

THE TALKING TRUST
(A Company Limited by Guarantee)
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

THE TALKING TRUST
(A Company Limited by Guarantee)

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THE TALKING TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2022**

Trustees	Mr M Clarke (resigned 21 July 2022) Ms J Haigh Mrs T Mander (appointed 14 December 2022) Ms J Muggleton Ms V Oliver (resigned 31 August 2022) Mr C Pamphilon (appointed 20 October 2021) Mr M Smith (appointed 1 September 2022) Mrs J Sutherland (appointed 1 September 2022) 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 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 2022

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 2022. 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. 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. 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. 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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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

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

The Trust is committed to continual improvement, which is monitored and planned for in a number of ways, including through school development planning, self-evaluation, external review processes and careful analysis of performance by leaders and Trustees.

The particular achievements and performance of the Trust during the year ended 31 August 2022 were as follows:

The External Advisor to the Trust summarised their view following their activity in the academic year 2021-2022 in an annual report to Trustees in October 2022. Key points are detailed below in extracts from this report:

OVERVIEW OF 2021-2022

The last two years have been very challenging for the school as it has moved forward, establishing high expectations for all pupils and staff despite COVID-19 school closures, and the resulting impact on consistency of high levels of absence. The on-going scrutiny from Ofsted in 2021-22 has been matched by a persistence on behalf of the senior leadership team to embed sustainable improvements that secure high standards for the school and its pupils. The culmination in two highly successful grade changing Ofsted inspections, is testimony to the dedication and focus of senior leaders.

Review visits have engaged the school's leaders in discussions that have explored the impact of the systems, interventions and approaches taken, alongside the evidence from a range of sources. The combination of both hard and soft evidence has created a detailed picture of outcomes for pupils, and has included the views of pupils and their families. Leaders have demonstrated the courage to identify and take responsibility for all pupil outcomes; they have been timely in taking action to address emerging concerns.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

The changes at St Mary's are palpable and the pupils themselves are the greatest embodiment of this progress. They are confident in their school's ability to support them and they engage in, and take ownership of, the school council as the mechanism to get their voices heard. Individually they demonstrate their faith in their teachers and leaders by accepting guidance and seeking support. Staff are skilled in encouraging pupils to seek support in the most acceptable and appropriate ways. Behaviour that is unacceptable is challenged and supported. Highly effective systems that reinforce and reward positive behaviour and effort are now embedded; pupils are motivated to do well and achieve. They respond as much to the opportunity to talk to staff about their success and progress, as they do to the physical reward for their efforts.

Progress towards improvement priorities have been tracked through an extensive school development plan. All self-review and development planning documents work effectively together, ensuring that the path leaders take is well defined and communicated.

The leadership team have established core values that are observable in practice across the school. Parents and other visitors to the school are warmly welcomed and well informed by highly professional front of school staff. Teachers and supporting staff share an understanding of the aims of the curriculum and the needs of pupils. Leaders are active, present and visible in classrooms, at lunch and at play; they are engaged in the on-going monitoring of systems and processes as well as reviewing the standards of education and management of pupils. As a result, leaders maintain a very secure understanding of the strengths and weaknesses of everyday practices and processes.

Where scrutiny of curriculum and assessment processes have identified areas for improvement and development, this is to be expected. The curriculum continues to be developed across all phases and abilities. The introduction of a new system for the teaching of phonics illustrates the capacity of leaders to drive progress firmly and quickly. Leaders are however also rightly cautious about introducing too much change at once, ensuring sufficient consideration and investigation of new initiatives has taken place before committing resources. They are mindful of the impact of change on staff and pupils.

OUTCOMES 2021 - 2022

- Attendance remains high when compared with special schools both locally and nationally and is in-line with national secondary schools. Pupil questionnaires indicate that pupils are keen to come to school and enjoy their lessons. There were no exclusions in 2021-22. Feedback from parents/carers is overwhelmingly positive across a broad range of topics.
- The school is now able to collate reliable data for comparison over 2+ years. The leadership team continue to seek collaboration with other schools to support their judgements of outcomes for pupils.
- Progress is tracked and analysed by phase and PP. Progress data identifies subjects where progress is less than expected by group or overall. Analysis of outcomes for 2021-22 indicates pupils make better progress in English than in mathematics. The PP group made slightly better progress in both English and mathematics when compared to all pupils. The SDP effectively prioritises action for improvement where data suggests variations in outcomes.
- The MAPPM process tracks both academic progress and personal development on an individual basis. Targets for individuals specify good and better progress over the course of a year. Leaders set ambitious targets that are informed by prior data and take into account individual circumstances. Leaders and teachers have excellent knowledge of the individual circumstances and barriers that impact on progress and address these through a range of interventions.
- Data is building to show the outcomes for leavers and the school makes efforts to remain in contact with ex-pupils. During the 2021-22 Careers Day pupils welcomed back, with enormous excitement, one ex-pupil who came to share their recent media success.

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FOR THE YEAR ENDED 31 AUGUST 2022

- Pupils are offered a range of options at KS4 and 5 (GCSE Mathematics and English where appropriate, BTEC, Entry level and functional skills) and are encouraged to express interests at KS3 to ensure their preferences are planned for. All pupils have access to a curriculum that prepares them for the next phase of their education or for life beyond school. Provision planning for pupils whose abilities and learning difficulties place them at the fringes of the main curriculum is a priority. The flexibility embedded in the curriculum design enables pupils to have enhanced access to life skills support where this is appropriate.

CONCLUSION

During the course of the year the leadership team has maintained a focus on the key priorities for improvement identified through thorough and honest self-review. Pupils and their families have been kept at the centre of all decision making. The Ofsted inspection team arriving in the spring were able to see clearly the significant progress made since the last full inspection, and recognise the commitment of the SLT to ensuring that the outcomes for pupils attending St Mary's are the best that they can be. As a frequent visitor to the school I have seen the persistence of school leaders in driving progress and change. The result is a school where the individual is recognised and celebrated, and where systems and processes flex to meet pupil needs. The data speaks of opportunity, engagement, improved behaviour and high attendance. It provides leaders with a focus for further improvement and helps to form new priorities. The foundations are firm for future growth and development.

Financial review

The income of the Trust has increased this year by £51,955 to £4,287,878, while the expenditure of the Trust has increased by £15,030 to £3,314,508. This resulted in a net surplus of income over expenditure for the year of £973,370 (2021: net surplus of £936,445). 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 £1,263,770 (2021: net operating surplus of £1,046,550).

The cash flow statement shows a net increase in cash during the year of £1,423,161 to £3,509,706.

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 £1,376,000 in the year (2021: actuarial gain of £1,468,000). Although there is a nil balance at the year end, the Trust continues to make deficit payments to the scheme and its this that continues to be closely monitored.

In July 2019, the Trust negotiated the one year lease for one of its buildings to a local FE provider. This lease was extended for a further two year period until July 2022 and has since been extended again to July 2024. The value of the lease for the second full year remains at £45,000 and will increase in year 3 and 4 by an additional 3%. 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 Trust sold the other offsite property, Krever House, located in Bexhill town, in January 2022. The sale was in line with Charity Commission requirements and based on a Red Book Valuation to determine and ensure best value for the Trust. The property was no longer required for use by the school with ongoing and statutory maintenance requirements and repairs an unnecessary financial expense for the Trust so was an asset that could be disposed of to provide critical capital funds for the repairs and replacement building works required at the main school site. Capital projects undertaken with the capital proceeds include replacement of roofs and windows, refurbishment of washrooms in the residential House and internal building works and room renovations to provide additional residential accommodation in the residential property in use with current pupils. Outdoor learning and play areas have also been improved with astro turf surfacing and canopy cover to provide improved all-year round opportunities for use.

The balance of remaining capital funds are earmarked for further building improvements, major repairs and plant replacement projects including the adaptation of an area to provide a dedicated KS1 teaching and learning area and external play and activity area.

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FOR THE YEAR ENDED 31 AUGUST 2022

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 six months value of unrestricted expenditure in order to preserve its structure through periods of low income and protection for emergency building repairs and replacements. Based on the operating expenditure for the year ended 31 August 2022 of £3,324,303, the target level for 'free' reserves is £1,660,000. At 31 August 2022, the Trust's 'free' reserves were £2,913,460 (2021: £2,024,826).

The total funds at 31 August 2022 are £9,789,418 (2021: £7,440,048), which includes the designated capital funds of £6,875,958 (2021: £6,903,222), the pension fund liability reserve of £NIL (2021: £1,488,000) and the unrestricted general funds of £2,913,460 (2021: £2,024,826).

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 the number of pupils on roll at the end of the 2021/22 academic year was 103. 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.

Continued planning and action is being undertaken to address the issues raised by Ofsted in the last school and residential inspections in early 2022, both grading the Trust as good with some outstanding aspects.

The Regional Director (previously Regional Schools Commissioner) and the Department for Education have agreed a process for a permanent business and support relationship between The Talking Trust and Torfield and Saxon Mount Academy Trust, maintaining the Non-maintained school status for St Mary's school but securing the longer term future of 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. The recent Good Ofsted inspections further strengthen that position, with placements at St Mary's School now providing a secure option for placements by Local Authorities.

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 5-19 with speech, language and communication needs.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

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. In July 2022, following grade-changing Ofsted inspections in January and February 2022, the IEB ceased to operate. The Board of Trustees had planned changes to governance in the previous year, subject to identified progress being made at the school and college. Trustees retain full responsibility for governance of the The Talking Trust. They are now supported by a governance committee, named the School Effectiveness Board. This is chaired by a member of the Board and supports Trustees in their oversight of the quality of provision made across the school and college. It also holds senior leaders to account for other aspects of provision including Health and Safety, safeguarding and curriculum monitoring and development.

This Board receives reports from the senior leadership team in relation to those aspects and reports directly to the Board of Trustees.

In addition, a Finance oversight group has been established and a Trustee is appointed to this committee by the Chair of the Trust, who also attends, along with the 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 Principal, with the support and guidance of the CEO and an Independent Education Advisor.

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.

Until 31 July 2022 the Trustees considered 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 gave of their time freely and no IEB member received any remuneration in the current or prior year.

From 1 August 2022, the Trustees and senior leadership team comprise the key management personnel of the Trust.

The senior leadership team comprise the following members of staff:

Richard Preece, CEO
Natalie Edwards, Principal (transferred from position of acting Principal to Principal from 1 September 2022)
Stephen Weakley, Head of Education
Ashley Pollen, Assistant Principal and Admissions Lead
Gemma Martin, Head of Care and Designated Safeguarding Lead (resigned December 2021)

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FOR THE YEAR ENDED 31 AUGUST 2022

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

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. The DfE and Regional Director have now agreed that a more formal arrangement can be legally arranged and this work and due diligence processes are in progress since October 2022.

Fundraising

The Trust has not undertaken any material fundraising activities during the year ended 31 August 2022.

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 2021/22 academic year having increased to 103. 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.

The Trust have received formal agreement from the DfE and Treasury for the existing Business Partnership to be replaced by The Talking Trust becoming a wholly owned subsidiary company of Torfield and Saxon Mount Academy Trust, to secure and support the continued successful partnership between the two Trusts. The Articles of both Trusts are in the process of amendment and lodging with Companies House and The Charities commission for approval for this to be progressed.

Approval for a lowering of the age range at St Mary's School and College to include placement of KS1 pupils was agreed in 2021 but with no placements requested until the Autumn terms 2022. Work is currently being undertaken to provide a dedicated teaching and facility area for KS1 pupils to be placed from September 2023, including appointment of a KS1 teacher to plan and resource an appropriate curriculum, remodelling of the internal classrooms and washrooms, safe access arrangements and an outdoor learning and play area. The external activity area work has been completed and the

There are still significant aspects of building and plant maintenance and replacement that require high value expenditure as well as the continuing improvements and developments identified to ensure the best possible environment and learning experiences for our pupils. Alongside the emergency and reactive works required the Trust leaders maintain a prioritised register of improvements works identified to continually develop the facilities and site and in line with the School development planning.

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).

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

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.

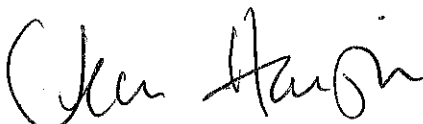
Disclosure of information to auditor

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 29 March 2023 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 2022 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 2022 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 focused 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 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.

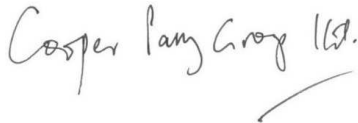
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

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

Statutory Auditor

Sky View

Argosy Road

East Midlands Airport

Castle Donington

Derby

DE74 2SA

31 March 2023

THE TALKING TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2022**

	Note	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Income from:				
Donations and legacies	4	65,074	65,074	70,370
Charitable activities	5	4,070,699	4,070,699	4,025,565
Other trading activities	6	152,058	152,058	139,941
Investments	7	47	47	47
Total income		4,287,878	4,287,878	4,235,923
Expenditure on:				
Charitable activities	8	3,314,508	3,314,508	3,299,478
Total expenditure		3,314,508	3,314,508	3,299,478
Net movement in funds before other recognised gains		973,370	973,370	936,445
Other recognised gains:				
Actuarial gains on defined benefit pension schemes	23	1,376,000	1,376,000	1,468,000
Net movement in funds		2,349,370	2,349,370	2,404,445
Reconciliation of funds:				
Total funds brought forward		7,440,048	7,440,048	5,035,603
Net movement in funds		2,349,370	2,349,370	2,404,445
Total funds carried forward		9,789,418	9,789,418	7,440,048

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.

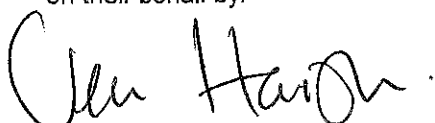
THE TALKING TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 00907923

BALANCE SHEET
AS AT 31 AUGUST 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	12	6,603,414	6,903,222
Investments	13	1	1
		<u>6,603,415</u>	<u>6,903,223</u>
Current assets			
Debtors	14	1,204,177	1,114,719
Cash at bank and in hand		3,509,706	2,086,545
		<u>4,713,883</u>	<u>3,201,264</u>
Creditors: amounts falling due within one year	15	(1,527,880)	(1,176,439)
Net current assets		<u>3,186,003</u>	<u>2,024,825</u>
Total assets less current liabilities		<u>9,789,418</u>	<u>8,928,048</u>
Defined benefit pension scheme asset / (liability)	23	-	(1,488,000)
Total net assets		<u><u>9,789,418</u></u>	<u><u>7,440,048</u></u>
Charity funds			
Restricted funds	17	-	-
Unrestricted funds			
Designated funds	17	6,875,958	6,903,222
General unrestricted funds	17	2,913,460	2,024,826
		<u>9,789,418</u>	<u>8,928,048</u>
Unrestricted funds excluding pension fund	17	9,789,418	8,928,048
Pension fund	17	-	(1,488,000)
		<u>-</u>	<u>(1,488,000)</u>
Total unrestricted funds	17	<u>9,789,418</u>	<u>7,440,048</u>
Total funds		<u><u>9,789,418</u></u>	<u><u>7,440,048</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 29 March 2023 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 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Net cash provided by / (used in) operating activities	19	1,150,570	464,770
Cash flows from investing activities			
Dividends, interests and rents from investments		47	47
Proceeds from sale of tangible fixed assets		550,000	-
Purchase of tangible fixed assets	12	(339,767)	(278,861)
Capital grants and funding	4	62,311	62,089
Net cash provided by/(used in) investing activities		272,591	(216,725)
Cash flows from financing activities			
Net cash provided by financing activities		-	-
Change in cash and cash equivalents in the year		1,423,161	248,045
Cash and cash equivalents at the beginning of the year		2,086,545	1,838,500
Cash and cash equivalents at the end of the year	20	3,509,706	2,086,545

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 2022

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 2022

2. Accounting policies (continued)

2.5 Income

All incoming resources are included in the Statement of Financial Activities 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 fulfillment 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 2022

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 and provisions

Liabilities 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 2022

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 2022**

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 2021 has been used by the actuary in valuing the pensions liability at 31 August 2022. 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 2022 £	Total funds 2022 £	Total funds 2021 £
Donations	2,763	2,763	8,281
Capital Grants	62,311	62,311	62,089
	<u>65,074</u>	<u>65,074</u>	<u>70,370</u>

THE TALKING TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

5. Income from charitable activities

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Fee income - Education and residential activities	3,138,238	3,138,238	3,375,899
Grant funding	932,461	932,461	649,666
Total 2022	4,070,699	4,070,699	4,025,565
Total 2021	4,025,565	4,025,565	

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Analysis of grant funding			
DfE / ESFA Recurrent Grants	922,399	922,399	605,396
DfE / ESFA COVID Catch-up Premium	100	100	17,520
COVID Mass Testing grants	3,582	3,582	26,750
DfE / ESFA COVID Recovery Premium	6,380	6,380	-
	932,461	932,461	649,666

6. Income from other trading activities

Income from non charitable trading activities

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Transport income	41,570	41,570	65,153
Lettings income	46,841	46,841	45,653
Swimming income	27,620	27,620	8,333
Catering income	11,030	11,030	6,698
Fundraising events	1,160	1,160	-
Therapy income	-	-	9,815
Other income	23,837	23,837	4,289
Total 2022	152,058	152,058	139,941

THE TALKING TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

7. Investment income

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Interest receivable	47	47	47

8. Analysis of expenditure on charitable activities

Summary by activity

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Education	2,266,472	2,266,472	2,055,735
Therapy & wellbeing	324,979	324,979	359,138
Residential care	368,325	368,325	533,264
Facilities	354,732	354,732	351,341
	<u>3,314,508</u>	<u>3,314,508</u>	<u>3,299,478</u>

9. Auditor's remuneration

The auditor's remuneration amounts to an auditor fee of £10,800 (2021 - £9,250), and £850 (2021 - £750) for other assurance engagements, and £2,000 (2021 - £1,750) for other non-audit services.

10. Staff costs

	2022 £	2021 £
Wages and salaries	1,749,557	1,731,242
Social security costs	137,022	128,582
Pension costs (excluding past service credits)	145,721	155,121
	<u>2,032,300</u>	<u>2,014,945</u>

Included within Staff costs is a total of £21,187 (2021 - £17,919) 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 2022

10. Staff costs (continued)

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

	2022 No.	2021 No.
Education	35	29
Residential care staff	22	32
Health staff	12	14
Other staff	14	15
	<u>83</u>	<u>90</u>

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

	2022 No.	2021 No.
In the band £70,001 - £80,000	1	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 £276,844 (2021 - £240,034).

11. Trustees' remuneration and expenses

During the prior year, one Trustee was paid remuneration or received other benefits from an employment with the charity. This trustee was a member of staff of the charity and only received remuneration in respect of services they provided in undertaking the role of a staff member under their contract of employment. Mr R Preece received remuneration of £753 and pension contributions paid of £178 in the 2021 year.

No Trustees received any remuneration or other benefits in the 2022 year.

During the year ended 31 August 2022, no expenses were reimbursed or paid directly to any Trustees (2021 - £300 to 1 Trustee which related to travel costs).

THE TALKING TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

12. Tangible fixed assets

	Freehold property £	Motor vehicles £	Fixtures, fittings & equipment £	Held for sale £	Total £
Cost or valuation					
At 1 September 2021	8,840,325	14,052	1,065,978	497,876	10,418,231
Additions	299,005	-	40,762	-	339,767
Disposals	(125,583)	-	(971)	(497,876)	(624,430)
At 31 August 2022	<u>9,013,747</u>	<u>14,052</u>	<u>1,105,769</u>	<u>-</u>	<u>10,133,568</u>
Depreciation					
At 1 September 2021	2,501,438	11,116	861,276	141,179	3,515,009
Charge for the year	160,320	745	25,646	-	186,711
On disposals	(30,387)	-	-	(141,179)	(171,566)
At 31 August 2022	<u>2,631,371</u>	<u>11,861</u>	<u>886,922</u>	<u>-</u>	<u>3,530,154</u>
Net book value					
At 31 August 2022	<u>6,382,376</u>	<u>2,191</u>	<u>218,847</u>	<u>-</u>	<u>6,603,414</u>
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>

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 2022 which is attributable to land is £1,796,714 (2021 - £1,923,748).

13. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 September 2021	1
At 31 August 2022	<u>1</u>

THE TALKING TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

13. Fixed asset investments (continued)

Principal subsidiaries

The following was a subsidiary undertaking of the charity:

Name	Registered office	Class of shares	Holding
The Glades Garage Forecourts Management England & Wales Co. Ltd		Ordinary £1	100%

The financial results of the subsidiary for the year were:

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

The Glades Garage Forecourts Management Co. Ltd was dormant during this year and last year

14. Debtors

	2022 £	2021 £
Due within one year		
Trade debtors	1,121,396	1,087,798
Other debtors	2,547	2,683
Prepayments and accrued income	80,234	24,238
	<u>1,204,177</u>	<u>1,114,719</u>

15. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	176,807	169,268
Other taxation and social security	44,121	40,994
Other creditors	23,262	22,305
Accruals and deferred income	1,283,690	943,872
	<u>1,527,880</u>	<u>1,176,439</u>

Included in accruals and deferred income is deferred income of £1,174,890 (2021 - £857,484). This relates to school fees and grant funding for the year ending 31 August 2023 which have been received in advance at the year end.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

	2022 £	2021 £
Financial assets		
Financial assets measured at fair value through income and expenditure	3,509,706	2,086,545

17. Statement of funds

	Balance at 1 September 2021 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2022 £
Unrestricted funds					
Designated funds					
Capital fund	6,903,222	62,311	(89,575)	-	6,875,958
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	Balance at 1 September 2021 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2022 £
General funds					
General fund	2,024,826	4,225,567	(3,336,933)	-	2,913,460
Pension fund reserve	(1,488,000)	-	112,000	1,376,000	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	536,826	4,225,567	(3,224,933)	1,376,000	2,913,460
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Unrestricted funds	7,440,048	4,287,878	(3,314,508)	1,376,000	9,789,418

The Pension fund reserve represents the year end position of the St Mary's Wreastwood 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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17. Statement of funds (continued)

Statement of funds - prior year

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

18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2022 £	Total funds 2022 £
Tangible fixed assets	6,603,414	6,603,414
Fixed asset investments	1	1
Current assets	4,713,883	4,713,883
Creditors due within one year	(1,527,880)	(1,527,880)
Total	<u>9,789,418</u>	<u>9,789,418</u>

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18. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior 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

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

	2022 £	2021 £
Net income for the year (as per Statement of Financial Activities)	973,370	936,445
Adjustments for:		
Depreciation charges	186,711	199,467
Interest receivable	(47)	(47)
Loss/(profit) on the sale of fixed assets	(97,136)	68,728
Increase in debtors	(89,458)	(581,451)
Increase/(decrease) in creditors	351,441	(283)
Capital grants and funding	(62,311)	(62,089)
Pension scheme finance cost	23,000	50,000
Pension scheme cost less contributions payable and expenses	(135,000)	(146,000)
Net cash provided by operating activities	1,150,570	464,770

20. Analysis of cash and cash equivalents

	2022 £	2021 £
Cash in hand	3,509,706	2,086,545
Total cash and cash equivalents	3,509,706	2,086,545

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21. Analysis of changes in net debt

	At 1 September 2021	Cash flows	At 31 August 2022
	£	£	£
Cash at bank and in hand	2,086,545	1,423,161	3,509,706
	<u>2,086,545</u>	<u>1,423,161</u>	<u>3,509,706</u>

22. Capital commitments

	2022 £	2021 £
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	108,385	61,971
	<u>108,385</u>	<u>61,971</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 School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £119,248 (2021: £102,245) and at the year-end £9,072 (2021 - £7,951) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

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23. Pension commitments (continued)

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. The government announced on 4 February 2021 that it intends to proceed with a deferred choice underpin under which members will be able to choose either legacy or reformed scheme benefits in respect of their service during the period between 1 April 2015 and 31 March 2022 at the point they become payable.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020, and a consultation was launched on 24 June on proposed changes to the cost control mechanism following a review by the Government Actuary. Following a public consultation, the Government have accepted three key proposals recommended by the Government Actuary, and are aiming to implement these changes in time for the 2020 valuations.

The 2016 cost control valuations have since been completed in January 2022, and the results indicated that there would be no changes to benefits or member contributions required. The results of the cost cap valuation are not used to set the employer contribution rate, and HM Treasury has confirmed that any changes to the employer contribution rate resulting from the 2020 valuations will take effect in April 2024.

Until the 2020 valuation is completed it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly, no provision for any additional past benefit pension costs is included in these financial statements

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 £26,473 (2021 - £52,876). 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 2021 and updated to 31 August 2022 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 2021 scheme funding valuation. Under this Schedule of Contributions, the Trust has to pay contributions over a period of 11 years 6 months from 1 April 2022, currently at the rate of £220,980 per annum, most of which increased each 1 April by 3.5% per annum. There is also additional contributions from 1 April 2022 of £63,600 per year until 31 March 2024. 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 2022 were £273,265 (2021 - £272,000).

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23. Pension commitments (continued)

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

	At 31 August 2022 %	At 31 August 2021 %
Discount rate	4.3	1.7
Rate of increase of pension payments (CPI)	3.3	3.1
Inflation assumption (RPI)	3.7	3.4
	<hr/>	<hr/>
	At 31 August 2022 Years	At 31 August 2021 Years
Mortality rates (in years) .		
- for a male aged 60 now	21.8	21.7
- at 60 for a male aged 40 now	22.8	22.7
- for a female aged 60 now	24.1	24.1
- at 60 for a female aged 40 now	25.3	25.2
	<hr/>	<hr/>

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

	At 31 August 2022 £	At 31 August 2021 £
Equities	5,162,000	5,192,000
Corporate bonds	699,000	1,060,000
Cash and other liquid assets	87,000	64,000
Government bonds	771,000	1,070,000
Total fair value of assets	<hr/> 6,719,000 <hr/>	<hr/> 7,386,000 <hr/>

The actual return on scheme assets was £(609,000) (2021 - £1,179,000).

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

	2022 £	2021 £
Interest income	(125,000)	(105,000)
Interest cost	148,000	155,000
Expenses	143,000	103,000
Total amount recognised in the Statement of Financial Activities	<hr/> 166,000 <hr/>	<hr/> 153,000 <hr/>

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23. Pension commitments (continued)

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

	2022 £	2021 £
Opening defined benefit obligation	8,874,000	9,255,000
Interest cost	148,000	155,000
Actuarial gains	(2,110,000)	(394,000)
Benefits paid	(336,000)	(245,000)
Expenses	143,000	103,000
Closing defined benefit obligation	6,719,000	8,874,000

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

	2022 £	2021 £
Opening fair value of scheme assets	7,386,000	6,203,000
Interest income	125,000	105,000
Actuarial (losses)/gains	(734,000)	1,074,000
Contributions by employer	278,000	249,000
Benefits paid	(336,000)	(245,000)
Closing fair value of scheme assets	6,719,000	7,386,000

24. Operating lease commitments

At 31 August 2022 the charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2022 £	2021 £
Not later than 1 year	21,995	21,995
Later than 1 year and not later than 5 years	36,161	55,560
	58,156	77,555

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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 2022:

Ms J Haigh and Mr M Clarke who are Trustees of the charity, were also Trustees of The Torfield and Saxon Mount Academy Trust during the year ended 31 August 2022, although Mr M Clarke resigned as a Trustee of the charity on 21 July 2022. 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 2022, the charity made payments totalling £170,168 (2021 - £224,552) 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 £15,488 (2021 - £3,915) payable to Torfield and Saxon Mount Academy Trust by the charity. During the year ended 31 August 2022, receipts totalling £2,835 (2021 - £210) 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 (2021 - £NIL) 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.