

Charity Registration No. 1142111

Company Registration No. 07587909 (England and Wales)

THE EDUCATION ENDOWMENT FOUNDATION

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2020**



THE EDUCATION ENDOWMENT FOUNDATION

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Sir Peter Lampl, Chairman David Hall, Vice Chairman Naomi Eisenstadt Louis Elson Sir Peter Gershon Lucy Heller Lee Elliot Major Nat Sloane Hanneke Smits	(Resigned 17 September 2019)
Charity number	1142111	
Company number	07587909	
Registered office	5th Floor Millbank Tower 21-24 Millbank London SW1P 4QP	
Auditor	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London United Kingdom EC4A 4AB	
Bankers	CAF Bank Limited PO BOX 289 25 Kings Hill Ave Kings Hill West Malling Kent ME19 4TA	
Solicitors	Freshfields Bruckhaus Deringer 65 Fleet Street London EC4Y 1HS Macfarlanes 20 Cursitor Street London EC4A 1LT	
Key Management	Prof. Becky Francis (Chief Executive from 10 January 2020) Sir Kevan Collins (Chief Executive until 31 December 2019)	
Personnel in addition to the Trustees	Stephen Fraser (Deputy Chief Executive from February 2019) Anne-Laure Bedouet (Head of Finance and Operations) Stephen Tall (Development and Communications Director)	

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Team	Please refer to our website at: https://educationendowmentfoundation.org.uk/about/our-team/
Education Advisory Board	Sir Michael Wilshaw (Chairman) Kate Atkins Prof Becky Francis (until October 2019) Peter Goldsbrough Sir Mark Grundy David Hall CBE Hang Ho Russell Hobby Prof Steve Higgins Sir Frank McLoughlin CBE Ann Mroz Professor Dame Alison Peacock
Investment advisors	J.P. Morgan International Bank Limited (until June 2019) 125 London Wall London EC2Y 5AJ Goldman Sachs Asset Management International Plumtree Court 25 Shoe Lane London EC4A 4AU Bank of New York Mellon 48th Floor, One Canada Square London E14 5AL

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THE EDUCATION ENDOWMENT FOUNDATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2020

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of The Education Endowment Foundation (the charitable company) for the year ended 31 March 2020. The Trustees confirm that the Annual Report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

Structure, governance and management

Constitution

The Education Endowment Foundation ('EEF') is a registered charity (number 1142111) whose principal object is the advancement of education for the benefit of the public, in particular, but not exclusively, by a) making grants to schools, local authorities, charities, social enterprises and other voluntary and community sector organisations to fund projects which seek to address low educational attainment; and b) supporting and disseminating the results of research into ways to mitigate the factors that cause or contribute to, and successful strategies for dealing with, low educational attainment. Within its charitable objects, the EEF particularly focuses on improving outcomes for disadvantaged children and young people. The EEF was set up by The Sutton Trust as the lead charity in partnership with Impetus Trust and was initially funded by a £125m grant from The Department for Education.

The organisation is a company limited by guarantee, incorporated on 1 April 2011 and registered as a charity on 25 May 2011. The charitable company is controlled by its Memorandum and Articles of Association, dated 31 May 2011, and constitutes a company limited by guarantee, as defined by the Companies Act 2006.

Appointment of Trustees

The appointment of Trustees is governed by the governing document of the charity. EEF Trustees are appointed for a term not exceeding five years. Any Trustee may be re-appointed on the expiry of his/her initial or any subsequent term of office. The Sponsors' Agreement between The Sutton Trust and Impetus - The Private Equity Foundation (now Impetus) specifies that four of the nine Trustees are to be nominated by Impetus and five to be nominated by The Sutton Trust. Impetus nominated Louis Elson, Lucy Heller, Nat Sloane and Hanneke Smits. The Sutton Trust nominated Sir Peter Lampl, Naomi Eisenstadt, Sir Peter Gershon, David Hall, and Lee Elliot Major (resigned 17 September 2019). The members of the EEF have duly appointed these individuals as the EEF Trustees. The Sponsors' Agreement provides that the first Chairman of the EEF would be Sir Peter Lampl, who is also the Chairman of The Sutton Trust.

Organisational structure and how decisions are made

The EEF Board has the ultimate responsibility for directing the affairs of the EEF, ensuring that it is financially sound, well run, and delivering the charitable outcomes for which it has been set up. The Board comprises the directors of the company who are also the charity Trustees.

The EEF Trustees meet at least four times a year to discuss overall strategy and to determine how best to direct the EEF's resources to meet its objectives. The EEF has a Chief Executive, who reports to the Chairman and other Trustees, and is supported by a Deputy CEO. The Chief Executive and Deputy CEO oversee an executive team of full and part time posts as listed on the Legal and Administrative pages.

The Trustees have also established two committees to support the effective governance of the EEF's operations:

- The Grants Committee makes recommendations to The Board on projects to support (including the funding for the independent evaluations of each project), shapes the priorities for grant making, reviews the project portfolio and oversees the scale up efforts of the EEF.

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- The Finance and Fundraising Committee oversees the management of the EEF's resources. Its remit includes recommending the appropriate investment strategy for the charity and monitoring the performance of fund managers. It also reviews and recommends the annual budget and long term cash flow projections to the Board, reviews performance against the agreed budget and cash flow projections and monitors the integrity of EEF's financial statements, with particular emphasis on the effectiveness of the external audit process and internal control systems. The committee also reviews and recommends the risk register to the Board. Since 2017, the committee also monitors and supports the development and delivery of the EEF's fundraising strategy.

These committees comprise Trustees of the EEF, with relevant members of the executive team attending each committee. The committees may also co-opt expert members beyond the EEF Trustees from time to time to supplement the expertise of the committees. At present, Robert Coe Director of Research and Evaluation at Evidence Based Education and Rory Gribbell, Schools Policy Adviser at the Department for Education, sit on the EEF Grants Committee. Richard Lamplough, partner with Lancaster Investment, who succeeded to Jack Edmondson in March 2020, sits on the Finance and Fundraising Committee.

The EEF also has an Evaluation Advisory Group (EAG), which offers the executive team advice and guidance on research and evaluation methodologies.

Induction and training of Trustees

Trustees are made aware of their legal obligations under Charity Law and Company Law, the decision making processes at the EEF and its strategic aims. They are also provided with relevant documentation, including a budget, planned grants expenditure, a current list of research and practical projects and copies of recent publications and press releases. New trustees have an induction session with EEF team members and are invited to visit projects.

Trustees and members of the executive team are encouraged to attend training events where these will assist with their role.

Relationships with wider interests and related parties

Transactions with related parties are disclosed in note 27 to the financial statements.

Objectives and Activities

Objectives

The object of the EEF is the advancement of education for the benefit of the public, in particular, but not exclusively, by:

- a) making grants to schools, local authorities, charities, social enterprises and other voluntary and community sector organisations to fund projects which seek to address low educational attainment; and
- b) supporting and disseminating the results of research into ways to mitigate the factors that cause or contribute to, and to advance successful strategies for dealing with, low educational attainment.

The EEF fulfils its charitable objectives by undertaking work to raise the attainment of 3-18 year-olds, particularly those facing disadvantage; develop their essential life skills; and prepare young people for the world of work and further study. The EEF aims to have a direct impact on those young people involved in its projects and also an indirect benefit by building the evidence of what works and influencing the decisions of schools, policymakers and others.

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TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

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Grant making policy

The EEF's grant-making principally focuses on supporting and evaluating projects that are likely to improve the educational outcomes of young people, particularly pupils eligible for free school meals in the most challenging schools. The EEF's aim is to fund, develop and evaluate cost effective and scalable projects that have a measurable positive impact on educational attainment or related outcomes, as well as promoting the use of evidence in the decision making of schools, early years settings, post-16 settings, and by other commissioners and policymakers. All EEF-funded projects are rigorously evaluated by independent experts in educational research, and the charity has to date commissioned over 200 projects, 150 of which use randomised controlled trials (RCTs), involving over 60% of English schools. The EEF also aims to influence the decision-making and spending of the wider education sector, for example by scaling up and building the delivery capacity of projects which are determined to be effective and replicable, and by communicating and disseminating what works, through various channels such as our Research School Network, campaigns and policy work.

The EEF runs at least two grants rounds per school year. Applications are submitted online via the EEF's website and reviewed by the team of Programmes Managers, drawing on external advice as needed. The most promising applications are developed by a Programmes Manager in collaboration with the applicant, before being put forward to the Grants Committee in a two-stage process. The Trustees make the final decision on funding the applications recommended by the Grants Committee over £1m and on scale up grants. Following approval, all grant awards made are subject to: i) the recipient entering into a written, legally binding agreement, and ii) a project review at each milestone as set out in the grant agreement. Under the terms of its agreements with grant recipients, the EEF can withdraw its future funding commitment for a number of specified reasons, including failure to meet agreed milestones.

Main activities undertaken to further the charity's purposes for the public benefit

The EEF works for the public benefit by addressing educational disadvantage, by granting funds to projects aimed at alleviating such disadvantage, by finding out what works to increase attainment and other outcome, and by disseminating this evidence. All EEF resources are provided to schools free of charge. The Trustees and staff are mindful of the Charity Commission's guidance on public benefit when planning future activities and are confident that the Charity's plans meet these requirements.

STRATEGIC REPORT

Going concern

Despite COVID-19, after making appropriate enquiries, the Trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. For this reason the Trustees continue 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 Accounting Policies.

Activities, achievements and performance

The results for the year are set out on page 16.

Grant making, evaluation and dissemination activities

Last year the EEF set itself a number of objectives aligned to the three main aspects of its work: evidence generation (grants and evaluation), synthesis (toolkit and guidance reports) and mobilisation / scale up (including research schools, campaigns and the regional delivery work).

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FOR THE YEAR ENDED 31 MARCH 2020

EVIDENCE GENERATION

To continue to make grants to support the development and evaluation of a wide range of approaches to raising the attainment of 3-18 year-olds, particularly those facing disadvantage; developing their essential life skills; and preparing young people for the world of work and further study.

The EEF awarded grants during the year to 20 projects totalling £12.3 million. These projects will work with approximately 2,300 schools.

Funding was awarded to projects in the following rounds:

- One general round (Round 15), which included projects focused on primary maths, and online maths tuition.
- One round focused on Special Educational Needs and Disabilities (SEND).
- One round with the Department for Education focused on Professional Development and Leadership in the Early Years.
- One round focused on 'School Choices' linking existing variation in schools' practice to outcomes.

Details of grants expenditure are included in Note 9, and further information can be found in the EEF's Annual Report which is available at www.educationendowmentfoundation.org.uk.

To continue to publish robust evaluation reports of funded projects

The EEF has continued its commitment to publishing evaluation reports on all completed projects and 18 evaluation reports were published in the period covered by this report.

The team at Durham University continues to analyse the data archive, to replicate results, inform methodological improvements and track the impact of EEF-funded projects longitudinally. The EEF has negotiated with the Office for National Statistics to host the archive. This will enable wider access to the archive for the purpose of research with public benefit.

EVIDENCE SYNTHESIS

To develop its core resources available on the website, including the Teaching and Learning Toolkit and develop the EEF's digital and social media presence

The EEF's key audiences are the leaders and key decision-makers in schools, early years and post-16 settings, together with classroom teachers and practitioners, as well as other influencers, such as policy-makers, governors and parents. Our digital strategy, approved by Trustees in 2017, aims to improve the reach and engagement of our work – in particular, evidence-based resources with clear and actionable recommendations – to these groups.

In the past 12 months, the EEF website has seen a 36% increase in users, to c.964,000. Our email newsletter has over 33,000 subscribers, an increase of 32% on last year. On social media, our Twitter following has increased to 61,000 (up 40%), Facebook 'likes' are 25,000 (up 14%), and we have substantially built our LinkedIn following to 23,000 (up 471%).

This year we have entered the final year of our project to update the EEF's Teaching and Learning Toolkit, which recent polling showed was being used by 70% of secondary headteachers. The team of researchers at Durham University have been analysing the data from the individual academic studies included in the original Toolkit to provide more information in an updated version of the EEF toolkit, which will launch in 2021. We have begun website development for the new Toolkit, which will display outcomes by subject and by age where the evidence is sufficiently robust to do so.

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EVIDENCE MOBILISATION AND SCALE-UP

To focus more resources on scaling up and disseminating successful approaches through a variety of models

The EEF strategy defined a number of models for scaling up our work, which we have continued to pursue during the year – both to widen the direct impact of our work and to add to the evidence base of how to most cost effectively disseminate proven approaches.

During the year the EEF has provided further support to individual programmes that are found to be successful in EEF evaluations. The EEF has committed £3 million to grow EEF-funded programmes which have demonstrated promising findings in first stage efficacy trials and are now being expanded to reach more schools in a second stage effectiveness trial, typically growing from c50 schools to reaching 100 schools plus. During the year we also had the result of a successful effectiveness trials – Nuffield Early Language Intervention – and we are now considering routes for taking it to scale. Tutor Trust and Embedding Formative Assessment are two approaches that we already supporting through scale-up activity.

The EEF continued to widen its reach through the Research Schools Network in 2019/20. The network comprised 40 schools at the end of 2019/20, run in partnership with the Institute of Effective Education (IEE) with some funding contribution from the IEE (until the impact of COVID-19). The administration and central support for the network to be solely provided by the EEF (rather than the IEE) from September 2019 successfully. The Research Schools are focal-points for evidence-based practice in their regions, communicating evidence to over 20,000 newsletter subscribers and supporting over teachers and leaders from over 2,400 schools through face-to face training in the last academic year.

Another key priority for the year has been expanding our suite of practitioner-facing guidance reports, as the foundation of our scale-up efforts, both by Research Schools and through policy, communications and other mechanisms. The EEF issued five guidance reports last year: Behaviour, Improving Secondary Literacy, Social and Emotional Learning in Primary Schools, Early Maths, Special Educational Needs, taking the total number of guidance reports to fifteen. Further guidance reports were started in the year and will be published in 2021. Our focus remains on increasing the number of guidance reports and associated tools that are available to teachers and other practitioners and to take more active steps to see the recommendations implemented in schools.

Following the pilot and March 2019 board decision to pursue national rollout of employing Regional Delivery Leads dedicated individuals to broker relationships between Local Authorities, Multi Academy Trusts and other school groups with Research Schools. recruitment and planning for expansion got underway. There are now 6 regional leads and an additional 10 Research Schools increasing the EEF capacity to broker partnerships and through them support schools. The team have established themselves swiftly forging initial partnerships to work with over 400 priority schools and more than 1000 schools in total.

The other aspect of the regional delivery strategy was the recruitment of the 4 National Content Specialists (Literacy, Maths, Science and Learning Behaviours, helping ensure a range of practical resources and tools to support schools to engage with the evidence to change practice whilst at the same time helping influence some of the relevant national organisations to align their effort with the evidence and the EEF mission. For example exploring working with the Maths Hub network around the EEF's Early Maths guidance report.

The North East Primary Literacy Campaign, funded in partnership with Northern Rock Foundation, ran into its fourth year in 2019/20. During the year we continued to work on the campaign's three key elements:

- Direct support for programmes: efficacy and effectiveness trials of literacy-focused projects taking place in the North East.
 - place-based advocacy: moving on from advocacy to additional investment in capacity in the North East through the additional capacity through the Research Schools Network.
 - Resources for school improvement: we continued to promote EEF's three guidance reports on Improving Literacy in Key Stage One, in Key Stage Two and Preparing for Literacy focusing on Early Years Literacy and scoped a revision to draw out more practical school based exemplification.
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FOR THE YEAR ENDED 31 MARCH 2020

To continue to engage constructively with the Department for Education on its school improvement and social mobility agendas

Over the course of the year, the EEF has supported and encouraged the use of evidence in a number of aspects of the Department for Education's work. Notably, the EEF has continued to support the development of the Early Career Framework, which creates an entitlement for every Newly Qualified Teacher in England to receive high-quality, evidence-informed mentoring and training. In addition, the EEF has supported the DfE to improve the quality of training provided to teachers through the development of a new suite of National Professional Qualifications. More broadly during the year, EEF colleagues have participated in a number of Department for Education-led discussions and reviews on topics such as Special Educational Needs, the pupil premium and further education.

The EEF has continued to be an active participant in the What Works Network.

Covid-19 response

At the very end of the financial year as a result of the Covid-19 crisis, schools closed for most pupils. The EEF continued its role of evidence synthesis, generation and mobilisation in this new context.

In response to school closures, the EEF conducted a rapid evidence assessment on the best practice in remote learning. An internal team at the EEF reviewed the evidence from a wide range of remote learning approaches and summarised them in an accessible report and poster for school leaders.

The Programmes and Evaluation teams have been working with all funded projects to develop contingency plans in response to school closures. For example, some projects will need to delay recruitment for a year, others need to extend delivery or testing. Detailed plans have been submitted to the Grants Committee in April and June, and changes in funding have been approved. The vast majority of projects will be able to continue with some changes, and we expect them to produce useful findings. A small number of projects have been cancelled early leading to savings. The total change in budgets was £1.1m, which was lower than originally anticipated.

The EEF supported the Department's policy response by providing advice on the promising approaches to support children to catch-up on their return to school, most notably related to tutoring.

As part of supporting schools to respond to the partial closures and lockdown, the EEF produced a set of resources designed to be used by schools and parents/carers to support home learning. These are all based on the evidence-based recommendations of our Guidance Reports. Both sets of resources have received more than 30,000 views.

Fundraising activity

The EEF actively seeks to partner with other funders – whether trusts and foundations, corporates, individuals, charities or public bodies – to help extend the reach of the charity's work. To date, the EEF has successfully developed partnerships with 37 organisations, which have contributed a total of c.£34.1m funding (cash received and written pledges secured) towards EEF-approved programmes. The EEF's funding partnerships totalled £2million in this financial year and fell into one of three categories:

- Direct donations to the EEF – £1.25million, for the Sunday Times Christmas Appeal, in partnership with the EEF, to support schools serving disadvantaged communities.
- Pro bono donations to the EEF – including legal advice from Macfarlanes and Freshfields. See Note 3 for further detail.
- Shared funding of EEF supported programmes – £0.1 million of contributions from grantees and their partners towards the costs of EEF-funded programmes.

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- Shared funding of EEF Regional delivery – £0.7 million of contributions from a range of partners in support of the EEF's regional work, which aims to ensure all schools, especially those in deprived areas, have access to the sources, training and support they need. Examples include the 'EEFfective Kent Project', a partnership between the EEF and Kent County Council, which aims to bring evidence-based programmes to support the attainment of pupils across the county.

Direct donations and pro bono donations are both recorded in the financial statements, whereas shared funding is not; this goes directly to the EEF-funded programme rather than to the EEF itself.

Grants from the Department for Education and contributions to projects from schools are all excluded from these figures.

The Trustees acknowledge their grateful thanks to all those organisations contributing to the EEF's programme of work.

The charity is registered with the Fundraising Regulator. The Fundraising Regulator is an independent regulator of charitable fundraising who, using the cross-party review of fundraising self-regulation (2015), strengthen the system of charity regulation and restore public trust in fundraising. No complaints have been received in relation to the EEF's fundraising activities. For the first time this year, the EEF engaged in public fundraising by partnering with The Sunday Times on its Christmas appeal to support schools serving disadvantaged communities. This resulted in some 11,000 individual donations, the majority made online and anonymously. The EEF acknowledged all other donors, including with a thank you card designed by a pupils from one of our Research Schools.

International activity

The EEF started to work with overseas partners who share the charity's commitment to generating and using robust research in improving educational outcomes particularly for the most disadvantaged. This work provides clear benefits to English practitioners by collecting evidence and developing research worldwide. In June 2018, the charity entered into a partnership with BHP Foundation for £9.9 million to support the expansion of our international work over the next five years and to broaden our reach and income sources.

Thanks to our partnership with the BHP Foundation, we have been able to extend the breadth and depth of our international work. Alongside existing Toolkit licensing agreements with Social Ventures Australia (SVA), the Scottish Government, SUMMA in Latin America and the Caribbean, we have established new partnerships with "la Caixa" Foundation in Spain), the Queen Rania Foundation in Jordan and Effective Basic Services Africa (eBASE), working across Cameroon, Chad, Niger and Nigeria.

The BHP Foundation grant has enabled us to set up EEF's first ever Global Trials Fund which supports our existing partners to commission trials in their own jurisdictions. £600,000 will allow SUMMA to commission their first two randomised controlled trials (pending SUMMA securing matched funding). The two trials will test the efficacy of the same online maths intervention in Chile and Peru.

We have funded our first three global fellows through the BHP Global Fellowship Programme. Fellows from the Queen Rania Foundation, "la Caixa" Foundation and eBASE are working to add local content to re-contextualised version of the Teaching and Learning Toolkit for Jordan, Spain and Cameroon.

£200,000 was awarded by the Centre of Excellence for Development Impact and Learning (CEDIL) to explore the re-contextualisation of the Toolkit to the Chad Basin. The EEF is working in collaboration with eBASE and Durham to add topics to the Toolkit that are relevant for low and middle-income countries. The EEF also received £13,5000 funding from EdTech Hub to re-contextualise the rapid evidence assessment on remote learning for low- and middle-income countries.

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We have also been collaborating with the Bill and Melinda Gates Foundation to further progress work on building international evidence infrastructure. In Autumn 2019, the Gates Foundation funded a series of meetings of evidence repositories working in education, to explore opportunities for collaboration.

Investment performance

The portfolio's value at year end of £73.6 million compared to £88.3 million in the previous year. The decrease in value is primarily driven by withdrawals of £14 million made during the year to fund grants and evaluations as well as operating expenses. Net income received from the investments after management costs was £0.4 million and a revaluation loss was recorded of £(0.8) million.

The investment portfolio experienced another volatile year. Performance in the first three quarters of the year to 31 December 2019 was overall positive, despite slowing global growth in 2019. The stabilisation of the economic pressures towards the end of 2019 with supportive central bank policy and positive developments on the US-China trade negotiations meant that both equity and bond markets were positively impacted. The EEF portfolio was up 3.9% since the beginning of the financial year at end December 2019. The first quarter of 2020 saw a drop in financial markets performance in equities and bond markets in anticipation of the COVID-19 impact on worldwide economies. The markets started regaining value post April 2020 as a result of the fast and strong policymakers' responses to the pandemic through quantitative easing and broad-based and targeted fiscal support. The EEF portfolio lost 5.1% of its value in the 3 months to 31 March 2020, but regained all of its value within 2 months after year end.

The overall return on the portfolio since inception in June 2011 has been 30%, an annualised rate of 3% per annum. The portfolio risks were reviewed throughout the year with the portfolio managers including inflation risk, credit risk and currency risks. They were all assessed as appropriate for the EEF and its long-term objectives.

During the year, the Trustees implemented the single fund manager strategy approved last year with a view to minimise the management fee levels as the EEF draws down from its investment and to ensure greater effectiveness. All assets held by JP Morgan were transferred to GSAM and invested into a multi-asset fund and cash in June 2019.

Financial review

In the financial year under review, income including donations and legacies, income from trading activities and from investments was £8.9 million (2019: £6.7 million). Total expenditure for the year was £21.2 million (2019: £22.5 million). Total funds, restricted and unrestricted, were £59.6 million as at 31 March 2020 (31 March 2019: £72.7 million).

Pay policy for senior staff

The key management personnel of the EEF are considered to be the Chief Executive, Deputy Chief Executive, Head of Finance and Operations and Director of Development and Communications. Pay packages are set through benchmarking with equivalent posts in organisations of a similar size and complexity (often with the advice of a specialist executive recruitment firm) and in order to aid the retention of key personnel. The remuneration of all staff, including key management personnel, is reviewed annually as part of the budgeting process of the charity. The Chairman and Vice Chairman are involved in reviewing the salary of the Chief Executive; the Chief Executive and Deputy Chief Executive lead the review of other pay packages.

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Reserves policy

In accordance with the policy adopted since the establishment of the EEF, the initial endowment grant of £125 million from the Department for Education is treated as an unrestricted reserve. The unrestricted fund reserves as at the year end were £58.1 million. The Trustees treat the unrestricted funding as available for activities which forward our charitable objectives, including grant making, and for funding the requirements for support costs and governance costs. Additionally, the Trustees review on a regular basis the investment strategy and performance of the funding pool along with projections in terms of future grant and operating expense commitments. Accordingly, the Trustees consider that the current level of free reserves (general unrestricted funds less fixed assets) of £57.8 million forms a pool available for supporting EEF activities to April 2026 – as stipulated in the terms of the initial grant – and believe this pool is sufficient to meet the planned expenditure requirements of the organisation for the foreseeable future.

The funding from for the Sunday Times Appeal that has not yet been disbursed of £1 million has been classified as restricted as the funds will be disbursed in accordance with the Sunday Times appeal aims to provide funding to the most disadvantaged children in England for school holiday activities. The funds are expected to be disbursed during Summer 2020 for Summer school holiday activities, though Covid-19 has had an impact on the way schools were able to organise activities. The restricted fund reserves as at the year end were £1.5 million (see detail in Note 23).

Investment policy

1. Introduction

The Trustees have a wide power of investment conferred on them including the power to delegate the management of investments to any firm authorised by the Financial Conduct Authority to give investment advice. The Trustees have avoided direct investment in securities issued by organisations primarily engaged in the supply of: arms, gaming and gambling, pornography, and tobacco products and services. For those investments held within the collective or pooled investment funds, the Trustees have instructed fund managers to monitor the extent, if any, to which the funds selected are invested in securities issued by businesses primarily engaged in the activities listed above and to report the position to the Trustees on a semi-annual basis.

As noted above, the EEF's assets are intended to support work to April 2026 to schools, teachers, local authorities, charities and other approved parties, and the EEF's operating costs.

The Trustees have developed a cash flow profile and spending schedule which they will keep under review and revise from time to time as appropriate. This schedule forms the basis of the EEF's investment policy.

2. Investment objectives

The EEF's investment objectives aim to support its plans for making grants. The objectives will therefore evolve in congruence with the development of the EEF's grant strategy.

At the date of this document, the investment objectives are:

- To ensure a reasonable match between the cash flows from the assets in the portfolio and the EEF's planned spending schedule;
- To maximise potential spending power while remaining consistent with the low risk character of this investment policy.

The matching of cash flows will be inexact because the profile of the spending schedule will evolve. The Trustees therefore oversee adjustment of the spending schedule and regularly review the schedule with the investment managers to ensure matching of assets to liabilities within reasonable margins of tolerance.

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3. Contributions, distributions and income

It is possible that additional contributions may be added to the portfolio if assets raised through fundraising activities exceed the spending rate.

Distributions will be made regularly out of both income and capital.

There is no specific "income" requirement for the portfolio.

4. Investment management

In 2011, the Trustees appointed two investment management firms to manage the portfolio: J.P. Morgan and Goldman Sachs ("the managers") with equal allocations at inception.

In January 2019, the Trustees reviewed the portfolio managers with a view to consolidate to one portfolio manager and invited 4 firms to bid for the full portfolio. GSAM was appointed in March 2019 as the single portfolio manager. All assets held by J.P. Morgan were transferred in June 2019.

The Trustees have appointed BNY Mellon as custodians of the Goldman Sachs portfolio. Until June 2019, J.P. Morgan (Brussels) was the appointed custodian for the portfolio managed by J.P. Morgan.

The managers have entered into agreements with the EEF. These agreements include investment guidelines and parameters ("the mandates") within which each firm will operate with full discretion (i.e. without requiring prior approval from the Trustees).

The Trustees review the managers and their mandates periodically in line with their responsibilities. The managers are expected to reconcile their records with those of the custodian.

5. Reporting

The Trustees have established regular and appropriate reporting arrangements with the managers and custodian. There are currently monthly reports from, and quarterly meetings with, the managers and custodian.

The Trustees can convene ad hoc meetings as and when required.

6. Review of investment policy statement

The Trustees intend formally to review this Investment Policy Statement annually or more frequently if the circumstances or objectives of the EEF or any other factors so warrant.

Plans for future periods

The EEF will continue with its three main areas of activity: building and summarising the evidence base of what works and scaling that evidence so that it changes behaviour in schools and benefits more young people, particularly those from poorer backgrounds. We expect the balance of our work to further shift to scale up work in the year ahead and we intend to further develop the underpinning management, administrative, communications and financial functions. Specifically:

- The EEF will continue to make grants to support the development and evaluation of a wide range of approaches to raising the attainment of 3-18 year-olds, particularly those facing disadvantage, as well as projects focussed on essential life skills and preparing young people for the world of work and further study. We have delayed general round funding due to the impact of school closures, however we will continue to fund re-grants and some research into the impact of school closures. We will continue to look at ways of evaluating more diverse approaches in schools which may not be suitable for Randomised Control Trials: eg, through School Choices and Teacher Choices projects.

THE EDUCATION ENDOWMENT FOUNDATION

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

- The EEF will continue to publish evaluation reports from its projects and seek to scale up the most promising approaches, taking into account their cost effectiveness, ease of implementation and replicability. A number of effectiveness trials are due to report in 2020/21 and we expect more scale up grants to be made.
- The EEF will launch the new version of the Toolkit in Spring 2021. The EEF will agree future development work on the Teaching and Learning Toolkit with the team at Durham. The next contract is likely to include development to make the resource sustainable into the future, through automating the update process. We will also develop new topic areas that are of interest to schools, policymakers and international partners.
- The EEF will continue to focus more resources on mobilising evidence to support teachers to improve practice in schools, colleges and early years settings, especially those serving high numbers of disadvantaged students. The EEF moves into the second of the three year commitment to regional delivery and will continue to focus on the schools with higher than average numbers of disadvantaged pupils AND lower than average attainment for those pupils. There will be particular focus on supporting schools to appropriately respond to the educational impact of COVID-19 with sustained and focused activity around the most disadvantaged as part of this work. The Research School Network will continue to be a key plank in the engagement and direct support for schools, supported by the Regional leads and the enhanced development of resources through the Content Specialists.
- The EEF will continue to develop our international work in line with our partnership with the BHP Foundation. This will include developing additional partnerships with overseas organisations that share the EEF's mission; initiating evaluations of promising projects in overseas jurisdictions; and supporting the development of appropriate evidence brokers, building on our Research Schools model and campaign activities.
- The EEF will continue to engage constructively with the Department for Education on its school improvement and social mobility agendas, looking to balance influence with the need to maintain independence and objectivity. We will also continue to work with the other members of the What Works Network to secure the use of rigorous evidence in Government and to collaborate on joint initiatives.
- The EEF intends to continue to review and update its investment strategy in 2020/21 based on the advice of its investment manager concerning current and expected bond and equity market conditions. The EEF implemented a single manager strategy in June 2019, allowing a significant decrease in fees. The EEF will continue to review the manager's performance and level of fees against benchmark very closely.

Covid-19 response - National Tutoring Programme:

Since 31 March 2020, the EEF has provided extensive support related to coronavirus to the Department for Education (DfE). Analysis from the EEF informed the DfE's focus on the impact of closures on disadvantaged children and underpinned the case the DfE made to the Treasury for catch-up funding. The EEF's recommendation of tutoring as the catch-up strategy with the strongest supporting evidence was accepted and the EEF worked closely with the Sutton Trust, Impetus, Nesta and DfE officials to develop a proposal to increase the availability of tutoring for disadvantaged children. On 19th June 2020, the Secretary of State for Education and Prime Minister announced £350 million to create "a National Tutoring Programme, to increase access to high-quality tuition for the most disadvantaged young people".

The National Tutoring Programme is designed to comprise two pillars:

- Through NTP Partners, schools will be able to access heavily subsidised tutoring from an approved list of tuition partners. These organisations – who will be subject to quality, safeguarding and evaluation standards – will be given support to reach as many disadvantaged pupils as possible.

THE EDUCATION ENDOWMENT FOUNDATION

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

- Through NTP Coaches, trained graduates will be employed by schools in the most disadvantaged areas to provide intensive catch-up support to their pupils, allowing teachers in these schools to focus on their classrooms.

The pillars build on an evidence base the EEF has helped develop over 10 years, including through evaluations of the Tutor Trust and Graduate Coaches Programme. The DfE invited the EEF to vary its Grant Funding Agreement by £76 million to establish the NTP Tuition Partners pillar for one year. This variation was signed at the end of July 2020 and the EEF will be responsible for encouraging high-quality tutoring organisations to apply for funding, awarding grants to tutoring providers, subsidising provision of tutoring to schools, working with approved tutoring organisations to expand provision and conducting monitoring and evaluation of tutoring. The Trustees of the EEF agreed to delivering the Tuition pillar in its first year to respond to the exceptional circumstances created by Covid-19 and the associated school closures, impacting disadvantaged children the most. The Trustees recognise that the NTP is highly aligned with the EEF's charitable purpose. The Trustees also recognise that the set up and delivery of such a programme is outside of EEF's core activities. As such it represents a significant new activity and scale, and therefore brings new risks to the EEF as disclosed under the Risk management section below.

A new sub-committee has been formed to ensure effective governance of this additional area of activity.

This variation represents a post balance sheet event disclosed in Note 26.

Risk management

The Trustees have a risk management strategy which comprises:

- compiling and reviewing a risk register twice a year through the Finance Committee and once a year through the Board of Trustees;
- the establishment of systems and procedures to mitigate those risks identified in the plan; and
- the implementation of procedures designed to minimise, where appropriate, any potential impact on the EEF should those risks materialise.

The Trustees commission the services of their independent internal auditors to review the main risks identified during the year. During the year, they reported on our Grant processes, Investment management, IT security, HR processes and Media handling. Since the year end, they have also reported on our fundraising processes and on budget forecasting.

On 6 July 2020, the EEF appointed a Data Protection Officer working closely with the data protection executive group introduced in 2018 to monitor the data protection issues.

We also undertook a number of specific activities to identify and reduce the risks around the introduction of the GDPR in May 2018, led by a working-group which continues to monitor the issues.

The top three risks during the financial year 2019-2020 were:

1. Research does not meet expected standards to forward the objectives (eg trials fail or are late, results are insecure, schools lose confidence in the work). Mitigation: robust selection and monitoring processes, focus on lessons learned from previous trials, clear Quality Assurance standards and processes and involving external experts as needed.
2. Scale-up: messages from research and promising programmes fail to influence the education system. Mitigation: a detailed regional delivery plan has been implemented since September 2019 targeting priority schools in all regions and aiming to change practices in schools that need it the most based on the best evidence available.
3. Overreliance on third parties to deliver Mitigation: Application and monitoring processes in place, diversification of partner base, policy of not reappointing after poor performance

THE EDUCATION ENDOWMENT FOUNDATION

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

The main risks associated with the delivery of the National Tutoring Programme, Tuition Partners pillar are:

1. The NTP fails to target the schools and pupils who stand to benefit most because scale up fails to reach geographic cold spots.

Mitigation: Scale up support will be provided to tutoring organisations to support their expansion into geographic cold spots, coupled with eligibility criteria to support new players to enter the market.

2. Some schools in challenging circumstances lack the capacity (leadership, time, funding) to engage with the NTP effectively, leading to quick take up by more advantaged schools.

Mitigation: Partner with Regional Schools Commissioners, Opportunity Area Boards, Research schools, Teaching Schools to work through local authorities, National Leaders of Education and MAT CEOs to oversee as necessary the operation of the tutoring scheme in schools rated 'Requires Improvement' or 'Inadequate'.

3. School take up is low as they cannot afford their share of the tutoring cost.

Mitigation: Issue guidance to schools to emphasise each school's share of the £650m for general catch-up support, along with broader Pupil Premium funding.

4. Providers cannot grow fast enough to match demand, either because of inability to acquire new tutors, inability to expand in new regions or modelling assumptions are incorrect on current demand. Risk that students in areas of greater disadvantage cannot be reached because they need to travel or rely heavily on online provisions.

Mitigation: EEF has ear-marked funding to support and expand the capacity building of tutoring organisations. Our grant making process will focus on understanding the capacity in place and the expansion needs for tutoring organisations.

Statement of trustees' responsibilities

The trustees, who are also the directors of The Education Endowment Foundation for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

Auditor

The auditors, RSM UK Audit LLP, have indicated their willingness to continue in office.

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

Disclosure of information to auditor

So far as the trustees are aware, there is no relevant audit information of which the charitable company's auditor is unaware and the trustees have taken all the steps that they ought to have taken in order to make them aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The trustees' report, including the strategic report, was approved by the Board of Trustees.

Peter Abmuhl

~~Change Log: 02-22-2022 10:25am)~~

Sir Peter Lampl, Chairman

Dated: 22 Oct 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE EDUCATION ENDOWMENT FOUNDATION

Opinion on financial statements

We have audited the financial statements of The Education Endowment Foundation (the 'charitable company') for the year ended 31 March 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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 charitable company'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.

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 auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Trustees' Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE EDUCATION ENDOWMENT FOUNDATION (CONTINUED)

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where 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
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Trustees' Report.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities on page 13, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Nicholas Sladden

(Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London

EC4A 4AB

United Kingdom

23 October 2020

THE EDUCATION ENDOWMENT FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
<u>Income from:</u>					
Donations and legacies	3	46,848	8,333,826	8,380,674	4,311,595
Income from other trading activities	4	163,387	-	163,387	219,888
Investments	5	405,006	-	405,006	2,148,943
Total income		615,241	8,333,826	8,949,067	6,680,426
<u>Expenditure on:</u>					
<u>Raising funds</u>					
Fundraising expenditure	6	211,204	14,270	225,474	206,494
Trading costs	6	-	-	-	7,065
Investment management	6	348,183	-	348,183	670,315
		559,387	14,270	573,657	883,874
Charitable activities	7	13,130,654	7,413,558	20,544,212	21,606,131
Total expenditure		13,690,041	7,427,828	21,117,869	22,490,005
Net (losses)/gains on investments		(809,054)	-	(809,054)	1,231,793
Net movement in funds		(13,883,854)	905,998	(12,977,856)	(14,577,786)
Total funds brought forward		72,066,259	639,893	72,706,152	87,283,938
Total funds carried forward		58,182,405	1,545,891	59,728,296	72,706,152

THE EDUCATION ENDOWMENT FOUNDATION

BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	14	345,471		371,795	
Investments	15	73,567,904		88,305,643	
		<u>73,913,375</u>		<u>88,677,438</u>	
Current assets					
Debtors falling due after one year	17	1,569,851	2,583,996		
Debtors falling due within one year	17	6,951,311	2,344,138		
Cash at bank and in hand		3,132,812	4,623,055		
		<u>11,653,974</u>	<u>9,551,189</u>		
Creditors: amounts falling due within one year	18	<u>(19,851,141)</u>	<u>(18,588,010)</u>		
Net current liabilities		<u>(8,197,167)</u>	<u>(9,036,821)</u>		
Total assets less current liabilities		<u>65,716,208</u>	<u>79,640,617</u>		
Creditors: amounts falling due after more than one year	19	<u>(5,987,912)</u>	<u>(6,934,465)</u>		
Net assets		<u>59,728,296</u>	<u>72,706,152</u>		
Income funds					
Restricted funds	23	1,545,891	639,893		
Unrestricted funds		58,182,405	72,066,259		
		<u>59,728,296</u>	<u>72,706,152</u>		

The financial statements were approved by the Trustees and authorised for issue on 22 Oct 2020



Chairman (Oct-22, 09:09:10:25am)

Sir Peter Lampl, Chairman

Trustee

THE EDUCATION ENDOWMENT FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash absorbed by operations	25	(15,649,812)		(12,368,487)	
Investing activities					
Purchase of tangible fixed assets		(174,122)		(259,241)	
Purchase of investments		(53,303,735)		(23,702,560)	
Proceeds on disposal of investments		67,232,420		34,203,130	
Interest received		405,006		2,148,943	
Net cash generated from investing activities		<u>14,159,569</u>		<u>12,390,272</u>	
Net (decrease)/increase in cash and cash equivalents		<u>(1,490,243)</u>		<u>21,785</u>	
Cash and cash equivalents at beginning of year		<u>4,623,055</u>		<u>4,601,270</u>	
Cash and cash equivalents at end of year		<u><u>3,132,812</u></u>		<u><u>4,623,055</u></u>	
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT					
(Decrease)/increase in cash in the period / change in net debt		(1,490,243)		21,785	
Net debt at 1 April		<u>4,623,055</u>		<u>4,601,270</u>	
Net debt at 31 March		<u><u>3,132,812</u></u>		<u><u>4,623,055</u></u>	
Cash and cash equivalents consists of:					
Cash at bank and in hand		<u><u>3,132,812</u></u>		<u><u>4,623,055</u></u>	

THE EDUCATION ENDOWMENT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Charity information

The Education Endowment Foundation is a private company limited by guarantee incorporated in England and Wales. The registered office is 5th Floor, Millbank Tower, 21-24 Millbank, London, SW1P 4QP.

In the event of the charitable company being wound up each of the members have agreed to contribute up to £1 each towards:

- payment of those debts and liabilities of the charity incurred;
- payment of the costs, charges and expenses of winding up; and
- the adjustment of rights of contributors among themselves.

The charitable company's objectives and aims are disclosed in the Trustees' Report.

Accounting convention

The financial statements have been prepared in accordance with the charitable company's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2019). The charitable company is a Public Benefit Entity as defined by FRS 102.

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

The company has taken advantage of the exemption under section 402 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the subsidiary's results are immaterial to the results of the group.

Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

Impact of Covid-19: there was no significant impact of Covid-19 on the going concern. The EEF's investment portfolio lost approximately 5% of its value but regained it within two months after year end. The EEF has significant and liquid assets to face such a crisis. The EEF operations were not significantly impacted and the EEF worked closely with the DfE and was seen as a significant partner in the response by the government to the school closures and the impact it may have on attainment for the most disadvantaged children.

Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charitable company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

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

THE EDUCATION ENDOWMENT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

Incoming resources

All income is recognised in the Statement of Financial Activities once The Education Endowment Foundation has entitlement to the resources and is probable that the resources will be received within The Education Endowment Foundation or on its behalf and the monetary value of the incoming resources can be measured with sufficient reliability.

Voluntary income is received by way of grants, donations and gifts and is included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.

Grant income is deferred when the grants are received in advance and specified by the donor as relating to specific accounting periods; or alternatively which are subject to conditions which are still to be met and which are outside the control of the charity; or when it is uncertain whether the conditions can or will be met. These are deferred to the period to which they relate and released to incoming resources.

Investment income and associated tax recoverable is accounted for on a receivable basis.

Donated services and facilities are recognised as income and expenditure in the financial statements when companies and individuals offer their professional expertise pro bono. The value of these donated services and facilities to The Education Endowment Foundation is considered to be equal to market value which is based upon the valuation the professional or organisation places upon the time, services and facilities they have provided to The Education Endowment Foundation. All of these amounts are treated as unrestricted donations.

Trading Income

Trading income comprises revenue recognised by the charitable company in respect of licensing of The Education Endowment Foundation resources, exclusive of Value Added Tax and trade discounts.

Licensing income is recognised on the accruals basis based on the contracted terms and substance of the relevant arrangements.

Interest receivable

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

Expenditure

Expenditure is accounted for on an accruals basis as a liability is incurred, which is when there is a legal or constructive obligation committing The Education Endowment Foundation to the expenditure. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates:

Raising funds comprise the direct staff costs and other support costs associated with attracting voluntary income.

Investment management costs include the costs of:

- (a) Portfolio management
- (b) Obtaining investment advice
- (c) Administration of the investments

Costs associated with acquiring and disposing of investments would normally form part of the acquisition cost of the investment or reduce the return on disposals. These costs are therefore not part of the investment management costs.

THE EDUCATION ENDOWMENT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both the direct costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them. Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees, statutory reporting, legal costs and Trustee expenses linked to the strategic management of the charity.

Overhead and support costs have been allocated first between the cost of generating voluntary income, charitable activity and governance. Where overhead and support costs relating to costs of generating voluntary income and charitable activities cannot be directly allocated, these have been apportioned based on the head count for each activity.

Grants are recognised as expenditure in the year when the charity creates a legal or constructive obligation.

Following approval by the Board of Trustees, all grant awards made are subject to: (i) the recipient entering into a written, legally binding agreement, and (ii) a project review at each milestone as set out in the grant agreement. Under the terms of its agreements with grant recipients, which are considered to be performance related, The Education Endowment Foundation retains the discretion to withdraw its future funding commitment for a number of specified reasons, including failure to meet agreed performance milestones.

An obligation arises, and expenditure is recognised in the financial statements, when a funding agreement has been signed by both parties and evaluations by the charity confirm the milestones set out in the agreement and any other terms and conditions of funding have been satisfactorily met.

Grants payable but unpaid at the balance sheet date are recognised as grant commitments under creditors.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. All assets costing more than £250 are capitalised.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	20% straight line
Computers and IT Equipment	25 - 33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

Impairment of fixed assets

At each reporting end date, the charitable company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

THE EDUCATION ENDOWMENT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

Financial instruments

The charitable company has applied the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charitable company's balance sheet when the charitable company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charitable company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

The charitable company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the charitable company to the fund in respect of the year.

Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

THE EDUCATION ENDOWMENT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

2 Critical accounting estimates and judgements

In the application of the charitable company's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

Location of investment assets

The charity makes an estimate to calculate the level of investment assets held in the UK or overseas. Most asset held as investments are global assets and it requires an element of judgement to determine where the asset is held.

Useful economic life of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic life and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on future economic utilisation and the physical condition of the assets. See note 14 for the carrying value of tangible fixed assets and the accounting policies for the useful economic lives for each class of asset.

3 Donations and legacies

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Donations and gifts	70	1,097,888	1,097,958	270
Grants	-	7,235,938	7,235,938	3,736,889
Donated services	46,778	-	46,778	533,298
Donation from subsidiary	-	-	-	41,138
	46,848	8,333,826	8,380,674	4,311,595
For the year ended 31 March 2019	574,706	3,736,889		4,311,595

THE EDUCATION ENDOWMENT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

3 Donations and legacies (Continued)

	Unrestricted funds	Restricted funds	Total 2020	Total 2019
	£	£	£	£
Grants				
Department for Education	-	4,294,658	4,294,658	985,901
BHP Foundation	-	1,655,409	1,655,409	1,032,242
Careers Education Company	-	-	-	80,696
KPMG	-	25,000	25,000	-
Kusuma Trust	-	40,160	40,160	61,940
JP Morgan Foundation	-	33,335	33,335	428,243
Early Intervention Foundation	-	-	-	20,000
ICG	-	500,000	500,000	-
Wellcome Trust	-	687,376	687,376	627,867
Shine	-	-	-	500,000
	-	7,235,938	7,235,938	3,736,889
For the year ended 31 March 2019	-	3,736,889		3,736,889
Donated services				
	Unrestricted funds	Restricted funds	Total 2020	Total 2019
	£	£	£	£
The Sutton Trust	-	-	-	8,114
Macfarlanes	25,843	-	25,843	21,685
Freshfields	20,935	-	20,935	93,499
BCG	-	-	-	410,000
	46,778	-	46,778	533,298
For the year ended 31 March 2019	533,298	-		533,298

THE EDUCATION ENDOWMENT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

4 Income from other trading activities

	2020 £	2019 £
Licensing of Teaching and Learning Toolkit	163,387	219,888

Income from other trading activities has arisen from the development and licensing of The Education Endowment Foundation resources to the Department of Education and Training (DET), previously Department of Education and Early Childhood Department, Australia (DEECD), to Social Ventures Australia (SVA), to la Caixa Foundation in Spain, to Education Scotland and to CEDIL for the Chad basin region.

All this income arose within the rest of the world, apart from the Education Scotland and the CEDIL income, which arose in the UK (2019/20 - £86,960, 2018/19 - £nil).

5 Investments

	2020 £	2019 £
Income from listed investments	237,138	1,228,288
Interest receivable	167,868	920,655
	405,006	2,148,943

6 Raising funds

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
<u>Fundraising expenditure</u>				
Legal and professional	-	-	-	1,176
Audit, accountancy and other finance costs	30	2	32	29
Office administration	6,762	526	7,288	8,754
Premises costs	12,242	823	13,065	13,412
Advertising	8,422	566	8,988	8,809
Staff costs	158,411	10,649	169,060	163,190
Other staff costs	12,938	870	13,808	-
Depreciation and impairment	12,399	834	13,233	11,124
Fundraising expenditure	211,204	14,270	225,474	206,494

THE EDUCATION ENDOWMENT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

6 Raising funds

Continued	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
<u>Trading costs</u>				
Deferred tax charge/(release) on net trading income	-	-	-	7,065
<u>Investment management</u>	348,183	-	348,183	670,315
	559,387	14,270	573,657	883,874
For the year ended 31 March 2019				
Fundraising expenditure	195,376	11,118		206,494
Trading costs	7,065	-		7,065
Investment management	670,315	-		670,315
	872,756	11,118		883,874

7 Charitable activities

	2020 £	2019 £
Staff costs	2,173,965	1,576,919
Other staff costs	177,558	124,948
Donated services	46,778	533,298
	2,398,301	2,235,165
Grant funding of activities (see note 8)	17,412,621	18,605,271
Share of support costs (see note 10)	597,135	692,656
Share of governance costs (see note 10)	136,155	73,039
	20,544,212	21,606,131
Analysis by fund		
Unrestricted funds	13,130,654	17,000,917
Restricted funds	7,413,558	4,605,214
	20,544,212	21,606,131

THE EDUCATION ENDOWMENT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

8 Grants payable

	2020 £	2019 £
Grants to institutions: See note 9	17,412,621	18,605,271

9 Grants to institutions

	2020 £	2019 £
Achievement for All	855,933	-
Action for Children		
Achieving Early		
Early Years Foundation Stage		
Profile Pilot	(7,181)	88,192
Action for Children and Oxford University	(3,686)	171,920
Ambition Institute	382,785	-
Ark UK Programmes	(14,923)	902,394
Association of Colleges	-	235,570
Bangor University	400,231	-
Bath Spa University	-	398,500
Behavioural Insights Team		
Texting students and study		
supporters	-	386,683
Blackpool Council	32,750	-
Carmel Education Trust		
SOLO Taxonomy and Deeper		
Thinking	-	62,755
Carmel Education Trust	-	692,995
Communicate SLT		
Hanan Learning Language and		
Loving It	183,544	567,000
Centre for Literacy in Primary Education	-	-
Chartered College of Teaching	432,600	-
Childrens University	570,798	-
Coventry University		
Peer assisted learning		
strategies	-	236,266
Family Lives	-	862,269
Institute of Education		
Evaluation for grouping		
practices in secondary schools	-	859,131
Institute of Physics	-	451,510
Kingsbridge Academy	(27,781)	141,713
Leeds University	-	410,239
Leeds University	-	299,125
REACH (re-grant)		
Midlands Academy Trust	10,815	105,486
My Tutor	372,000	-
NASAN	559,810	-
National Children's Bureau		
Raising Early Achievement in		
Literacy (REAL)	(71,770)	730,082
National Day Nurseries	478,284	-
National Literacy Trust	31,082	-
NFER		
Teachers in Disadvantaged		
Schools (amendment)	(340,000)	340,000
Outward Bound and Commando Joe	-	417,051
Oxford Trust	839,256	-
Royal Society of Chemistry	-	92,848
Local Chemistry Mentors		
Manor Park Talks	-	97,800

THE EDUCATION ENDOWMENT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

9	Grants to institutions		2020	2019 (Continued)
	SSAT	Embedding Formative Assessment Scale Up	257,819	-
	St Mary Catholic Academy Blackpool	Sunday Times appeal grant	30,300	-
	SUMMA (Chile)	Global Trial Fund - Conecta Ideas	616,972	-
	Triple P UK	Group Triple P	-	584,775
	Tutor Trust	Tutor Trust Scale Up	50,000	-
	UCL	Direct Mapping	399,438	-
	University of Exeter	Incredible Years Teacher Classroom Management	-	497,712
	University of Hertfordshire	Primary Science Quality Mark	15,819	363,375
	University of Leeds	Helping Handwriting Shine	-	-
	University of Lincoln	ASCENTS mentoring	50,000	565,313
	University of Manchester	PACT	98,446	374,890
	University of York	TEEM UP	999,792	-
	White Rose	Early Years Jigsaw	429,399	-
	Young Enterprise	Company Programme (cancelled)	-	(50,549)
			<u>7,632,532</u>	<u>10,885,045</u>
	Adjustments to grants awarded in previous years		154,261	62,685
	Scale up expenditure (research schools, advocacy and guidance reports)		2,364,970	1,170,937
	Evaluation and research funding		7,260,858	6,486,604
	Total grants, scale up activity and evaluation		<u><u>17,412,621</u></u>	<u><u>18,605,271</u></u>
10	Support costs			
		Support costs	Governance costs	
		£	£	£
	Staff costs	-	69,207	69,207
	Other staff costs	-	5,652	5,652
	Depreciation	175,584	-	175,584
	Legal and professional	17,787	-	17,787
	Other finance costs	422	36,392	36,814
	Office administration	110,707	-	110,707
	Premises costs	173,354	-	173,354
	Marketing and public relations	119,281	-	119,281
	Audit fees	-	14,800	14,800
	Accountancy fees	-	10,104	10,104
		<u>597,135</u>	<u>136,155</u>	<u>733,290</u>
				<u>765,695</u>

THE EDUCATION ENDOWMENT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

11 Auditor's remuneration

The analysis of auditor's remuneration is as follows:

Fees payable to the charity's auditor (RSM UK Audit LLP) and its associates:

	2020	2019
	£	£
Audit of the charity's annual accounts	12,000	12,600
Other audit-related assurance services		
Regularity report	2,800	3,090
Non-audit services		
Taxation compliance services	5,000	3,000
All other non-audit services	8,300	12,640
Total non-audit fees	13,300	15,640

12 Trustees

None of the trustees or any persons connected with them) received any remuneration from the charitable company during the year (2019: £nil).

During the year, trustees' travel expenses amounted to £239 for one trustee (2019: £411 for two trustees).

THE EDUCATION ENDOWMENT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

13 Employees

Number of employees

The average monthly number of employees during the year was:

	2020 Number	2019 Number
Chief Executive Officer	1	1
Grant making, evaluation and dissemination staff	32	21
Fundraising staff	1	1
Administration staff	5	6
	<u>39</u>	<u>29</u>

Employment costs

	2020 £	2019 £
Wages and salaries	2,117,019	1,545,656
Social security costs	196,806	153,859
Other pension costs	98,407	82,244
	<u>2,412,232</u>	<u>1,781,759</u>

The key management personnel of the charity are considered to be the Chief Executive, Deputy Chief Executive, Director of Development and Communications and the Board of Trustees.

The remuneration and employee benefits of key management personnel, amounted to £416,379 in the year under review (2019: £405,732).

The number of employees whose annual remuneration was £60,000 or more were:

	2020 Number	2019 Number
£60,001 - £70,000	3	-
£80,001 - £90,000	-	1
£90,001 - £100,000	1	-
£100,001 - £110,000	1	1
£110,001 - £120,000	1	-
£160,001 - £170,000	-	1
	<u></u>	<u></u>

THE EDUCATION ENDOWMENT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

14 Tangible fixed assets

	Fixtures and fittings	Computers and IT Equipment	Total
	£	£	£
Cost			
At 1 April 2019	124,076	1,523,452	1,647,528
Additions	1,000	173,122	174,122
Disposals	-	(18,966)	(18,966)
At 31 March 2020	125,076	1,677,608	1,802,684
Depreciation			
At 1 April 2019	79,790	1,195,943	1,275,733
Depreciation charged in the year	29,658	159,159	188,817
Eliminated in respect of disposals	-	(7,337)	(7,337)
At 31 March 2020	109,448	1,347,765	1,457,213
Carrying amount			
At 31 March 2020	15,628	329,843	345,471
At 31 March 2019	44,286	327,509	371,795

15 Fixed asset investments

	Listed investments	Unlisted investments	Cash in portfolio	Total
	£	£		£
Cost or valuation				
At 1 April 2019	76,813,321	100	11,492,222	88,305,643
Additions	36,398,746	-	16,904,989	53,303,735
Revaluation changes	(809,054)	-	-	(809,054)
Disposals	(67,232,420)	-	-	(67,232,420)
At 31 March 2020	45,170,593	100	28,397,211	73,567,904
Carrying amount				
At 31 March 2020	45,170,593	100	28,397,211	73,567,904
At 31 March 2019	76,813,321	100	11,492,222	88,305,643
Historical cost				
At 31 March 2020	49,588,593	100	28,397,211	77,985,904
At 31 March 2019	76,813,321	100	11,492,222	88,305,643

THE EDUCATION ENDOWMENT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

15 Fixed asset investments (Continued)

	2020 £	2019 £
Material investments		
Fixed Interest securities	30,162,741	67,405,445
Equities	10,299,506	9,407,876
Cash held within investment portfolio	28,397,211	11,492,222
Other	4,708,346	-
	<u>73,567,804</u>	<u>88,305,543</u>

The Trustees do not consider any individual investment within these amounts to be material.

	2020 £	2019 £
Investments at fair value comprise:		
Investments held in the UK	28,765,050	15,968,551
Investments held overseas	44,802,754	72,336,992
	<u>73,567,804</u>	<u>88,305,543</u>

Fixed asset investments revalued

The above funds are invested in sterling denominated securities.

The Trustee appointed investment custodians are charged with safeguarding the investment assets of The Education Endowment Foundation. Their responsibilities include overseeing the reconciliation of the investment managers' records within their own.

16 Subsidiaries

These financial statements are separate charitable company financial statements for EEF Services Limited.

Details of the charitable company's subsidiaries at 31 March 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
EEF Services Ltd	5th Floor Millbank Tower, 21-24 Millbank, London, SW1P 4QP	Dormant	Ordinary	100.00	

EEF Services Ltd became dormant from 1 April 2019.

THE EDUCATION ENDOWMENT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

17 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Other debtors	16,126	16,307
Grants receivable	6,883,557	2,262,909
Prepayments and accrued income	51,628	64,922
	<u>6,951,311</u>	<u>2,344,138</u>
Amounts falling due after more than one year:		
Grants receivable	<u>1,569,851</u>	<u>2,583,996</u>
Total debtors	<u>8,521,162</u>	<u>4,928,134</u>

18 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Trade creditors		757,379	788,324
Amounts due to subsidiary undertakings		-	100
Other taxation and social security		56,980	48,409
Deferred income	20	2,672,066	1,218,027
Grants accrued		8,330,737	9,330,045
Other creditors		528,951	135,118
Accruals		7,505,028	7,067,987
		<u>19,851,141</u>	<u>18,588,010</u>

19 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Deferred income	20	1,279,949	1,887,768
Grants accrued		<u>4,707,963</u>	<u>5,046,697</u>
		<u>5,987,912</u>	<u>6,934,465</u>

THE EDUCATION ENDOWMENT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

20 Deferred income

	2020 £	2019 £
Other deferred income	3,952,015	3,105,795

Deferred income is included in the financial statements as follows:

	2020 £	2019 £
Current liabilities	2,672,066	1,218,027
Non-current liabilities	1,279,949	1,887,768
	3,952,015	3,105,795

	2020 £	2019 £
Deferred income brought forward	3,105,795	3,643,995
Grants received in the year	(6,389,719)	3,736,889
Grants recognised in the year	7,235,939	(4,275,089)
Deferred income carried forward	3,952,015	3,105,795

Deferred income represents grants received in advance. The income is deferred when the grant agreements are subject to conditions which are still to be met and which are outside the control of the charity or when grants or income are received in advance and specified by the donor or other party as relating to specific accounting periods.

21 Financial instruments	2020 £	2019 £
Carrying amount of financial assets		
Instruments measured at fair value through profit or loss	45,170,593	76,813,321

22 Retirement benefit schemes

Defined contribution schemes

The charitable company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charitable company in an independently administered fund.

The charge to SOFA in respect of defined contribution schemes was £98,407 (2019: £82,244).

Contributions totalling £17,064 (2019: £12,582) were payable to the fund at the balance sheet date and are included in other creditors.

THE EDUCATION ENDOWMENT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

23 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 April 2019 £	Movement in funds		Balance at 31 March 2020 £
		Income £	Expenditure £	
Home Learning Environment (DfE)	-	2,569,288	(2,569,288)	-
Early Years Foundation Stage Profile Pilot (DfE)	-	168,089	(168,089)	-
Early Years Professional Development (DfE)	-	1,557,281	(1,557,281)	-
BHP Foundation	-	1,655,409	(1,655,409)	-
ICG	-	500,000	(250,000)	250,000
KPMG Manor Park Talks	-	25,000	(25,000)	-
JP Morgan Foundation (Post-16)	33,329	33,335	(66,664)	-
Kusuma Trust	54,940	40,160	(95,100)	-
Northern Rock Foundation	551,624	-	(290,563)	261,061
Sunday Times Appeal	-	1,097,888	(63,058)	1,034,830
Wellcome Trust	-	687,376	(687,376)	-
	<u>639,893</u>	<u>8,333,826</u>	<u>(7,427,828)</u>	<u>1,545,891</u>

The DfE Funding is restricted to three different themed rounds on Home Learning Environment, on an early Years Foundation Stage Profile Pilot and on Early Years Professional Development.

The BHP Billiton Foundation fund is restricted funding to fund global trials with the EEF's international partners.

ICG fund is restricted to funding two of the EEF's promising projects, Tutor Trust and Nuffield Early Language intervention.

KPMG fund is restricted to funding the Manor Park Talks project, a course of training for early years staff which helps them to identify and support children with early language development

JP Morgan Foundation (Post-16) is restricted to funding post-16 trials.

Kusuma Trust fund is restricted to funding to scale up evidence for impact in mathematics and science in up to 220 schools in regions across the UK.

Northern Rock Foundation fund is restricted to funding a five-year North East Literacy Campaign focused on primary-age children in the region.

Sunday Times Appeal fund is restricted to supporting schools in disadvantaged communities.

Wellcome Trust fund is restricted to funding collaborations between educators and neuroscientists to develop and evaluate the effectiveness of neuroscience-based educational interventions in the classroom designed to increase the attainment of pupils, particularly those from low-income families, to fund Science and Education trials and Science Teacher retention trials.

THE EDUCATION ENDOWMENT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

23 Restricted funds (Continued)

Restricted funds (prior year)

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance 1 April 2018	Movement in funds		Balance at 31 March 2019
		Income	Expenditure	
	£	£	£	£
Home Learning Environment (DfE)	-	400,000	(400,000)	-
Early Years Foundation Stage Profile Pilot (DfE)	-	95,901	(95,901)	-
Early Years Professional Development (DfE)	-	350,000	(350,000)	-
Administrative costs relating to DfE themed rounds	-	140,000	(140,000)	-
BHP Foundation	-	1,032,242	(1,032,242)	-
ICG	-	80,696	(80,696)	-
KPMG Manor Park Talks	59,799	-	(59,799)	-
Early Intervention Foundation	-	20,000	(20,000)	-
JP Morgan Foundation (Post-16)	33,329	428,243	(428,243)	33,329
Kusuma Trust	63,000	61,940	(70,000)	54,940
Northern Rock Foundation	1,363,208	-	(811,584)	551,624
Shine	-	500,000	(500,000)	-
Wellcome Trust	-	627,867	(627,867)	-
	<u>1,519,336</u>	<u>3,736,889</u>	<u>4,616,332</u>	<u>639,893</u>

The DfE Funding is restricted to three different themed rounds on Home Learning Environment, on an early Years Foundation Stage Profile Pilot and on Early Years Professional Development.

Administrative costs relating to DfE themed grants cover administrative expenditure relating to managing the DfE themed funded grants.

The BHP Billiton Foundation fund is restricted funding to fund global trials with the EEF's international partners.

Careers and Enterprise Company fund is restricted to test the impact of high-potential careers education programmes.

College of Policing fund is restricted to developing tools to assess and label evidence for decision makers.

Early Intervention Foundation fund is restricted to funding the Social and Emotional Learning guidance report.

JP Morgan Foundation (Post-16) is restricted to funding post-16 trials.

Kusuma Trust fund is restricted to funding to scale up evidence for impact in mathematics and science in up to 220 schools in regions across the UK.

Northern Rock Foundation fund is restricted to funding a five-year North East Literacy Campaign focused on primary-age children in the region.

THE EDUCATION ENDOWMENT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

23 Restricted funds (Continued)

Shine fund is restricted to funding home learning environment trials.

Wellcome Trust fund is restricted to fund collaborations between educators and neuroscientists to develop and evaluate the effectiveness of neuroscience-based educational interventions in the classroom designed to increase the attainment of pupils, particularly those from low-income families.

24 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 March 2020 are represented by:			
Tangible assets	345,471	-	345,471
Investments	73,567,904	-	73,567,904
Current assets/(liabilities)	(11,023,007)	2,825,840	(8,197,167)
Long term liabilities	(4,707,963)	(1,279,949)	(5,987,912)
	<u>58,182,405</u>	<u>1,545,891</u>	<u>59,728,296</u>

Included within unrestricted funds is an unrealised reserve of £12,177,588 (2019: £12,986,642) relating to gains on investment assets.

Analysis of net assets between funds (prior year)

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 March 2019 are represented by:			
Tangible assets	371,795	-	371,795
Investments	88,305,643	-	88,305,643
Current assets/(liabilities)	(11,564,482)	2,527,661	(9,036,821)
Long term liabilities	(5,046,697)	(1,887,768)	(6,934,465)
	<u>72,066,259</u>	<u>639,893</u>	<u>72,706,152</u>

Included within unrestricted funds is an unrealised reserve of £12,986,642 (2018: £11,754,849) relating to gains on investment assets.

THE EDUCATION ENDOWMENT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

27 Related party transactions

Sir Peter Lampl, the Chairman of The Education Endowment Foundation is also the Chairman of the Sutton Trust. Lee Elliott Major was employed by the Sutton Trust. During the year the charity made payments of £29,384 (2019: £140,269) to the Sutton Trust for the use of office premises and related office administration expenses and reimbursed the Sutton Trust the sum of £29,206 (2019: £51,430) for payments made on behalf of The Education Endowment Foundation for staff costs, staff travel expenditure and sundry purchases. The Sutton Trust donated services to The Education Endowment Foundation with a value of £Nil (2019: £8,114).

At the year end the Sutton Trust were owed £18,727 (2019: £1) by The Education Endowment Foundation. This amount is included in other creditors.

Lucy Heller, a Trustee of the Education Endowment Foundation, is also the Chief Executive of Ark, an organisation the Education Endowment Foundation granted £Nil in the year (2019: £902,394) - see Note 9 for more detail. The Education Endowment Foundation owed Ark £532,655 at the year end (2019: £857,693).