

THE EXCEPTIONAL EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

THE EXCEPTIONAL EDUCATION TRUST
(A Company Limited by Guarantee)

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**The Exceptional Education Trust
(A Company Limited by Guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2019**

Members

Dr Stephen Pierpoint (Chairman)
Chris Sheen
Cheryl Williams
Jo Tanner
Dr Andrew Stone

Trustees / Governors

Dr Stephen Pierpoint (Chairman)
Juan Hernandez
Chris Sheen
Gwyneth Hamand
Dr Andrew Stone
Graham Smith (resigned 12 August 2019)
Robert Pettigrew (resigned 12 August 2019)
Claudette Sommers (resigned 7 January 2019)

Company Secretary

Senior Management Team

Juan Hernandez	(Principal)
Rob Pittard	(Director Finance & Resources)
Karen Hughes	(Vice Principal) (Deputy Principal)
Keith Tonge	(Assistant Principal)
Carl Wady	(Head 6 th Form)
Paul Hobbs	(Assistant Principal)
Brendan Issac	(Assistant Principal)
Renske Meiring	(Assistant Principal)
Jordan Bates	(Associate Assistant Principal)
Femi Olufola	(Associate Assistant Principal)
Yusuf Halfasji	(Associate Assistant Principal)

Company Name

The Exceptional Education Trust

Principal and registered office

Norlington School & 6th Form, Norlington Road. London E10 6JZ

Company registered number

10014175 (England & Wales)



**The Exceptional Education Trust
(A Company Limited by Guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2019**

Independent Auditor

MHA MacIntyre Hudson
Chartered Accountants & Statutory Auditors
71 New Dover Road
Canterbury
Kent
CT1 3DZ

Bankers

LLOYDS BANK
6th Floor
33 Old Broad Street
London
EC2N 1HZ

Solicitors

LB Waltham Forest
Forest Road
London
E17 4JF

**The Exceptional Education Trust
(A Company Limited by Guarantee)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019**

The Trustees present their annual report together with the financial statements and auditors' reports of the charitable company for the period 1 September 2018 to 31 August 2019. 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 648 in the school census on 8th November 2018.

STRUCTURE, GOVERNANCE AND MANAGEMENT

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 Limited 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 throughout the year are included in the Reference and Administrative Details on page 1.

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 £10.00, for the debts and liabilities contracted before they ceased to be a member.

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 which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust. The cost of this insurance in the year was £12,440.

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 in line with Keeping Children Safe

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019**

in Education 2018 and registration made on Companies House. The election of a new Trustee and governor is detailed in the next minutes.

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

New Trustees are also provided with background information on the Academy Trust and information relating to legislative guidance on:

- Scheme of Delegation
- Academy Financial Handbook
- Director Terms of Reference
- Articles of Association
- Keeping Children Safe in Education
- Directors Health and Safety guidance
- Leading and Governing Schools
- NGA Statutory Framework
- HMRC Fit and Propa Person
- Essential Trustees
- Understanding Your Data

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

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019**

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.

Arrangements for setting pay and remuneration of 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.

Related parties and other connected charities and organisations

Three Directors one being the Chairman, one being Vice Chairman and the Principal are Directors of a training company Exceptional Education for All Ltd which is a subsidiary of the Trust. The Director of Finance and Resources acts as company secretary for the company 'Exceptional Education for All Ltd'.

Exceptional Education for All Ltd funds have not been consolidated into the Academy Trust final accounts. This company has ceased to trade shortly after the year end.

OBJECTIVES AND ACTIVITIES

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

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

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.

Public Benefit

In setting the Academy objectives and planning its activities, the Trustee Board have given careful consideration to the Charity Commissions general guidance on public benefit in particular its supplementary guidance on advancing education. The greatest public benefit that the Academy trust can offer is the provision of an education that maximises each students potential.

STRATEGIC REPORT

Key Outcomes

- As expected performance dropped compared to 2018. It remains above national and in context of cohort (at national average on entry) and staffing challenges remains a good set of results.

Progress

- Progress 8 remains above national (**0.39**)
- While there is limited disparity between student groups, for the first time This was primarily caused by a drop in performance of Disadvantaged students in English performance and a small group of most able in multiple subjects (**P8 at 0.13**)
- Low (0.74), Middle (0.50) and Upper (0.27) Progress 8 performance
- Progress 8 remains above national (0.39) keeps the school in the top performing schools group nationally
- There is limited disparity between student groups. Where there was disparity performance remains well above nationally expected
- Variations between student ability groups performance continue to fall with regards Progress 8 performance - Low (0.74), Middle (0.50), Upper (0.27)
- 14/21 subjects remain Significantly above national for progress
- Overall value added was down in all subject areas. However, 14/21 subjects remain Sig above national for progress, with 3 above and 3 roughly inline. Only 1 subject was significantly below (P.E.).

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Attainment and Thresholds

- Overall Attainment (A8) is at 51.4 This still remains well above local and national averages.
- Overall grades compared are above National, National boys and borough. We remain 10% above national for L4+ and L5+ grades and 7%+ above national Level 7+ grades with 1 in 4 grades at L7 - 9.
- Level 4+ EM (76% to 68%) and Level 5+ EM (63% to 50%) both dropped more than expected, primarily due to the drop in English performance. L4+ EM is the most worrying as it places the school just above national average (all students). At L5+ EM Norlington remains significantly above national performance. It should be noted that this is for all students as boys performance remains below girls (Boys L4+ EM 60%, L5+ EM 40%)
- English Baccalaureate (English, Maths, Science, History/Geography & an language) has increased significantly in terms of entry, L4+ pass and L5+ pass. We are now well above national in all areas. This is a significant achievement for the school.
 - Entry 50% against 38%
 - L4+ 36% against 24%
 - L5+ 23% against 17%

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

- KS4 Academy Performance to be recognised as Outstanding with;
 - 1..1. All School Performance to be in the top 10% of schools nationally for progress.
 - 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

- Norlington School continues to performance well when compared to other schools nationally with progress schools in English and maths in the top 3%* nationally and top 5%* for progress 8 (Progress 8 Score of 0.79 although this is expected to increase through remarks). 76% of students achieved the new measure of English and Maths and Grade 4 with 64% achieving this a Grade 5 in both. This is well above nationally expected.
- The Progress 8 score of 0.79 (expected to finish at 0.85) compares favourably with national progress 8 outcomes for boys or -0.24 (2017). This is mirrored in English, Maths and EBacc subjects where all outcomes were at or above 0.75 grades above national outcomes – most were over a grade above nationally expected performance.
- Norlington has been recognised in the top 5% nationally for progress since 2014.
- Disadvantaged students continue to perform with minimal disparity when compared with non-disadvantaged students. This has been the case since 2014
- The performance of the most able students has significantly increased to a progress 8 score of 0.83.

All Data is taken from FFTAspire national analysis, remarks still to be added

- Sixth forms Academic Performance to be recognised as Outstanding with;
 - 1..1. post-16 outcomes at least in the top 25% of sixth forms nationally, with most in the top 10%
 - 1..2. disparities in performance eliminated
 - 1..3. the most able achieve outstanding outcomes
 - 1..4. there is excellent progression to both university (including those in the Russell Group) and high quality careers options.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

- The overall percentage A*-B grades 26% is below nationally expected but roughly inline with student ability. This is below national average of 53%.
- Post 16 cohort size remains small, as planned.
- There has been an increase in Alps value added grades in Biology, English Literature, EPQ and History while others have remained relatively stable.
- Approaching 50% of all students leaving for university secured places at Russell Group universities
- All operational performance measures indicate that 2020 outcomes will see another significant rise in performance

- All Academies to be judged at least 'Good' by Ofsted, with most recognised as Outstanding. Norlington had a very positive Ofsted visit with many of the schools success recognised. The school is judged as a good school.

2. To ensure high quality Leadership and Governance at Trust board, LGB and Academy level.

Ensuring Outstanding Governance at every level through;

- effective recruitment of exceptional Directors and local Governors able to progress the Trusts ambitions
- clearly defined Roles and Responsibilities at LGB level
- high quality governance training programmes
- an accurate and robust self-evaluation process across all aspects of the Trust
- effective Risk Management
- regular and robust Policy and procedure review and management
- successful Finance management and accurate audit control systems

- EET Directors and Norlington Governors operating as separate governance mechanisms with clearly defined roles set out for the LGB. 2 new Directors have been recruited alongside 4 new LGB governors. Five members of the LGB at Norlington 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 Board have undertaken skills gap analysis to determine where future Director recruitment should focus
- The trust Board have ratified a set of Terms of Reference to include; Finance, Audit, HR and Standards and Performance
- The Scheme of Delegation has been reviewed and updated to include changes to Charity Law and subsequent and updated forms relating to these changes

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;

- Human Resources
- Health and Safety Oversight
- ICT
- Pension/Payroll
- Premises and resources
- Student Services (EWO, Counselling etc)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

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;

- development of EEA as School Improvement organisation
 - capture and articulation of a robust and effective school improvement approach and intervention mechanisms
 - creation of sustainable schools (school enlargement)
 - identification and development of leaders
-
- EEA has developed to now include 5 key training programmes (including 3 where the IP is held by EEA) as well as the school to school support mechanisms.
 - 10 staff of Norlington have been trained to deliver these programmes with K Hughes oversee all Quality assurance.
 - EEA has generated £76,103 during this financial period.

5. The Trust to expand to at least five Academies within 5 years.

- Securing and development of Primary School improvement expertise.
- 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
- EET has been 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.
- Norlington has expanded in size to a P.A.N. of 150 for the 2020/21 academic year. The school is now operating at a 98% capacity with waiting lists in various year groups, increased size (132 to 135 form at original size of 120) cohorts in 3 / 5 year groups
- A £4.5million building project has started (completion January 2021) to accommodate expansion and improve facilities for all students. This includes sports, catering, ICT and classroom facilities.
- EET is currently exploring merger options with another local trusts. This will realise both financial savings and increase operation effectiveness.

Achievements and Performance

Key Financial 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

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

to electrical and fire safety, refurbishment of science block, heating emitters and replacement of the Victorian roof. A total of **£33,572** 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 648 students in 2017/18. The school was fully staffed with teachers for the start of 2018/19 academic year despite difficulties in London with recruitment.

The school roll has been increased from 120 to 132 from 2017/18 and thereafter. The Academy is undergoing a 1FE expansion which is planned to commence November 2019 and will be completed approximately March 2021.

As a result of strict financial management and the identification of further recurrent savings the Academy managed to submit budget for 2019/20 with a small surplus projecting at £1,194

Student recruitment is strong with a waiting list for year 7 intake despite increasing the school roll. 6th Form recruitment has been lower than expected and a strategic plan is in place to help increase recruitment. The student income will greatly contribute towards the income required to deliver the excellent education provided at all levels of the Academy.

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.

During the financial year 2018/19 that Academy Trust significant staffing and pupil related budgetary strains placed significant pressure on the Trust finances. The staffing issues broadly related to four maternity covers required for the teaching and two teaching staff on long term sickness. Due to the sustained outstanding academic success of the Academy more families with statemented pupils are on roll. The Academy has a disproportionate number of students requiring support than other schools in the Local Authority and does not attract any additional funding over and above the pupil allocation. These students are the most vulnerable within the school and all require 1:1 Teaching Assistant support in order to thrive and academically succeed. As a result of these issues the Academy has finished the year in overall deficit.

Over the financial year 2019/20 the staff on maternity leave will return and relating staffing levels covering these posts will terminate. The Academy is also undergoing a 1FE expansion to the school site which will accommodate 150 additional students. The Academy will be able level economies of scale from this increase. The Academy Trust is continuing to explore additional sources of income through its training activities where school to school frameworks are used for school improvement. The Academy expects to recover the deficit in the 2019/20 year and has managed its cash resources appropriately.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019**

FINANCIAL REVIEW

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 reserves as at 31 August 2019 amounted to £12,801,197 of which £14,377,621 comprised primarily restricted fixed asset funds. The Academy's free reserves were in deficit.

The Academy had a pension scheme liability of £1,535,000 as at 31 August 2019. 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.

At 31 August 2019 the total funds comprised:

Unrestricted		£(41,424)
Restricted:	Fixed asset funds	£14,377,621
	Pension reserve	£(1,535,000)
	Other	£NIL
		<hr/>
		£12,801,197
		<hr/>

Investment 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.

The Academy Trust has utilised Lloyds bank 24 hours overnight deposit account and 32 access account to maximise available funds in line with expected cashflow requirements.

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.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019**

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 attempt 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 the teaching staff
- Risk Assessments will detail movement in trends so diminishing trends can be easily identified and action implemented.

PLANS FOR FUTURE PERIODS

- Securing and development of Primary School improvement expertise.
- 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
- EET has been 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.
- Norlington has expanded in size to a P.A.N. of 150 for the 2020/21 academic year. The school is now operating at a 98% capacity with waiting lists in various year groups, increased size (132 to 135 form at original size of 120) cohorts in 3 / 5 year groups
- A £4.5million building project has started (completion January 2021) to accommodate expansion and improve facilities for all students. This includes sports, catering, ICT and classroom facilities.
- EET is currently exploring merger options with another local trusts. This will realise both financial savings and increase operation effectiveness.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

There are no funds held on behalf of others.

FUNDRAISING

The Academy Trust does not work with professional fundraisers.

**The Exceptional Education Trust
(A Company Limited by Guarantee)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019**

AUDITOR

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Trustees' Report, incorporating a Strategic Report, was approved by order of the Board of Trustees, as the company directors, on 9th December 2019 and signed on the Board's behalf by:

.....
Dr Stephen Pierpoint
Chair of Trustees

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2019

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 5 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
Dr Stephen Pierpoint (Chairman)	5	5
Juan Hernandez	5	5
Chris Sheen	3	5
Dr Andrew Stone	1	3
Gwyneth Hamand	1	3
Robert Pettigrew	1	5
Claudette Sommers	0	2

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 undertaken this training
- Skills gap analysis has been undertaken and have been identified that Directors should be recruited with legal, PR and building experience.
- A review of policies is being undertaken with a view to ensure all necessary policies are identified and structures documented in Scheme of Delegation
- Internal controls in form of Financial Scheme of Delegation which are documented in Financial Regulations and Procedures
- Terms of Reference have been created with clearly defined roles and responsibilities laid 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. Terms of Reference have created and ratified for; Audit, Finance Committee, Human Resources and Standards and Performance. These are available for when the Academy trust grows
- 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.
- An additional two Directors have been recruited to strengthen the Board following resignations.

**GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019**

During the financial year the Full Board met 5 times to consider all issues including; finances, trust expansion, audit reports, premises improvements, risk management etc. The Board has opted to consolidate all matter relating to finance and audit into full Board meetings. This will be revisited as the Trust grows. The Chair Dr Stephen Pierpoint has significant financial expertise and greatly contributes to discussion about probity and compliance in relation to Academy Financial Handbook. This skill set is essential as his background is in finance. The Vice Chair Mr Chris Sheen has a background in asset management which also provides and supports discussions around the Academy buildings and expenditure relating to this.

REVIEW OF VALUE FOR MONEY

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.

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 via mergers with other Multi Academy Trusts, exploring other maintained schools with same ethos to join and direct contact with DfE regarding sponsorship of other schools and Academies.
- Income – Ensuring pupil results are maintained at an outstanding level in order to continue to be school of choice in local community. Development of frameworks for school improvement which generate income

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 on-going process designed to identify and prioritise the risks to the achievement of academy trust 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 period 1st September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

**GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019**

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy Trust 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 on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1st September 2018 to 31 August 2019 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 Trust'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 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 the internal auditing function to MHA MacIntyre Hudson

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust'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

The Academy Trust has also appointed Strictly Education to assist with accounting technicalities and internal controls. Strictly Education will assist the Financial Controller and the Director of Finance on the operation of the systems of control and on the discharge of the board of Trustees' financial responsibilities in terms of accounting requirements regulations. The Director of Finance will update the Board of Trustees of any internal control issues which has arisen by either internal or external auditors.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Board of Directors and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

The Exceptional Education Trust
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Approved by order of the members of the Board of Trustees on 9th December 2019 and signed on its behalf by:

.....
Dr Stephen Pierpoint
Chair of Trustees

.....
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 Trust's Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the funding agreement in place between the 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 2018.

I confirm that I and the Trust's Board of Trustees are able to identify any material irregular or improper use of all funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2018.

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
Date:

THE EXCEPTIONAL EDUCATION TRUST
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees (who 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 Academies Accounts Direction published by the Education & 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 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 9 December 2019 and signed on its behalf by:

.....
Dr 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 'trust') for the year ended 31 August 2019 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 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2019 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 2018 to 2019 issued by the Education & 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 Trust 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 Trust'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 (CONTINUED)**

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. Other information includes the Reference and Administrative details, Trustees Report, incorporating the Strategic Report and the Directors Report, the Governance Statement, the Statement on Regularity, Propriety and Compliance and the Trustees Responsibilities Statement. 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 (incorporating the Strategic Report and the Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements and.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Trust 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' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

THE EXCEPTIONAL EDUCATION TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
EXCEPTIONAL EDUCATION TRUST (CONTINUED)**

Responsibilities of Trustees

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

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.

Use of our report

This report is made solely to the Trust'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 Trust'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 Trust and its Members for our audit work, for this report, or for the opinions we have formed.

Alyson Howard FCCA DChA CF (Senior Statutory Auditor)
for and on behalf of

MHA MacIntyre Hudson
Chartered Accountants
Statutory Auditors
71 New Dover Road
Canterbury
Kent
CT1 3DZ

Date:

THE EXCEPTIONAL EDUCATION TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
EXCEPTIONAL EDUCATION TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 24 May 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, 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 2018 to 31 August 2019 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 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 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 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

THE EXCEPTIONAL EDUCATION TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
EXCEPTIONAL EDUCATION TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by 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 Trust's income and expenditure.

The work undertaken to draw our conclusions includes:

- reviewing the Minutes of the Governing Body and other evidence made available to us, relevant to our consideration of regularity;
- a review of the objectives and activities of the Trust, with reference to the income streams and other information available to us as auditors;
- testing of a sample of payroll payments to staff;
- testing of a sample of payments to suppliers and other third parties;
- consideration of governance issues; and
- evaluating the internal control procedures and reporting lines, and testing as appropriate and making appropriate enquiries of the Accounting Officer.

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

MHA MacIntyre Hudson

71 New Dover Road
Canterbury
Kent
CT1 3DZ

Date:

THE EXCEPTIONAL EDUCATION TRUST
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	Unrestricted funds 2019 £	Restricted general funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants:	4					
Transfers on conversion		-	-	-	-	105,824
Other donations and capital grants		-	22,465	33,572	56,037	3,538,144
Charitable activities	5	-	4,397,731	-	4,397,731	4,088,881
Other trading activities	6	47,011	7,708	-	54,719	162,999
Investments	7	6,218	-	-	6,218	650
Total income		53,229	4,427,904	33,572	4,514,705	7,896,498
Expenditure on:						
Raising funds		18,380	-	-	18,380	8,609
Charitable activities	9	151,444	4,529,904	206,989	4,888,337	4,504,537
Total expenditure	8	169,824	4,529,904	206,989	4,906,717	4,513,146
Net expenditure		(116,595)	(102,000)	(173,417)	(392,012)	3,383,352
Transfers between funds	20	(69,202)	-	69,202	-	-
Net movement in funds before other recognised gains/(losses)		(185,797)	(102,000)	(104,215)	(392,012)	3,383,352
Other recognised gains/(losses):						
Actuarial (losses)/gains on defined benefit pension schemes	27	-	(458,000)	-	(458,000)	175,000
Net movement in funds		(185,797)	(560,000)	(104,215)	(850,012)	3,558,352
Reconciliation of funds:						
Total funds brought forward		144,373	(975,000)	14,481,836	13,651,209	10,092,857
Net movement in funds		(185,797)	(560,000)	(104,215)	(850,012)	3,558,352
Total funds carried forward		(41,424)	(1,535,000)	14,377,621	12,801,197	13,651,209

The Statement of Financial Activities includes all gains and losses recognised in the year. The notes on pages 29 to 57 form part of these financial statements.

THE EXCEPTIONAL EDUCATION TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 10014175

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	15	14,447,216	13,805,174
		14,447,216	13,805,174
Current assets			
Stocks	16	10,433	12,843
Debtors	17	210,237	723,990
Cash at bank and in hand	25	231,995	2,110,982
		452,665	2,847,815
Creditors: amounts falling due within one year	18	(531,108)	(1,943,318)
Net current liabilities / assets		(78,443)	904,497
Total assets less current liabilities		14,368,773	14,709,671
Creditors: amounts falling due after more than one year	19	(32,576)	(83,462)
Net assets excluding pension liability		14,336,197	14,626,209
Defined benefit pension scheme liability	27	(1,535,000)	(975,000)
Total net assets		12,801,197	13,651,209
Funds of the Academy			
Restricted funds:			
Restricted fixed asset funds	20	14,377,621	14,481,836
Restricted funds excluding pension liability	20	14,377,621	14,481,836
Restricted general funds - pension reserve	20	(1,535,000)	(975,000)
Total restricted funds	20	12,842,621	13,506,836
Unrestricted funds	20	(41,424)	144,373
Total funds		12,801,197	13,651,209

THE EXCEPTIONAL EDUCATION TRUST
(A Company Limited by Guarantee)

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019

The financial statements on pages 25 to 57 were approved by the Trustees, and authorised for issue on 9 December 2019 and are signed on their behalf, by:

.....
Dr Stephen Pierpoint
Chair of Trustees

The notes on pages 29 to 57 form part of these financial statements.

THE EXCEPTIONAL EDUCATION TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	22	(1,069,746)	958,862
Cash flows from investing activities	24	(809,241)	524,985
Cash flows from financing activities	23	-	105,824
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		(1,878,987)	1,589,671
Cash and cash equivalents at the beginning of the year		2,110,982	521,311
Cash and cash equivalents at the end of the year	25	231,995	2,110,982
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 29 to 57 form part of these financial statements

THE EXCEPTIONAL EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. General information

The Exceptional Education Trust is a company limited by guarantee, incorporated in England and Wales. The address of the registered office and principal place of operation are detailed on page 1. The nature of the Trust's operation and principal activity are detailed in the Trustees' Report.

2. Accounting policies

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

2.1 Basis of preparation of financial statements

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historic 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Exceptional Education Trust meets the definition of a public benefit entity under FRS 102. The Financial Statements are prepared in sterling which is the functional currency of the Trust and rounded to the nearest pound.

2.2 Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust 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 Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the 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.

2.3 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the funders 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/donor and include grants from the Department for Education Group.

Investment income, gains and losses are allocated to the appropriate fund.

THE EXCEPTIONAL EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

2. Accounting policies (continued)

2.4 Income

All incoming resources are recognised when the Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

• **Grants**

Grants are included in the Statement of Financial Activities 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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities 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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the Balance Sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

• **Sponsorship income**

Sponsorship income provided to the Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable where receipt is probable and it can be measured reliably.

• **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

• **Other income**

Other income, including the hire of facilities, is recognised in the year it is receivable and to the extent the Trust has provided the goods or services.

2.5 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**

This includes all expenditure incurred by the Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

THE EXCEPTIONAL EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

2. Accounting policies (continued)

2.5 Expenditure (continued)

• **Charitable activities**

These are costs incurred on the Trust's educational operations, including support costs and costs relating to the governance of the Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

2.6 Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets 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 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. Where tangible fixed assets have been acquired with unrestricted funds, transfers are made to the restricted fixed asset fund.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of these assets, less their estimated residual value, expected useful life, as follows:

Depreciation is provided on the following bases:

Leasehold property	- 0.8 - 10% straight line
Furniture and fittings	- 20% straight line
Plant and equipment	- 20 - 25% straight line

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.

2.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

2.8 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.

THE EXCEPTIONAL EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

2. Accounting policies (continued)

2.9 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.

2.10 Liabilities

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

2.11 Provisions

Provisions are recognised when the Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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.

2.12 Financial instruments

The Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Trust and their measurement bases 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 cost 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 instrument.

2.13 Taxation

The Trust 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 Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 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.

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2. Accounting policies (continued)

2.14 Pensions

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

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the 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 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.

2.15 Agency arrangements

The Trust acts as an agent in distributing 16-19 Bursary Funds from the ESFA payments received from the 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 Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. Where funds have not been fully applied in the accounting period then an amount will be included as amounts due to the ESFA.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

3. Critical accounting estimates and areas of judgement

Estimates and judgements 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 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, 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 2019. 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

4. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted general funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Transfers on conversion	-	-	-	-
Donations	-	22,465	-	22,465
Capital grants	-	-	33,572	33,572
Subtotal	-	22,465	33,572	56,037
Total 2019	-	22,465	33,572	56,037
	Unrestricted funds 2018 £	Restricted general funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Transfers on conversion	105,824	-	-	105,824
Donations	1,073	2,043	-	3,116
Capital grants	-	-	3,535,028	3,535,028
Subtotal	1,073	2,043	3,535,028	3,538,144
Total 2018	106,897	2,043	3,535,028	3,643,968

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

5. Charitable Activities - Funding for the Trust's educational operations

	Restricted general funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants			
General Annual Grant (GAG)	3,895,224	3,895,224	3,654,537
Pupil Premium	207,045	207,045	212,783
Other DfE / ESFA revenue grants	53,618	53,618	24,814
	<hr/>	<hr/>	<hr/>
	4,155,887	4,155,887	3,892,134
Other government grants			
Local Authority - SEN	115,219	115,219	79,608
Local Authority grants	92,972	92,972	82,708
	<hr/>	<hr/>	<hr/>
	208,191	208,191	162,316
Other funding			
Trip income	33,653	33,653	34,431
	<hr/>	<hr/>	<hr/>
Total 2019	4,397,731	4,397,731	4,088,881

There are no unfulfilled conditions or other contingencies attached to the government grants above.

In 2018, all income from charitable activities was allocated to restricted general funds.

THE EXCEPTIONAL EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

6. Income from other trading activities

	Unrestricted funds 2019 £	Restricted general funds 2019 £	Total funds 2019 £
Lettings income	790	-	790
Catering	1,517	-	1,517
Consultancy	-	7,708	7,708
Uniform sales	10,466	-	10,466
Other income	31,238	-	31,238
Music income	3,000	-	3,000
Total 2019	47,011	7,708	54,719

	Unrestricted funds 2018 £	Restricted general funds 2018 £	Total funds 2018 £
Lettings income	11,358	-	11,358
Catering	1,150	-	1,150
Consultancy	-	22,579	22,579
Uniform sales	11,195	-	11,195
Other income	17,605	96,927	114,532
Music income	2,185	-	2,185
Total 2018	43,493	119,506	162,999

THE EXCEPTIONAL EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

7. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest receivable	6,218	6,218	650

In 2018, all income from investments was allocated to unrestricted funds.

8. Total expenditure

	Staff costs 2019 £	Premises costs 2019 £	Other 2019 £	Total 2019 £
Expenditure on raising funds:				
Direct costs	-	-	18,380	18,380
Educational operations:				
Direct costs	3,007,415	-	289,439	3,296,854
Support costs	885,414	145,850	560,219	1,591,483
Total 2019	3,892,829	145,850	868,038	4,906,717

	Staff costs 2018 £	Premises costs 2018 £	Other 2018 £	Total 2018 £
Educational operations:				
Direct costs	2,939,227	-	277,433	3,216,660
Support costs	714,195	142,402	431,280	1,287,877
Total 2018	3,653,422	142,402	708,713	4,504,537

In 2018, of the total expenditure of £4,513,146, £82,602 was from unrestricted funds, £4,261,430 was from restricted general funds and £169,114 was from restricted fixed asset funds.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

9. Analysis of expenditure by charitable activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £
Educational operations	3,296,854	1,591,483	4,888,337

	Activities undertaken directly 2018 £	Support costs 2018 £	Total funds 2018 £
Educational operations	3,216,660	1,287,877	4,504,537

Analysis of support costs

	Educational operations 2019 £	Total funds 2019 £	Total funds 2018 £
Defined benefit pension scheme finance cost	32,000	32,000	33,000
Support staff costs	853,414	853,414	681,195
Depreciation	206,989	206,989	169,114
Technology costs	59,006	59,006	65,333
Premises costs	145,850	145,850	142,402
Other costs	240,620	240,620	158,701
Governance costs	53,604	53,604	38,132
Total 2019	1,591,483	1,591,483	1,287,877

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

10. Governance costs

	2019	2018
	£	£
Legal and professional fees	13,670	19,750
Trustees' expenses and training	8,781	4,093
Auditors' remuneration - Audit of the Financial Statements	22,096	7,987
Auditors' remuneration - Other services	9,057	2,674
Auditors' remuneration - Audit of the Financial Statements under provision	-	3,628
	53,604	38,132

11. Net expenditure

Net expenditure for the year includes:

	2019	2018
	£	£
Operating lease rentals	2,113	-
Depreciation of tangible fixed assets	206,989	169,114
Auditors' remuneration - Audit of the Financial Statements	22,096	7,987
Auditors' remuneration - Other services	9,057	2,674
Auditors' remuneration - Audit of the Financial Statements under provision	-	3,628

No central services were provided by the Trust in the year, and no central charges arose as Norlington School and 6th Form remains the only Academy in the Multi Academy Trust as 31 August 2019.

THE EXCEPTIONAL EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

12. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019	2018
	£	£
Wages and salaries	2,958,559	2,810,761
Social security costs	279,534	287,097
Pension costs	506,510	421,474
	3,744,603	3,519,332
Agency staff costs	116,226	101,090
Defined benefit pension scheme finance cost	32,000	33,000
	3,892,829	3,653,422

b. Staff numbers

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

	2019	2018
	No.	No.
Teaching	45	37
Administration and support	41	44
Management	7	8
	93	89

c. Higher paid staff

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

	2019	2018
	No.	No.
In the band £60,001 - £70,000	3	2
In the band £100,001 - £110,000	-	1
In the band £110,001 - £120,000	1	-

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

12. Staff costs (continued)

c. Higher paid staff (continued)

The above employees participated in both the Teachers' Pension Scheme and Local Government Pension Scheme. During the year ended 31 August 2019 pension contributions for these staff members amounted to £45,720 (2018 - £30,444).

d. Key management personnel

The Key Management Personnel of the Trust comprise the Trustees and the Senior Management Team. The total amount of employee benefits (including employer national insurance contributions and employer pension contributions) received by Key Management Personnel for services to the Trust was £692,937 (2018 - £678,621).

13. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Trust. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2019	2018
		£	£
Juan Hernandez, Principal and Accounting Officer	Remuneration	115,000 -	105,000 -
		120,000	110,000
	Pension contributions paid	15,000 -	5,000 -
		20,000	10,000

During the year ended 31 August 2019, expenses totalling £766 were reimbursed or paid directly to 1 Trustee (2018 - £821 to 1 Trustee).

14. Trustees' and Officers' insurance

The Trust has opted into the Department of 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 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

15. Tangible fixed assets

	Leasehold property £	Furniture and fittings £	Plant and equipment £	Assets under construction £	Total £
Cost or valuation					
At 1 September 2018	10,732,894	171,393	235,721	3,022,126	14,162,134
Additions	-	13,866	4,531	830,634	849,031
Transfers between classes	3,852,760	-	-	(3,852,760)	-
At 31 August 2019	<u>14,585,654</u>	<u>185,259</u>	<u>240,252</u>	<u>-</u>	<u>15,011,165</u>
Depreciation					
At 1 September 2018	178,727	58,129	120,104	-	356,960
Charge for the year	110,474	37,052	59,463	-	206,989
At 31 August 2019	<u>289,201</u>	<u>95,181</u>	<u>179,567</u>	<u>-</u>	<u>563,949</u>
Net book value					
At 31 August 2019	<u><u>14,296,453</u></u>	<u><u>90,078</u></u>	<u><u>60,685</u></u>	<u><u>-</u></u>	<u><u>14,447,216</u></u>
At 31 August 2018	<u><u>10,554,167</u></u>	<u><u>113,264</u></u>	<u><u>115,617</u></u>	<u><u>3,022,126</u></u>	<u><u>13,805,174</u></u>

The long-term leasehold property was professionally valued on 5 February 2013 by D Payling of London Borough of Waltham Forest, a RICS Registered Valuer using the depreciated replacement cost method. The Trustees consider that the valuation remains appropriate for the purposes of these financial statements.

Assets under construction comprise four separate CIF funded projects that were completed in December 2018. All projects have been transferred at 31 December 2018 to the appropriate asset classes and depreciated from the time they are brought into use.

16. Stocks

	2019 £	2018 £
Finished goods and goods for resale	<u><u>10,433</u></u>	<u><u>12,843</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

17. Debtors

	2019	2018
	£	£
Due within one year		
Trade debtors	6,888	14,400
Other debtors	54,441	41,697
Prepayments and accrued income	127,724	467,567
VAT recoverable	21,184	200,326
	210,237	723,990

18. Creditors: Amounts falling due within one year

	2019	2018
	£	£
Other loans	68,781	68,781
Trade creditors	209,240	156,577
Other taxation and social security	74,765	73,162
Other creditors	55,889	49,971
Accruals and deferred income	122,433	1,594,827
	531,108	1,943,318

	2019	2018
	£	£
Deferred income		
Deferred income at 1 September	19,221	14,875
Resources deferred during the year	13,602	19,221
Amounts released from previous years	(19,221)	(14,875)
Deferred income at 31 August	13,602	19,221

At the Balance Sheet date the Trust was holding received in advance for;

- Rates for the 2019-20 academic year; and
- School trips taking place in the 2019-20 academic year

THE EXCEPTIONAL EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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

	2019	2018
	£	£
Other loans	32,576	83,462

On conversion, the 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 was a single status loan in the sum of £7,228, this loan carries an interest rate of 4.98%. This loan was unsecured and repayable by instalments. The loan was repaid in full in the 18/19 year.

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.

THE EXCEPTIONAL EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

20. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General funds	144,373	53,229	(169,824)	(69,202)	-	(41,424)
Restricted general funds						
General Annual Grant (GAG)	-	3,895,224	(3,895,224)	-	-	-
Pupil Premium	-	207,045	(207,045)	-	-	-
Other DfE / ESFA revenue grants	-	53,618	(53,618)	-	-	-
Local Authority revenue grants	-	115,219	(115,219)	-	-	-
Other Government revenue grants	-	92,972	(92,972)	-	-	-
Other Educational income	-	33,653	(33,653)	-	-	-
Other activities	-	30,173	(30,173)	-	-	-
Pension reserve	(975,000)	-	(102,000)	-	(458,000)	(1,535,000)
	<u>(975,000)</u>	<u>4,427,904</u>	<u>(4,529,904)</u>	<u>-</u>	<u>(458,000)</u>	<u>(1,535,000)</u>
Restricted fixed asset funds						
NBV of fixed assets	13,805,174	-	(206,989)	849,031	-	14,447,216
DfE / ESFA capital grants	828,905	33,572	-	(830,715)	-	31,762
Loans inherited on conversion	(152,243)	-	-	50,886	-	(101,357)
	<u>14,481,836</u>	<u>33,572</u>	<u>(206,989)</u>	<u>69,202</u>	<u>-</u>	<u>14,377,621</u>
Total Restricted funds	<u>13,506,836</u>	<u>4,461,476</u>	<u>(4,736,893)</u>	<u>69,202</u>	<u>(458,000)</u>	<u>12,842,621</u>
Total funds	<u>13,651,209</u>	<u>4,514,705</u>	<u>(4,906,717)</u>	<u>-</u>	<u>(458,000)</u>	<u>12,801,197</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

20. Statement of funds (continued)

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

The Unrestricted General Fund has been created to recognise the income and expenditure in respect of activities undertaken by the Trust. During the year transfers totalling £69,202 were made to the restricted fixed asset fund, to pay off a loan that was inherited on conversion (£50,886), and for capital additions (£18,316).

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

The Pupil Premium fund has been established to recognise the restricted funding from the Education and Skills Funding Agency to raise the attainment of disadvantaged pupils and close the gap between them and their peers.

The Pension reserve fund represents the pension deficit inherited from the Local Authority upon conversion to Academy status, and through which all the pension scheme movements are recognised. The fund is in deficit, but given the nature of the liability this is not payable immediately. Plans are in place to meet the deficit.

The NBV of owned Fixed Assets fund has been set up to recognise the tangible assets held by the Trust and is equivalent to the net book value of tangible fixed assets. Depreciation of tangible fixed assets is allocated to this fund. During the year, a transfer of £830,715 was made from the DfE/ESFA Capital grants fund for capital purchases made using these funds.

The Local Authority revenue grants fund has been set up to recognise the income received from London Borough of Waltham Forest as a contribution towards the cost of the Trust's revenue expenditure. Funding received for Special Educational Needs is also recognised within Local Authority Grants. These funds are to assist with the costs incurred providing disadvantaged students with the additional educational resources that they require.

The DfE/ESFA Capital grants fund has been created to recognise capital grants received for the purpose of the acquisition of tangible fixed assets. As tangible fixed assets are purchased, a transfer is made to the NBV of owned Fixed Assets fund. Capital grants received and receivable but not yet spent on fixed assets are held as current assets in the restricted fixed asset fund.

The Other DfE/ESFA Grants fund has been created to recognise the restricted funding received from the DfE/ESFA which fall outside the scope of core funding.

The Other Government Grants fund has been set up to recognise the restricted funding received from all other Government bodies which fall outside the scope of core funding.

The Other activities fund has been established to recognise all other restricted funding that cannot be classified above but fall outside the scope of its core activities.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

20. Statement of funds (continued)

Comparative information in respect of the preceding year is as follows:

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General funds	52,304	151,040	(82,602)	23,631	-	144,373
Restricted general funds						
General Annual Grant (GAG)	-	3,654,537	(3,654,537)	-	-	-
Pupil Premium	-	212,783	(212,783)	-	-	-
Other DfE / ESFA revenue grants	-	24,814	(24,814)	-	-	-
Local Authority revenue grants	-	79,608	(79,608)	-	-	-
Other Government revenue grants	-	82,708	(82,708)	-	-	-
Other activities	-	155,980	(155,980)	-	-	-
Pension reserve	(1,099,000)	-	(51,000)	-	175,000	(975,000)
	<u>(1,099,000)</u>	<u>4,210,430</u>	<u>(4,261,430)</u>	<u>-</u>	<u>175,000</u>	<u>(975,000)</u>
Restricted fixed asset funds						
NBV of fixed assets	10,963,595	-	(169,114)	3,010,693	-	13,805,174
DfE / ESFA capital grants	336,413	3,522,528	-	(3,030,036)	-	828,905
Local Authority capital grants	-	12,500	-	(12,500)	-	-
Loans inherited on conversion	(160,455)	-	-	8,212	-	(152,243)
	<u>11,139,553</u>	<u>3,535,028</u>	<u>(169,114)</u>	<u>(23,631)</u>	<u>-</u>	<u>14,481,836</u>
Total Restricted funds	<u>10,040,553</u>	<u>7,745,458</u>	<u>(4,430,544)</u>	<u>(23,631)</u>	<u>175,000</u>	<u>13,506,836</u>
Total funds	<u><u>10,092,857</u></u>	<u><u>7,896,498</u></u>	<u><u>(4,513,146)</u></u>	<u><u>-</u></u>	<u><u>175,000</u></u>	<u><u>13,651,209</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

21. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted general funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	14,447,216	14,447,216
Current assets	420,903	-	31,762	452,665
Creditors due within one year	(462,327)	-	(68,781)	(531,108)
Creditors due in more than one year	-	-	(32,576)	(32,576)
Defined benefit pension scheme liability	-	(1,535,000)	-	(1,535,000)
Total	(41,424)	(1,535,000)	14,377,621	12,801,197

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted general funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	13,805,174	13,805,174
Current assets	2,171,153	-	676,662	2,847,815
Creditors due within one year	(1,943,318)	-	-	(1,943,318)
Creditors due in more than one year	(83,462)	-	-	(83,462)
Defined benefit pension scheme liability	-	(975,000)	-	(975,000)
Total	144,373	(975,000)	14,481,836	13,651,209

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

22. Reconciliation of net (expenditure)/income to net cash flow from operating activities

	2019	2018
	£	£
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(392,012)	3,383,352
Adjustments for:		
Depreciation charges	206,989	169,114
Capital grants from DfE and other capital income	(33,572)	(3,535,028)
Investment income	(6,218)	(650)
Defined benefit pension scheme cost less contributions payable	70,000	18,000
Defined benefit pension scheme finance cost	32,000	33,000
(Increase)/decrease in stocks	2,410	1,282
(Increase)/decrease in debtors	293,308	(553,639)
Increase/(decrease) in creditors	(1,242,651)	1,549,255
Net assets transferred on conversion	-	(105,824)
Net cash (used in)/provided by operating activities	(1,069,746)	958,862

23. Cash flows from financing activities

	2019	2018
	£	£
Cash and net assets transferred on conversion to an Academy Trust	-	105,824
Net cash provided by financing activities	-	105,824

24. Cash flows from investing activities

	2019	2018
	£	£
Investment income	6,218	650
Purchase of tangible fixed assets	(849,031)	(3,010,693)
Capital grants from DfE Group	33,572	3,535,028
Net cash (used in)/provided by investing activities	(809,241)	524,985

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25. Analysis of cash and cash equivalents

	2019	2018
	£	£
Cash at bank and in hand	231,995	256,099
Notice deposits (less than 3 months)	-	1,854,883
Total cash and cash equivalents	231,995	2,110,982

26. Capital commitments

	2019	2018
	£	£
Contracted for but not provided in these financial statements	-	399,633

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27. Pension commitments

The Trust's employees belong to two principal pension schemes: the Teachers' 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 schemes.

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 or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of The Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found by following this link to the Teachers' Pension Scheme website

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27. Pension commitments (continued)

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

Under the definitions set out in FRS 102, the TPS is an unfunded 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.

The employer's pension costs paid to TPS in the year amounted to £261,414 (2018 - £260,676).

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £214,000 (2018 - £235,000), of which employer's contributions totalled £174,000 (2018 - £193,000) and employees' contributions totalled £ 40,000 (2018 - £42,000). The agreed contribution rates for future years are 28.1 per cent for employers and 5.5 to 12.5 per cent 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.

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	3.50%	3.70 %
Rate of increase for pensions in payment/inflation	2.10%	2.30 %
Discount rate for scheme liabilities	1.80%	2.90 %
Inflation assumption (CPI)	2.00%	2.20 %

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

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27. Pension commitments (continued)

	2019	2018
	Years	Years
<i>Retiring today</i>		
Males	22.6	22.5
Females	25.7	25.5
<i>Retiring in 20 years</i>		
Males	24.8	24.7
Females	28.0	27.9

Sensitivity analysis

	2019	2018
	£000	£000
Discount rate +0.1%	(60)	(39)
Discount rate -0.1%	60	39
Mortality assumption - 1 year increase	38	25
Mortality assumption - 1 year decrease	(38)	(25)

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

	At 31	At 31 August
	August 2019	2018
	£	£
Equities	495,000	287,000
Other bonds	-	44,000
Property	64,000	39,000
Cash and other liquid assets	6,000	13,000
Other	70,000	52,000
Total market value of assets	635,000	435,000

The actual return on scheme assets was £25,000 (2018 - £26,000).

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27. Pension commitments (continued)

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

	2019 £	2018 £
Current service cost	(171,000)	(211,000)
Past service cost	(73,000)	-
Interest income	9,000	-
Interest cost	(41,000)	(33,000)
Total amount recognised in the Statement of Financial Activities	(276,000)	(244,000)

Changes in the present value of the defined benefit obligations were as follows:

	2019 £	2018 £
At 1 September	1,410,000	1,282,000
Current service cost	171,000	211,000
Interest cost	41,000	33,000
Employee contributions	40,000	42,000
Actuarial losses/(gains)	468,000	(155,000)
Benefits paid	(33,000)	(3,000)
Past service costs	73,000	-
At 31 August	2,170,000	1,410,000

Changes in the fair value of the Trust's share of scheme assets were as follows:

	2019 £	2018 £
At 1 September	435,000	183,000
Interest income	9,000	-
Actuarial gains	10,000	20,000
Employer contributions	174,000	193,000
Employee contributions	40,000	42,000
Benefits paid	(33,000)	(3,000)
At 31 August	635,000	435,000

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Reconciliation of opening to closing Defined Benefit Pension Scheme liability

	2019	2018
	£	£
Defined benefit pension scheme liability at 1 September	975,000	1,099,000
Defined benefit pension scheme cost less contributions payable	70,000	18,000
Defined benefit pension scheme finance cost	32,000	33,000
Actuarial (gains) / losses	458,000	(175,000)
At 31 August	<u>1,535,000</u>	<u>975,000</u>

The amounts recognised in the Balance Sheet are as follows:

	2019	2018
	£	£
Present value of the defined benefit pension scheme obligation	(2,170,000)	(1,410,000)
Fair value of the defined benefit pension scheme assets	635,000	435,000
	<u>(1,535,000)</u>	<u>(975,000)</u>

28. Operating lease commitments

At 31 August 2019 the Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019
	£
Within 1 year	8,453
Between 1 and 5 years	14,792
	<u>23,245</u>

29. 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 £10 for the debts and liabilities contracted before he/she ceases to be a member.

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30. Related party transactions

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

Three of the Trust's Trustees, 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 winding down. During the year the Trust received donations totalling £25,000 (2018 - £1,073) from Exceptional Education for All Ltd, with £Nil (2018 - £5,000) being included in accrued income at the year end. The Trust also received income of £Nil (2018 - £96,927) in management charges for staff time spent on Exceptional Education for All Ltd business. Separately the Trust also paid £25,000 (2018 - £54,500) in the year ended 31 August 2018 to Exceptional Education for All Ltd for training and consultancy services provided.

These transactions complied with the conditions of the Academies Financial Handbook and no amounts were outstanding at the year end.

31. Agency arrangements

The Trust also administers the distributions of the 16-19 Bursary Funds on behalf of the ESFA. During the year the Trust received funds of £5,364 and disbursed £5,364. £Nil was retained to cover administration expenses and a balance of £Nil relating to undistributed funds is repayable to the ESFA as at the Balance Sheet date and is included within creditors.