

Company Registration Number: 10014175 (England and Wales)

THE EXCEPTIONAL EDUCATION TRUST
(A company limited by guarantee)

Annual report and financial statements

For the Year Ended 31 August 2017

THE EXCEPTIONAL EDUCATION TRUST
(A company limited by guarantee)

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Reference and administrative details
For the Year Ended 31 August 2017

Members	Chris Sheen Stephen Pierpoint Cheyrl Williams Jo Tanner Dr Andrew Stone
Trustees	Stephen Pierpoint, Chairman Juan Hernandez Chris Sheen Gwyneth Hamond Caroline Hussey-Bain Farnaz Akhtar Nadeem Robert Pettigrew (appointed 1 February 2017) Claudette Sommers (appointed 14 March 2017)
Company registered number	10014175
Company name	The Exceptional Education Trust
Principal and registered office	C/O Norlington School and Sixth Form Norlington Road Leytonstone London E10 6JZ
Senior management team	Juan Hernandez, Principal Guya Persaud, Deputy Principal Joanna Colehill, Assistant Principal Keith Tonge, Assistant Principal Robert Pittard, Director of Finance and Administration
Independent auditors	Williams Giles Limited Chartered Accountants 12 Conqueror Court Sittingbourne Kent ME10 5BH
Bankers	Lloyds Bank 6th Floor 33 Old Broad Street London E17 1HZ
Solicitors	LB Waltham Forest Forest Road London E17 4JF
Surveyors	MAC Construction Consultants Bell House Seebeck Place Milton Keynes MK5 8FR

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Trustees' report
For the Year Ended 31 August 2017

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

The Trust operates an Academy for pupils aged 11 to 18 serving a catchment area in Leyton. It has a pupil capacity of 760 and had a roll of 583 in the school census on 29 November 2016.

Since the academy qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 is not required.

Structure, governance and management

a. Constitution

The Academy Trust is a company limited by guarantee and an exempt charity.

The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Trustees of The Exceptional Education Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as The Exceptional Education Trust.

Details of the Trustees who served during the year are included in the Reference and administrative details on page 1.

b. Members' liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

c. Trustees' indemnities

As stated in the Articles (Article 136): 'Subject to the provisions of the Companies Act 2006 every Trustee or other officer or auditor of the Academy Trust shall be indemnified out of the assets of the Academy Trust against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of Trust in relation to the affairs of the Academy Trust.'

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Trustees' report (continued)
For the Year Ended 31 August 2017

d. Method of recruitment and appointment or election of Trustees

The Charity's Articles of Association set out the constitution and method of appointment of the Governing Body including Parent Governors who are elected in accordance with Department for Education guidelines. Suitability of Trustees is determined by their interest in the work of the Charity, eligibility and personal competence and to ensure the Board of Trustees and Governing Body has the breadth of skills and knowledge necessary to advance the Academy in all areas.

A pro-forma and application form has been developed to assist in a skills audit of the School's Trustees and Governors. By this method, the board can ascertain where its strengths and weaknesses lie and can plan succession accordingly.

Once a "skills profile" has been agreed, Trustees and governors are encouraged to put forward suitable names on the clear understanding that names put forward are not automatically elected onto the Board. Anyone to be considered then meets with members of the board and chief executive to discuss the role and responsibilities of Trustees and governors and the workings of the Academy Trust. Assuming all is well, the candidate's application is progressed for safer recruiting checks inline with Keeping Children Safe in Education 2016 and registration made on Companies House. The election of a new Trustee and governor is detailed in the next minutes.

e. Policies and procedures adopted for the induction and training of Trustees

New Trustees are given a tour of the Academy and the chance to meet staff, students, the principals and the Chairman of the Board with a view to ensuring the Trustee has a good understanding of the Academy's philosophy and its day to day operation.

A formal training programme exists with an external company where Trustees will participate in appropriate training course in the areas of;

- Understanding the structure, legal status and compliance risks
- Developing a business plan
- Self review of governance
- Preparing for OFSTED

From time to time, the Academy arranges technical updates on topical matters for Trustees.

f. Organisational structure

The management structure of the Academy consists of the Trustees and the leadership team.

The Trustees meet on a regular basis and fulfil a largely strategic role in the running of the Academy with detailed decision being investigated by the senior management team and fed back to the board. The Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the strategic direction of the Academy, capital expenditure and the appointment of most senior staff appointments in consultation with the principal.

The dismissal, disciplinary investigation and grievances relating to the Principal are reserved functions for the board of Trustees. These items are listed in the Academy Scheme of Delegation and Local Governing Body Terms of Reference.

The leadership team is led by a Principal. The Principal is supported on a day to day basis by the wider leadership team which comprise the personnel listed on page 2. These senior leaders manage the Academy at an executive level, implementing the policies agreed by the Trustees and reporting back to them on progress. The level at which spending can be approved and decisions can be made is set out in the Academy's financial regulations and scheme of delegation. The Principal has the role of Accounting Officer.

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Trustees' report (continued)
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g. Pay policy for key management personnel

The Trustees will agree the salary level prior to the commencement of the recruitment process of a new Principal against agreed performance targets following discussions with the chief executive and Trustees. Trustees are required to review the Principals' performance against previously set targets and to set new targets for the upcoming year. All pay increases must be linked to achievement of the performance targets.

Where an appointment to the leadership team is a budgeted appointment, the pay level is set as part of the budget process. Where the appointment to the leadership team is unbudgeted, the Trustees will approve the pay level prior to commencement of the recruitment process. Pay points within the leadership team will take into account the responsibilities of the post, the difficulty in filling the post and comparability to other academies of a similar size, with consideration to parity and equality.

With existing members of the leadership team the executive management is required to review the leadership team's performance against previously set targets and set new targets for the coming academic year. The executive management then may apply an inflationary increase and any discretionary increase as authorised by the Trustees. All pay increases must be linked to performance targets.

h. Connected organisations, including related party relationships

Two Directors one being the Chairman and the Principal are Directors of a training company Exceptional Education for All Ltd which is a training company of the Trust. The training company is in the process of being registered as a charity. The Director of Finance and Resources acts as company secretary for the company 'Exceptional Education for All Ltd'.

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Trustees' report (continued)
For the Year Ended 31 August 2017

Objectives and Activities

a. Objects and aims

Our Vision

To be recognised as a world class leader in education, ensuring every child is ready to take up the challenges and realise the opportunities of the 21st century.

Our Aims

Our vision will be realised through the delivery of five key aims articulated as commitments to the local community:

1. **To develop outstanding leaders across the school**
We are committed to developing outstanding leaders through the establishment of a centre of excellence, ensuring all students have the skills required to develop into young men and women who are ready to take up the challenges and realise the opportunities of the 21st century and impact positively on every aspect of society, whether locally, nationally or internationally.
2. **To guide our students to achieve exceptional academic performance across all subjects**
We are committed to developing every student's skills and knowledge, ensuring exceptional academic performance for all and enabling students to access the most ambitious career paths and gain access to the best universities nationally and internationally.
3. **To provide an Outstanding Learning Experience for every student.**
We are committed to providing each student with a high quality personalised learning experience through exceptional teaching and an outstanding curriculum. 'Every Child, All the Time' drives our belief that every child is able to achieve the extraordinary relative to their own personal abilities.

'Every Child, All the Time' is an approach to student progress where every day, in every lesson, every student will be receiving the best possible learning experiences. It recognises the need to respond to students' emotional needs as well as learning needs throughout their educational journey, appreciating that these needs are different for every child and can change at different stages of this journey.
4. **To ensure every student has access to high quality Enrichment activities.**
We are committed to ensuring every student has access to exceptional enrichment experiences and activities including high quality coaching so they aspire to participate, compete and succeed at a local, national and international level.
5. **To be the School of Choice for the local community.**
We are committed to providing a school that:
 - meets the needs of every child.
 - develops citizens committed to British Values of democracy, tolerance, respect and the rule of law.
 - is a safe, happy and caring learning environment where students want to be.

b. Public benefit

In setting the Academy objectives and planning its activities, the Trustee board have given careful consideration to the Charity Commission's general guidance on public benefit in particular its supplementary guidance on advancing education.

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Trustees' report (continued)
For the Year Ended 31 August 2017

Strategic report

Achievements and performance

1. To ensure 'Every Child, all the time' receives exceptional academic performance across every Academy

1.1. KS4 Academy Performance to be recognised as Outstanding with;

1.1.1. All School Performance to be in the top 10% of schools nationally for progress.

1.1.2. The elimination of any disparity of performance between student groups based upon;

- **Gender**
- **Disadvantage**
- **Ethnicity**
- **SEN**

1.1.2. our Most Able students achieve outstanding outcomes

- The Academy School continues to perform well when compared to other schools nationally with progress in English and maths in the top 4%* nationally and top 17%* for progress 8. 72% of students achieved the new measure of English and Maths and Grade 4 with 44% achieving a Grade 5 in both subjects. This is above nationally expected based on the ability of the students.
- The Progress 8 score of 0.40 (expected to finish at 0.44) compares favourably with national progress 8 outcomes for boys of -0.24. This is mirrored in English, Maths and EBacc subjects where all outcomes were at or above 0.7 grades above national outcomes for boys.
- The Academy was also recognised this year in the top 4% nationally for progress between 2014 and 2016.
- There remains minimal disparity between students groups at the Academy.
 - Disadvantaged students achieved well above the nationally expected performance at a progress score of 0.48.
 - There is no significant disparity between ethnic groups.
 - SEN students performed in line with national but below school performance. This will remain a focus for the future.
- The performance of the most able students has significantly increased to a progress 8 score of 0.17. This remains below our target and will continue as a key development focus this year.

* FFTAspire national analysis

1.2. Sixth forms Academic Performance to be recognised as Outstanding with;

1.2.1. post-16 outcomes at least in the top 25% of sixth forms nationally, with most in the top 10%

1.2.2. disparities in performance eliminated

1.2.3. the most able achieve outstanding outcomes

1.2.4. there is excellent progression to both university (including those in the Russell Group) and high quality careers options.

- At A level the points per entry was 27.2 resulting in the average grade for A level of C-.
- Overall Performance fell below expectations of the school with a V.A. of -0.29, although statistically this is not significantly below national performance. However due to the small size of the cohort, this performance was exaggerated by a single student (VR) who, when removed from the V.A. analysis changes the performance of the school to -0.22.
- Once Student VR is removed 5 / 10 subjects (Comp Sci, DT, Mathematics, Chemistry and History) are above/Well above expected with English roughly inline (a single grade change would increase English V.A. to 0.23). However 4 A-Level subjects (Economics, Geography, Biology, Physics) and the EPQ remain well below expected.
- Almost all learners complete their study programmes, achieve qualifications relevant to their career aims and move on to sustained education, employment, training or an apprenticeship. All students got into University with one going into higher level apprenticeship.
 - 30% gaining a place at a Russell Group University.
 - Over 50% at a Russell Group or affiliated University.

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- 1.3. All Academies to be judged at least 'Good' by Ofsted, with most recognised as Outstanding.**
The Academy remains a Good school pending an Ofsted which is expected sometime within the next year.
- 2. To ensure high quality Leadership and Governance at Trust board, LGB and Academy level. Ensuring Outstanding Governance at every level through;**
- 2.1. effective recruitment of exceptional Directors and local Governors able to progress the Trusts ambitions**
 - 2.2. clearly defined Roles and Responsibilities at LGB level**
 - 2.3. high quality governance training programmes**
 - 2.4. an accurate and robust self-evaluation process across all aspects of the Trust**
 - 2.5. effective Risk Management**
 - 2.6. regular and robust Policy and procedure review and management**
 - 2.7. successful Finance management and accurate audit control systems**
- EET Directors and the Academy Governors are now operating as separate governance mechanisms with clearly defined roles set out for the LGB. 2 new Directors have been recruited alongside 2 new LGB at Norlington. Five members of the LGB at the Academy have completed an intensive governance-training programme to ensure they are able to be effective.
 - The Trust continues to operate an effective self-evaluation process with external assessments and appropriate training for senior staff.
 - The Trust has a suite of risk management assessments encompassing; financial, governance, human resources, premises. further details on the risk facing the Trust are detailed in section entitled Principal Risks and Uncertainties.
 - The Trust has identified policies which are currently being researched and implemented. All statutory policies are in place with other staff and student related ones in process of being researched and implemented. A master template has been compiled to list and track review periods and responsibilities for Trustees.
 - Financial Scheme of Delegation and Financial Procedures have been developed and ratified. Internal and external auditors have been appointed.
- 3. To provide high quality and value for money Trust Services that support all Academies in their pursuit of excellence.**

Building The Exceptional Education Trust Academy Services Division (ASD) that provides value for money services to all Trust Academies. To the preparation of key areas including;

- 3.1. Human Resources**
- 3.2. Health and Safety Oversight**
- 3.3. ICT**
- 3.4. Pension/Payroll**
- 3.5. Premises and resources**
- 3.6. Student Services (EWO, Counselling etc)**

- An external company has audited the Academy safeguarding systems and procedures to ensure compliance. A professional staff information pack for prospective candidates has been developed and being used. The Academy is using a traded services for HR advice.
- A Health and Safety induction programme has been purchased and tailored for specific roles. This needs to be completed by the wider staff at the Academy. Further formal training programmes in form of IOSH are to be implemented and completed for middle managers and certain staff roles.
- All software has been audited to ensure effective use and purpose. A tailored training programme has been developed for ICT Technician to map career path. A key stroke monitoring system has been implemented and tailored to comply with Keeping Children Safe in Education document.
- Auditing of Teacher Pension has been undertaken along with FRS102 for support staff. A spreadsheet is being developed to help identify issues for resolution and aid swift upload and audit compliance. Key personnel have attended training courses run by Mercer.
- Significant building works have commenced in the form of a Capital Improvement Fund to eliminate

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- electrical issues and refurbish the Science Block. All fixed assets have been recorded and costed which has assisted in the Academy having a comprehensive inventory and fixed asset register which feeds into depreciation on accountancy package.
- The Academy offers an Educational Welfare Service which has service level agreements with 5 other schools in the local area.
- 4. **To establish school Improvement systems and build the structures that lead to sustainable and successful schools.**
Ensuring outstanding performance across every Academy within the Trust through the;
 - 4.1. **development of EEA as School Improvement organisation.**
 - 4.2. **capture and articulation of a robust and effective school improvement approach and intervention mechanisms.**
 - 4.3. **creation of sustainable schools (school enlargement).**
 - 4.4. **identification and development of leaders.**
- EEA has developed to now include 4 key training programmes (including 2 where the IP is held by EEA) as well as the school to school support mechanisms. 10 staff at the Academy have been trained to deliver these programmes with K Hughes overseeing all Quality assurance. EEA has generated £76,103 during this financial period. This does not include income generated through the Executive support package, which generated a further £99,000.
- The Academy has expanded in size by 10% (PAN 132) in year 7. Years 8 to 10 are full. Further expansion work is under consideration with the Local Authority.
- Leadership development programmes are being codified and developed but remain a development area.
- 5. **The Trust to expand to at least five Academies within 5 years.**
 - 5.1. **Delivery of The Waltham Forest Free School (to open in September 2018).**
 - 5.2. **Securing and development of Primary School improvement expertise.**
 - 5.3. **The development of effective Due Diligence processes to ensure smooth incorporation of new Schools within the Trust. There to include;**
 - **Governance**
 - **Financial**
 - **HR & Personnel**
 - **Leadership and Management**
 - **Educational**
 - **Building / resources**
 - **Liabilities**
- The Trust Free school bid has been postponed following a change to government policy.
- Primary expertise have been source at Director and LGB level, however no executive expertise has been secured at this time.
- EET was recognised by the DFE/RSC as an Academy Sponsor able to accept schools facing challenging circumstances.
- Due diligence processes have been developed and are ready to be implemented as required.

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Trustees' report (continued)
For the Year Ended 31 August 2017

a. Key performance indicators

Most of the Academy income is obtained from the Education Funding Agency (EFA) in the form of the General Annual Grant (GAG), the use of which is restricted for education purposes. The grants received from the EFA and other government bodies during the period and the associated expenditure are shown as restricted funds in the statement of financial activities.

The School also received capital improvement funding from the EFA for capital projects relating to improvements to electrical intake and refurbishment of science block. A total of £394,781 has been received. In accordance with the Charities SORP 2015, such a grant is shown in the statement of financial activities during the period as restricted income within the fixed assets funds. The balance sheet restricted fixed assets fund is reduced by expenditure equivalent to any depreciation charges over the expected useful life of the assets concerned.

During the year the Academy confirmed to provide education places to 583 students in 2016/17. The school was fully staffed with teachers for the start of 2016/17 academic year despite difficulties in London with recruitment.

As a result of strict financial management and the identification of further recurrent savings the Academy managed to submit budget for 2017/18 with a small surplus projecting at £10,584.

Student recruitment is strong with a small waiting list for year 7 intake expected in September 2017 which will greatly contribute towards the income required to deliver the excellent education provided at all levels of the Academy.

b. Going concern

After making appropriate enquiries, the board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

The continued provision of education is dependent on the ongoing funding by the EFA (Education Funding Agency of the Department for Education) of which there is a reasonable expectation of it continuing for the foreseeable future although at a level which puts significant pressure on the school's budget in future years.

Financial review

a. Reserves policy

The Academy aims to maintain a level of reserves sufficient to provide a buffer against future funding uncertainties and to provide a fund to pay for future fixed asset replenishment.

The free reserves as at 31 August 2017 amounted to £52,304.

The Academy had a pension scheme liability of £1.099 million as at 31 August 2017. The liability is included in restricted reserves as the Academy will have to meet any long term liability out of restricted reserves. A liability for this amount does not crystallise in the short term.

b. Material investments policy

The Trustees policy with regard to investments is of that set out in the Academies Handbook, the Trust Articles of Association and Financial Regulations. The Trustees follow the Charity Commission's guidance: CC14 Charities and investment matters: A guide for Trustees. The Trustees policy is to invest surplus funds in low risk short term bank deposits. ESFA's prior approval will be obtained for investment transactions which are novel, contentious and/or repercussive.

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Trustees' report (continued)
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c. Principal risks and uncertainties

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to teaching, provision of facilities and other operational areas of the Academy and its finances.

Appropriate systems, policies, procedures and controls have been put in place so as to ensure that the various risks do not impact adversely on the Academy's operations. Appropriate insurances are in place in the form of the Risk Protection Arrangement (RPA) which is administered by the DfE.

A risk register has been prepared which sets out the principal risks facing the Academy and the controls that exist to mitigate their effect. The Trustees consider the principal risks and uncertainties facing the Academy are:

- The effect of changes to future funding methodologies and general reductions in educational budgets.
- The need to adapt to frequent changes in the student grading and assessment structure.

The Academy has instigated the following control measures in order to minimise these risks as follows:

- The Academy produces and monitors budgets on a regular basis so that funding shortfalls can be anticipated and management action plan put in place to mitigate their effect.
- The Academy will seek to maintain a level of reserves sufficient to cover unexpected and future funding deficits.
- The Academy will continue to monitor closely progress towards achieving its planned educational outcomes.
- The Academy continues to monitor curriculum changes, emphasise the growth in pupil achievement and obtain the best results for its pupils. Where there is such uncertainty over the future of grading and qualifications.
- The Senior Leadership team through the data tracking systems actively monitor student progress on a 6 week cycle to identify patterns and trends for in class intervention by teaching staff.

d. Disabled Employees

Lifts, ramps and disabled access toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of the Academy.

The policy of the Academy is to support recruitment and retention of students and employees with disabilities. The Academy does this by adapting the physical environment, by making support resources available and through training and career development. The Emergency Evacuation Procedures include locating those students who are unable to evacuate themselves, ensuring that they are safe and preparing to assist them to evacuate.

PEEPS (Personal Emergency Evacuation Plans) are prepared for each student by the Head of Year or SENCo in conjunction with the parent/carer.

There are currently zero students who are permanently in wheelchairs and throughout the year there are others with disabilities such as hearing impairment.

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Trustees' report (continued)
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Plans for future periods

- The Academy is well placed to continue to expand its student numbers roll which was increase from 120 to 132 in 2016/17. In 2016/17 there are an additional 12 places in year 7 with a small waiting list and further growth in sixth form numbers is anticipated.
- The Academy will continue to set challenging but realistic targets and with the introduction of Progress 8, we are confident that this performance measure will in time reflect favourably on the Academy.
- To grow the Academy Trust by convertor schools and sponsorship having been approved as Academy sponsor by DfE in July 2017.
- Completion of capital work for Science Block and Electrical work on time and within allocated budget.
- To appoint other trustees using gaps identified by Skills Audit onto the board.

Disclosure of information to auditors

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Auditors

The auditors, Williams Giles Limited, have indicated their willingness to continue in office. The Trustees will propose a motion re-appointing the auditors at a meeting of the Finance and Premises committee.

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 13 December 2017 and signed on its behalf by:

Stephen Pierpoint
Chairman



Juan Hernandez
Trustee



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Governance Statement

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that The Exceptional Education Trust has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of trustees has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Exceptional Education Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of trustees has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Stephen Pierpoint, Chairman	4	4
Juan Hernandez	3	4
Chris Sheen	1	1
Gwyneth Hamond	1	4
Caroline Hussey-Bain	1	2
Farnaz Akhtar Nadeem	1	2
Robert Pettigrew	1	2
Claudette Sommers	0	0

The Academy Board has continually reviewed their performance in light of the Academy Trust growing to ensure that sufficient skills, experience and governance structure is in place.

- A programme of training has been procured and Trustees are in the process of undertaking this training.
- Skills gaps have been identified and two Directors appointed with expert skills in community engagement and risk management.
- A review of policies is being undertaken with a view to ensure all necessary policies are identified and structures documented in Scheme of Delegation.
- Creation of internal controls which are documented in newly formed Financial regulations and Financial Scheme of Delegation.
- Clearly defined roles and responsibilities laid out in our Terms of Reference with a clear focus on holding the Academy to account for academic standards, the efficient use of resources and ensuring that statutory duties are met.
- Trustees use the services of external auditors for validation of judgements where necessary.
- There is a clear and effective policy review cycle in place identifying policies for ratification and development on a RAG rated basis.

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Governance Statement (continued)

Governance reviews:

The Trustee clear intention to systematically monitor the Academy progress towards meeting the agreed targets in the strategic plan and providing constructive challenge is balanced with supporting the school leadership group.

As part of Trustees on-going support for the school leadership team, all Trustees have sought to build upon and strengthen their own skills by attending local training. The Trustees are undertaking a skills audit recognised in (National Leader of Governance by the National College for Teaching and Learning) to further identify gaps in skills for suitable expertise to be appointed to the Trustee board.

The Trustees have recognised that roles need to be segregated so dual functions are removed. This will give greater accountability for members and Trustees and also help separate responsibilities as the Trust grows. It is anticipated this will be completed by December 2017.

The Trustees will be undertaking a further review around April 2017.

Review of Value for Money

As Accounting Officer, the Principal has responsibility for ensuring that the academy delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the academy's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy has delivered improved value for money during the year by:

As accounting officer the Principal has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received. The accounting officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the Academy Trust has delivered improved value for money during the year by:

- Efficiency- systems and practices are in place to increase the efficient running of the organisation.
- Financial Controls - financial controls in place ensuring that there are strong internal spending controls, continuous financial monitoring, financial reporting and challenges of proposed spending.
- Challenge- processes, procedures and practices are challenged to investigate if we still need to do something that we did in the past. Is there a more economical way of achieving each objective?
- Growth – looking to grow the Academy Trust to enable greater economies of scale.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Exceptional Education Trust for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

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Governance Statement (continued)

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

The academy's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Finance and General purposes committee/ Board of Trustees of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Strictly Education as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. In particular the checks carried out in the current period included:

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations
- testing of accounting system for quality assurance and identification of error

On a monthly basis, the internal auditor assists the board of trustees and the Director of Finance on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The Director of Finance will update the Trustee board of any internal control issues which has arisen. An example of this is the poor implementation of the accounting system which required significant calibration and adjusting in order to function as intended.

THE EXCEPTIONAL EDUCATION TRUST
(A company limited by guarantee)

Governance Statement (continued)

Review of Effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

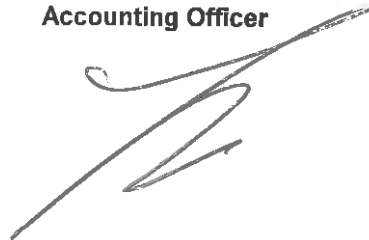
The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit committee/Finance and General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 13 December 2017 and signed on their behalf, by:

Stephen Pierpoint
Trustee



Juan Hernandez
Accounting Officer



THE EXCEPTIONAL EDUCATION TRUST
(A company limited by guarantee)

Statement on Regularity, Propriety and Compliance

As Accounting Officer of The Exceptional Education Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA.



Juan Hernandez
Accounting Officer

THE EXCEPTIONAL EDUCATION TRUST
(A company limited by guarantee)

Statement of Trustees' responsibilities
For the Year Ended 31 August 2017

The Trustees (who act as governors of The Exceptional Education Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

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.

Approved by order of the members of the board of trustees on 13 December 2017 and signed on its behalf by:



Stephen Pierpoint,
Chair of Trustees

THE EXCEPTIONAL EDUCATION TRUST
(A company limited by guarantee)

Independent auditors' report on the financial statements to the members of The Exceptional Education Trust

Opinion

We have audited the financial statements of The Exceptional Education Trust (the 'academy') for the year ended 31 August 2017 which comprise the Statement of financial activities incorporating income and expenditure account, 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, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

This report is made solely to the academy'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 academy's members those matters we are required to state to them in an Auditors' 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 academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2017 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, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the academy 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

THE EXCEPTIONAL EDUCATION TRUST
(A company limited by guarantee)

Independent auditors' report on the financial statements to the members of The Exceptional Education Trust

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other 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 which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy 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 the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the academy 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 academy'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 academy or to cease operations, or have no realistic alternative but to do so.

THE EXCEPTIONAL EDUCATION TRUST
(A company limited by guarantee)

Independent auditors' report on the financial statements to the members of The Exceptional Education Trust

Auditors' 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 Auditors' 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.

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 Auditors' report.



Alyson Howard FCCA DChA CF (Senior statutory auditor)

for and on behalf of

Williams Giles Limited

Chartered Accountants
Statutory Auditor

12 Conqueror Court
Sittingbourne
Kent

ME10 5BH

Date:

17 December 2017

THE EXCEPTIONAL EDUCATION TRUST
(A company limited by guarantee)

**Independent reporting accountants' assurance report on regularity to The Exceptional Education Trust
and the Education and Skills Funding Agency**

In accordance with the terms of our engagement letter dated 28 July 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Exceptional Education Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Exceptional Education Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Exceptional Education Trust and the ESFA those matters we are required to state in a 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 Exceptional Education Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Exceptional Education Trust's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of The Exceptional Education Trust's funding agreement with the Secretary of State for Education dated 12 July 2016, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy's income and expenditure.

THE EXCEPTIONAL EDUCATION TRUST
(A company limited by guarantee)

**Independent reporting accountants' assurance report on regularity to The Exceptional Education Trust
and the Education and Skills Funding Agency (continued)**

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Williams Giles

Reporting Accountant

Williams Giles Limited

Chartered Accountants
Statutory Auditor

12 Conqueror Court
Sittingbourne
Kent
ME10 5BH

Date:

17 December 2017

THE EXCEPTIONAL EDUCATION TRUST
(A company limited by guarantee)

Statement of financial activities incorporating income and expenditure account
For the Year Ended 31 August 2017

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset fund 2017 £	Total funds 2017 £
Income from:					
Donations & capital grants:					
Funds inherited on conversion	2	316,943	(1,087,000)	10,829,024	10,058,967
Other donations and capital grants	2	-	117,020	408,152	525,172
Charitable activities	3	-	4,128,731	-	4,128,731
Other trading activities	4	48,911	42,939	-	91,850
Investments	5	189	-	-	189
Total income		366,043	3,201,690	11,237,176	14,804,909
Expenditure on:					
Raising funds		36,750	-	-	36,750
Charitable activities		-	4,528,456	187,846	4,716,302
Total expenditure	8	36,750	4,528,456	187,846	4,753,052
Net income / (expenditure) before transfers		329,293	(1,326,766)	11,049,330	10,051,857
Transfers between Funds	20	(276,989)	186,766	90,223	-
Net income / (expenditure) before other recognised gains and losses		52,304	(1,140,000)	11,139,553	10,051,857
Actuarial gains on defined benefit pension schemes	25	-	41,000	-	41,000
Net movement in funds		52,304	(1,099,000)	11,139,553	10,092,857
Reconciliation of funds:					
Total funds brought forward		-	-	-	-
Total funds carried forward		52,304	(1,099,000)	11,139,553	10,092,857

All of the academy's activities derive from acquisitions in the current financial year.

THE EXCEPTIONAL EDUCATION TRUST
(A company limited by guarantee)
Registered number: 10014175

Balance sheet
As at 31 August 2017

	Note	£	2017 £
Fixed assets			
Tangible assets	15		10,963,595
Current assets			
Stocks	16	14,125	
Debtors	17	170,351	
Cash at bank and in hand		521,311	
		<u>705,787</u>	
Creditors: amounts falling due within one year	18	<u>(385,851)</u>	
Net current assets			<u>319,936</u>
Total assets less current liabilities			<u>11,283,531</u>
Creditors: amounts falling due after more than one year	19		<u>(91,674)</u>
Net assets excluding pension scheme liabilities			<u>11,191,857</u>
Defined benefit pension scheme liability	25		<u>(1,099,000)</u>
Net assets including pension scheme liabilities			<u><u>10,092,857</u></u>
Funds of the academy			
Restricted income funds:			
Restricted income funds excluding pension liability		11,139,553	
Pension reserve		<u>(1,099,000)</u>	
Total restricted income funds			<u>10,040,553</u>
Unrestricted income funds	20		<u>52,304</u>
Total funds			<u><u>10,092,857</u></u>

The financial statements on pages 23 to 44 were approved by the Trustees, and authorised for issue, on 13 December 2017 and are signed on their behalf, by:

Stephen Pierpoint
Chair of Trustees



Juan Hernandez
Trustee



THE EXCEPTIONAL EDUCATION TRUST
(A company limited by guarantee)

Statement of cash flows
For the Year Ended 31 August 2017

	Note	2017 £
Cash flows from operating activities		
Net cash provided by operating activities	22	215,501
Cash flows from investing activities:		
Dividends, interest and rents from investments		189
Purchase of tangible fixed assets		(102,531)
Capital grants from DfE/ESFA		408,152
Net cash provided by investing activities		305,810
Change in cash and cash equivalents in the year		521,311
Cash and cash equivalents brought forward		-
Cash and cash equivalents carried forward	23	521,311

All of the cash flows are derived from acquisitions in the current financial year.

THE EXCEPTIONAL EDUCATION TRUST
(A company limited by guarantee)

Notes to the financial statements
For the Year Ended 31 August 2017

1. Accounting policies

The Exceptional Education Trust is a charitable company limited by guarantee and an exempt charity incorporated in England and Wales. The registered office is The Exceptional Education Trust, Norlington School and Sixth Form, Norlington Road, Leytonstone, London, E10 6JZ. The principal activity of the academy trust is to provide a secondary education for pupils that satisfies the requirements of the Education Act 2002.

A summary of the principal accounting policies adopted (which have been applied consistently except where noted), judgments and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the 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) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Exceptional Education Trust constitutes a public benefit entity as defined by FRS 102.

1.2 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 academy 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 academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

THE EXCEPTIONAL EDUCATION TRUST
(A company limited by guarantee)

Notes to the financial statements
For the Year Ended 31 August 2017

1. Accounting policies (continued)

1.3 Income

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities incorporating income and expenditure account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities are costs incurred on the academy's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

THE EXCEPTIONAL EDUCATION TRUST
(A company limited by guarantee)

Notes to the financial statements
For the Year Ended 31 August 2017

1. Accounting policies (continued)

1.5 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

In the absence of the ESFA desktop valuation, the valuation for leasehold property for Norlington School for Boys has been taken from the London Borough of Waltham Forest valuation of the depreciated replacement cost of the leasehold property. Once the ESFA valuation has been received the value of the asset will be reconsidered.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	-	0.8% straight line
Leasehold property improvements-		10% straight line
Motor vehicles	-	20% straight line
Fixtures and fittings	-	20% straight line
Computer equipment	-	33% straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities incorporating income and expenditure account.

1.6 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.7 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.

1.8 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

THE EXCEPTIONAL EDUCATION TRUST
(A company limited by guarantee)

Notes to the financial statements
For the Year Ended 31 August 2017

1. Accounting policies (continued)

1.9 Liabilities and provisions

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. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.10 Financial instruments

The academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 18 and 19. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.11 Taxation

The academy 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 academy 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.

1.12 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy 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. As stated in note 25, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

THE EXCEPTIONAL EDUCATION TRUST
(A company limited by guarantee)

Notes to the financial statements
For the Year Ended 31 August 2017

1. Accounting policies (continued)

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. 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 incorporating income and expenditure account 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.

1.13 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Norlington School and 6th Form to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of financial activities incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 24.

1.14 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 28.

1.15 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy at the discretion of the Trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder and include grants from the Department for Education.

THE EXCEPTIONAL EDUCATION TRUST
(A company limited by guarantee)

Notes to the financial statements
For the Year Ended 31 August 2017

1. Accounting policies (continued)

1.16 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 academy trust 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.

The present value of the Local Government 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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

2. Income from donations and capital grants

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset fund 2017 £	Total funds 2017 £
Funds inherited on conversion	316,943	(1,087,000)	10,829,024	10,058,967
Donations	-	117,020	-	117,020
Grants	-	-	408,152	408,152
Subtotal	-	117,020	408,152	525,172
	316,943	(969,980)	11,237,176	10,584,139

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Notes to the financial statements
For the Year Ended 31 August 2017

3. Funding for Academy's educational operations

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
DfE/ESFA grants			
General Annual Grant (GAG)	-	3,676,229	3,676,229
Other DfE/EFA grants	-	24,078	24,078
Pupil Premium	-	221,401	221,401
	<hr/> -	<hr/> 3,921,708	<hr/> 3,921,708
Other government grants			
Local authority grants	-	128,094	128,094
SEN Funding	-	78,929	78,929
	<hr/> -	<hr/> 207,023	<hr/> 207,023
	<hr/> -	<hr/> 4,128,731	<hr/> 4,128,731

4. Other trading activities

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Lettings income	2,950	-	2,950
Consultancy	-	41,707	41,707
Catering	-	1,232	1,232
Trip income	18,538	-	18,538
Uniform sales	10,831	-	10,831
Other income	16,592	-	16,592
	<hr/> 48,911	<hr/> 42,939	<hr/> 91,850

5. Investment income

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Bank interest	189	-	189

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6. Direct costs

	Educational operations £	Total 2017 £
Technology costs	24,553	24,553
Educational supplies	135,702	135,702
Examination fees	38,027	38,027
Agency fees	62,917	62,917
Wages and salaries	2,471,015	2,471,015
National insurance	259,609	259,609
Pension cost	358,593	358,593
	<u>3,350,416</u>	<u>3,350,416</u>

7. Support costs

	Educational operations £	Total 2017 £
LGPS Costs	21,000	21,000
Technology costs	44,038	44,038
Staff developments	9,301	9,301
Recruitment and support	4,984	4,984
Maintenance of premises and equipment	50,071	50,071
Cleaning	9,324	9,324
Rent and rates	10,726	10,726
Energy costs	50,412	50,412
Insurance	20,477	20,477
Security and transport	59,985	59,985
Catering	57,071	57,071
Bank interest and charges	5,947	5,947
Other support support	57,942	57,942
Agency fees	50,788	50,788
Governance costs	35,385	35,385
Legal fees	15,610	15,610
Student bursary exp	10,989	10,989
Wages and salaries	504,724	504,724
National insurance	35,244	35,244
Pension cost	124,022	124,022
Depreciation	187,846	187,846
	<u>1,365,886</u>	<u>1,365,886</u>

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8. Expenditure

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £
Expenditure on raising voluntary income	-	-	36,750	36,750
Educational operations:				
Direct costs	3,152,134	-	198,282	3,350,416
Support costs	714,778	124,884	526,224	1,365,886
	<u>3,866,912</u>	<u>124,884</u>	<u>761,256</u>	<u>4,753,052</u>

9. Net income/(expenditure)

This is stated after charging:

	2017 £
Depreciation of tangible fixed assets: - owned by the charity	 187,846

10. Auditors' remuneration

	2017 £
Fees payable to the academy's auditor and its associates for the audit of the academy's annual accounts	7,750
Fees payable to the academy's auditor and its associates in respect of:	
Audit-related assurance services	1,250
Internal audit services	2,150
All other non-audit services not included above	2,216
	<u>2017 £</u>
Fees payable to the academy's auditor and its associates in connection with the academy's pension scheme(s) in respect of:	
The auditing of accounts of the scheme(s)	675

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Notes to the financial statements
For the Year Ended 31 August 2017

11. Staff costs

Staff costs were as follows:

	2017
	£
Wages and salaries	2,975,739
Social security costs	294,853
Operating costs of defined benefit pension schemes	482,615
	<hr/>
	3,753,207
Supply teacher costs	113,705
	<hr/>
	3,866,912
	<hr/>

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

	2017
	No.
Teaching	53
Support	30
Management	11
	<hr/>
	94
	<hr/>

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

	2017
	No.
In the band £60,001 - £70,000	2
In the band £80,001 - £90,000	1
In the band £100,001 - £110,000	1

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £436,892.

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Notes to the financial statements
For the Year Ended 31 August 2017

12. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2017 £
Juan Rafael Hernandez	Remuneration	100,000-105,000
	Pension contributions paid	15,000-20,000

During the year ended 31 August 2017, expenses totalling £3,976 were reimbursed to 1 Trustee.

13. Trustees' and Officers' Insurance

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

14. Other finance income

	2017 £
Interest income on pension scheme assets	2,000
Interest on pension scheme liabilities	(23,000)
	<hr style="border-top: 1px solid black;"/> (21,000) <hr style="border-top: 1px solid black;"/>

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Notes to the financial statements
For the Year Ended 31 August 2017

15. Tangible fixed assets

	Long-term leasehold property £	Leasehold property improvements £	Motor vehicles £	Fixtures and fittings £	Computer equipment £
Cost					
At 1 September 2016	-	-	-	-	-
Additions	-	44,163	-	-	-
Assets acquired on conversion	10,688,731	-	12,000	149,066	199,113
At 31 August 2017	10,688,731	44,163	12,000	149,066	199,113
Depreciation					
At 1 September 2016	-	-	-	-	-
Charge for the year	85,510	4,416	2,400	29,813	65,707
At 31 August 2017	85,510	4,416	2,400	29,813	65,707
Net book value					
At 31 August 2017	10,603,221	39,747	9,600	119,253	133,406

	Assets under construction £	Total £
Cost		
At 1 September 2016	-	-
Additions	58,368	102,531
Assets acquired on conversion	-	11,048,910
At 31 August 2017	58,368	11,151,441
Depreciation		
At 1 September 2016	-	-
Charge for the year	-	187,846
At 31 August 2017	-	187,846
Net book value		
At 31 August 2017	58,368	10,963,595

16. Stocks

	2017 £
Finished goods and goods for resale	14,125

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Notes to the financial statements
For the Year Ended 31 August 2017

17. Debtors

	2017 £
Trade debtors	13,127
VAT	31,106
Other debtors	54,501
Prepayments and accrued income	71,617
	<hr/> 170,351 <hr/>

18. Creditors: Amounts falling due within one year

	2017 £
Other loans	68,781
Trade creditors	149,768
Other taxation and social security	75,725
Other creditors	62,351
Accruals and deferred income	29,226
	<hr/> 385,851 <hr/>

	£
Deferred income	
Resources deferred during the year	<hr/> 14,875 <hr/>

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

	2017 £
Other loans	<hr/> 91,674 <hr/>

Creditors include amounts not wholly repayable within 5 years as follows:

	2017 £
Repayable by instalments	<hr/> 3,395 <hr/>

On conversion the academy trust inherited three loans from London Borough of Waltham Forest.

The first loan received was for £204,173 to cover the deficit at the conversion date, this loan carries an interest rate of 4.81% This loan is unsecured and repayable by instalments.

The second loan is a single status loan in the sum of £7,228, this loan carries an interest rate of 4.98%. This loan is unsecured and repayable by instalments.

The third loan is a second single status loan in the sum of £8,485. this loan carries an interest rate of 4.85%. this loan is unsecured and repayable by instalments.

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Notes to the financial statements
For the Year Ended 31 August 2017

20. Statement of funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
Unrestricted funds	-	366,043	(36,750)	(276,989)	-	52,304
Restricted funds						
General Annual Grant (GAG)	-	3,676,229	(3,862,995)	186,766	-	-
Pupil Premium	-	221,401	(221,401)	-	-	-
Other DfE/EFA grants	-	24,078	(24,078)	-	-	-
Local authority grants	-	128,094	(128,094)	-	-	-
SEN funding	-	78,929	(78,929)	-	-	-
Other restricted income	-	159,959	(159,959)	-	-	-
Pension reserve	-	(1,087,000)	(53,000)	-	41,000	(1,099,000)
	-	3,201,690	(4,528,456)	186,766	41,000	(1,099,000)
Restricted fixed asset fund						
Assets held for depreciation	-	11,048,910	(187,846)	102,531	-	10,963,595
Capital projects	-	394,781	-	(58,368)	-	336,413
Devolved forunal capital	-	13,371	-	(13,371)	-	-
Loans inherited on conversion	-	(219,886)	-	59,431	-	(160,455)
	-	11,237,176	(187,846)	90,223	-	11,139,553
Total restricted funds	-	14,438,866	(4,716,302)	276,989	41,000	10,040,553
Total of funds	-	14,804,909	(4,753,052)	-	41,000	10,092,857

The specific purposes for which the funds are to be applied are as follows:

The General annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the Academy Trust via the Education Skills and Funding Agency by the Department for Education. The General Annual Grant Fund has been set up because the GAG must be used for the normal running costs of the academy.

Other DfE/ESFA grants represents grants provided for specific purposes.

The other capital grants represents the restricted capital income awarded to the Trust and the relevant restricted expenditure recorded against this.

The LGPS deficit fund represents the separately identifiable pension scheme deficit inherited from the local authority upon conversion to Academy Trust status, and through which all the pension scheme movements are recognised.

The restricted fixed asset fund represents assets which were donated upon conversion to academy

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For the Year Ended 31 August 2017

20. Statement of funds (continued)

status, and the value of fixed assets purchased since conversion including depreciation to the balance sheet date.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

21. Analysis of net assets between funds

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset fund 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	10,963,595	10,963,595
Current assets	52,304	317,070	336,413	705,787
Creditors due within one year	-	(317,070)	(68,781)	(385,851)
Creditors due in more than one year	-	-	(91,674)	(91,674)
Provisions for liabilities and charges	-	(1,099,000)	-	(1,099,000)
	<u>52,304</u>	<u>(1,099,000)</u>	<u>11,139,553</u>	<u>10,092,857</u>

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

	2017 £
Net income for the year (as per Statement of Financial Activities)	10,051,857
Adjustment for:	
Depreciation charges	187,846
Losses on investments	(189)
Increase in stocks	(14,125)
Increase in debtors	(170,351)
Increase in creditors	477,525
Capital grants from DfE and other capital income	(408,152)
Defined benefit pension scheme obligation inherited	1,087,000
Defined benefit pension scheme finance cost	53,000
Assets received on conversion	(11,048,910)
Net cash provided by operating activities	<u>215,501</u>

23. Analysis of cash and cash equivalents

	2017 £
Cash in hand	521,311
Total	<u>521,311</u>

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24. Conversion to an academy trust

On 1 September 2016 Norlington School and 6th Form converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Exceptional Education Trust from London Borough of Waltham Forest for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of financial activities incorporating income and expenditure account as Donations - transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset fund £	Total funds £
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	10,688,731	10,688,731
- Other tangible fixed assets	-	-	360,179	360,179
Budget surplus/(deficit) on LA funds	316,943	-	-	316,943
LGPS pension surplus/(deficit)	-	(1,087,000)	-	(1,087,000)
Borrowing obligations	-	-	(219,886)	(219,886)
Net assets/(liabilities)	<u>316,943</u>	<u>(1,087,000)</u>	<u>10,829,024</u>	<u>10,058,967</u>

25. Pension commitments

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by London Borough of Waltham Forest Pension Fund. Both are Multi-employer defined benefit pension schemes.

As described in note 24 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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25. Pension commitments (continued)

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

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. 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 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £304,259.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £181,000, of which employer's contributions totalled £147,000, and employees' contributions totalled £34,000. The agreed contribution rates for future years are 20% for employers and variable% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

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25. Pension commitments (continued)

Principal actuarial assumptions:

	2017
Discount rate for scheme liabilities	2.50 %
Rate of increase in salaries	3.70 %
Rate of increase for pensions in payment / inflation	2.20 %
Inflation assumption (CPI)	2.20 %

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	2017
Retiring today	
Males	22.4
Females	25.4
Retiring in 20 years	
Males	24.6
Females	27.7

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

	Fair value at 31 August 2017 £
Equities	116,000
Other bonds	22,000
Property	16,000
Cash and other liquid assets	11,000
Other	18,000
Total market value of assets	183,000

The actual return on scheme assets was £8,000.

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2017 £
Current service cost	(174,000)
Interest income	2,000
Interest cost	(23,000)
Admin expenses	(5,000)
Total	(200,000)
Actual return on scheme assets	8,000

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25. Pension commitments (continued)

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

	2017 £
Upon conversion	1,087,000
Current service cost	174,000
Interest cost	23,000
Employee contributions	34,000
Actuarial gains	(36,000)
	<hr/>
Closing defined benefit obligation	1,282,000
	<hr/>

Movements in the fair value of the academy's share of scheme assets:

	2017 £
Interest income	2,000
Actuarial losses	5,000
Employer contributions	142,000
Employee contributions	34,000
	<hr/>
Closing fair value of scheme assets	183,000
	<hr/>

26. Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £NIL for the debts and liabilities contracted before he/she ceases to be a member.

27. Related party transactions

Owing to the nature of the academy's operations 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 trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

Two of the Academy Trustees, the Chairman and the Accounting Officer, are also Directors of a training company Exceptional Education for All Ltd which is a training company for the Trust. It is a company limited by guarantee set up to be not for profit, and is in the process of being registered as a charity. During the year the trust received two donations from Exceptional Education for All totalling £108,410. These transactions complied with the conditions of the Academies Financial Handbook and no amounts were outstanding at the year end.

28. Agency Arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2017 the trust received £2,217 and disbursed £10,989 from the fund. No amounts within other creditors were due to the ESFA as at 31 August 2017.