
LIONHEART EDUCATIONAL TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021



LIONHEART EDUCATIONAL TRUST
(A Company Limited by Guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members	Mrs C Swan (resigned 31 August 2021) Mrs D Miller Mr E Lansdown Mr M Rusk Mr A Love
Trustees	Mrs A Lamb, Chair Mr D Tanna (resigned 31 March 2021) Mr M Grant Mr D Kadodwala Mr I Harris Mr S Raivadera (resigned 9 July 2021) Mrs C Swan (resigned 31 August 2021) Mr R Mason Mr J Mansfield Mr Y Latif (appointed 3 February 2021) Mr B Chatburn (appointed 19 May 2021) Mr S Raikundalia (appointed 23 June 2021) Mr C Hall (resigned 16 December 2020) Ms A Wells (appointed 11 November 2020) Miss K Kelly (appointed 16 November 2020)
Company registered number	08473899
Company name	Lionheart Educational Trust
Principal and registered office	Beauchamp City Sixth Form South Albion Street Leicester LE1 6JL
Chief executive officer	K Kelly
Senior management team	K Kelly, CEO R Taylor, Director of Estates B Jackson, Director of IT J Piper-Gale, Deputy CEO S Allen, Head of HR M Chatra, CFO M Walton, Executive Principal (Primary) S Abel, Head of Governance A Petrie, Director of Curriculum

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Independent auditor	Mazars LLP Chartered Accountants Statutory Auditor 6 Dominus Way Meridian Business Park Leicester LE19 1RP
Bankers	Lloyds Bank 7 High Street Leicester LE1 4FP
Solicitors	Browne Jacobson Mowbray House Castle Meadow Road Nottingham NG2 1BJ

LIONHEART EDUCATIONAL TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2021

The Governors/Trustees (who are also Directors of the company for the purposes of the Companies Act) present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2020 to 31 August 2021. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Lionheart Educational Trust Trust is a family of eleven schools and colleges in Leicester and Leicestershire:

- Beauchamp College, Oadby (ages 11-19)
- Beauchamp City Sixth Form, Leicester (ages 16-19) - opened September 2020
- Brocks Hill Primary School, Oadby (ages 4-11)
- Hallam Fields Primary, Birstall (ages 4-11)
- Highcliffe Primary, Birstall (ages 4-11)
- Humphrey Perkins School, Barrow-upon-Soar (ages 11-16)
- Judgemeanow Community College, Evington (ages 11-16)
- Riverside Primary, Birstall (ages 4-11)
- Sir Jonathan North College, Leicester (ages 11-16, all girls)
- The Cedars Academy, Birstall (ages 11-16)
- The Martin High School, Anstey (ages 11-16)

Lionheart Educational Trust has a combined pupil capacity 10,230 and had 9,180 on roll in the school census in January 2021. Hallam Fields Primary is a free school which had opened its third year group in 2020/21. Beauchamp City Sixth Form had opened in September 2020 as the eleventh school in the trust with an initial intake of 346 students.

Structure, governance and management

a. Constitution

The 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 Trust. The trustees of Lionheart Educational Trust are also the directors of the charitable company for the purposes of company law. The charitable company operates as Lionheart Educational Trust and began trading on 1 April 2014 (the company was previously known as Lionheart Educational Trust and changed its name in July 2021).

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and administrative details on page 1.

b. Members' liability

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

c. Trustees' indemnities

Indemnity provisions in place for Governors/Trustee are provided by RPA for 2020/21 onwards.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Structure, governance and management (continued)

d. Method of recruitment and appointment or election of Trustees

Trustees are appointed on the basis of skills, competencies and experience following a self-review of the Trust Board. Trustees have been recruited from the wider community, from within the team of governors working at local governing body level, or with support from Inspiring Governors, Governors for Schools and Academy Ambassadors. As outlined in the Articles of Association, some trustees are appointed by the Members and some are appointed by the trustees.

e. Policies adopted for the induction and training of Trustees

Online and face to face induction and further training are provided for all trustees as well as for local governors through a range of providers, including in-house sessions. Themes for new training sessions arise from the summer governor self-review feedback.

A joint annual visioning evening is held for all trustees and governors in which the vision for the trust is shared and discussed.

Trustees joining through Academy Ambassadors have access to Academy Ambassadors' induction resources and support.

f. Organisational structure

The roles and responsibilities of executive and senior leaders, trustees, operations and local governors are captured in the Trust's Scheme of Delegation.

The Board has overall responsibility for strategic decision making, working with the CEO, CFO and relevant trust executive leaders in taking key strategic decisions such as trust growth, staffing structures, curriculum models and estates development. The Trust Leadership Team, made up of senior leaders, executive leaders, directors of learning and operational leads from across the trust, bring recommendations to the Board via the CEO and CFO when key decisions are being made. Where major operational decisions are being made, these are also discussed with the Operations Governing Body and key educational issues are discussed with local governing bodies to inform decisions made by the Board.

Strategic decisions such as redundancies, admissions policies and senior leadership changes rest with the Board.

The Board holds the CEO to account, and they in turn hold senior and executive leaders to account for the effective use of resources to ensure the best possible outcomes for students.

Overall financial responsibility lies with the Trust Board, with responsibility for oversight delegated to regular meetings for each individual school led by the CFO and CEO and involving a local governor and the school's headteacher and finance lead. Each local governing body receives information from these meetings, and the Board and the Operations Governing Body receive overall summaries with KPIs and red flags identified.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Structure, governance and management (continued)

The Board agrees the budget for each school, and the overall operations budget for the trust.

The CEO is the Accounting Officer. The CEO is also Principal of Beauchamp College.

The Trust has a Deputy CEO who is currently the Executive Principal at Humphrey Perkins School.

The Executive Principal (Primary) oversees all four of the primary schools and is also currently Executive Headteacher at Brocks Hill Primary and Highcliffe Primary.

The CEO, Deputy CEO and Executive Principal (Primary) each line manages a group of schools, and the CEO also line manages the Operations Executive Team.

Some schools have an Executive Headteacher across two schools.

The Operations Team provide support, guidance and leadership in Finance, HR, IT, Premises and Governance.

From September 2020 the Trust moved to a new budgeting approach which involves amalgamation and redistribution of basic per pupil GAG funding as well as a split educational-operational budget model.

The Trust has a central finance team in place (effective from 1 September 2020) which oversees all financial activities and is headed by the CFO.

Governance

Each layer of governance has a specific role:

<u>Trust Board</u>	<u>Overall responsibility</u> <u>Vision & ethos * Strategic direction * Risks & Opportunities</u>	<u>All schools</u>
<u>Finance and Operations Committee</u>	<u>HR * Estates * IT * Marketing & Business Enterprise * Operational Support</u>	<u>All schools</u>
<u>Local Governing Body</u>	<u>Teaching & Learning * Pupil & Parent & Staff experience</u> <u>Safeguarding * Business & Community links</u>	<u>Individual school</u>

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Structure, governance and management (continued)

g. Arrangements for setting pay and remuneration of key management personnel

A system of performance related pay operates across all executive leaders, both educational and operational.

An annual review is held in September involving an external advisor with significant expertise and an understanding of the challenges and strengths within the trust. The CEO and Chair of the trust are involved in all educational senior leadership appraisals, with local governing body chairs joining those relating to their schools. The CEO and Chair undertake operational executive appraisals.

All recommendations for performance related pay are then shared with the Trust Remuneration Committee which is made up of three trustees. The Remuneration Committee is mindful of the need to ensure value for public money in all decisions and works within a set of guidelines which include, amongst other factors, the need to consider academic performance, educational challenge, the breadth and responsibility within the role and level of responsibility, experience and skills. All pay is awarded within a pay scale which is benchmarked against similar roles elsewhere. Prior to recruiting new executive or senior leaders, a discussion is held to determine whether the staffing structure should be changed to support a streamlined senior team.

The Pay Policy aims are to:

- (a) Achieve excellent outcomes for all students
- (b) Support the recruitment and retention of a high quality workforce
- (c) Complement the Trust's Performance Management Policy
- (d) Enable the Trust to recognise and reward staff appropriately for their contribution
- (e) Help to ensure that decisions on pay are managed in a fair, just and transparent way
- (f) Ensure that there is no pay discrimination in decision making and that decisions are based on evidence and can be justified

Pay ranges for Senior Leaders, Heads of School and Deputy Heads of School are determined in line with the School Teacher's Pay and Conditions Document for new appointments. The pay range factors in all permanent responsibilities of the role, any challenges that are specific to the role and all other relevant considerations including the skills and competencies required. Pay ranges allow appropriate scope for performance related progression over time. Eligible members of the leadership group are automatically considered for further progression within their pay scale and no application is necessary. However, annual pay progression within the range is not automatic and decisions regarding pay progression is clearly attributable to the leadership group member's performance with reference to the appraisal process.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Structure, governance and management (continued)

h. Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1st April 2017. These regulations place a legislative requirement on Lionheart Educational Trust to collate and publish, on an annual basis, a range of data on the amount and cost of facility time.

Information provided is for the financial year 2020/21.

Relevant union officials

Number of employees who were relevant union officials during the year	16
Full-time equivalent employee number	13.92

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	13
1%-50%	4
51%-99%	-
100%	-

Percentage of pay bill spent on facility time £000

Total cost of facility time	4
Total pay bill	43,454
Percentage of total pay bill spent on facility time	0.009 %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	100 %
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TRUSTEES' REPORT (CONTINUED)
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Structure, governance and management (continued)

i. Related parties and other connected charities and organisations

Beauchamp College has a Memorandum of Understanding with the primary schools in the Oadby Learning Partnership which outlines ways in which the schools will work together to support a 4-19 education. These schools are identified as Primary Learning Partners in Beauchamp College's Admissions Policy.

The CEO networks at both local and national level to share good practice and improve knowledge and financial best practice and the CEO is a member of the Leicestershire Schools Funding Forum.

Beauchamp College hosts Oadby Stakeholders. This is a networking group which engages community, faith, business and statutory organisations for mutual benefit.

Schools in the trust are part of the local Behaviour Partnerships.

The Trust has entered into a partnership with the University of Leicester to support excellent opportunities for students across the family of schools.

The Trust works with Learners' First to support the professional development of senior educational and operational leaders.

The Trust is increasingly working alongside other business partners to provide careers opportunities and to bring added value to the educational offer.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Structure, governance and management (continued)

j. Engagement with employees (Section 172 Statement)

All Trust schools have regular staff meetings, briefings and bulletins which inform employees on matters of concern to them. Through line management meetings and senior leader meetings in each school information about the performance of the school is shared and then disseminated to all within departments.

An annual questionnaire involving all staff employed by the trust is completed each year, and results inform future decisions. Trustees and local governors receive and discuss staff questionnaire results. Staff focus groups are also held.

In academic year 2020/21, Covid 19 had a significant impact on staff and a wide range of communication methods were used to support staff wellbeing, ensure staff voice was available to key decision makers who were leading the complex and ever changing constraints within which the schools were operating. The vision by which the trust would operate during the pandemic – as civic leaders, public servants and under a moral imperative to support the wider community – was effectively articulated to ensure a common purpose and approach, and to support staff in managing the unprecedented demands made on them professionally and emotionally during this difficult time. Decisions to change the ways of working, such as providing key worker schooling during a wider lockdown, or returning to working in the building in a Covid secure environment were fully explained. Staff and unions were given the opportunity to comment on the Risk Assessment for Covid 19 and this was then adapted in light of staff and union feedback.

Shared staff training at the start of each academic year is carried out across the group of schools, involving teaching and associate staff, and the vision for the trust in the coming year is shared by the CEO, Chair, Deputy CEO and Executive Principal (Primary).

During 2020/21, the Trust engaged in an extensive programme of work related to diversity, with a focus on the matter both across employees and students. This involved reviews of certain curriculum areas to explore ways in which greater diversity could be introduced into teaching and learning, and engaging with employees through focus groups to gather feedback and ideas which can help the organisation to become even more inclusive.

The Trust has regular consultation meetings with regional and local union representatives. In 2019/20 the trust completed a restructure and redundancy process which impacted on high numbers of staff. Union representatives were fully informed and able to comment on, and influence, the process.

The Trust welcomes applications for employment from disabled persons. Where a member of staff becomes disabled during the course of their employment, reasonable adjustments will be made and support given both by the school and the Trust's HR team. The Trust provides training and opportunities for disabled members of staff in line with overall policies.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Structure, governance and management (continued)

k. Engagement with suppliers, customers and others in a business relation with the Trust (Section 172 Statement)

The Trust has undergone a review of procurements to ensure economies of scale and efficiencies in dealing with suppliers. This has ensured a closer working relationship with the suppliers selected across the group of schools.

During the Covid-19 pandemic, the Trust has followed government guidance by supporting those suppliers whose business may be threatened or damaged by the economic impact of the pandemic through continued payments, advance payments and negotiating new terms.

The trust recognises its responsibility to all stakeholders including parents, staff, pupils and the wider community and seeks to work in partnership with schools using a range of approaches depending on the individual nature of each community they serve. Parent and pupil feedback is sought in a wide variety of ways including focus groups, forums and questionnaires and the results are then shared with senior leadership teams, the executive teams for education and operations, the Board and local governors. In this way the voice of stakeholders influences decision making across the group.

During Covid-19 a great deal of information was collated from parents, particularly with regard to the provision of remote learning during lockdown, and this has substantially influenced changes made to the provision available in 2020/21.

Objectives and activities

a. Objects and aims

Our educational mission is simple: any young person from any background deserves an equal chance to be successful in whatever they choose to do. The Trust is committed to supporting young people to open doors to their futures and to feel confident that they can thrive in a competitive world.

Our philosophy is clear. We promote a student-centred approach that is underpinned by the understanding that the highest quality education is a right that all young people deserve regardless of their starting point. We are dedicated to providing young people with the strongest foundations; educational qualifications that they can feel proud about because their education has taught them how to feel proud. We know that promoting a positive, proactive approach that celebrates success unites school communities and breaks down barriers to learning. Students under our care will be taught how to learn in this way. We will encourage students at every level of ability to aspire to develop personally and academically and we will use the '4Rs' as cornerstones of outstanding learning. The '4Rs' encourage students to take responsibility for their own learning, help them to grow in confidence and prepare them for life outside of education.

They are:

- Resilience – The ability to bounce back when the going gets tough.
- Reciprocity – Learning to work together and show care and understanding for each other.
- Resourcefulness – Having the confidence to ask for help and to find answers in new ways.
- Reflectiveness – Considering what needs to be done to make the next steps.

Our pledge is a promise to the communities that we serve that we will work with them with limitless enthusiasm and optimism providing a platform for each young person's light to shine brightly. To fulfil our pledge, our staff promote and embody the 3Ps. They are:

- Pupil Centred – Schools are run for pupils and everything we do is for our pupils.
- Positivate – We all embrace challenges and look for opportunities.
- Professional – We model professionalism at all times.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Objectives and activities (continued)

b. Objectives, strategies and activities

The key values of academic excellence and holistic development are at the heart of the Trust. LAT fervently believes in social mobility by ensuring academic success so that any young person from any background has an equal chance to be successful in whatever they choose to do. Students at every level of ability are encouraged to aspire to develop personally and academically. The Trust always endeavours to ensure that all learners are adaptable and flexible and the schools they attend are exciting and challenging places where students enjoy and thrive in their learning. As of 31 August 2021, LET was made up of eleven schools, providing the education for approximately 9180 students aged 4-19 across Leicester and Leicestershire. Beauchamp City Sixth Form, a new post 16 Free School based in Leicester City Centre opened in September 2020. Operating across a small geographical area is key to the Trust's success through allowing comprehensive understanding of local context and innate knowledge of each school so we can support and challenge effectively. This is further emphasised by the North and South 'Hubs' model designed to ensure high standards and accelerated improvement in all LET schools in addition to ensuring efficacy and efficiency in operations.

During 2021/22 and beyond, the Trust will focus on the following strategies:

- Work towards ensuring good and outstanding teaching across all Trust schools.
- Assessing the progress and attainment of students in light of disrupted education during Covid-19 and working to support students in closing gaps in knowledge and skills
- Embedding new whole-trust curricula in a range of subjects as led by newly appointed Curriculum Leads
- Embedding RSE in secondary schools and ensuring that there is a robust and consistent approach to peer on peer abuse
- Further developing the use of technology to allow students unable to attend school to continue their learning through live lessons accessed from home
- Embedding metacognitive approaches, Reciprocal Reading and Direct Instruction
- Improving attendance
- Further developing work to support mental and physical wellbeing of staff and pupils
- Further developing lettings and other sources of income generation
- Researching a range of pedagogical areas to inform and challenge the trust's approach
- Developing and embedding a new common behaviour policy across all schools, ensuring a productive student voice.

c. Public benefit

The Board of Trustees have given careful consideration to the Charity Commission general guidance on public benefits and have complied with the duty bestowed on them. The Trust provides education for the public benefit in the Leicestershire County and City councils as well as a community learning programme for the wider community. Facilities can be booked by the community for social, recreational and pleasure activities. The Trust has strong partnerships with community groups.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Strategic report

Achievements and performance

a. Key performance indicators

The rapid improvements in the quality of educational provision across the Trust are reflected in the recent Ofsted judgements of schools joining the Trust with all improving their Ofsted grading to 'Good'. During the past year Ofsted Inspections have been suspended and there are currently three schools without a current Ofsted grading (two new Free Schools and a third being a sponsored converter having previously been rated Inadequate). Robust internal quality assurance programmes, including Trust Reviews involving a trained Ofsted Inspectors show that these schools should be rated at least good once inspected. Overall the Trust has three outstanding schools, 5 schools rated good and three without a current grade.

Student assessment outcomes allow us to monitor and reflect upon student progress and attainment whilst forming a tangible method of measuring the performance of all the schools in the Trust. Internal data was collected across trust schools throughout the year which demonstrated improvements in most areas but this could not be verified by end of year results as a result of the Covid-19 lockdown. This is despite Leicester being one of the most severely disrupted LAs by Covid from September to December with numerous whole year group closures.

In January 2021, the country was subjected to a second national lockdown which involved all except the children of key workers and vulnerable students being sent home. The trust provided online learning through its VLE and live 'TEAMS' teaching for all students, with teaching materials created by staff across the trust working collaboratively to develop a whole trust suite of learning. The trust is fundamentally committed to ensuring equity and, in the light of this, trustees agreed to secure further chrome books to enhance the commitment made during lockdown 1. This allowed us to provide devices to those students who did not have a suitable means of working at home and so mitigated against learning losses. These devices were provided from Year 3 upwards.

From March 2021, the Trust undertook an extensive programme of standardisation and moderation to ensure that GCSEs, Vocational awards and A levels were awarded fairly and consistency through the Teacher Assessed Grades process. Students across the trust were awarded results which demonstrated a rise in progress (as shown through a national Sisra collaboration) and attainment. This process was led by our experienced Directors of Learning and teachers with considerable examination experience. The Department for Education has stated that these results should not be externally reported.

GCSEs, Vocational awards and A levels were awarded by examining bodies based on Centre Assessment Grades provided by the schools. Students across the trust were awarded results which demonstrated a rise in progress and attainment.

The Department for Education has stated that these results should not be externally reported.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Strategic report (continued)

Achievements and performance (continued)

b. Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Trustees have reviewed the Trust's medium term financial plan, a cashflow forecast for the next twelve months, assessed the level of funds in the Trust's bank accounts and considered the pupil number projections for next year. Though Covid is clearly a concern, Trustees are nonetheless confident that the Trust is well placed financially to robustly cope with financial challenges resulting from the pandemic whilst maintaining education delivery and being able to deliver higher value projects and initiatives during 2021/22.

Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

c. Promoting the success of the company (Section 172 Statement)

The Board of Trustees recognises that it must act in a way most likely to promote the success of the trust, and in doing so must have regard to:

- the likely consequences of any decision in the long term – by ensuring long term financial projections, sustainability and succession planning are factored into all decisions
- the interests of the trust's employees – recognising that our staff team are fundamental to ensuring strong outcomes for our students and their families and communities; factoring staff wellbeing and workload into decisions; working to be an employer of choice.
- the need to foster the trust's business relationships with suppliers, customers and others – ensuring that the trust operates as a valued customer of suppliers, and a provider of education for parents and the wider community.
- the impact of the trust's operations on the community and the environment – ensuring that the community has a voice and senior leaders understand the opportunities and constraints for the communities they serve; working increasingly to reduce the negative impact of the schools on the environment and teaching students to be environmentally responsible.
- the desirability of the trust maintaining a reputation for high standards of business conduct – working to ensure that all staff work professionally, and that our systems and processes are supportive of positive working relationships with all stakeholders.
- the need to act fairly as between members of the trust – ensuring that fairness and equity are at the heart of all our work.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Strategic report (continued)

Financial review

a. Reserves policy

The trustees review the reserve levels of the Trust annually. The review includes nature of income and expenditure with the need to match income with commitments. The trustees have determined an appropriate level of reserves to cover capital expenditure and unexpected emergencies.

The amount of total reserves at 31 August 2021 was £144,371k (2020 - £124,835k).

The amount of restricted reserves not available for general purposes of the Academy Trust at 31 August 2021 was £29,342k (2020 - £22,143k).

The balance on restricted general reserves (excluding pension reserve) plus the balance on unrestricted reserves at 31 August 2021 is a net surplus of £7,827k (2020 - £4,322k).

The Trust's reserves at the year-end were £144,371k (2020 - £124,835k) of which £7,827k (2020 - £4,322k) is held within unrestricted and restricted general funds, before pension liability. The trustees are also aware of Trust's liability in relation to the Local Government Pension Scheme, which at the year-end amount to £29,342k. This is being addressed by means of increased employer contributions which are currently 24.7% without ill health insurance and 23.7% with ill health insurance.

Though the Trust does have a healthy reserves position, this is achieved through prudent medium-term planning to ensure delivery of relatively high value capital projects, including construction of a new sports hall at Martin High School and a teaching block at Humphrey Perkins School. In addition, the current cost pressures resulting from Covid are likely to require an element of reserves to be called upon to support schools within the Trust with maintaining education delivery.

b. Investment policy

The Trust's Investment Policy states that investments must only be made in risk-averse, ethical funds.

There were funds invested into deposit notice accounts through which the Trust did generate modest amounts of interest. The Trust will continue to explore low risk opportunities for investment that will help yield stronger returns through 2021/22.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

c. Principal risks and uncertainties

The key risks faced by the academies within the Trust can be split into financial viability (including student numbers), performance standards and reputational risk.

As school funding continues to bring significant challenges (Leicestershire schools continue to be amongst the lowest funded – per pupil – in the country), and the new national funding formula is gradually introduced, it is critical that sound financial planning is maintained.

Like all Trusts across the country, the effects of the pandemic continued to create financial pressures during 2020/21 and possibly for the longer term. Additional costs to mitigate covid related risks (e.g. enhanced cleaning, equipment to maintain social distancing and increased heating bills due to allowing opening of windows to enable greater air circulation), greater use of supply staff, investment in technology (for staff and students) to enable remote learning alongside significantly reduced income from catering and lettings all placed a strain on budgets. However, prudent use of funds by schools and the Trust enabled the organisation to be financially resilient throughout the academic year.

Pupil numbers are a key driver to academy funding and so strong marketing and close monitoring of pupil numbers is undertaken throughout the year to ensure that the Trust is realising the desired pupil admissions. Modelling of pupil numbers is undertaken to ensure that the Trust can take appropriate actions in regards to changes in these numbers (up or down) in a timely and cost effective fashion. The Trust also hold termly financial reviews with each academy to ensure that the cost base is under control and any risks identified can be mitigated.

A key determinant of the Trust's ability to drive strong admission numbers is the educational performance of the academies. Fortnightly Trust leadership meetings are held to review standards across the trust to ensure that the required progress is being made both at a whole school level and within core focus groupings such as Pupil Premium, EAL and LAC students. If necessary, intervention approaches are implemented to ensure that gaps in performance relative to expectation are closed.

Reputational risk can also have an impact on pupil admissions so the Trust keenly promotes positive community links and support programmes with other local schools.

d. Financial risk management objectives and policies

The Trust has a risk register which highlights potential risks. Along with the risk being identified, controls are put in place to minimise the risk and any on-going treatment or action is identified. A termly Audit, Compliance and Risk Committee meeting reviews current risks and the register is regularly updated. Every Local Governing Body, Board and Executive team meeting has Risk as an agenda item and any risks raised in those are fed back to the Audit, Compliance and Risk Committee.

More broadly, the Trust produces monthly budget monitoring reports which contain forecasts which allow Heads and leaders to make informed decisions around mitigating financial risks.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Fundraising

The vast majority of Trust funds are obtained through government funding and grants. However, the Trust is also active in seeking to raise funds through other channels in order to support specific activities which would otherwise be unaffordable.

Our approach to raising funds is predominantly through local business networks or through widely available grants such as National Lottery funding. One of our employees has a responsibility at a Trust level to work closely with the local community and build partnerships with local businesses in order to identify potential sponsorship opportunities and donations as well as to seek out grant funding opportunities to pay for specific project activity.

Whilst we generally do not approach parents directly for fundraising, we do ask for donations to support schools' trips which might otherwise not go ahead without some level of parent support. Disadvantaged families are offered support for these trips in order to ensure their children do not miss out on opportunities.

Because the Trust does not approach the general public directly, we do not feel that there is any risk that the public, especially vulnerable people, will be under any unreasonable pressure to donate. As a Trust we have not received any complaints in regards to our fundraising activities.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Streamlined energy and carbon reporting

The following table sets out energy use, emissions and the emissions intensity ratio for the Trust during 2020/21:

Energy consumption used to calculate emissions (kWh)		9,906,857
Energy consumption break down (kWh) for electricity, gas and transport fuel.		
Scope	Energy Source	Emissions Tonnes (CO ₂ e)
1	Gas	1192.91
	Oil	-
	Academy Vehicles	4.73
2	Electricity Standard	720.32
	Electricity Renewables / Nuclear	-
3	Staff mileage in year on academy business	4.05
Total Emissions		1922.01
Intensity ratio		0.21

We have followed the 2019 HM Government Environmental Reporting Guidelines methodologies. We have also used the GHG Reporting Protocol - Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

During 2020/21, we continued to invest in LED lighting across a number of schools within the Trust. We also continued with increased use of Teams to hold meetings which resulted in substantially less business travel due to fewer face-to-face meetings.

LIONHEART EDUCATIONAL TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Plans for future periods

Following an extensive growth period over the last three years, the Trust has continued with a period of consolidation with the only planned growth being the opening of a brand new 11-16 free school in September 2025 within Leicester City.

We were delighted to be appointed to the DfE Ed-Tech Demonstrator Programme. The Ed-Tech Demonstrator Programme includes a network of schools and colleges across England who exhibit effective practice in the use of technology.

The programme that launched in 2020 aims to boost peer-to-peer support on the effective use of technology and has now been tailored to help schools and colleges provide education remotely.

As a Demonstrator Trust we provide professional development, initially focused on supporting the effective delivery of remote teaching practices to schools and colleges across the country and bespoke technical consultancy. The programme targets schools and colleges who are most in need of support; for example, those getting to grips with using a new online learning platform and those with the most disadvantaged learners.

Through this programme the Lionheart Educational Trust assists the DfE in supporting schools both in the local area and nationally to engage with their students through digital tools and online content. This work will continue into 2022.

The work done collaboratively across the trust during the Covid-19 lockdown has significantly increased the levels of coherence and consistency across the trust. Going forwards, trust schools will increasingly work together to share best practice, CPD, staffing and skills to align as closely as possible to the philosophy and pledge of the Trust and fulfil our mission that any young person from any background deserves an equal chance to be successful in whatever they choose to do. The Trust centralised core support functions with effect from September 2020 to help achieve greater efficiency and effectiveness in service delivery for finance, IT and premises.

Funds held as custodian on behalf of others

Lionheart Educational Trust does not hold funds as custodian trustee on behalf of others.

Disclosure of information to auditor

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- that 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

Dec 15, 2021

and signed on its behalf by:


Anne Lamb (Dec 16, 2021 09:04 GMT)

.....
Mrs A Lamb
Chair of Trustees


K Kelly (Dec 15, 2021 21:23 GMT)

.....
Miss K Kelly
Director

LIONHEART EDUCATIONAL TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

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

As Trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and Competency Framework for Governance.

The Board of Trustees has delegated the day-to-day responsibility to the chief executive officer, 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 Lionheart Educational Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of Trustees has formally met ten times during the year including two extraordinary meetings as a result of the Covid-19 pandemic.

The Board meets its duty to have a Finance Committee through three of the Board meetings each year which are named as Finance and Operations meetings of the full Board and oversee finance within the trust as well as agreeing financial strategies. The remaining five Board meetings are named as Teaching and Learning meetings of the full Board and focus mainly on educational aspects of the trust's work.

Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mrs A Lamb, Chair	8	10
Mr D Tanna (resigned 31 March 2021)	4	10
Mr M Grant	7	10
Mr D Kadodwala	9	10
Mr I Harris	9	10
Mr S Raivadera (resigned 9 July 2021)	8	10
Mrs C Swan (resigned 31 August 2021)	10	10
Mr R Mason	9	10
Mr J Mansfield	7	10
Mr C Hall (resigned 16 December 2020)	7	8
Ms A Wells (appointed 11 November 2020)	6	7
Mr Y Latif (appointed 3 February 2021)	3	4
Miss K Kelly (appointed 16 November 2020)	6	7
Mr B Chatburn (appointed 19 May 2021)	2	2
Mr S Raikandalia (appointed 23 June 2021)	1	1

LIONHEART EDUCATIONAL TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

In the summer term each year, Lionheart Educational Trust carries out a review of governance led by the Head of Governance. This includes:

- All trustees and governors completing self-reflection forms to identify ways in which they have individually contributed to the work of governance, training they feel they may benefit from in the coming year, and suggested improvements to trust governance and the wider work of the trust going forward.
- Discussions with chairs of local governing bodies as to changes which may improve governance in the coming year
- The board reviews the structure of the board and its committees within its annual review of the Terms of Reference document.
- Each meeting of local governing bodies includes an agenda item in which governors are able to make suggestions or challenges to the board on the nature of governance and the wider work of the trust. These are collated and shared with trustees for discussion and action.
- An annual governor and trustee vision evening is held each autumn term, with discussion and presentations, in which informal suggestions and comments are taken on board.

This has led to:

- Training sessions delivered online using recorded materials produced in-house
- Training delivered on the role of local governing bodies within the trust structure
- A visits programme for 2020-21 factoring in Covid-19 restrictions
- Increasing the use of Microsoft Teams for remote and blended meetings, including governor visits and training

Information provided to Trustees

Trustees are actively involved in requesting information and in outlining both the content and the presentation of documents to support efficient and effective governance. Executive leaders respond positively to all requests and information has been refined during the past year to develop this further.

Remuneration Committee

This committee oversees pay and remuneration within the Trust.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr I Harris	1	1
Mrs A Lamb, Chair	1	1
Mrs C Swan (resigned 31 August 2021)	1	1

LIONHEART EDUCATIONAL TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Audit Compliance & Risk Committee

In 2020/21 the Audit, Compliance & Risk Committee met three times. The purpose of this committee was to oversee the trustees' responsibilities with regard to audit, compliance and risk, reporting back to the board.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr I Harris, Chair	3	3
Mr R Mason	3	3
Mrs C Swan (resigned 31 August 2021)	3	3
Miss K Kelly (appointed 16 November 2020)	3	3

This committee includes trustee C Hall who is a chartered accountant.

Curriculum and Data Committee

This committee was formed during the 2019/20 year. It meets immediately prior to the five Board meetings with a Teaching and Learning focus and looks in greater depth at information being shared within the Board meeting including School Development Plans, data, Trust reviews, Safeguarding reviews. It does not have delegated powers but can bring recommendations to the Board.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr D Kadodwala, Chair	4	4
Mrs C Swan (resigned 31 August 2021)	4	4

Finance Committee

This committee was formed part way through the 2019/20 year. It meets immediately prior to the three Board meetings with a Finance and Operations focus and looks in greater depth at information being shared within the Board meeting including budget monitoring and budget plans.

This committee is in addition to the statutory Finance Committee noted in the Academies Trust Handbook. This duty is met through full Board meetings named Finance and Operations.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr C Hall (resigned 16 December 2020)	1	1
Mr R Mason, Chair	2	2
Mr Y Latif (appointed 3 February 2021)	2	2

C Swan stepped down as Chair of the Board at the end of October 2020 and A Lamb was appointed Chair from 1 November 2020. C Swan remained as a trustee until 31st August 2021 and was supporting governance in a voluntary capacity as interim Governance Professional alongside the trust's 2 professional clerks. The role of Governance Professional was filled by a paid employee appointed in March 2021, and is supported by 4 professional clerks.

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Coverage and Impact of the Board's work

Whilst the Board has taken final responsibility for the development of the trust in 2020/21, the success of the trust, and the creativity and skill with which the best possible outcomes for students in an ever changing educational and national landscape were secured, was driven by senior educational and operational leaders who brought recommendations to the Board for discussion, amendment, challenge and approval.

Board self-evaluation

In Spring 2021, the Trust undertook an external review of governance, led by Confederation of School Trusts (CST). Many strengths were recorded including that the Trust had a strong track record for school improvement, There is a great deal of effective governance practice on which to commend the trust board. Particular strengths include the skills and knowledge of trustees, with positive, trusting relationships that allow transparent communication and an openness to challenge. Communication across the Trust is also strong with multiple routes for information to travel up, down and across the organisation. A good balance of skills and expertise was evident on the trust board, membership is carefully managed to fill gaps that have been identified in skills audits. Since the review the Trust, has moved away from most of its work taking place in board meetings and remodelled its committee structure, ensuring that committees were fully constituted with clear terms of reference, trustee role descriptors in place, and ensuring that trustees were appointed to committees based on their knowledge and experience, which were effective from September 2021.

The revised committees are: Finance & Operations Committee, Audit Compliance and Risk Committee, Education & Engagement Committee and a Remuneration Committee.

The next steps identified through this process are:

- The full board meetings will primarily focus on strategy and long-term planning
- Where possible summary briefing papers will be included in meeting packs rather than lengthy documents, to support trustee workload.
- The trust will consider how best to ensure that the strong shared vision and ethos of the trust is fully understood by parents and the wider community by the use of shared language, whilst continuing to celebrate the individual identity of each school and its community.

Review of value for money

As Accounting Officer, the Chief Executive Officer 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 appropriate. The accounting officer for the Academy Trust has delivered improved value for money during the year by:

- The use of Integrated Curriculum Financial Planning
- Sharing resources, including staffing, across schools
- Ensuring procurement savings through shared purchasing

GOVERNANCE STATEMENT (CONTINUED)

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 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 Lionheart Educational Trust for the period 1 September 2020 to 31 August 2021 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 Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the full board of trustees and in 2020/21 by the Audit, Compliance and Risk Committee.

The risk and control framework

The 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
- Reviews of reports which indicate financial performance against the forecasts and of major purchase plans by the Board in focused Finance and Operations meetings, supported by finance committee pre meetings in which reports are discussed in greater depth
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The Board of Trustees has considered the need for a specific internal audit function and has appointed Leicestershire County Council as internal auditor.

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

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations

In 2020/21 the auditor reported to the board of trustees in the summer term on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. The trust requires an annual internal audit and the management reports were taken to the trust board for oversight in 2020/21. Going forward, these reports will be shared with all trustees, with the Audit, Compliance and Risk committee monitoring the management reports and subsequent action plans.

Various internal reviews were undertaken during 2020/21 (e.g. internal audits) and no significant control weaknesses were identified.

LIONHEART EDUCATIONAL TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

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

- the work of the internal auditor;
- the work of the external 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 Audit, Compliance & Risk Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place. This includes a full review of financial policy, processes and structure which is taking place in the light of significant growth in the trust in the past 18 months, to ensure consistency, efficiency and value for money.

Approved by order of the members of the Board of Trustees and signed on their behalf by:


Anne Lamb (Dec 16, 2021 09:04 GMT)

.....
Mrs A Lamb
Chair of Trustees

Date: Dec 16, 2021


K Kelly (Dec 15, 2021 21:23 GMT)

.....
Miss K Kelly
Accounting Officer

Date: Dec 15, 2021

LIONHEART EDUCATIONAL TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Lionheart Educational Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency ('the 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 2020.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of all 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 2020.

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 the ESFA.


K Kelly (Dec 15, 2021 21:23 GMT)

.....
Miss K Kelly
Accounting Officer

Date: Dec 15, 2021

LIONHEART EDUCATIONAL TRUST
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2021

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

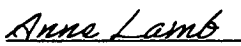
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees and signed on its behalf by:


Anne Lamb (Dec 16, 2021 09:04 GMT)

.....
Mrs A Lamb, Chair
for and on behalf of the Board of Trustees

Date: Dec 16, 2021

LIONHEART EDUCATIONAL TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
LIONHEART EDUCATIONAL TRUST**

Opinion

We have audited the financial statements of Lionheart Educational Trust (the 'Academy Trust') for the year ended 31 August 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), Accounting and Reporting by Charities; Statement of Recommended Practice applicable to Charities (Charities SORP 2019) and the Academies Accounts Direction 2020 to 2021 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 2021 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 2019 and Academies Accounts Direction 2020 to 2021.

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

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Academy Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

LIONHEART EDUCATIONAL TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
LIONHEART EDUCATIONAL TRUST**

Other information

The other information comprises the information included in the Trustees' Report, other than the financial statements and our Auditor's Report thereon. The Trustees are responsible for the other information contained within the annual report. 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 course of 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 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 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.

LIONHEART EDUCATIONAL TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
LIONHEART EDUCATIONAL TRUST**

Responsibilities of Trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 26, 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 to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Academy Trust and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the funding agreement with the Department of Education, UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021.

We evaluated the Trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to loss reserves, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with the Trustees and management their policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Academy Trust which were contrary to applicable laws and regulations, including fraud.

LIONHEART EDUCATIONAL TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
LIONHEART EDUCATIONAL TRUST**

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of the Trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit 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 2006. 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 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 Academy Trust and its members as a body for our audit work, for this report, or for the opinions we have formed.


David Hoose (Dec 16, 2021 09:33 GMT)

David Hoose (Senior Statutory Auditor)
for and on behalf of
Mazars LLP

Chartered Accountants
Statutory Auditor

6 Dominus Way
Meridian Business Park
Leicester
LE19 1RP

Date: Dec 16, 2021

LIONHEART EDUCATIONAL TRUST
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 13 September 2021 and further to the requirements of the Education and Skills Funding Agency (the ESFA) as included in the extant Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Lionheart Educational Trust during the year 1 September 2020 to 31 August 2021 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 Lionheart Educational Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Lionheart Educational Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Lionheart Educational Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Lionheart Educational Trust's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of Lionheart Educational Trust's funding agreement with the Secretary of State for Education dated 1 May 2013 and the Academies Financial Handbook, extant from 1 September 2020, 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 extant Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2020 to 31 August 2021 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 Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Planning our assurance procedures including identifying key risks;
- Carrying out sample testing on controls;
- Carrying out substantive testing including analytical review; and
- Concluding on procedures carried out.

LIONHEART EDUCATIONAL TRUST
(A Company Limited by Guarantee)

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

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.


Mazars LLP (Dec 16, 2021 09:34 GMT)

Mazars LLP
Chartered Accountants
Statutory Auditor

6 Dominus Way
Meridian Business Park
Leicester
LE19 1RP

Date: Dec 16, 2021

LIONHEART EDUCATIONAL TRUST
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2021

		Unrestricted funds 2021 £000	Restricted funds 2021 £000	Restricted fixed asset funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
	Note					
Income from:						
Donations and capital grants:	3					
Transfer on conversion from local authority		121	-	24,024	24,145	960
Transfer from existing Academy Trust		-	-	-	-	460
Other donations and capital grants		37	-	3,264	3,301	7,590
Other trading activities	5	647	2	-	649	917
Investments	6	2	-	-	2	17
Charitable activities	4	618	53,764	-	54,382	49,392
Teaching schools	30	-	55	-	55	108
Total income		1,425	53,821	27,288	82,534	59,444
Expenditure on:						
Raising funds	7	378	-	-	378	586
Charitable activities	8	1,182	51,273	5,202	57,657	53,871
Teaching schools	30	-	27	-	27	75
Total expenditure		1,560	51,300	5,202	58,062	54,532
Net income		(135)	2,521	22,086	24,472	4,912

LIONHEART EDUCATIONAL TRUST
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

		Unrestricted funds 2021 £000	Restricted funds 2021 £000	Restricted fixed asset funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
	Note					
Net income brought forward		(135)	2,521	22,086	24,472	4,912
Transfers between funds	18	-	(1,144)	1,144	-	-
Net movement in funds before other recognised (losses)/gains		(135)	1,377	23,230	24,472	4,912
Other recognised (losses)/gains:						
Actuarial (losses)/gains on defined benefit pension schemes	25	-	(4,936)	-	(4,936)	1,023
Net movement in funds		(135)	(3,559)	23,230	19,536	5,935
Reconciliation of funds:						
Total funds brought forward		2,543	(20,364)	142,656	124,835	118,900
Net movement in funds		(135)	(3,559)	23,230	19,536	5,935
Total funds carried forward		2,408	(23,923)	165,886	144,371	124,835

LIONHEART EDUCATIONAL TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08473899

BALANCE SHEET
AS AT 31 AUGUST 2021

	Note	2021 £000	2020 £000
Fixed assets			
Tangible assets	14	160,808	138,660
		<u>160,808</u>	<u>138,660</u>
Current assets			
Debtors	15	1,344	1,743
Cash at bank and in hand	23	19,249	12,087
		<u>20,593</u>	<u>13,830</u>
Liabilities			
Creditors: Amounts falling due within one year	16	(7,580)	(5,349)
		<u>13,013</u>	<u>8,481</u>
Net current assets			
		<u>173,821</u>	<u>147,141</u>
Total assets less current liabilities			
Creditors: Amounts falling due after more than one year	17	(108)	(163)
		<u>173,713</u>	<u>146,978</u>
Net assets excluding pension liability			
Defined benefit pension scheme liability	25	(29,342)	(22,143)
		<u>144,371</u>	<u>124,835</u>
Total net assets			
		<u><u>144,371</u></u>	<u><u>124,835</u></u>
Funds of the Academy Trust			
Restricted funds:			
Fixed asset funds	18	165,886	142,656
Restricted income funds	18	5,419	1,779
		<u>171,305</u>	<u>144,435</u>
Restricted funds excluding pension asset	18	171,305	144,435
Pension reserve	18	(29,342)	(22,143)
		<u>141,963</u>	<u>122,292</u>
Total restricted funds	18		
		141,963	122,292
Unrestricted income funds	18	2,408	2,543
		<u>2,408</u>	<u>2,543</u>
Total funds		<u><u>144,371</u></u>	<u><u>124,835</u></u>

LIONHEART EDUCATIONAL TRUST
(A Company Limited by Guarantee)

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2021

The financial statements on pages 33 to 67 were approved and authorised for issue by the Trustees and are signed on their behalf, by:


Anne Lamb (Dec 16, 2021 09:04 GMT)

.....
Mrs A Lamb, Chair
Chair of Trustees

Date: Dec 16, 2021

The notes on pages 38 to 67 form part of these financial statements.

LIONHEART EDUCATIONAL TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2021

	Note	2021 £000	2020 £000
Cash flows from operating activities			
Net cash provided by operating activities	20	7,167	4,203
Cash flows from investing activities	22	60	1,120
Cash flows from financing activities	21	(65)	(121)
Change in cash and cash equivalents in the year		7,162	5,202
Cash and cash equivalents at the beginning of the year		12,087	6,885
Cash and cash equivalents at the end of the year	23, 24	<u>19,249</u>	<u>12,087</u>

The notes on pages 38 to 67 form part of these financial statements.

LIONHEART EDUCATIONAL TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

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 of financial statements

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Lionheart Educational Trust 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 i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the 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**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the year 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.

• **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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.3 Income (continued)

- **Other income**

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

- **Transfer on conversion**

Where assets and liabilities are received by the Academy Trust on conversion to an academy, the transferred 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. An equal amount of income is recognised as a transfer on conversion within 'Income from Donations and Capital Grants' to the net assets received.

- **Transfer of existing academies into the Academy Trust**

Where assets and liabilities are received on the transfer of an existing academy into the Academy Trust, the transferred 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. An equal amount of income is recognised for the transfer of an existing academy into the Academy Trust within 'Income from Donations and Capital Grants' to the net assets acquired.

- **Donated fixed assets (excluding transfers on conversion or into the Academy Trust)**

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as 'Income from Donations and Capital Grants' 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.

1.4 Expenditure

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

- **Expenditure on raising funds**

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.

All resources expended are inclusive of irrecoverable VAT.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.5 Tangible fixed assets

Assets costing £2,500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Depreciation is provided on the following bases:

Long-term leasehold property	- 2% straight line
Furniture, fixtures and equipment	- 6.7% - 33% straight line
Computers	- 33% straight line
Motor vehicles	- 20% straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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 Leased assets

Rentals paid under operating leases are charged on a straight line basis over the lease term.

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 or services it must provide.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.8 Provisions

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

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

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 bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 16 and 17. 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 Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.11 Pensions

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

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

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the 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 net income/(expenditure) 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.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

2. Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. 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.

LIONHEART EDUCATIONAL TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

3. Income from donations and capital grants

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Restricted fixed asset funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Transfer on conversion from local authority	121	-	24,024	24,145	960
Transfer from existing Academy Trust	-	-	-	-	460
Donations	37	-	-	37	215
Capital Grants	-	-	3,264	3,264	3,405
Donated fixed assets	-	-	-	-	3,970
Total 2021	158	-	27,288	27,446	9,010
Total 2020	1,107	(493)	8,396	9,010	

The transfer on conversion from the local authority within unrestricted funds relates to the surplus on conversion received for a 2020/2021 convertor school. The surplus on conversion balance was not finalised as at 31 August 2021.

The restricted fixed asset funds relate to the new free school, Beauchamp City 6th Form, which opened during the year and the correction of the estimated property valuations on conversion for 2 schools upon receipt of the formal property valuation during the year.

LIONHEART EDUCATIONAL TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

4. Funding for the Academy Trust's educational operations

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	46,196	46,196	41,834
Other DfE/ESFA grants				
Start Up Grants	-	283	283	-
Pupil Premium	-	1,392	1,392	1,549
Teachers' Pay/Pension Grant	-	2,310	2,310	2,243
Others	-	621	621	694
	-	50,802	50,802	46,320
Other Government grants				
Local Authority Grants	-	1,710	1,710	1,764
COVID-19 additional funding (DfE/ESFA)				
Catch Up Premium	-	407	407	46
COVID-19 additional funding (non-DfE/ESFA)				
Coronavirus Job Retention Scheme	-	52	52	-
Other Coronavirus Funding	-	272	272	-
	-	2,441	2,441	1,810
Other income from the Academy Trust's educational operations	618	521	1,139	1,262
Total 2021	618	53,764	54,382	49,392
Total 2020	958	48,434	49,392	

The Academy Trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "COVID-19 additional funding".

The Academy Trust received £407k of funding for catch up premium and costs incurred in respect of this funding totalled £407k.

The Academy Trust furloughed some of its catering staff under the government's CJRS. The funding received of £52k relates to staff costs in respect of 34 staff which are included within note 10 below as appropriate.

LIONHEART EDUCATIONAL TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

4. Funding for the Academy Trust's educational operations (continued)

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department of Education and ESFA, the academy trust's funding for Pupil Premium and Teachers' Pay/Pensions Grant is no longer reported under the Other DfE Group grants heading, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

5. Income from other trading activities

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Lettings	317	-	317	383
Income from other charitable activities	330	2	332	534
Total 2021	647	2	649	917
Total 2020	898	19	917	

6. Investment income

	Unrestricted funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Investment income	2	2	17
Total 2020	17	17	

LIONHEART EDUCATIONAL TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

7. Expenditure

	Staff Costs 2021 £000	Premises 2021 £000	Other 2021 £000	Total 2021 £000	Total 2020 £000
Expenditure on raising funds	-	-	378	378	586
Academy Trust's educational operations:					
Direct costs	31,196	5,202	2,869	39,267	36,689
Allocated support costs	12,237	2,190	3,963	18,390	17,182
Teaching school	21	-	6	27	75
Total 2021	43,454	7,392	7,216	58,062	54,532
Total 2020	41,311	5,604	7,617	54,532	

8. Charitable activities

	2021 £000	2020 £000
Direct costs - educational operations	39,267	36,689
Support costs - educational operations	18,390	17,182
	57,657	53,871
	2021 £000	2020 £000
Support staff costs	12,237	11,127
Technology costs	780	802
Premises costs	2,190	1,627
Legal costs - other	48	-
Other support costs	3,079	3,559
Governance costs	56	67
	18,390	17,182

LIONHEART EDUCATIONAL TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

9. Net income

Net (expenditure)/income for the year includes:

	2021	2020
	£000	£000
Operating lease rentals	137	57
Depreciation of tangible fixed assets	4,545	3,902
Loss on disposal of fixed assets	658	-
Fees paid to auditor for:		
- audit	30	35
- other services	16	11
	<u> </u>	<u> </u>

10. Staff

a. Staff costs

Staff costs during the year were as follows:

	2021	2020
	£000	£000
Wages and salaries	30,542	28,810
Social security costs	3,012	2,828
Pension costs	9,435	8,992
	<u> </u>	<u> </u>
	42,989	40,630
Agency staff costs	465	440
Staff restructuring costs	-	241
	<u> </u>	<u> </u>
	43,454	41,311
	<u> </u>	<u> </u>

Staff restructuring costs comprise:

Redundancy payments	<u> </u>	<u> </u>
	-	241

b. Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-contractual settlements payments of £Nil (2020 - £Nil).

LIONHEART EDUCATIONAL TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

10. Staff (continued)

c. Staff numbers

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

	2021 No.	2020 No.
Management	14	12
Teachers	520	499
Administrative staff	660	654
	<u>1,194</u>	<u>1,165</u>

d. Higher paid staff

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

	2021 No.	2020 No.
In the band £60,001 - £70,000	11	10
In the band £70,001 - £80,000	8	10
In the band £80,001 - £90,000	4	3
In the band £90,001 - £100,000	3	4
In the band £100,001 - £110,000	3	1
In the band £120,001 - £130,000	1	1
In the band £150,001 - £160,000	-	1
In the band £160,001 - £170,000	1	-
	<u>1</u>	<u>-</u>

e. 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 pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £1,009k (2020 - £893k).

LIONHEART EDUCATIONAL TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

11. Central services

The Academy Trust has provided the following central services to its academies during the year:

- Central service charge cover support for School Leaders by Executive Principal, executive support from HR, Estates, Business Management, governance, IT, legal.

In 2020/21 the Academy Trust has moved to pooling funds and schools are funded based on need. Therefore there are no central service charges in 2020/21.

The Academy Trust charges for these services on the following basis:

The charges detailed below are calculated at 5.5% of GAG income for each school.

The actual amounts charged during the year were as follows:

	2021 £000	2020 £000
Beauchamp College	-	647
The Cedars Academy	-	247
Highcliffe Primary School	-	81
Riverside Primary School	-	91
Judgemeadow Community College	-	393
Hallam Fields Primary School	-	27
The Martin High School	-	193
Sir Jonathan North College	-	347
Humphrey Perkins School	-	210
Brocks Hill Primary School	-	68
Total	-	2,304

12. Trustees' remuneration and expenses

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

	2021 £000	2020 £000
Miss K Kelly (appointed 16 November 2020)		
Remuneration	135 - 140	-
Pension contributions paid	30 - 35	-

During the year ended 31 August 2021, travel and subsistence expenses totalling £131 were reimbursed or paid directly to 2 Trustees (2020 - £1k to 3 Trustees).

LIONHEART EDUCATIONAL TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

13. Trustees' and Officers' insurance

The Academy Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business, and provides unlimited cover (as per the RPA certificate). It is not possible to quantify the Trustees' and Officers' indemnity element from the overall cost of the RPA scheme membership.

14. Tangible fixed assets

	Long-term leasehold property £000	Furniture and equipment £000	Computer equipment £000	Motor vehicles £000	Assets under construction £000	Total £000
Cost						
At 1 September 2020	144,348	3,062	3,663	32	32	151,137
Additions	1,356	156	1,719	-	96	3,327
Acquisitions	23,619	-	-	-	-	23,619
Disposals	(1,150)	-	-	-	-	(1,150)
At 31 August 2021	168,173	3,218	5,382	32	128	176,933
Depreciation						
At 1 September 2020	8,410	1,807	2,241	19	-	12,477
Charge for the year	2,960	603	978	4	-	4,545
On disposals	(492)	-	-	-	-	(492)
Acquisitions	(405)	-	-	-	-	(405)
At 31 August 2021	10,473	2,410	3,219	23	-	16,125
Net book value						
At 31 August 2021	157,700	808	2,163	9	128	160,808
At 31 August 2020	135,938	1,255	1,422	13	32	138,660

The acquisitions relate to new free school, Beauchamp City 6th Form, which opened during the year and the correction of the estimated property valuations on conversion for 2 schools upon receipt of the formal property valuation during the year. The amount recognised in depreciation is to reverse the depreciation charge previously charged on the properties.

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FOR THE YEAR ENDED 31 AUGUST 2021

15. Debtors

	2021	2020
	£000	£000
Due within one year		
Trade debtors	198	388
Other debtors	160	147
Prepayments and accrued income	986	1,208
	<u>1,344</u>	<u>1,743</u>

16. Creditors: Amounts falling due within one year

	2021	2020
	£000	£000
Other loans	54	64
Trade creditors	1,238	873
Other taxation and social security	711	438
Other creditors	904	524
Accruals and deferred income	4,673	3,450
	<u>7,580</u>	<u>5,349</u>

	2021	2020
	£000	£000
Deferred income at 1 September 2020	275	-
Resources deferred during the year	849	275
Amounts released from previous periods	(275)	-
	<u>849</u>	<u>275</u>

Deferred income includes the following:

Rates Rebate	£141k
Trips	£37k
Maths Hub	£71k
Autumn Fees	£44k
Covid catch up	£262k
FSM	£125k
International School Grant	£45k
Pupil Premium	£116k
Other	£8k

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

	2021	2020
	£000	£000
Other loans	108	163

Loans relate to an ESFA loan received for IT related capital works. There is no interest charged on the loan and the loan is unsecured.

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NOTES TO THE FINANCIAL STATEMENTS
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18. Statement of funds

	Balance at 1 September 2020 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2021 £000
Unrestricted funds						
General Funds	2,543	1,425	(1,560)	-	-	2,408
Restricted general funds						
GAG	1,779	46,195	(41,411)	(1,144)	-	5,419
Start-up grants	-	283	(283)	-	-	-
Pupil premium	-	1,392	(1,392)	-	-	-
Teachers' Pay/Pension Grant	-	2,310	(2,310)	-	-	-
Covid catch up premium	-	407	(407)	-	-	-
Other COVID 19 funding	-	272	(272)	-	-	-
CJRS funding	-	52	(52)	-	-	-
Other grants and income	-	2,910	(2,910)	-	-	-
Pension reserve	(22,143)	-	(2,263)	-	(4,936)	(29,342)
	<u>(20,364)</u>	<u>53,821</u>	<u>(51,300)</u>	<u>(1,144)</u>	<u>(4,936)</u>	<u>(23,923)</u>
Restricted fixed asset funds						
DfE capital funds	135,616	27,288	(5,014)	-	-	157,890
Capital expenditure from GAG	7,040	-	(188)	1,144	-	7,996
	<u>142,656</u>	<u>27,288</u>	<u>(5,202)</u>	<u>1,144</u>	<u>-</u>	<u>165,886</u>
Total Restricted funds	<u>122,292</u>	<u>81,109</u>	<u>(56,502)</u>	<u>-</u>	<u>(4,936)</u>	<u>141,963</u>
Total funds	<u><u>124,835</u></u>	<u><u>82,534</u></u>	<u><u>(58,062)</u></u>	<u><u>-</u></u>	<u><u>(4,936)</u></u>	<u><u>144,371</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
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18. Statement of funds (continued)

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

- Unrestricted funds represent those resources which may be used towards meeting any of the charitable objects of the academy at the discretion of the Trustees;
- Restricted funds (excluding pension and other restricted reserves) represent funds received from the Department for Education and is specifically spent on the running of the academy;
- Pension reserve represents the liability on the Local Government Pension Scheme liability;
- Other restricted reserve represents funds which are restricted by the donor including school trip income;
- Restricted fixed asset funds represent resources which are applied to specific capital purposes imposed by the Department for Education where the asset acquired or created is held for a specific purpose. The transfer between Restricted and Restricted Fixed Asset funds relates to GAG funds used for capital expenditure;
- Transfers relate to GAG funds for capital expenditure.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2021.

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NOTES TO THE FINANCIAL STATEMENTS
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18. Statement of funds (continued)

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

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2020 £000
Unrestricted funds						
General Funds	1,545	2,980	(1,982)	-	-	2,543
Restricted general funds						
GAG	(136)	41,834	(38,715)	(1,204)	-	1,779
Pupil premium	-	1,549	(1,549)	-	-	-
Teachers' Pay/Pension Grant	-	2,243	(2,243)	-	-	-
Covid catch up premium	-	46	(46)	-	-	-
Other grants and income	757	2,891	(3,648)	-	-	-
Pension reserve	(20,299)	(495)	(2,372)	-	1,023	(22,143)
	<u>(19,678)</u>	<u>48,068</u>	<u>(48,573)</u>	<u>(1,204)</u>	<u>1,023</u>	<u>(20,364)</u>
Restricted fixed asset funds						
DfE capital funds	134,438	4,991	(3,813)	-	-	135,616
Capital expenditure from GAG	2,595	3,405	(164)	1,204	-	7,040
	<u>137,033</u>	<u>8,396</u>	<u>(3,977)</u>	<u>1,204</u>	<u>-</u>	<u>142,656</u>
Total Restricted funds	<u>117,355</u>	<u>56,464</u>	<u>(52,550)</u>	<u>-</u>	<u>1,023</u>	<u>122,292</u>
Total funds	<u><u>118,900</u></u>	<u><u>59,444</u></u>	<u><u>(54,532)</u></u>	<u><u>-</u></u>	<u><u>1,023</u></u>	<u><u>124,835</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
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18. Statement of funds (continued)

Total funds analysis by academy

The Academy Trust has moved to pooling GAG reserves centrally during the year. There are no material unspent non GAG funds held at year end in any of the Academy Trust schools.

Fund balances at 31 August 2021 were allocated as follows:

	2021	2020
	£000	£000
Beauchamp College	-	2,655
The Cedars Academy	-	655
Highcliffe Primary School	-	32
Riverside Primary School	-	88
Judgemeadow Community College	-	(57)
Hallam Fields Primary School	-	306
The Martin High School	-	148
Sir Jonathan North College	-	516
Humphrey Perkins School	-	(131)
Brocks Hill Primary School	-	92
Trust	7,827	18
Total before fixed asset funds and pension reserve	7,827	4,322
Restricted fixed asset fund	165,886	142,656
Pension reserve	(29,342)	(22,143)
Total	144,371	124,835

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NOTES TO THE FINANCIAL STATEMENTS
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18. Statement of funds (continued)

Total cost analysis by academy

Expenditure incurred by each academy during the year was as follows:

	Direct staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2021 £000	Total 2020 £000
Beauchamp College	6,981	1,705	923	1,065	10,674	11,992
The Cedars Academy	3,139	782	260	1,199	5,380	5,109
Highcliffe Primary School	1,174	127	65	204	1,570	1,567
Riverside Primary School	1,453	165	72	247	1,937	1,901
Judgemeadow Community College	5,153	1,093	345	1,575	8,166	8,229
Hallam Fields Primary School	449	38	33	97	617	529
The Martin High School	2,551	529	172	399	3,651	3,926
Sir Jonathan North College	4,399	730	341	513	5,983	6,847
Humphrey Perkins School	2,563	530	184	555	3,832	4,063
Brocks Hill Primary School	1,227	111	90	263	1,691	1,519
Beauchamp City Sixth Form	1,011	228	175	369	1,783	-
Trust	1,116	6,200	213	704	8,233	4,948
Academy Trust	31,216	12,238	2,873	7,190	53,517	50,630

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19. Analysis of net assets between funds

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Restricted fixed asset funds 2021 £000	Total funds 2021 £000
Tangible fixed assets	-	-	160,808	160,808
Current assets	2,408	13,107	5,078	20,593
Creditors due within one year	-	(7,580)	-	(7,580)
Creditors due in more than one year	-	(108)	-	(108)
Provisions for liabilities and charges	-	(29,342)	-	(29,342)
Total	2,408	(23,923)	165,886	144,371

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

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000
Tangible fixed assets	-	-	138,660	138,660
Current assets	2,543	7,291	3,996	13,830
Creditors due within one year	-	(5,349)	-	(5,349)
Creditors due in more than one year	-	(163)	-	(163)
Provisions for liabilities and charges	-	(22,143)	-	(22,143)
Total	2,543	(20,364)	142,656	124,835

LIONHEART EDUCATIONAL TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

20. Reconciliation of net income to net cash flow from operating activities

	2021 £000	2020 £000
Net income for the year (as per Statement of Financial Activities)	24,472	4,912
Adjustments for:		
Depreciation	4,545	3,902
Capital grants from DfE and other capital income	(3,264)	(3,405)
Interest receivable	(2)	(17)
Loss on sale of fixed assets	658	60
Defined benefit pension scheme obligation inherited	-	495
Defined benefit pension scheme cost less contributions payable	1,871	1,981
Defined benefit pension scheme finance cost	392	391
Decrease in stocks	-	11
Decrease in debtors	399	1,543
Increase in creditors	2,241	215
Transfer on conversion from local authority	(24,145)	(960)
Transfer from existing Academy Trust	-	(955)
Donated fixed assets	-	(3,970)
Net cash provided by operating activities	7,167	4,203

21. Cash flows from financing activities

	2021 £000	2020 £000
Cash outflows from borrowing	(65)	(121)

LIONHEART EDUCATIONAL TRUST
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22. Cash flows from investing activities

	2021	2020
	£000	£000
Interest received	2	17
Purchase of tangible fixed assets	(3,327)	(3,422)
Capital grants from DfE Group	3,264	3,405
Transfer on conversion from local authority	121	960
Transfer from existing Academy Trust	-	160
Net cash provided by investing activities	60	1,120

23. Analysis of cash and cash equivalents

	2021	2020
	£000	£000
Cash in hand and at bank	19,249	12,087

24. Analysis of changes in net debt

	At 1 September 2020 £000	Cash flows £000	At 31 August 2021 £000
Cash at bank and in hand	12,087	7,162	19,249
Debt due within 1 year	(64)	10	(54)
Debt due after 1 year	(163)	55	(108)
	11,860	7,227	19,087

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

25. Pension commitments

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 Leicestershire County Council. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £789k were payable to the schemes at 31 August 2021 (2020 - £512k) and are included within creditors.

Teachers' Pension Scheme

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. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions 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 every 4 years. 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 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the year amounted to £4,737k (2020 - £4,551k).

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

25. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate Trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £3,122k (2020 - £2,510k), of which employer's contributions totalled £2,565k (2020 - £2,011k) and employees' contributions totalled £557k (2020 - £499k). The agreed contribution rates for future years are 24.3 per cent for employers and 5.5% - 12.5% per cent for employees.

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

Principal actuarial assumptions

	2021	2020
	%	%
Rate of increase in salaries	2.90	2.70
Rate of increase for pensions in payment/inflation	3.40	2.20
Discount rate for scheme liabilities	1.65	1.70

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

	2021	2020
	Years	Years
Retiring today		
Males	21.7	21.5
Females	24.2	23.8
Retiring in 20 years		
Males	22.6	22.2
Females	25.9	25.2

Sensitivity analysis on the defined benefit obligations

	2021	2020
	£000	£000
Discount rate -0.1%	1,519	1,183
CPI rate +0.1%	1,354	1,040
Salary rate +0.1%	142	122

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NOTES TO THE FINANCIAL STATEMENTS
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25. Pension commitments (continued)

Share of scheme assets

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

	2021	2020
	£000	£000
Equities	19,369	14,682
Corporate bonds	9,685	7,216
Property	2,338	1,991
Cash	2,004	995
Total market value of assets	33,396	24,884

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

	2021	2020
	£000	£000
Current service cost	(4,190)	(3,974)
Past service cost	(246)	(18)
Interest income	446	450
Interest cost	(838)	(841)
Total amount recognised in the Statement of Financial Activities	(4,828)	(4,383)

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

	2021	2020
	£000	£000
At 1 September	47,027	43,440
Effect of business combinations	-	1,356
Current service cost	4,190	3,974
Interest cost	838	841
Employee contributions	557	499
Actuarial losses/(gains)	10,247	(2,771)
Benefits paid	(367)	(330)
Past service costs	246	18
At 31 August	62,738	47,027

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

25. Pension commitments (continued)

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

	2021	2020
	£000	£000
At 1 September	24,884	23,141
Effect of business combinations	-	861
Interest income	446	450
Actuarial gains/(losses)	5,311	(1,748)
Employer contributions	2,565	2,011
Employee contributions	557	499
Benefits paid	(367)	(330)
At 31 August	33,396	24,884

26. Operating lease commitments

At 31 August 2021 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2021	2020
	£000	£000
Not later than 1 year	272	136
Later than 1 year and not later than 5 years	411	244
	683	380

The Academy Trust also has a commitment to the LA under a service concession arrangement which was novated to the academy upon conversion of Judgemeanow Community College. The commitment is for a period to May 2034 and is currently £1,075k per annum for the year ended 31 March 2021, indexed by inflation each year. The charge for the period is £1,077k which is included within support costs.

27. Members' liability

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

NOTES TO THE FINANCIAL STATEMENTS
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28. 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 Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2020 and obtaining their approval where required, and with the Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Expenditure Related Party Transaction

D Kadodwala (a Trustee) provided educational services to the Trust totalling £500 (2020 - £2,000). There is no year end creditor.

In entering into the transaction, the Academy Trust has complied with the requirements of the Academies Financial Handbook.

29. Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the year it received income of £110k (2020 - £87k) and disbursed expenditure £71k (2020 - £77k) from the fund. An amount of £49k (2020 - £10k) is included in other creditors relating to undistributed funds that are repayable to the ESFA.

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NOTES TO THE FINANCIAL STATEMENTS
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30. Teaching school trading account

	2021	2021	2020	2020
	£000	£000	£000	£000
Income				
Direct income				
Other income	55		108	
Total income		55		108
Expenditure				
Direct expenditure				
Direct staff costs	21		70	
Other direct costs	6		5	
Total direct expenditure	<u>27</u>		<u>75</u>	
Total expenditure		27		75
Surplus from all sources		28		33
Teaching school balances at 1 September 2020		25		(8)
Teaching school balances at 31 August 2021		<u>53</u>		<u>25</u>