

Company Registration No. 10653875 (England and Wales)

**TREETOPS LEARNING COMMUNITY
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

TREETOPS LEARNING COMMUNITY

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TREETOPS LEARNING COMMUNITY

REFERENCE AND ADMINISTRATIVE DETAILS

Members	A Peaford (MBE) N Woodbridge K Brice G Smith S Munday	
Trustees	K Brice H Hamilton D Kay G Long (Resigned 16 April 2018) L Meek Mr A J Peaford MBE (Chair) M Simmonds S Slade P Smith (Accounting Officer) J Wingham N Woodbridge	
Senior management team	P Smith M Simmonds A Davies R Jones S Slade	- Headteacher - Deputy Headteacher - Assistant Headteacher - Assistant Headteacher - Business Manager
Company registration number	10653875 (England and Wales)	
Registered office	Treetops School Buxton Road Grays Essex RM16 2WU United Kingdom	
Independent auditor	Wilkins Kennedy Audit Services 1-5 Nelson Street Southend on Sea Essex SS1 1EG	
Bankers	Lloyds Bank 34 High Street Grays Essex RM17 6LX	

TREETOPS LEARNING COMMUNITY

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy trust operates an academy for pupils aged 5 to 19 serving a catchment area in Thurrock. It has a pupil capacity of 290 and had a roll of 289 in the school census on 05/10/17.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The trustees of Treetops Learning Community are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

Treetops Learning Community was incorporated on 6 March 2017 and received academy status from 1 April 2017.

Members' liability

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

Method of recruitment and appointment or election of trustees

The Members of the Academy Trust shall comprise the signatories to the Memorandum and any person elected by the current members by passing a special resolution to appoint additional members provided that at any time the minimum number of members shall not be less than three. An employee of the Academy Trust cannot be a member of the Academy Trust.

The number of Trustees shall not be less than three, but shall not be subject to any maximum. The Academy Trust shall have the following Trustees:

- up to 12 Trustees appointed by ordinary resolution
- The Chief Executive Officer
- A Minimum of 2 Parent Trustees

The Academy Trust may also have any Co-opted Trustee. A Co-opted Trustee means a person who is appointed to be a Trustee by being Co-opted by Trustees who have not themselves been so appointed. The Trustees may not co-opt an employee of the Academy Trust as a Co-opted Trustee if thereby the number of Trustees who are employees of the Academy Trust would exceed one third of the total number of Trustees including the Chief Executive Officer to the extent he or she is a Trustee.

The term of office for any Trustee shall be four years, save that this time limit shall not apply to any post which is held ex officio. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be reappointed or re-elected.

Policies and procedures adopted for the induction and training of trustees

During the period under review the Trust Board of Directors held 3 full Directors meeting. The training and induction provided for new Directors will depend on their existing experience. All new Directors will be given a tour of the Academy and the chance to meet with staff and students. All relevant Directors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Directors.

TREETOPS LEARNING COMMUNITY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Organisational structure

Decisions are made by the Trust in accordance to the Trust's scheme of delegation document which is reviewed annually.

Arrangements for setting pay and remuneration of key management personnel

Pay and remuneration of key management personnel is determined by the CEO in consultation with the Chair of Trustees in line with national agreements and pay documents. The CEO's pay is determined using the national agreements and pay documents and from monitoring of performance management by way of appraisals with two of the Trustees.

Related parties and other connected charities and organisations

Friends of Treetops School (FOTS) is a charitable organisation set up by parents to provide additional resources to the school through their fund raising activities.

Objectives and activities

Objects and aims

The Trusts aims are:

- To provide a broad and balanced curriculum, differentiated to meet individual needs.
- To promote and enhance the self-esteem and sense of self-worth of each and every individual.
- To provide a safe, secure, positive and happy working environment.
- To develop an awareness and understanding of the needs of the whole school community (pupils, parents, staff, governors and friends).
- To prepare pupils for adult life. To equip them with the necessary skills and understanding to become responsible citizens, confident to take their place as valued members of the community.
- To enable every individual (staff and pupils) to achieve their full potential.
- To develop and maintain links with the local community (schools, colleges, business and the voluntary sector).
- To offer support, guidance and advice to special and mainstream schools and colleges.
- To provide and promote an inclusive model of education.
- To accept, value and celebrate the unique contribution each individual makes to society.
- To extend the range of educational, social and vocational opportunities available to all pupils.
- To "work together and achieve together".
- To work in partnership with parents, fellow professionals and all interested parties.
- To be at the leading edge of specialist provision through participation in local, regional, national and international initiatives.

Our Vision:

Excellence through partnership

Our Ethos

We are a vibrant school that endeavours to secure the best outcomes for every child, family and member of staff, served within our partnership trust.

Our values

Happiness – Respect – Listening – Cooperation – Perseverance – Individuality - Honesty – Trust – Fairness – Equality – Opportunity- Quality

TREETOPS LEARNING COMMUNITY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Overall Aims

- To maintain and grow a community of outstanding schools
- To use collaboration to promote excellence, personal achievement and enjoyment of teaching and learning
- To equip our children with the skills and values to become valued members of society
- To develop a cooperative and collective ethos across all our schools so that the best practice is shared in the best interests of all the pupils and staff.
- To provide inspirational leadership in every school so that each and every pupil and member of staff reach their potential
- To raise community aspirations across our family of schools

Objectives, strategies and activities

Public benefit

The trustees have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

Admissions Criteria

The Trust adopts the admission policies of the Local Education authority in which it works. For full details see the school website.

Strategic report

Achievements and performance

Please see our website for data relating to the schools achievements and performance.

Pupils enter the school from a wide range of social, cultural and economic backgrounds. The Academy prides itself on being inclusive.

See below for the percentage of pupils eligible for free school meals, from ethnic minority backgrounds and on the Special Educational Needs register for the school:

35% of pupils receive Pupil Premium grant 28% of pupils from ethnic minority backgrounds 100% of children on SEN register. To ensure that standards are continually raised the Academy operates a programme of internal and external reviews of curriculum areas and the quality of teaching and learning and has three external quality assurance reviews per academic year, working with colleague Headteachers from neighbouring authorities.

Using the key performance indicators in the new Ofsted framework the Trust currently grades Treetops School as 'Outstanding'. This is supported by the latest Ofsted inspection of November 2014 and the Trust's internal monitoring systems.

For more details on the 2018 results summary and performance tables go to our website at: <http://www.treetopsschool.org>

TREETOPS LEARNING COMMUNITY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Key performance indicators

The main KPI is the Ofsted Framework for Inspection. Inspectors must judge the quality of education provided in the school. This is the overarching judgement.

In order to make a judgement about the quality of education provided in the school, inspectors must first make four key judgements. These are:

- the achievement of pupils at the school
- the quality of teaching in the school
- the behaviour and safety of pupils at the school.
- the quality of leadership in and management of the school

In addition, inspectors must also consider:

- the spiritual, moral, social and cultural development of pupils at the school
- the extent to which the education provided by the school meets the needs of the range of pupils at the school, and in particular the needs of pupils who have a disability for the purposes of the Equality Act 2010 pupils who have special educational needs.

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the board of trustees continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

Financial review

Most of the Academy's income is obtained from the Education, Skills Funding Agency (ESFA) in the form of recurrent grants, some of which are restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the period ended 31 August 2018, total expenditure of £6,728k was met by recurrent grant funding from the ESFA together with other incoming resources. The excess of expenditure over income for the period (excluding pension deficit on conversion, restricted fixed asset funds and transfers to restricted fixed asset funds) was £589k (2017: £610k income over expenditure).

At 31 August 2018 the net book value of fixed assets was £7,514k (2017: £7,618k). Movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Local Government pension scheme, in which the Academy participates, showed a deficit of £3,062k as at 31 August 2018 (2017: £3,568k).

TREETOPS LEARNING COMMUNITY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Reserves policy

The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors have determined that the appropriate level of free reserves should be equivalent to one months' expenditure, approximately £500k (2017: £500).

The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of unrestricted reserves of £835k (2017: £757k). (total funds less the amount held in fixed assets and restricted funds).

The funds exceed the policy as this is the first period of operation and the school had balances transferred on conversion. The Trust will continue to monitor its reserves level to ensure that it remain functional.

The Academy held fund balances at 31 August 2018 of £5,334k (2017: £4,908) comprising £4,499k (2017: £4,151k) of restricted funds and £835k (2017: £757k) of unrestricted general funds. Of the restricted funds, £7,514k (2017: £7,618k) is represented by tangible fixed assets, £38k (2017: £87k) unspent grants. The Pension reserve which is considered part of restricted funds was £3,062k (2017: £3,568) in deficit.

Investment policy and powers

Under the Memorandum and Articles of Association, the Academy has the power to invest funds not immediately required for its own purposes, in any way the Governors see fit. The organisation has a positive cash balance to cover eventualities and unforeseen expenses. The banking facilities are reviewed on a regular basis.

Principal risks and uncertainties

The principal risks to the Trust are:

1. School fails to remain OFSTED outstanding – at the present time this is considered low risk.
2. Changes to leadership – leadership is stable and the Trust has invested its development and performance management of all senior staff – low risk.
3. Demographics of pupils – increased number of children with more complex SEN is putting a financial strain on the school's finances and on the workload of staff – high risk.
4. building maintenance costs – building built in 2008 – low risk
5. School funding – the Trust's finances are tight due to funding not received for pupil growth – medium risk

The Trust is developing its risk register that will list the key risks and discuss mitigating factors. This will enable better monitoring of the risks and our ability to deal with them.

Risk management

The Directors have assessed the major risks to which the Trust is exposed, in particular those relating to specific teaching, provision of facilities and other operational areas of the trust and its finances. The Directors have implemented a number of systems to assess risks that each school faces, especially in operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors to maintain strict safeguarding protocols and manage risk. Any prospective school joining the trust has a full due diligence review to minimise any future risk to the organisation. Where there is significant financial risk the trust has ensured there is adequate insurance cover. The Trust has an effective system of internal control as described in their Financial Procedures.

Plans for future periods

The school intends to sponsor a free school which will be co-located on the existing site in negotiation with the LA and the DfE, it is intended to open the school in 2019. It may also consider, in the future, welcoming and supporting other schools to join our MAT.

TREETOPS LEARNING COMMUNITY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Auditor

In 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 steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 03 December 2018 and signed on its behalf by:

Mr A J Peaford MBE

Chair

TREETOPS LEARNING COMMUNITY

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

Scope of responsibility

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

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

Governance

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

Trustees	Meetings attended	Out of possible
K Brice	3	3
H Hamilton	2	3
D Kay	2	3
G Long (Resigned 16 April 2018)	0	3
L Meek	2	3
Mr A J Peaford MBE (Chair)	3	3
M Simmonds	3	3
S Slade	3	3
P Smith (Accounting Officer)	3	3
J Wingham	3	3
N Woodbridge	3	3

Over the past year the Board has had one resignation. The board has exercised its duty in scrutinising the work of the school and helping them raise standards.

The board has scrutinised educational performance, financial performance and regularity and effective deployment of resources.

The board's performance has been good although it seeks to strengthen its numbers this year by at least two during the pre-opening phase for its new Free School.

The board regularly received monitoring reports in addition to the monthly financial reports, which provide the board with added confidence.

The Trust has completed a self-review of governance in the past six months which has led to a strengthening of local governance arrangements.

The impact of the changes are not known at this time but will be commented upon in the next set of accounts.

The Trust will complete further reviews in the next twelve months to assess the effectiveness of these changes and the performance of its committees also.

The finance and premise committee is a sub-committee of the main board of trustees. Its purpose is to: Review all financial and premises matters ensuring integrity and best value.

TREETOPS LEARNING COMMUNITY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
D Kay	1	2
P Smith (Accounting Officer)	2	2

Review of value for money

As accounting officer the headteacher has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

- Monitoring procedures and financial reports and ensuring regular benchmarking is undertaken

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Treetops Learning Community for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The risk and control framework

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

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

TREETOPS LEARNING COMMUNITY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint a Responsible Officer. However, the Governors have appointed Wilkins Kennedy, to complete the internal audit function. Wilkins Kennedy's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period include:

- Testing of control systems
- Testing of control account/ bank reconciliation
- Review of policies and procedures and adherence thereon
- Review of governance and training of Governors

Wilkins Kennedy reports to the Governing body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

The role is carried out by a separate department at Wilkins Kennedy with no connection to the audit team, this is to ensure the reviews are carried out independently.

The Trustees' confirm the internal auditor has delivered their schedule of work as planned, and no material control issues arose as a result of the internal auditor's work.

Review of effectiveness

As accounting officer the headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance and premises committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 03 December 2018 and signed on its behalf by:

Mr A J Peaford MBE
Chair

P Smith
Accounting Officer

TREETOPS LEARNING COMMUNITY

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2018

As accounting officer of Treetops Learning Community I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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

P Smith
Accounting Officer

03 December 2018

TREETOPS LEARNING COMMUNITY

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2018

The trustees (who are also the directors of Treetops Learning Community for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 03 December 2018 and signed on its behalf by:

Mr A J Peaford MBE
Chair

TREETOPS LEARNING COMMUNITY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TREETOPS LEARNING COMMUNITY

FOR THE YEAR ENDED 31 AUGUST 2018

Opinion

We have audited the financial statements of Treetops Learning Community for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2018 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018.

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 academy trust 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 academy trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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.

TREETOPS LEARNING COMMUNITY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TREETOPS LEARNING COMMUNITY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report including the incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the incorporated strategic report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company, 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.

TREETOPS LEARNING COMMUNITY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TREETOPS LEARNING COMMUNITY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Use of our report

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

**Catherine Cooper (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy Audit Services**

6 December 2018

Statutory Auditor

1-5 Nelson Street
Southend on Sea
Essex
SS1 1EG

TREETOPS LEARNING COMMUNITY

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO TREETOPS LEARNING COMMUNITY AND THE EDUCATION & SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter dated 29 September 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Treetops Learning Community during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Treetops Learning Community and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Treetops Learning Community and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Treetops Learning Community and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Treetops Learning Community's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Treetops Learning Community's funding agreement with the Secretary of State for Education dated 29 March 2017 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion as well as additional testing based on our assessment of risk of material irregularity.

TREETOPS LEARNING COMMUNITY

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO TREETOPS LEARNING COMMUNITY AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

Wilkins Kennedy Audit Services
1-5 Nelson Street
Southend on Sea
Essex
SS1 1EG

Dated: 06 December 2018

TREETOPS LEARNING COMMUNITY

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

		Unrestricted Funds	Restricted funds: General Fixed asset		Total 2018	Total 2017 5 months as restated
	Notes	£'000	£'000	£'000	£'000	£'000
Income and endowments from:						
Donations and capital grants	3	60	-	14	74	31
Donations - transfer from local authority on conversion		-	-	-	-	5,142
Charitable activities:						
- Funding for educational operations	4	-	5,765	-	5,765	2,558
Other trading activities	5	191	-	-	191	53
Investments	6	1	-	-	1	-
Total		252	5,765	14	6,031	7,784
Expenditure on:						
Charitable activities:						
- Educational operations	8	174	6,432	122	6,728	2,758
Total	7	174	6,432	122	6,728	2,758
Net income/(expenditure)		78	(667)	(108)	(697)	5,026
Transfers between funds	17	-	10	(10)	-	-
Other recognised gains/(losses)						
Actuarial gains/(losses) on defined benefit pension schemes	19	-	1,123	-	1,123	(118)
Net movement in funds		78	466	(118)	426	4,908
Reconciliation of funds						
Total funds brought forward		757	(3,481)	7,632	4,908	-
Total funds carried forward		835	(3,015)	7,514	5,334	4,908

TREETOPS LEARNING COMMUNITY

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

Comparative information ended 31 August 2017		Unrestricted Funds	Restricted funds:		Total 2017
			General	Fixed asset	
As restated	Notes	£'000	£'000	£'000	£'000
Income and endowments from:					
Donations and capital grants	3	17	-	14	31
Donations - transfer from local authority on conversion		687	(3,216)	7,671	5,142
Charitable activities:					
- Funding for educational operations	4	-	2,558	-	2,558
Other trading activities	5	53	-	-	53
Total		757	(658)	7,685	7,784
Expenditure on:					
Charitable activities:					
- Educational operations	8	-	2,705	53	2,758
Total	7	-	2,705	53	2,758
Net income/(expenditure)		757	(3,363)	7,632	5,026
Other recognised gains/(losses)					
Actuarial losses on defined benefit pension schemes	19	-	(118)	-	(118)
Net movement in funds		757	(3,481)	7,632	4,908
Reconciliation of funds					
Total funds brought forward		-	-	-	-
Total funds carried forward		757	(3,481)	7,632	4,908

TREETOPS LEARNING COMMUNITY

BALANCE SHEET

AS AT 31 AUGUST 2018

		2018		2017 as restated	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	12		7,514		7,618
Current assets					
Debtors	13	113		37	
Cash at bank and in hand		1,264		2,161	
			<u>1,377</u>	<u>2,198</u>	
Current liabilities					
Creditors: amounts falling due within one year	14	(495)		(1,340)	
			<u>882</u>	<u>858</u>	
Net current assets					
			<u>8,396</u>	<u>8,476</u>	
Net assets excluding pension liability					
Defined benefit pension scheme liability	19		(3,062)		(3,568)
			<u>5,334</u>	<u>4,908</u>	
Net assets					
			<u>5,334</u>	<u>4,908</u>	
Funds of the academy trust:					
Restricted funds	17				
- Fixed asset funds			7,514		7,632
- Restricted income funds			47		87
- Pension reserve			(3,062)		(3,568)
			<u>4,499</u>	<u>4,151</u>	
Total restricted funds					
			<u>4,499</u>	<u>4,151</u>	
Unrestricted income funds	17		835		757
			<u>5,334</u>	<u>4,908</u>	
Total funds					
			<u>5,334</u>	<u>4,908</u>	

The financial statements on pages 18 to 42 were approved by the trustees and authorised for issue on 03 December 2018 and are signed on their behalf by:

Mr A J Peaford MBE
Chair

Company Number 10653875

TREETOPS LEARNING COMMUNITY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

		2018		2017	
	Notes	£'000	£'000	5 months as restated £'000	£'000
Cash flows from operating activities					
Net cash (used in)/provided by operating activities	20		(894)		1,460
Cash funds transferred on conversion			-		687
			<hr/>		<hr/>
			(894)		2,147
Cash flows from investing activities					
Dividends, interest and rents from investments		1		-	
Capital grants from DfE Group		14		14	
Purchase of tangible fixed assets		(18)		-	
		<hr/>		<hr/>	
Net cash (used in)/provided by investing activities			(3)		14
			<hr/>		<hr/>
Net (decrease)/increase in cash and cash equivalents in the reporting period			(897)		2,161
Cash and cash equivalents at beginning of the year			2,161		-
			<hr/>		<hr/>
Cash and cash equivalents at end of the year			1,264		2,161
			<hr/>		<hr/>

TREETOPS LEARNING COMMUNITY

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

Treetops Learning Community is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the trustees' report.

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

1.1 Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Treetops Learning Community meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

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

1.3 Income

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

Grants receivable

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

TREETOPS LEARNING COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

Donations

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

Other income

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

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Transfer of Lease

On conversion to Academy status the Local Authority gifted the school buildings to the Academy Trust with a 125 year long term lease. The properties have been professionally valued as at the date of transfer. The valuation is underpinned by SORP 2015 and has adopted the Depreciated Replacement Cost (DRC) for specialist property and the land uses the market value. As the buildings are of a specialist nature then a Depreciated Replacement Cost method has been used to calculate the fair value of the buildings.

Transfer of assets on conversion

Where assets and liabilities are received by the academy trust on conversion to an academy, the transferred net assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the academy trust. Income equal to the net assets transferred on conversion is recognised within donations and capital grant income.

Agency arrangements

The academy trusts acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 25.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

TREETOPS LEARNING COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

Governance costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management, trustees' meetings and reimbursed expenses.

1.5 Tangible fixed assets and depreciation

Assets costing £3,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

The property has been included at the valuation provided by the ESFA when completing their desktop valuation.

The academy has a 125 year lease from the date of conversion on the land and buildings with the local authority.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Land and buildings	2% straight line
Computer equipment	Over 3 years
Fixtures, fittings & equipment	Over 5 years

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

1.6 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods of services it must provide.

TREETOPS LEARNING COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

1.7 Leasing commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.8 Financial instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.9 Taxation

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

1.10 Pensions benefits

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

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

TREETOPS LEARNING COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

1.11 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education and Skills Funding Agency.

TREETOPS LEARNING COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the property and note 1.5 for the useful economic lives for each class of assets.

LGPS

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2017 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

There are no critical areas of judgement.

3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Capital grants	-	14	14	14
Other donations	60	-	60	17
	<hr/>	<hr/>	<hr/>	<hr/>
	60	14	74	31
	<hr/>	<hr/>	<hr/>	<hr/>

TREETOPS LEARNING COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

4 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	2,842	2,842	1,202
Start up grants	-	30	30	25
Other DfE group grants	-	154	154	52
	-	3,026	3,026	1,279
Other government grants				
Local authority grants	-	2,739	2,739	1,279
Total funding	-	5,765	5,765	2,558

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Premises income	32	-	32	5
Catering income	41	-	41	12
Other income	118	-	118	36
	191	-	191	53

6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Other investment income	1	-	1	-

7 Expenditure

	Staff costs £'000	Premises & equipment £'000	Other costs £'000	Total 2018 £'000	Total 2017 £'000
Academy's educational operations					
- Direct costs	5,022	101	154	5,277	2,151
- Allocated support costs	823	337	291	1,451	607
	5,845	438	445	6,728	2,758

TREETOPS LEARNING COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

7 Expenditure	(Continued)			
Net income/(expenditure) for the period includes:			2018	2017
			£'000	£'000
Fees payable to auditor for:				
- Audit			8	8
- Other services			2	-
Depreciation of tangible fixed assets			122	53
Net interest on defined benefit pension liability			87	36
			<u> </u>	<u> </u>
8 Charitable activities				
	Unrestricted	Restricted	Total	Total
	funds	funds	2018	2017
	£'000	£'000	£'000	£'000
Direct costs				
Educational operations	174	5,103	5,277	2,151
Support costs				
Educational operations	-	1,451	1,451	607
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	174	6,554	6,728	2,758
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
			2018	2017
			£'000	£'000
Analysis of support costs				
Support staff costs			823	307
Depreciation			21	-
Premises costs			316	101
Other support costs			281	159
Governance costs			10	40
			<u> </u>	<u> </u>
			1,451	607
			<u> </u>	<u> </u>

TREETOPS LEARNING COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

9 Staff

Staff costs

Staff costs during the year were:

	2018	2017
	£'000	£'000
Wages and salaries	4,115	2,051
Social security costs	315	118
Pension costs	1,330	162
	<hr/>	<hr/>
Staff costs	5,760	2,331
Agency staff costs	43	15
Staff development and other staff costs	42	7
	<hr/>	<hr/>
Total staff expenditure	5,845	2,353
	<hr/> <hr/>	<hr/> <hr/>

Staff numbers

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

	2018	2017
	Number	Number
Teachers	45	41
Administration and support	172	161
Management	5	5
	<hr/>	<hr/>
	222	207
	<hr/> <hr/>	<hr/> <hr/>

The number of persons employed, expressed as a full time equivalent, was as follows:

	2018	2017
	Number	Number
Teachers	35	33
Administration and support	126	116
Management	5	5
	<hr/>	<hr/>
	166	154
	<hr/> <hr/>	<hr/> <hr/>

Higher paid staff

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

	2018	2017
	Number	Number
£80,001 to £90,000	1	1
£100,001 to £110,000	1	1
	<hr/> <hr/>	<hr/> <hr/>

TREETOPS LEARNING COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

12 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 September 2017	7,600	44	27	7,671
Additions	-	18	-	18
At 31 August 2018	7,600	62	27	7,689
Depreciation				
At 1 September 2017	42	8	3	53
Charge for the year	101	16	5	122
At 31 August 2018	143	24	8	175
Net book value				
At 31 August 2018	7,457	38	19	7,514
At 31 August 2017	7,558	36	24	7,618

13 Debtors

	2018 £'000	2017 £'000
Trade debtors	8	-
VAT recoverable	14	16
Other debtors	39	-
Prepayments and accrued income	52	21
	113	37

14 Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Other taxation and social security	78	482
Other creditors	378	813
Accruals and deferred income	39	45
	495	1,340

TREETOPS LEARNING COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

15 Deferred income	2018	2017
	£'000	£'000
Deferred income is included within:		
Creditors due within one year	3	7
	<u>3</u>	<u>7</u>
Deferred income at 1 September 2017	7	-
Released from previous years	(7)	-
Resources deferred in the year	3	7
	<u>3</u>	<u>7</u>
Deferred income at 31 August 2018	3	7

At the balance sheet date the Academy Trust was holding funds for Universal Infant free school meals in relation to 2018/19.

16 Financial instruments	2018	2017
	£'000	£'000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	53	16
	<u>53</u>	<u>16</u>
Carrying amount of financial liabilities		
Measured at amortised cost	489	1,333
	<u>489</u>	<u>1,333</u>

TREETOPS LEARNING COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	56	2,842	(2,901)	10	7
Start up grants	-	30	-	-	30
Other DfE / ESFA grants	31	154	(175)	-	10
Other government grants	-	2,739	(2,739)	-	-
Pension reserve	(3,568)	-	(617)	1,123	(3,062)
	<u>(3,481)</u>	<u>5,765</u>	<u>(6,432)</u>	<u>1,133</u>	<u>(3,015)</u>
Restricted fixed asset funds					
DfE group capital grants	14	14	-	(28)	-
General fixed assets	7,618	-	(122)	18	7,514
	<u>7,632</u>	<u>14</u>	<u>(122)</u>	<u>(10)</u>	<u>7,514</u>
Total restricted funds	<u>4,151</u>	<u>5,779</u>	<u>(6,554)</u>	<u>1,123</u>	<u>4,499</u>
Unrestricted funds					
General funds	<u>757</u>	<u>252</u>	<u>(174)</u>	<u>-</u>	<u>835</u>
Total funds	<u>4,908</u>	<u>6,031</u>	<u>(6,728)</u>	<u>1,123</u>	<u>5,334</u>

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

General Annual Grant: Income received from the ESFA to cover the normal running costs of the Academy.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

Other DFE/ESFA grants: This includes the pupil premium and sports funding.

Other government grants: This includes top up funding and other funding received from the Local Authority.

DFE/ESFA capital grants: This includes devolved formula capital.

TREETOPS LEARNING COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

(Continued)

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

	Balance at 6 March 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
Restricted general funds					
General Annual Grant (GAG)	-	1,202	(1,146)	-	56
Start up grants	-	25	(25)	-	-
Other DfE / ESFA grants	-	52	(21)	-	31
Other government grants	-	1,279	(1,279)	-	-
Pension reserve	-	(3,216)	(234)	(118)	(3,568)
	-	(658)	(2,705)	(118)	(3,481)
Restricted fixed asset funds					
Transfer on conversion	-	7,671	-	(71)	7,600
DfE group capital grants	-	14	(42)	-	(28)
General fixed assets	-	-	(11)	71	60
	-	7,685	(53)	-	7,632
Total restricted funds	-	7,027	(2,758)	(118)	4,151
Unrestricted funds					
General funds	-	757	-	-	757
Total funds	-	7,784	(2,758)	(118)	4,908

TREETOPS LEARNING COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

(Continued)

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 6 March 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	-	4,044	(4,047)	10	7
Start up grants	-	55	(25)	-	30
Other DfE / ESFA grants	-	206	(196)	-	10
Other government grants	-	4,018	(4,018)	-	-
Pension reserve	-	(3,216)	(851)	1,005	(3,062)
	-	5,107	(9,137)	1,015	(3,015)
Restricted fixed asset funds					
Transfer on conversion	-	7,671	-	(71)	7,600
DfE group capital grants	-	28	(42)	(28)	(42)
General fixed assets	-	-	(133)	89	(44)
	-	7,699	(175)	(10)	7,514
Total restricted funds	-	12,806	(9,312)	1,005	4,499
Unrestricted funds					
General funds	-	1,009	(174)	-	835
Total funds	-	13,815	(9,486)	1,005	5,334

18 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	7,514	7,514
Current assets	835	542	-	1,377
Creditors falling due within one year	-	(495)	-	(495)
Defined benefit pension liability	-	(3,062)	-	(3,062)
Total net assets	835	(3,015)	7,514	5,334

TREETOPS LEARNING COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

18 Analysis of net assets between funds

(Continued)

	Unrestricted	Restricted funds:		Total
	Funds	General	Fixed asset	Funds
	£'000	£'000	£'000	£'000
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	7,618	7,618
Current assets	757	1,427	14	2,198
Creditors falling due within one year	-	(1,340)	-	(1,340)
Defined benefit pension liability	-	(3,568)	-	(3,568)
Total net assets	<u>757</u>	<u>(3,481)</u>	<u>7,632</u>	<u>4,908</u>

19 Pensions and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Thurrock Council. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2017.

No contributions were payable at the year end.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

TREETOPS LEARNING COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Pensions and similar obligations

(Continued)

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £251k (2017: £24k).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 17.1% for employers and 2.3% for employees.

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

Total contributions made	2018	2017
	£'000	£'000
Employer's contributions	542	213
Employees' contributions	134	-
	<hr/>	<hr/>
Total contributions	676	213
	<hr/> <hr/>	<hr/> <hr/>

Principal actuarial assumptions	2018	2017
	%	%
Rate of increases in salaries	3.8	4.2
Rate of increase for pensions in payment	2.3	2.7
Discount rate	2.7	2.6
Inflation assumption (CPI)	2.3	2.7
	<hr/>	<hr/> <hr/>

TREETOPS LEARNING COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Pensions and similar obligations

(Continued)

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

	2018	2017
	Years	Years
Retiring today		
- Males	22.3	22.2
- Females	24.8	24.7
Retiring in 20 years		
- Males	24.5	24.3
- Females	27.1	27
	<u> </u>	<u> </u>

Scheme liabilities would have been affected by changes in assumptions as follows:

The academy trust's share of the assets in the scheme	2018	2017
	Fair value	Fair value
	£'000	£'000
Equities	1,659	1,189
Bonds	291	185
Cash	89	56
Property	232	177
Other assets	333	216
	<u> </u>	<u> </u>
Total market value of assets	2,604	1,823
	<u> </u>	<u> </u>
Actual return on scheme assets - gain/(loss)	132	79
	<u> </u>	<u> </u>

Amounts recognised in the statement of financial activities	2018	2017
	£'000	£'000
Current service cost	1,072	411
Interest income	(55)	(19)
Interest cost	142	55
	<u> </u>	<u> </u>
Total operating charge	1,159	447
	<u> </u>	<u> </u>

TREETOPS LEARNING COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Pensions and similar obligations	(Continued)	
Changes in the present value of defined benefit obligations	2018	
	£'000	
Obligations at 1 September 2017		5,391
Current service cost		1,072
Interest cost		142
Employee contributions		134
Actuarial gain		(1,046)
Benefits paid		(27)
		<hr/>
At 31 August 2018		5,666
		<hr/>
Changes in the fair value of the academy trust's share of scheme assets	2018	
	£'000	
Assets at 1 September 2017		1,823
Interest income		55
Actuarial gain		77
Employer contributions		542
Employee contributions		134
Benefits paid		(27)
		<hr/>
At 31 August 2018		2,604
		<hr/>
20 Reconciliation of net income/(expenditure) to net cash flows from operating activities	2018	2017
	£'000	£'000
Net expenditure for the reporting period	(697)	5,026
Adjusted for:		
Net deficit on conversion to academy	-	(5,142)
Capital grants from DfE/ESFA and other capital income	(14)	(14)
Investment income receivable	(1)	-
Defined benefit pension costs less contributions payable	530	198
Defined benefit pension net finance cost	87	36
Depreciation of tangible fixed assets	122	53
(Increase) in debtors	(76)	(37)
(Decrease)/increase in creditors	(845)	1,340
		<hr/>
Net cash used in operating activities	(894)	1,460
		<hr/>

TREETOPS LEARNING COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

21 Contingent liabilities

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

- the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

As no such events have occurred during the year nor are likely to occur in the foreseeable future, the accounts do not contain any provision against contingent liabilities.

22 Commitments under operating leases

At 31 August 2018 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018	2017
	£'000	£'000
Amounts due within one year	20	20
Amounts due in two and five years	101	101
Amounts due after five years	182	198
	<u>303</u>	<u>319</u>

23 Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted in accordance with the trust's financial regulations and normal procurement procedures.

Mr P Smith's son and wife are employed by the Trust as a teacher and admin assistant. Mr Peaford's daughter is employed as a Speech & Language Therapist. Mr G Long and Mr D Kay both have their daughter employed at the trust as an ABA Tutor. Mr M Simmonds wife is employed one day per week as a Teacher.

24 Members' liability

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

TREETOPS LEARNING COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

25 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2018, the trust received £12k from the ESFA of which £8k was spent, leaving £4k in creditors at the year end.

26 Prior period adjustment

	1 September 2016 £'000	31 August 2017 £'000
Reconciliation of funds		
Funds as previously reported	-	(2,650)
Adjustments arising:		
Land and buildings donated on conversion	-	7,558
	<u>-</u>	<u>7,558</u>
Funds as restated	-	4,908
	<u>-</u>	<u>4,908</u>
		2017
Reconciliation of net income for the previous financial period		£'000
Net expenditure as previously reported		(2,532)
Adjustments arising:		
Land and buildings donated on conversion		7,558
		<u>7,558</u>
Net income as restated		5,026
		<u>5,026</u>

Notes to restatement

Land and buildings on conversion

The value of the land and buildings on conversion was not obtained in time for inclusion in the prior year accounts given that the ESFA desktop valuation was not available. As such, the value of the land and buildings on conversion has been recognised as a prior year adjustment.