

Company Registration No. 10653875 (England and Wales)

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

**TRUSTEES' REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

TREETOPS LEARNING COMMUNITY

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TREETOPS LEARNING COMMUNITY

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees	K Brice (Appointed 6 March 2017) H Hamilton (Appointed 6 March 2017) D Kay (Appointed 6 March 2017) G Long (Appointed 6 March 2017) L Meek (Appointed 6 March 2017) Mr A J Peaford MBE (Chair) (Appointed 6 March 2017) M Simmonds (Appointed 6 March 2017) S Slade (Appointed 6 March 2017) P Smith (Accounting Officer) (Appointed 6 March 2017) J Wingham (Appointed 6 March 2017) N Woodbridge (Appointed 6 March 2017)
Members	A Peaford (MBE) N Woodbridge K Brice G Smith S Munday
Senior leadership team	P Smith - Headteacher M Simmonds - Deputy Headteacher A Davies - Assistant Headteacher R Jones - Assistant Headteacher S Slade - 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 LLP 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 PERIOD ENDED 31 AUGUST 2017

The trustees present their annual report together with the financial statements and independent auditor's report of the charitable company for the period 6 March 2017 to 31 August 2017. 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 period 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 1 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 PERIOD ENDED 31 AUGUST 2017

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 by two of the Trustees.

Related parties and other connected charities and organisations

Friends of Treetops School (FOTS) is a charitable organization 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 PERIOD ENDED 31 AUGUST 2017

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 2017 results summary and performance tables go to our website at: <http://www.treetopsschool.org>

TREETOPS LEARNING COMMUNITY

TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

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 2017 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 2017, total expenditure of £5,171k 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 £52k.

At 31 August 2017 the net book value of fixed assets was £60k. Movements in tangible fixed assets are shown in note 11 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 £3,568k as at 31 August 2017.

TREETOPS LEARNING COMMUNITY

TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

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.

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 £755k (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 2017 of £(2,651)k comprising £(3,406)k of restricted funds and £755k of unrestricted general funds. Of the restricted funds, £60k is represented by tangible fixed assets, £14k of unspent devolved formula capital and £88k of other unspent grants. The Pension reserve which is considered part of restricted funds was £3,568k 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 PERIOD ENDED 31 AUGUST 2017

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 04 December 2017 and signed on its behalf by:

Mr A J Peaford MBE

Chair

TREETOPS LEARNING COMMUNITY

GOVERNANCE STATEMENT

FOR THE PERIOD ENDED 31 AUGUST 2017

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 once during the period. Attendance during the period at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
K Brice (Appointed 6 March 2017)	1	1
H Hamilton (Appointed 6 March 2017)	1	1
D Kay (Appointed 6 March 2017)	1	1
G Long (Appointed 6 March 2017)	0	1
L Meek (Appointed 6 March 2017)	1	1
Mr A J Peaford MBE (Chair) (Appointed 6 March 2017)	1	1
M Simmonds (Appointed 6 March 2017)	1	1
S Slade (Appointed 6 March 2017)	1	1
P Smith (Accounting Officer) (Appointed 6 March 2017)	1	1
J Wingham (Appointed 6 March 2017)	1	1
N Woodbridge (Appointed 6 March 2017)	1	1

There were no key changes in the composition of the board of trustees during the period. The coverage of its work was to oversee the work and compliance of the Trust. The Board receive monthly finance reports, pupil progress reports and exam results. The board is satisfied with the level of information received. This will be assessed again during the next financial year.

A full evaluation will be undertaken during the next year on the impact and effectiveness of the board of trustees, including any external review of governance as defined by the National College for Teaching and Leadership.

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.

Attendance at meetings in the period was as follows:

Trustees	Meetings attended	Out of possible
D Kay (Appointed 6 March 2017)	1	2
P Smith (Accounting Officer) (Appointed 6 March 2017)	2	2

TREETOPS LEARNING COMMUNITY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

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 6 March 2017 to 31 August 2017 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 6 March 2017 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The risk and control framework

The academy 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.

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 LLP, to complete the internal audit function. Wilkins Kennedy LLP'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 LLP reports to the Governing body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

TREETOPS LEARNING COMMUNITY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

The role is carried out by a separate department at Wilkins Kennedy LLP 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 period 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 04 December 2017 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 PERIOD ENDED 31 AUGUST 2017*

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

I confirm that I and the academy trust'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 2016.

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

P Smith
Accounting Officer

04 December 2017

TREETOPS LEARNING COMMUNITY

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE PERIOD ENDED 31 AUGUST 2017

The trustees (who also act as governors for Treetops Learning Community and 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 and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- 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 board of trustees on 04 December 2017 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

Opinion

We have audited the financial statements of Treetops Learning Community (the 'Academy Trust') for the period ended 31 August 2017 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 2016 to 2017 issued by the Education and 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 2017 and of its incoming resources and application of resources, including its income and expenditure, for the period 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 2016 to 2017.

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.

Emphasis of matter - Land and Buildings valuation

No audit evidence was available to us with regard to the value of the land and buildings for schools transferred into the Trust in the year. This information has been requested from the ESFA but had not been received for the year end to which these financial statements relate. Owing to the lack of information provided by the ESFA that would normally be available to an academy, we are unable to obtain sufficient appropriate audit evidence regarding the value of the land and buildings and thus no value has been included within these financial statements for these additions.

Our audit report has not been qualified in this respect.

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.

TREETOPS LEARNING COMMUNITY

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

Other information

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the incorporated strategic report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report including the incorporated strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of 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 Academy Trust, or have no realistic alternative but to do so.

TREETOPS LEARNING COMMUNITY

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

Auditor's responsibilities for the audit of the accounts

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 Academy Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act. Our audit work has been undertaken so that we might state to the Academy Trust's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and Academy Trust'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 LLP

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Statutory Auditor
Chartered Accountants

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 AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 29 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Treetops Learning Community during the period 6 March 2017 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 6 March 2017 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by 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 AND SKILLS FUNDING AGENCY (CONTINUED)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 6 March 2017 to 31 August 2017 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 LLP
1-5 Nelson Street
Southend on Sea
Essex
SS1 1EG

Dated: 04 December 2017

TREETOPS LEARNING COMMUNITY

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE PERIOD ENDED 31 AUGUST 2017

	Notes	Unrestricted Funds £'000	Restricted funds: General	Fixed asset £'000	Total 2017 5 months £'000
Income and endowments from:					
Donations and capital grants	3	17	-	14	31
Charitable activities:					
- Funding for educational operations	4	-	2,558	-	2,558
Other trading activities	5	53	-	-	53
Total income and endowments		<u>70</u>	<u>2,558</u>	<u>14</u>	<u>2,642</u>
Expenditure on:					
Charitable activities:					
- Educational operations	7	-	2,705	11	2,716
Charitable expenditure - transfer from local authority on conversion	23	(687)	3,216	(71)	2,458
Total expenditure	6	<u>(687)</u>	<u>5,921</u>	<u>(60)</u>	<u>5,174</u>
Net income/(expenditure)		757	(3,363)	74	(2,532)
Other recognised gains and losses					
Actuarial losses on defined benefit pension schemes	18	-	(118)	-	(118)
Net movement in funds		757	(3,481)	74	(2,650)
Reconciliation of funds					
Total funds brought forward		-	-	-	-
Total funds carried forward		<u>757</u>	<u>(3,481)</u>	<u>74</u>	<u>(2,650)</u>

TREETOPS LEARNING COMMUNITY

BALANCE SHEET

AS AT 31 AUGUST 2017

		2017	
	Notes	£'000	£'000
Fixed assets			
Tangible assets	11		60
Current assets			
Debtors	12	37	
Cash at bank and in hand		2,161	
		<u>2,198</u>	
Current liabilities			
Creditors: amounts falling due within one year	13	(1,340)	
		<u></u>	
Net current assets			858
			<u>918</u>
Net assets excluding pension liability			918
Defined benefit pension liability	18		(3,568)
			<u>(2,650)</u>
Net assets			<u>(2,650)</u>
Funds of the academy trust:			
Restricted funds	16		
- Fixed asset funds			74
- Restricted income funds			87
- Pension reserve			(3,568)
			<u>(3,407)</u>
Total restricted funds			(3,407)
Unrestricted income funds	16		757
			<u>757</u>
Total funds			<u>(2,650)</u>

The financial statements set out on pages 18 to 37 were approved by the board of trustees and authorised for issue on 04 December 2017 and are signed on its behalf by:

Mr A J Peaford MBE
Chair

Company Number 10653875

TREETOPS LEARNING COMMUNITY

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 AUGUST 2017

		2017	
	Notes	£'000	5 months £'000
Cash flows from operating activities			
Net cash provided by operating activities	19		1,460
Cash funds transferred on conversion			687
			<u>2,147</u>
Cash flows from investing activities			
Capital grants from DfE and EFA		14	
			<u>14</u>
Change in cash and cash equivalents in the reporting period			2,161
Cash and cash equivalents at 6 March 2017			-
Cash and cash equivalents at 31 August 2017			<u><u>2,161</u></u>

TREETOPS LEARNING COMMUNITY

NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED 31 AUGUST 2017

1 Accounting policies

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

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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006 (other than in respect of the disclosure of remunerations received by staff governors under employment contracts - see note 9 for details).

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

These financial statements have been prepared for the period 6 March 2017 to 31 August 2017 which is a period of less than twelve months. Academy trusts are required by the Education Funding Agency to report annually to 31 August and the academy trust is not permitted under the Companies Act 2006 to extend its accounting reference date to more than eighteen months but it may shorten it.

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 Conversion to an academy trust

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

The assets and liabilities transferred on conversion from Treetops School to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Charitable activities – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 23.

1.4 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.

TREETOPS LEARNING COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

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.

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.

1.5 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

TREETOPS LEARNING COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

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.

1.6 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.

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

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.

1.7 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.

1.8 Leasing commitments

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

1.9 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.

TREETOPS LEARNING COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

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.

1.10 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.

1.11 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 prospective unit credit method. As stated in note 18, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

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

1.12 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.

TREETOPS LEARNING COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

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.

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 11 for the carrying amount of the property and note 1.6 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 17, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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 2017 £'000
Capital grants	-	14	14
Other donations	17	-	17
	<u>17</u>	<u>14</u>	<u>31</u>

TREETOPS LEARNING COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2017

4 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000
DfE / ESFA grants			
General annual grant (GAG)	-	1,202	1,202
Start up grants	-	25	25
Other DfE / ESFA grants	-	52	52
	<u>-</u>	<u>1,279</u>	<u>1,279</u>
	<u>-</u>	<u>1,279</u>	<u>1,279</u>
Other government grants			
Local authority grants	-	1,279	1,279
	<u>-</u>	<u>1,279</u>	<u>1,279</u>
Total funding	<u>-</u>	<u>2,558</u>	<u>2,558</u>

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000
Premises income	5	-	5
Catering income	12	-	12
Other income	36	-	36
	<u>53</u>	<u>-</u>	<u>53</u>
	<u>53</u>	<u>-</u>	<u>53</u>

6 Expenditure

	Staff costs £'000	Premises & equipment £'000	Other costs £'000	Total 2017 £'000
Academy's educational operations				
- Direct costs	2,046	-	52	2,098
- Allocated support costs	307	112	199	618
	<u>2,353</u>	<u>112</u>	<u>251</u>	<u>2,716</u>
	<u>2,353</u>	<u>112</u>	<u>251</u>	<u>2,716</u>

Net income/(expenditure) for the period includes:

	2017 £'000
Fees payable to auditor for audit services	8
Depreciation of tangible fixed assets	11
Net interest on defined benefit pension liability	36
	<u>55</u>

TREETOPS LEARNING COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2017

7 Charitable activities

2017
£'000

All from restricted funds:

Direct costs - educational operations 2,098
Support costs - educational operations 618

2,716

2017
£'000

Analysis of support costs

Support staff costs 307
Depreciation and amortisation 11
Premises costs 99
Other support costs 161
Governance costs 40

618

8 Staff costs

2017
£'000

Wages and salaries 2,051
Social security costs 118
Operating costs of defined benefit pension schemes 162
Apprenticeship levy 1

Staff costs 2,332
Supply staff costs 15
Staff development and other staff costs 6

Total staff expenditure 2,353

Staff numbers

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

2017
Number

Teachers 41
Administration and support 161
Management 5

207

TREETOPS LEARNING COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

8 Staff costs

(Continued)

Higher paid staff

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

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

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer's national insurance and pension contributions) received by key management personnel for their services to the academy trust was £182k.

9 Trustees' remuneration and expenses

One or more of the trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of headteacher and staff members under their contracts of employment, and not in respect of their services as trustees.

The value of trustees' remuneration and other benefits was as follows:

P Smith (Headteacher)

- Remuneration £40,000 - £45,000
- Employers Pension Contributions £5,000 - £10,000

S.Slade, L Meek, M Simmonds and J Wingham

- Remuneration £81k
- Employers Pension Contributions £14k

Other related party transactions involving the trustees are set out within the related parties note.

10 Trustees and officers insurance

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

TREETOPS LEARNING COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2017

11 Tangible fixed assets	Computer equipment	Fixtures, fittings & equipment	Total
	£'000	£'000	£'000
Cost			
At 6 March 2017	-	-	-
Transfer on conversion	44	27	71
	<hr/>	<hr/>	<hr/>
At 31 August 2017	44	27	71
	<hr/>	<hr/>	<hr/>
Depreciation			
At 6 March 2017	-	-	-
Charge for the period	8	3	11
	<hr/>	<hr/>	<hr/>
At 31 August 2017	8	3	11
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 August 2017	36	24	60
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
12 Debtors			2017 £'000
VAT recoverable			16
Prepayments and accrued income			21
			<hr/>
			37
			<hr/> <hr/>
13 Creditors: amounts falling due within one year			2017 £'000
Other taxation and social security			482
Other creditors			813
Accruals and deferred income			45
			<hr/>
			1,340
			<hr/> <hr/>

TREETOPS LEARNING COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2017

14	Deferred income	2017
		£'000
	Deferred income is included within:	
	Creditors due within one year	7
		<u>7</u>
	Amounts deferred in the period	7
		<u>7</u>
	Deferred income at 31 August 2017	7
		<u>7</u>

At the balance sheet date the Academy Trust was holding funds for Universal Infant free school meals in relation to 2017/18.

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

TREETOPS LEARNING COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2017

16 Funds

	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
Restricted general funds				
General Annual Grant	1,202	(1,146)	-	56
Start up grants	25	(25)	-	-
Other DfE / ESFA grants	52	(21)	-	31
Other government grants	1,279	(1,279)	-	-
	<u>2,558</u>	<u>(2,471)</u>	<u>-</u>	<u>87</u>
Funds excluding pensions	2,558	(2,471)	-	87
Pension reserve	-	(3,450)	(118)	(3,568)
	<u>2,558</u>	<u>(5,921)</u>	<u>(118)</u>	<u>(3,481)</u>
Restricted fixed asset funds				
Transferred on conversion	-	71	(71)	-
DfE / ESFA capital grants	14	-	-	14
General fixed assets	-	(11)	71	60
	<u>14</u>	<u>60</u>	<u>-</u>	<u>74</u>
Total restricted funds	<u>2,572</u>	<u>(5,861)</u>	<u>(118)</u>	<u>(3,407)</u>
Unrestricted funds				
General funds	70	687	-	757
	<u>70</u>	<u>687</u>	<u>-</u>	<u>757</u>
Total funds	<u>2,642</u>	<u>(5,174)</u>	<u>(118)</u>	<u>(2,650)</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 2017.

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 PERIOD ENDED 31 AUGUST 2017

17 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2017 £'000
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	60	60
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)
	<u>757</u>	<u>(3,481)</u>	<u>74</u>	<u>(2,650)</u>

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

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 PERIOD ENDED 31 AUGUST 2017

18 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 (currently 14.1%))
- 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%

During the previous year the employer contribution rate was 14.1%. 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 £24,402.

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 a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 26.4% for employers and 5.5 to 12.5% for employees.

The LGPS obligation relates to the employees of the academy trust who were employees transferred as part of the conversion from the maintained school (as described in note 23) together with new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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	2017 £'000
Employer's contributions	213
Employees' contributions	-
Total contributions	<u>213</u>

TREETOPS LEARNING COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2017

18 Pensions and similar obligations (Continued)

Principal actuarial assumptions	2017 %
Rate of increases in salaries	4.2
Rate of increase for pensions in payment	2.7
Discount rate	2.6
Inflation assumption (CPI)	2.7

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

	2017 Years
Retiring today	
- Males	22.2
- Females	24.7
Retiring in 20 years	
- Males	24.3
- Females	27

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

	2017 £'000
Discount rate + 0.1%	-179
Discount rate - 0.1%	185
Mortality assumption + 1 year	172
Salary increase +0.1%	31
Salary increase -0.1%	-31
Pension increase +0.1%	154
Pension increase-0.1%	-149

The academy trust's share of the assets in the scheme

	2017 Fair value £'000
Equities	1,189
Bonds	185
Cash	56
Property	177
Other assets	216
Total market value of assets	1,823
Actual return on scheme assets - gain/(loss)	79

TREETOPS LEARNING COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2017

18 Pensions and similar obligations	(Continued)
Amounts recognised in the statement of financial activities	2017 £'000
Current service cost	411
Interest income	(19)
Interest cost	55
	<hr/>
Total operating charge	447
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Changes in the present value of defined benefit obligations	2017 £'000
Obligations acquired on conversion	4,694
Current service cost	411
Interest cost	55
Employee contributions	53
Actuarial (gain)/loss	178
	<hr/>
At 31 August 2017	5,391
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Changes in the fair value of the academy trust's share of scheme assets	2017 £'000
Assets acquired on conversion	1,478
Interest income	19
Actuarial gain	60
Employer contributions	213
Benefits paid	53
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At 31 August 2017	1,823
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TREETOPS LEARNING COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2017

19 Reconciliation of net expenditure to net cash flows from operating activities

	2017 £'000
Net expenditure for the reporting period	(2,532)
Adjusted for:	
Net deficit on conversion to academy	2,458
Capital grants from DfE/ESFA and other capital income	(14)
Defined benefit pension costs less contributions payable	198
Defined benefit pension net finance cost	36
Depreciation of tangible fixed assets	11
(Increase) in debtors	(37)
Increase in creditors	1,340
Net cash provided by operating activities	1,460

20 Commitments under operating leases

At 31 August 2017 the total future minimum lease payments under non-cancellable operating leases were as follows:

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

21 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.

22 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.

