value of the St Mary's Wrestwood Children's Trust Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2017 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

4. Income from donations and legacies

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Donations	8,281	8,281	6,468
Capital Grants	62,089	62,089	63,973
	<u>70,370</u>	<u>70,370</u>	<u>70,441</u>

THE TALKING TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

5. Income from charitable activities

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Fee income - Education and residential activities	3,375,899	3,375,899	2,810,269
Grant funding	649,666	649,666	886,985
Total 2021	4,025,565	4,025,565	3,697,254
Total 2020	3,697,254	3,697,254	

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Analysis of grant funding			
DfE / ESFA Recurrent Grants	605,396	605,396	886,985
DfE / ESFA COVID Catch-up Premium	17,520	17,520	-
COVID Mass Testing grants	26,750	26,750	-
	649,666	649,666	886,985

6. Income from other trading activities

Income from non charitable trading activities

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Transport income	65,153	65,153	63,360
Lettings income	45,653	45,653	51,884
Swimming income	8,333	8,333	24,825
Catering income	6,698	6,698	406
Fundraising events	-	-	419
Therapy income	9,815	9,815	26,378
Other income	4,289	4,289	43,134
Total 2021	139,941	139,941	210,406

THE TALKING TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

7. Investment income

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Interest receivable	47	47	1,534
	<u>47</u>	<u>47</u>	<u>1,534</u>

8. Analysis of expenditure on charitable activities

Summary by activity

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Education	2,055,735	2,055,735	1,867,080
Therapy & wellbeing	359,138	359,138	392,148
Residential care	533,264	533,264	451,856
Facilities	351,341	351,341	357,663
	<u>3,299,478</u>	<u>3,299,478</u>	<u>3,068,747</u>

9. Auditor's remuneration

The auditor's remuneration amounts to an auditor fee of £9,250 (2020 - £9,250), and £750 (2020 - £nil) for other assurance engagements, and £1,750 (2020 - £1,750) for other non-audit services.

10. Staff costs

	2021 £	2020 £
Wages and salaries	1,731,242	1,767,463
Social security costs	128,582	161,607
Pension costs (excluding past service credits)	155,121	127,538
Pension cost past service credit	-	(515,000)
	<u>2,014,945</u>	<u>1,541,608</u>

Included within Staff costs is a total of £17,919 (2020 - £35,283) relating to redundancy costs paid in the year.

THE TALKING TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

10. Staff costs (continued)

The average number of persons employed by the charity during the year was as follows:

	2021 No.	2020 No.
Education	29	22
Residential care staff	32	39
Health staff	14	16
Other staff	15	18
	90	95
	90	95

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2021 No.	2020 No.
In the band £60,001 - £70,000	-	1
In the band £70,001 - £80,000	1	-

The charity considers its key management personnel to be the Interim Executive Board and the Senior Management Team. The total amount of employee benefits (including employer National Insurance contributions and employer pension contributions) received by the key management personnel for their services to the charity during the year was £240,034 (2020 - £201,064).

11. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the charity. These Trustees are members of staff of the charity and only receive remuneration in respect of services they provide undertaking the roles of staff members under their contracts of employment.

The value of Trustees' remuneration and other benefits was as follows:

		2021 £	2020 £
Mr R Preece	Remuneration	753	9,333
	Pension contributions paid	178	2,210
Ms S Doherty	Remuneration	-	4,792
	Pension contributions paid	-	1,135

During the year ended 31 August 2021, expenses totalling £300 were reimbursed or paid directly to 1 Trustee (2020 - £740 to 1 Trustee). The expenses related to travel costs.

THE TALKING TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

12. Tangible fixed assets

	Freehold property £	Motor vehicles £	Fixtures, fittings & equipment £	Held for sale £	Total £
Cost or valuation					
At 1 September 2020	9,159,537	14,052	1,052,249	-	10,225,838
Additions	257,632	-	21,229	-	278,861
Disposals	(78,968)	-	(7,500)	-	(86,468)
Transfers between classes	(497,876)	-	-	497,876	-
At 31 August 2021	<u>8,840,325</u>	<u>14,052</u>	<u>1,065,978</u>	<u>497,876</u>	<u>10,418,231</u>
Depreciation					
At 1 September 2020	2,487,858	10,123	835,301	-	3,333,282
Charge for the year	165,149	993	33,325	-	199,467
On disposals	(10,390)	-	(7,350)	-	(17,740)
Transfers between classes	(141,179)	-	-	141,179	-
At 31 August 2021	<u>2,501,438</u>	<u>11,116</u>	<u>861,276</u>	<u>141,179</u>	<u>3,515,009</u>
Net book value					
At 31 August 2021	<u>6,338,887</u>	<u>2,936</u>	<u>204,702</u>	<u>356,697</u>	<u>6,903,222</u>
At 31 August 2020	<u>6,671,679</u>	<u>3,929</u>	<u>216,948</u>	<u>-</u>	<u>6,892,556</u>

Freehold property comprises both freehold land and buildings. It has previously been determined by the Trustees that the fair value of the land equates to 40% of the original cost. The remaining 60% is deemed to be the value of the buildings at purchase which is being depreciated on a straight line basis at 2% per annum. The net book value of freehold property at 31 August 2021 which is attributable to land is £1,923,748 (2020 - £1,923,748). Assets held for sale comprise freehold land and buildings with a net book value at 31 August 2021 of £356,697 which were sold by the Charity on 4 January 2022 for a sale price of £550,000.

13. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
Additions	1
At 31 August 2021	<u>1</u>

THE TALKING TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

Principal subsidiaries

The following was a subsidiary undertaking of the charity:

Name	Registered office	Principal activity	Class of shares
The Glades Garage Forecourts Management Co. Ltd	England & Wales	Dormant	Ordinary £1

Holding

100%

The financial results of the subsidiary for the year were:

Name	Net assets £
The Glades Garage Forecourts Management Co. Ltd	1

14. Debtors

	2021 £	2020 £
Due within one year		
Trade debtors	1,087,798	529,403
Other debtors	2,683	2,683
Prepayments and accrued income	24,238	1,182
	<u>1,114,719</u>	<u>533,268</u>

15. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	169,268	96,340
Other taxation and social security	40,994	-
Other creditors	22,305	54,400
Accruals and deferred income	943,872	1,025,982
	<u>1,176,439</u>	<u>1,176,722</u>

Included in accruals and deferred income is deferred income of £857,484 (2020 - £994,165). This relates to school fees and grant funding for the year ending 31 August 2022 which have been received in advance at the year end.

THE TALKING TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

16. Financial instruments

	2021 £	2020 £
Financial assets		
Financial assets measured at fair value through income and expenditure	2,086,545	1,838,500

Financial assets measured at fair value through income and expenditure comprise of cash at bank.

17. Statement of funds

Statement of funds - current year

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
Unrestricted funds						
Designated funds						
Capital fund	6,892,556	62,089	(268,194)	216,771	-	6,903,222
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
General unrestricted funds						
General fund	1,195,047	4,173,834	(3,127,284)	(216,771)	-	2,024,826
Pension fund reserve	(3,052,000)	-	96,000	-	1,468,000	(1,488,000)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	(1,856,953)	4,173,834	(3,031,284)	(216,771)	1,468,000	536,826
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Unrestricted funds	5,035,603	4,235,923	(3,299,478)	-	1,468,000	7,440,048
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The designated funds comprise the capital fund which represents the net book value of charity's fixed assets which are used to carry out its charitable objects and are therefore not readily realisable. The transfer to the capital fund from the general fund represents the amounts expended on tangible fixed asset additions in the year that were not otherwise funded through capital grants funding.

The Pension fund reserve represents the deficit in the St Mary's Wrestwood Children's Trust Pension Scheme, which will ultimately be realised from the assets of the charity. Further details on the charity's pension obligations are contained in note 23.

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds						
Capital fund	7,073,883	63,973	(308,618)	63,318	-	6,892,556
General funds						
General fund	666,832	3,986,662	(3,395,129)	(63,318)	-	1,195,047
Pension fund reserve	(3,830,000)	(71,000)	635,000	-	214,000	(3,052,000)
	(3,163,168)	3,915,662	(2,760,129)	(63,318)	214,000	(1,856,953)
Total Unrestricted funds	3,910,715	3,979,635	(3,068,747)	-	214,000	5,035,603

18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £	Total funds 2021 £
Tangible fixed assets	6,903,222	6,903,222
Fixed asset investments	1	1
Current assets	3,201,264	3,201,264
Creditors due within one year	(1,176,439)	(1,176,439)
Provisions for liabilities and charges	(1,488,000)	(1,488,000)
Total	7,440,048	7,440,048

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18. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Unrestricted funds 2020 £	Total funds 2020 £
Tangible fixed assets	6,892,556	6,892,556
Fixed asset investments	1	1
Current assets	2,371,768	2,371,768
Creditors due within one year	(1,176,722)	(1,176,722)
Provisions for liabilities and charges	(3,052,000)	(3,052,000)
Total	<u>5,035,603</u>	<u>5,035,603</u>

19. Reconciliation of net movement in funds to net cash flow from operating activities

	2021 £	2020 £
Net income for the year (as per Statement of Financial Activities)	936,445	910,888
Adjustments for:		
Depreciation charges	199,467	199,685
Interest receivable	(47)	(1,534)
Loss on the sale of fixed assets	68,728	108,932
Decrease/(increase) in debtors	(581,451)	477,123
Increase/(decrease) in creditors	(283)	168,007
Capital grants and funding	(62,089)	(63,973)
Pension scheme finance cost	50,000	71,000
Pension scheme cost less contributions payable and expenses	(146,000)	(635,000)
Net cash provided by operating activities	<u>464,770</u>	<u>1,235,128</u>

20. Analysis of cash and cash equivalents

	2021 £	2020 £
Cash in hand	2,086,545	1,838,500
Total cash and cash equivalents	<u>2,086,545</u>	<u>1,838,500</u>

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21. Analysis of changes in net debt

	At 1 September 2020	Cash flows	At 31 August 2021
	£	£	£
Cash at bank and in hand	1,838,500	248,045	2,086,545
	<u>1,838,500</u>	<u>248,045</u>	<u>2,086,545</u>

22. Capital commitments

	2021 £	2020 £
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	61,971	-
	<u>61,971</u>	<u>-</u>

23. Pension commitments

The charity's employees belong to various principal pension schemes: the Teachers' Pension Scheme for England and Wales (TPS), the St Mary's Wrestwood Children's Trust Pension Scheme, both of which are defined benefit schemes, and three defined contribution schemes.

The Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million

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23. Pension commitments (continued)

- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the year amounted to £102,245 (2020 - £84,297).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The charity has accounted for its contributions to the scheme as if it were a defined contribution scheme. The charity has set out above the information available on the scheme.

Defined contribution schemes

The charity also operates 3 defined contribution pension schemes for qualifying employees who are neither teaching staff nor contributing to the charity's own defined benefit scheme. The schemes comprise the salary exchange and money purchase schemes, both of which are closed to new members, run by Aegon, and the NOW pension scheme which was set up as a result of auto-enrolment. The assets of the defined contribution schemes are held separately from those of the charity in independently administered funds. The charge to the profit and loss in respect of the defined contribution schemes was £52,876 (2020 - £43,241). The contributions to the defined contribution schemes have been allocated wholly to unrestricted funds and to the activities in accordance with the staff involved in each activity.

The St Mary's Wrestwood Children's Trust Pension Scheme

The charity operates a defined benefit pension scheme. The St Mary's Wrestwood Children's Trust Pension Scheme.

The scheme was closed to new members on 31 July 2009. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities. An actuarial valuation was carried out based on data as at 31 March 2017 and updated to 31 August 2021 for the purposes of an FRS102 report by a qualified actuary.

The Trust currently pays contributions at the rates set out in the Schedule of Contributions prepared following the 31 March 2017 scheme funding valuation. Under this Schedule of Contributions, the Trust has to pay contributions over a period of 12 years 5 months from 1 April 2017, currently at the rate of £244,668 per annum, most of which increased each 1 April by 3.5% per annum. This includes an allowance to cover administration, actuarial and consultancy costs. Any other expenses of the scheme, including levies to the Pension Protection Fund, will be met by the Trust. The total contributions made during the year ended 31 August 2021 were £272,000 (2020 - £239,804).

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	At 31 August 2021 %	At 31 August 2020 %
Discount rate	1.7	1.7
Rate of increase of pension payments (CPI)	3.1	2.8
Inflation assumption (RPI)	3.4	3.1

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23. Pension commitments (continued)

	At 31 August 2021 Years	At 31 August 2020 Years
Mortality rates (in years)		
- for a male aged 65 now	21.7	22.0
- at 65 for a male aged 45 now	22.7	23.2
- for a female aged 65 now	24.1	23.9
- at 65 for a female aged 45 now	25.2	25.2
	<u> </u>	<u> </u>

The charity's share of the assets in the scheme was:

	At 31 August 2021 £	At 31 August 2020 £
Equities	5,192,000	4,103,000
Corporate bonds	1,060,000	1,040,000
Cash and other liquid assets	64,000	61,000
Government bonds	1,070,000	999,000
Total fair value of assets	<u>7,386,000</u>	<u>6,203,000</u>

The actual return on scheme assets was £1,179,000 (2020 - £(£50,000)).

The amounts recognised in the Statement of Financial Activities are as follows:

	2021 £	2020 £
Past service credit	-	(515,000)
Interest income	(105,000)	(119,000)
Interest cost	155,000	190,000
Expenses	103,000	120,000
Total amount recognised in the Statement of Financial Activities	<u>153,000</u>	<u>(324,000)</u>

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23. Pension commitments (continued)

Movements in the present value of the defined benefit obligation were as follows:

	2021 £	2020 £
Opening defined benefit obligation	9,255,000	10,119,000
Interest cost	155,000	190,000
Actuarial gains	(394,000)	(383,000)
Benefits paid	(245,000)	(276,000)
Past service credit	-	(515,000)
Expenses	103,000	120,000
Closing defined benefit obligation	8,874,000	9,255,000

Movements in the fair value of the charity's share of scheme assets were as follows:

	2021 £	2020 £
Opening fair value of scheme assets	6,203,000	6,289,000
Interest income	105,000	119,000
Actuarial gains/(losses)	1,074,000	(169,000)
Contributions by employer	249,000	240,000
Benefits paid	(245,000)	(276,000)
Closing fair value of scheme assets	7,386,000	6,203,000

24. Operating lease commitments

At 31 August 2021 the charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2021 £	2020 £
Not later than 1 year	9,756	9,756
Later than 1 year and not later than 5 years	22,789	32,545
	32,545	42,301

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25. Related party transactions

Owing to the nature of the charity and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the charity's financial regulations and normal procurement procedures relating to related party transactions.

The following related party transactions took place during the year ended 31 August 2021:

Ms J Haigh, Mr M Clarke and Mr R Preece, who are Trustees of the charity, were also Trustees of The Torfield and Saxon Mount Academy Trust during the year ended 31 August 2021, although Mr R Preece resigned as a Trustee of the charity on 10 September 2020. The relationship between the charity and The Torfield and Saxon Mount Academy Trust was brokered by East Sussex County Council and the DfE Regional Schools Commissioners for South East London. The purpose of the relationship was to provide support to the charity in relation to leadership, governance, financial operation and school improvement, with a view to ascertaining the longer term viability of the charity.

During the year ended 31 August 2021, the charity made payments totalling £224,552 (2020 - £191,293) to Torfield and Saxon Mount Academy Trust for the supply of teaching and administrative support staff services and other administrative services. At the year end there was an amount of £3,915 (2020 - £Nil) payable to Torfield and Saxon Mount Academy Trust by the charity. During the year ended 31 August 2021, receipts totalling £210 (2020 - £99,753) were received from Torfield and Saxon Mount Academy Trust relating to payment for swimming pool hire. At the year end there was an amount of £nil (2020 - £455) owed to the charity by Torfield and Saxon Mount Academy Trust.

There were no other related party transactions during the current or prior period, other than certain Trustees remuneration and expenses already disclosed in note 11.