

Registered number: 08473899

LIONHEART ACADEMIES TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

LIONHEART ACADEMIES TRUST
(A Company Limited by Guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS DIRECTORS AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Members	Mrs C Swan Mrs D Miller Mr D Tanna (resigned 25 November 2015) Mr I Harris Mr M Rusk (resigned 25 November 2015) Mr E Lansdown (appointed 25 November 2015) Mr C Garner (appointed 25 November 2015)
Directors	Mrs C Swan, Chair Mrs D Miller, Vice Chair Mr H Howe (resigned 31 August 2016) Mr D Tanna Mr I Harris Mr M Rusk Mr A Love Ms K Kelly, Principal Mr M Beames (resigned 31 August 2016) Mrs J Piper-Gale (appointed 23 August 2016) Mr S Raivadera (appointed 21 September 2016)
Company registered number	08473899
Company name	Lionheart Academies Trust
Principal and registered office	Beauchamp College Ridge Way Oadby Leicester LE2 5TP
Executive Team	Ms K Kelly, CEO Designate (appointed 1 January 2016) CEO (appointed 1 September 2016) Mr M Chapman, Director of Finance & Resources (appointed 11 July 2016) Mr R Taylor, Executive Estates & Development Mr B Jackson, Executive IT (appointed 18 April 2016) Mrs J Piper-Gale, Deputy CEO (appointed 1 February 2016) Mr H Howe, Executive Principal (resigned 31 August 2016) Mrs J Ripley, Operations Director (resigned 12 August 2016) Mr T Sherwin, Chief Information Officer (resigned 4 March 2016) Ms H Bingham, Executive HR (resigned 6 December 2015)
Independent auditor	BDO LLP Pannell House 159 Charles Street Leicester LE1 1LD

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS DIRECTORS AND
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Advisers (continued)

Bankers	National Westminster Bank Plc 5 The Parade Oadby Leicester LE2 5NT
	National Westminster Bank Plc 1 Granby St Leicester LE1 6EJ
Solicitors	Browne Jacobson Mowbray House Castle Meadow Road Nottingham NG2 1BJ

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The Directors (who are also Trustees of the charity 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 2015 to 31 August 2016. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' report under company law.

Structure, governance and management

a. Constitution and structure

Lionheart Academies Trust began trading as a charitable company on 1 April 2014. The Academy Trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Trust deed is the primary governing document of the academy trust.

The Directors of Lionheart Academies Trust act as the trustees for the charitable activities of the Trust and are also directors of the charitable company for the purpose of company law.

The charitable company is known as Lionheart Academies Trust.

Details of the Directors who served during the year 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.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

c. Method of recruitment and appointment or election of Directors

Four of the current Members (Diane Miller, Christine Swan, Ian Harris, and Dushyant Tanna) were appointed by Beauchamp College Governing Body at the founding of the Trust.

Michael Rusk was appointed as a Member by these four Members.

In line with DfE guidance, and in order to establish some separation between Members and Trustees, Dushyant Tanna and Michael Rusk resigned in November 2015 and Edward Lansdown and Christopher Garner were appointed as Members by the existing Members in their place.

Hugh Howe was an ex-officio Trustee.

Christine Swan, Diane Miller, Ian Harris and Dushyant Tanna were appointed as Trustees by Beauchamp College Governing Body on the formation of the Trust in April 2014.

Michael Rusk was appointed as a trustee by those trustees who had not themselves been appointed by the trustees (i.e. those appointed by the Members or Beauchamp Governing Body in April 2014).

Alan Love was appointed as a trustee by those trustees who had not themselves been appointed by trustees based on the skills he would bring to the Board and as a representative of the secondary schools in the Trust.

Mark Beames was appointed as a trustee by those trustees who had not themselves been appointed by trustees based on the skills he would bring to the Board and as a representative of the primary schools in the Trust.

Kath Kelly was appointed as a trustee by those trustees who had not themselves been appointed by trustees based on the skills she would bring to the Board.

Hugh Howe and Kath Kelly were both employees of the Trust.

In August 2016 there were three vacancies on the Trust Board, including one to which a primary representative would be appointed. The Chair of the Board was working with Academy Ambassadors to explore options for appointing to these posts based on skills and experience.

d. Policies and procedures adopted for the induction and training of Directors

The Chair of the Board will act as a mentor to new Directors and Members using skills as an NLG.

All schools within the Trust have service level agreements with Governor Development Service which provides training and advice.

Information and guidance are also available through the National Governors' Association and The Key for Governors.

Joint workshops are held regularly for all governors, Trustees and Members in which the vision and work of the Trust are shared and support is given in understanding the various layers of delegation and responsibility across the Trust.

Some Directors bring additional capacity to local governing bodies as they embed best practice, and are also involved in learning walks.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

e. Pay policy for key management personnel

The Trust's pay policies set out the framework for making decisions on pay. They have been developed to comply with current legislation, the requirements of the School Teachers' Pay and Conditions Document (STPCD), and in accordance with the principles of public life – objectivity, openness and accountability.

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 decisions are made by the Governing Body (most staff) or the Executive Board (Heads of School and Executive Team) based on evidence which will be linked to appraisal outcomes and other indicators.

Pay ranges for Senior Leaders, Heads of School and Deputy Heads of School will be determined in line with STPCD for new appointments. The pay range will take into account 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 will allow appropriate scope for performance related progression over time. Eligible members of the leadership group will be automatically considered for further progression and no application will be necessary. However annual pay progression within the range is not automatic and decisions regarding pay progression will be clearly attributable to the leadership group member's performance with reference to the appraisal process.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

f. Organisational structure

The organisational structure or governance is set out in the Articles of Association.

The Trust is overseen by the Trustees, who delegate the responsibility for the leadership and management of education and operations to the Executive Principal (2015-16, now CEO 2016-17).

There is an Operations Team who provide support, guidance and leadership in Finance, HR, IT, Premises and Business. Increasingly the operations work of the Trust is being drawn together to ensure economies of scale and working efficiencies. The Trust employs a full time Management Accountant.

Schools have Head of School/Academy who works under the direction and guidance of the Executive Principal/CEO based on an assumption of earned autonomy.

The two primary schools in Birstall each have a Head of School who in turn is supported and led by one Executive Headteacher. The Executive Headteacher of Birstall primaries was appointed in January 2016 along with the Head of School for Highcliffe Primary. An acting Head of School was appointed to Riverside Primary following the resignation of the previous Headteacher in August 2015, and a new Head of School has been appointed to a permanent post at Riverside Primary from September 2016.

The Principal of Beauchamp College had responsibility for both Beauchamp College and for some Trust-wide developments and is a Director of the Trust. She was appointed CEO Designate in January 2016, becoming CEO in September 2016 following the retirement of the Executive Principal.

The Trust has a Deputy CEO who was appointed in February 2016 who is also a Vice Principal at Beauchamp College and is Principal Designate of the proposed free school 6th form college due to open in 2018.

The schools are increasingly working together to share best practice, CPD, staffing and skills, and to develop Trust-wide approaches within the ethos of the Lionheart Pledge.

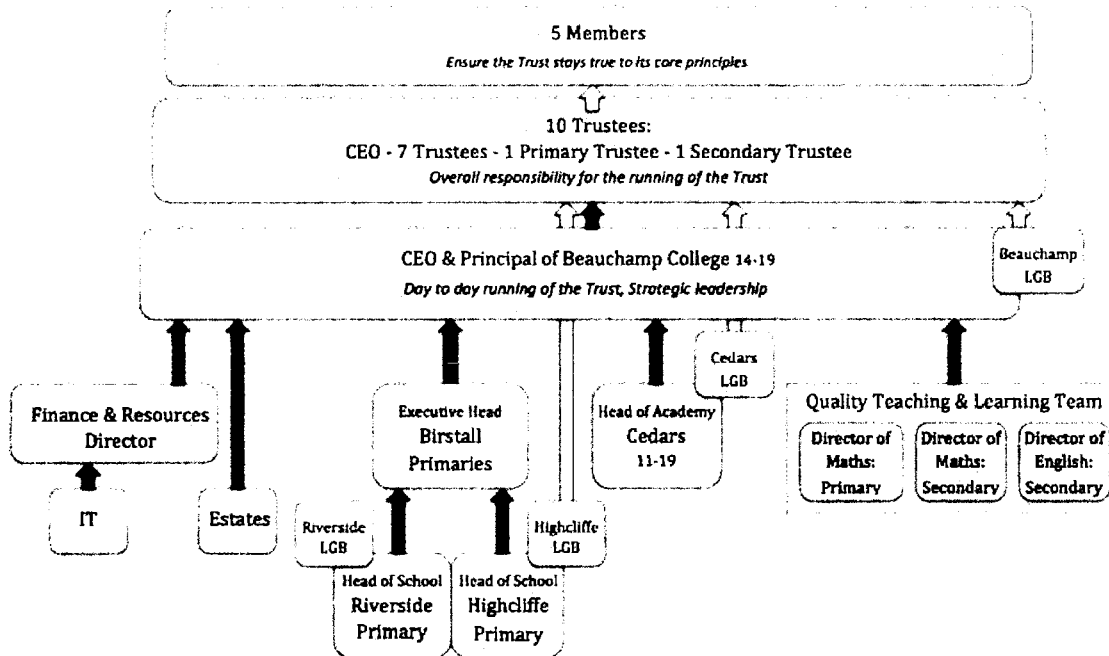
The Board agrees some overarching policies which then apply to all schools (such as Safeguarding) whilst for others the individual schools develop a policy which is bespoke to its setting, such as behaviour.

The CEO, Finance and Resources Director, Estates and Development Director, IT Director, Deputy CEO, Heads of School/Academy, Executive Headteacher and Directors of Learning meet weekly as a senior leadership team for the Trust to ensure mutual accountability and peer challenge. Recommendations from this group are taken to the Board or relevant LGB meeting for approval.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

The Trust Governance and Accountability Structure



Each academy has a Local Governing Body (LGB) made up of the Head of School/Academy (and Executive Headteacher where applicable) at least 2 parent governors, 1 staff governor and 2 community governors. LGBs have delegated powers as laid out in the Scheme of Delegation. Governance in the Trust is supported by the Chair of the Board, who is a National leader in Governance.

The Executive Team, including the CEO, provides support and guidance to the academies within the Trust and has responsibility for ensuring that the interests of the Trust as a whole remain paramount.

The CEO is the Accounting Officer.

The Executive Headteacher of Birstall primaries, the Head of School at Cedars and Principal of Beauchamp are the budget holders. They work with the CEO and Finance and Resources Director to prepare the budget for approval and monitoring by the LGB of each setting. There are half termly robust finance meetings for each school involving the CEO, Finance and Resources Director, the budget holder and one or two governors to review the financial position of the school in depth and identify challenges and opportunities which are then reflected back to the next LGB.

Each academy develops its own annual School Development Plan which is approved by the CEO and the LGB, and ensures that the budget reflects priorities within the Plan.

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DIRECTORS' REPORT (continued)
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g. Connected organisations, including related party relationships

Beauchamp College is a member of the Oadby Learning Partnership and plays an active role within the Oadby Family of Schools. Beauchamp College also has a partnership with and supports other schools outside of the Family of Schools.

Beauchamp College is forming a strong partnership link with the primary schools in the Oadby Family of Schools and has a Memorandum of Understanding on partnership working which supports raising standards. These schools are identified as Primary Learning Partners and are recognized within Beauchamp College's Admissions Policy.

The CEO networks with colleagues at both a local and a national level to share good practice and improve knowledge and financial best practice, and is a member of Leicestershire Schools Funding Forum. We are also making links with other Trusts in a collaborative not competitive partnership.

The Chair of the Trust carries out work in the capacity of a National Leader in Governance.

The Trust is active in the community and hosts termly Community Stakeholders meetings in Oadby and Birstall whose membership is far reaching and includes business and cultural participants.

The Trust works in partnership with Leicester City Football Club to support the education of aspiring football players who are members of their talent academy.

The Trust has also entered into a partnership agreement with Leicester University to secure excellent opportunities for students across the Trust.

h. Risk management

The Trust has a Risk Management Committee comprising the Executive Team and several trustees. This Committee meets annually to review risks across the Trust. The agenda of every Executive Board and LGB meeting includes an item referring to risk updates.

Each academy within the Trust is in the process of developing its own risk management system to regularly review a risk register which identifies and categorises significant risks, their likelihood of occurrence, their potential impact, and identifies controls that will mitigate the risks. Business Continuity Plans for each academy have been prepared and are being reviewed.

Appropriate systems, policies, procedures and controls are in place to ensure that identified risks do not impact adversely on each academy's operations. Appropriate insurances are in place. Policies are in place to minimise risk.

Each Academy produces a three year budget forecast to determine the effects of funding changes on the bottom line, and has considered the effect of funding reforms in future years. Academies regularly review staffing structures to contain and monitor payroll costs in view of the potential risks to future funding. Staffing is curriculum-led. The Trust, as a single employer, shares staff across its schools to achieve economies and consistent high quality.

The Trust centralises services where possible to ensure economies of scale and to pass on benefits to the academies within the Trust.

i. Directors' indemnities

Qualifying third party indemnity provision has been obtained by the Trust for the benefit of the directors. The cover under this policy is £3 million with a premium of £2,590 paid.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Strategic report

Objectives and Activities

a. Objects and aims

Our Mission

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

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 points. 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

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 we will use the 5Ps. They are:

- Pupil Centred – Schools are run for pupils and everything we do is for our pupils.
- Positivity – We all embrace challenges and look for opportunities.
- Passionate – We value nothing more than equality and quality learning for all pupils.
- Professional – We model professionalism at all times.
- Practice – Teachers and other staff will be highly qualified. Subject teachers will be passionate specialists; quality first teaching is at our core.

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DIRECTORS' REPORT (continued)
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b. Objectives, strategies and activities

OFSTED ratings

Beauchamp College:	Outstanding (May 2011)
Riverside Primary School:	Requires Improvement (February 2014)
Highcliffe Primary School:	Satisfactory (May 2012)
Cedars Academy:	created by the merging of Longslade Community College and Stonehill High School in the summer of 2015. Prior ratings: Longslade Community College – Good (March 2015); Stonehill High School – Good (February 2013)

Beauchamp College

Beauchamp continues to lead the work of the Trust and maintain high standards. Key areas and activities are:

- Strategic considerations: The raising of standards in all the Trust schools with a clear Teaching and Learning lead from Beauchamp. There is the management of Age Range Changes and the likely impact for 2017 of Beauchamp being an 11- 19 college. In addition we have applied successfully to open a Free School with a focus on the STEM agenda and for post 16 places (16-19). We were also successful in gaining a bid to open Hallam Fields Primary School and have submitted bids for a further three schools within Leicestershire.
- Professional Learning: Staff focused on researching specific areas of their teaching practice as part of a triad which enabled them to focus on a key learning need. These included looking at how students respond to closing the gap, developing literacy skills and boys achievement in certain subjects. Faculties were encouraged to research this and to observe learners in their lessons in order to develop a level of understanding.
- Coaching: We increased our number of coaches being trained meaning that we were and are even more able to be able to use this method with our students as a form on intervention. Impact was positive with some students, however after reflection, we recognise that moving forward the coaching model may prove to be more effective with our more able students as a form of motivation.
- Oxbridge programme: 5 Oxbridge successes and all applicants gained a place. 93 students have started courses at Russell Group universities and 88% of applicants were successful in securing a place. 18% students were successfully placed through the clearing system including 5% through adjustment. The most popular course choices were Psychology and English, with about 6% of our candidates applying for each of these, followed by Design studies, attracting 5% of our cohort. We had a 6% increase in applications from last year and 29% of our students have gone to higher tariff providers, which is up 4% from last year.
- Exams outcomes:

Key Stage 5:

A-Level results on the whole are positive. Beauchamp achieved a 100% pass rate with 50% of the cohort achieving at least one grade A*-B. A Level Students achieving A Levels at grades AAB or higher in at least 2 facilitating subjects was 12%. A Level Students achieving A Levels at grades AAB or higher in at least 3 facilitating subjects was at 7% (Facilitating subjects: Biology, Chemistry, Physics, Mathematics, Further Mathematics, Geography, History, English Literature and Classical/Modern Languages).

Key Stage 4:

GCSE results remained positive. Data is based on 5 A*-C for comparison but going forward results will be based on Progress 8 measures

	<u>2015</u>	<u>2016</u>
Beauchamp	77	78
National	56	57
Difference	21	21
Significance	Sig+	Sig+

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DIRECTORS' REPORT (continued)
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The Cedars Academy

The Cedars Academy was formed in September 2015 through the merger of Stonehill High School, which joined the Trust at its formation in April 2014, and Longslade Community College, which joined in April 2015.

Key activities and developments:

- The successful movement of Longslade Upper School (14-19) out of Ofsted Special Measures to a judgement of GOOD.
- The strategic work with Leicestershire County Council and the DfE to take Longslade into the Trust as a sponsored Academy. This complex movement required financial as well as educational decisions and for the community (local as well as educational) the emotive process of merging two 'good' schools to establish The Cedars Academy as an 11-19 Academy.
- Activities have also been focused to appoint staff to the new Academy from the two previous schools which involved a redundancy process, the recruitment and retention of quality staff as well as securing pupil numbers. This was also undertaken at the same time as closing down systems and structures in two schools.
- In addition a great deal of work has been done in creating new effective teams for both teachers and associate staff.
- Critical areas for the opening of a new school have been around premises/site management, health and safety and the re-use of teaching spaces. This has also included the safe and effective leadership of a new building programme to enhance and improve the learning facilities. Other areas include the IT, catering and student support services to ensure quality teaching and learning.
- Embed the 5 P culture of the LAT, bring two old schools together as The Cedars Academy
- Support has been provided for the senior leadership teams and the sharing of experienced staff (teaching and associate) in order to assist in the focus on raising standards and the effective merger of the two schools.

Key Stage 4: GCSE results showed improvement from 2015. Data is based on 5 A*-C for comparison but going forward results will be based on Progress 8 measures

	<u>2015</u>	<u>2016</u>
The Cedars Academy	52	56
National	56	57
Difference	-4	-1
Significance	Sig-	Not Sig

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Highcliffe Primary School

Context

- An Executive Headteacher was appointed to oversee newly appointed Headteachers at both Highcliffe and Riverside Primary Schools.
- The New Executive Headteacher who took post in January 2016 has a proven track record of school improvement and has implemented a strong strategic vision for school improvement including a structured monitoring and evaluation timetable for monitoring progress and impact.
- A new Head of School took post in January 2016 and is a former Highcliffe senior leader and was a senior leader at a school recently judged as outstanding.
- The school has forged close links with the Oadby Learning Partnership, the local Maths Hub and a National Lead in Primary Mathematics. The school has been working with OLP schools in developing a standardised approach to assessment under the new curriculum.
- KS1 SATs results for the summer 2016 were in line with national averages, whereas KS2 results were well above, demonstrating rapid improvement within the school.

Key area of focus in School Development Plan 2015-2016:

Priority 1: Effectiveness of leadership and management

- Ensure consistency of practice across the school
- Adapt pupil progress meetings and moderation to reflect the need to understand pupils' depth of understanding across a wide range of concepts
- To establish British Values as a lead principle in the development of curriculum

Priority 2: Quality of teaching, learning and assessment

- Information on assessment outcomes and baseline activities are used to identify gaps in children's knowledge, skills and understanding to inform short, medium and long term planning
- Introduction of a new tracking system, understood by all staff and used rigorously in pupil progress meetings
- Teachers' marking clearly shows pupils how to improve their work and pupils are given sufficient opportunity to respond and act on the comments given

Priority 3: Personal development, behaviour and welfare

- Continue to develop the high profile of good behaviour and strong learning behaviours and ensure that pupils have regular opportunities to be extended through learning challenges
- To develop effective use of well-being trackers and ensure that high quality structured programmes of support are in place for identified vulnerable pupils and are consistently delivered

Priority 4: Outcomes for children

- Set demanding targets for pupils' performance focused on pupils achieving age-related expectations (mastery) in reading, writing and maths and have appropriately high expectations for those children capable of exceeding age-related and capable of being 'proficient'
- Teachers to be able to effectively use information from the tracking of pupil progress to ensure that provision is targeted correctly and meets all pupil's needs including the use of 'next steps' targets with pupils and groups of pupils

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DIRECTORS' REPORT (continued)
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Riverside Primary School

Context

- A New Head of School took post in September 2016 and was previously Deputy Headteacher in a Leicestershire County School recently judged outstanding.
- New Key Stage 1 Phase Leader appointed and took post in September 2016.
- The school has forged close links with the Oadby Learning Partnership and the local Maths Hub. The school has been working with OLP schools in developing a standardised approach to assessment under the new curriculum.
- The Executive Headteacher and Heads of School for Riverside & Highcliffe meet on a weekly basis to discuss strategic development and school improvement.

Key area of focus in School Development Plan 2015-2016:

Priority 1: Effectiveness of leadership and management

- Ensure consistency of practice across the school
- Enable subject leaders to lead and develop their curriculum area
- Ensure that clear plans are in place to develop teacher understanding of depth and mastery in core subjects and that subject knowledge is sufficiently good to meet the needs of the new curriculum
- To be relentless in the development of safeguarding throughout school life

Priority 2: Quality of teaching, learning and assessment

Ensure that the quality of teaching is consistently good so that pupils make at least good progress in order to raise achievement in mathematics and English across the curriculum by ensuring that:

- Information on assessment outcomes and baseline activities are used to identify gaps in children's knowledge, skills and understanding to inform short, medium and long term planning
- Introduction of a new tracking system, understood by all staff and used rigorously in pupil progress meetings

Priority 3: Personal development, behaviour and welfare

- Develop effective use of well-being trackers, particularly with regard to targeting the needs of vulnerable groups – provision map alternative extra-curricular activities to support vulnerable groups
- Engage with the parents of vulnerable pupils in a meaningful way, to listen to them and work in partnership to improve outcomes for their children

Priority 4: Outcomes for children

- Ensure that all assessments and judgements are accurate through effective and rigorous moderation processes
- All teachers to be aware of, and held account for, where all pupils are achieving against national expectations, where the gaps are and how much progress must be made by individuals/groups to achieve age-related expectations
- For teachers and leaders to be aware of the progress and attainment of different groups of pupils within their classes and be able to target approaches to close any gaps in performance

c. Public benefit

The trustees have given careful consideration to the Charity Commission general guidance on public benefit and have complied with the duty bestowed on them. The Trust provides education for the public benefit in the Leicestershire County and City 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.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Achievements and performance

a. Key performance indicators

The Trust carefully monitors a wide range of KPIs in all of the schools to ensure that issues are quickly identified and strategies developed to tackle concerns. These include:

- Pupil achievement
- Progress and attainment, including vulnerable groups
- Pupil recruitment, retention and destination
- Ofsted ratings
- Outcomes from external reviews of standards
- Financial performance
- Performance management outcomes
- Staff retention and attendance
- Pupil behaviour and attendance
- Stakeholder voice

b. Principal activities

The Trust's principal activities are laid out in the Articles of Association:

- (a) 'to advance for public benefit education in the United Kingdom'
- (b) 'to promote for the public benefit of the inhabitants of the areas where the Academies are established ... the provision of facilities for recreation or other leisure time occupation'.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Financial review

a. Going concern

After making appropriate enquiries, the Executive Board has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

b. 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. The risk plan is reviewed annually by directors and the Executive Team and monitored by the Executive Board termly. Local Governing Bodies are in the process of preparing risk registers and Business Continuity Plans, and are developing process to ensure risks are minimized and mitigated against.

More recently in response to the rapidly changing landscape the Operations Director meets with four members of the Board monthly to update and make key decisions on risks.

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 drop in real terms, and the basis of funding is under review as part of the National Funding Formula consultation, it is critical that sound financial planning is maintained. The Trust is active in many local and national fora to ensure that a full understanding of funding changes and their impacts can be modelled. Pupil numbers are a key driver to academy funding and so strong marketing and close monitoring of the 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 half 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. Weekly Trust leadership meetings are held to review standards across the trust to ensure that the required progress is being made and if necessary that interventions are implemented to ensure that gaps in performance relative to expectations 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. Reserves policy

The directors 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 directors have determined an appropriate level of reserves to cover capital expenditure and unexpected emergencies. The directors are also aware of Trust's liability in relation to the Local Government Pension Scheme, which at the year end amounted to £5,723,000. This is being addressed by means of employer contributions which is currently 22.3% without ill health insurance and 21.4% with ill health insurance.

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DIRECTORS' REPORT (continued)
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e. Principal funding

Most of the Trust's income is obtained from the DfE, the use of which is restricted to particular purposes. The income received from the DfE during the period ended 31 August 2016 and the associated expenditure are shown in the restricted funds section in the Statement of Financial Activities (SOFA).

f. Material investments policy

The Trust's investment policy is set out in the Financial policies and states that investments must only be made in risk-averse, ethical funds. There were no funds invested at 31 August 2016.

Plans for future periods

a. Future developments

The schools work together to share best practice, CPD, staffing and skills, and to develop Trust-wide approaches within the ethos of the Lionheart Pledge.

The Trust employs a full time management accountant in order to develop good practices across the schools and reduce accountancy fees.

The Finance and Resources Director networks with colleagues to share good practice and improve knowledge and procurement. We are also making links with other Trusts in a collaborative not competitive partnership to consider procurement.

We have a core team of finance staff with a range of skills who support the core work of the Trust. This team is able to support schools when business managers are unavailable and their knowledge of challenges and opportunities across the Trust creates additional capacity for thinking creatively to ensure value for money and best practice.

The Trust centrally develops software packages and rolls them out across the schools in the Trust. BeauchAPP, BeauchMail and BeauchPAY are being adapted to provide a service to all our schools. This will result in savings in local school budgets when schools do not need to purchase from external providers. We are also looking to develop internally a MAT wide data tracking software package that feeds easily into key performance indicators.

The Trust is preparing to use a centralised lettings system which will streamline costs and allow community and business bookings to be managed centrally.

In the coming year we will be working with senior leaders and LGBs to prepare robust 3 year plans for estates and IT to ensure efficient spending and the effective use of resources.

The Trust recognizes the need for growth in order to gain maximum benefits in economies of scale and has consulted during 2015-16 on the possibility of opening three free schools in Leicester City, with applications submitted in September 2016. In September 2017 we will be opening a new one form entry primary school in Hallam Fields, Birstall, which will become a feeder school for The Cedars Academy and we have permission to open a free school 6th form which is likely to begin, depending on the timescale when the site is acquired, in September 2018.

In 2017 Beauchamp College will change from being a 14-19 college into an 11-19 college in response to changes within the local educational context, with its two feeder high schools becoming 11-16 (formerly 10-14).

The CEO has spent considerable time in developing networks and partnership arrangements with other schools and higher education providers for mutual benefit and to explore the possibility of further MAT growth. In 2017-18 we aim to extend this further to include local businesses.

LIONHEART ACADEMIES TRUST
(A Company Limited by Guarantee)

DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Funds held as custodian

None.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the charitable company's auditor in connection with preparing its report and to establish that the charitable company's auditor is aware of that information.

This report, incorporating a strategic report, was approved by order of the Executive Board as the company directors, on 16 December 2016 and signed on its behalf by:



.....
Mrs C Swan, Chair
Chair of Governors



.....
Ms K Kelly, Principal
Director

LIONHEART ACADEMIES TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of Responsibility

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

The Executive Board has delegated the day-to-day responsibility to the Executive Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Lionheart Academies Trust and the Secretary of State for Education. They are also responsible for reporting to the Executive Board any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The Executive Board has formally met 8 times during the year. Attendance during the year at meetings of the Executive Board was as follows:

Director	Meetings attended	Out of a possible
Mrs C Swan	8	8
Mrs D Miller	8	8
Mr H Howe	7	8
Mr D Tanna	6	8
Mr I Harris	8	8
Mr M Rusk	6	8
Mr A Love	6	7
Ms K Kelly, Principal	7	8
Mr M Beames	6	7

The Finance and Premises committee is a sub-committee of the main governing body. Its purpose is to consider and manage the Academy financial plan and annual budgets ensuring all funds are used for the purposes of the Academy and in accordance with the terms of the funding agreement, monitor premises and maintenance plan, consider capital expenditure and monitor, review and amend health and safety. This sub-committee met 5 times during the year.

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
Mrs C Swan	5	5
Mrs D Miller	4	5
Mr I Harris	3	5
Mr M Rusk	4	5

LIONHEART ACADEMIES TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

Review of Value for money

As Accounting Officer, the Executive Principal has responsibility for ensuring that the Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Executive Board where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Trust has delivered improved value for money during the year by:

- Sharing staff across its schools to achieve financial economies and consistent high quality. Schools only pay for the percentage teaching required rather than a full time post.
- Using internal staff expertise for School Improvement visits ensuring costs are reduced.
- Procuring Insurance across the schools and making a significant saving.
- Successful capital project bids with every school benefitting. This has reduced costs in local budgets for general repairs and maintenance costs.
- Preparing and submitting pension returns for all Trust schools centrally saving more costs. The Trust also manages, prepares and submits the VAT return.
- Forming an Operations Team which provides support, guidance and leadership in Finance, HR, IT, Premises and Business. Increasingly the operations work of the Trust is being drawn together to ensure economies of scale and working efficiencies.
- Centralising services where possible to ensure economies of scale and to pass on benefits to the academies within the Trust. For example the Trust procures legal advice centrally and all schools then have continuous access to sound advice without having the cost in their local budgets, this covers FOI requests.

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 ongoing 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 Academies Trust for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Executive Board 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 Executive Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Executive Board.

LIONHEART ACADEMIES TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

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 Executive Board;
- regular reviews by the Finance and Premises Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Executive Board has considered the need for a specific internal audit function and has decided to appoint 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 Trust's financial systems. On an annual basis, the internal auditor reports to the Executive Board on the operation of the systems of control and on the discharge of the Executive Board's financial responsibilities.

Review of Effectiveness


As Accounting Officer, the Executive Principal 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 Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Executive Board on 16 December 2016 and signed on their behalf, by:


.....
Mrs C Swan, Chair
Chair of Trustees


.....
Ms K Kelly, Principal
Accounting Officer

LIONHEART ACADEMIES TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Lionheart Academies Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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 EFA.



.....
Ms K Kelly
Accounting Officer

Date: 16 December 2016

LIONHEART ACADEMIES TRUST
(A Company Limited by Guarantee)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Governors (who act as trustees of the charitable company and are also the directors of the Academy for the purposes of company law) are responsible for preparing the Directors' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors 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 Academy and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these financial statements the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Academy will continue in business.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the Academy's transactions and disclose with reasonable accuracy at any time the financial position of the Academy and enable them to ensure that the financial statements comply with the Companies Act 2006 and the Academies Accounts Direction 2015 to 2016. They are also responsible for safeguarding the assets of the Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governors are responsible for ensuring that in its conduct and operation the Academy 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 the EFA/DfE have been applied for the purposes intended.

The Governors are responsible for the maintenance and integrity of the corporate and financial information included on the Academy'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 Governing Body and signed on its behalf by:



.....
Mrs C Swan, Chair,
for and on behalf of the board of governors
Date: 16 December 2016

LIONHEART ACADEMIES TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS AND
DIRECTORS OF LIONHEART ACADEMIES TRUST**

We have audited the financial statements of Lionheart Academies Trust for the year ended 31 August 2016 which comprise the statement of financial activities incorporating the income and expenditure account, the balance sheet, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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 and to the trustees, as a body, in accordance with the Academies Accounts Direction 2015 to 2016. Our audit work has been undertaken so that we might state to the Academy's members and trustees 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, the Academy's members as a body and the Academy's trustees as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the statement of trustee's responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. We have been appointed as auditor under the Companies Act 2006 and report in accordance with that Act.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report, incorporating the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

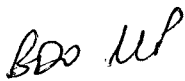
LIONHEART ACADEMIES TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS AND
DIRECTORS OF LIONHEART ACADEMIES TRUST**

Matters on which we are required to report by exception

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

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



Nishit Bathia (Senior Statutory Auditor)
for and on behalf of
BDO LLP, Statutory auditor
Leicester
United Kingdom
16 December 2016

LIONHEART ACADEMIES TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LIONHEART
ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 14 October 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Lionheart Academies Trust during the year 1 September 2015 to 31 August 2016 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 Academies Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Lionheart Academies Trust and the EFA 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 Academies Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Lionheart Academies Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Lionheart Academies Trust's funding agreement with the Secretary of State for Education dated 1 May 2013, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. 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 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. 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.

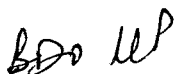
The work undertaken to draw our conclusions includes an assessment of the level of risk associated with specific categories of income and expenditure and the potential for irregularities to be identified.

LIONHEART ACADEMIES TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LIONHEART
ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



BDO LLP

Reporting Accountant
Leicester
United Kingdom

16 December 2016

LIONHEART ACADEMIES TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations & capital grants:						
Transfer on conversion	2	-	-	-	-	4,333,133
Other donations and capital grants	2	14,365	169,145	544,534	728,044	4,391,474
Other trading activities	3	1,236,065	-	-	1,236,065	1,451,595
Investments	4	20,124	-	-	20,124	11,714
Charitable activities:	5					
Funding for the Academy Trust's educational operations		-	20,034,205	-	20,034,205	18,933,317
TOTAL INCOME		<u>1,270,554</u>	<u>20,203,350</u>	<u>544,534</u>	<u>22,018,438</u>	<u>29,121,233</u>
EXPENDITURE ON:						
Raising funds	3	1,177,861	-	-	1,177,861	1,360,148
Charitable activities:						
Academy Trust's educational operations		245,422	20,843,940	943,347	22,032,709	18,978,771
TOTAL EXPENDITURE	7	<u>1,423,283</u>	<u>20,843,940</u>	<u>943,347</u>	<u>23,210,570</u>	<u>20,338,919</u>
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		(152,729)	(640,590)	(398,813)	(1,192,132)	8,782,314
Transfers between Funds	19	-	(160,562)	160,562	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		(152,729)	(801,152)	(238,251)	(1,192,132)	8,782,314
Actuarial (losses)/gains on defined benefit pension schemes	23	-	(1,566,000)	-	(1,566,000)	142,000
NET MOVEMENT IN FUNDS		(152,729)	(2,367,152)	(238,251)	(2,758,132)	8,924,314
RECONCILIATION OF FUNDS:						
Total funds brought forward		1,161,701	(4,558,280)	37,391,312	33,994,733	25,070,419
TOTAL FUNDS CARRIED FORWARD		<u>1,008,972</u>	<u>(6,925,432)</u>	<u>37,153,061</u>	<u>31,236,601</u>	<u>33,994,733</u>

The notes on pages 30 to 53 form part of these financial statements.

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


BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	15		35,700,858		34,655,615
CURRENT ASSETS					
Debtors	16	1,853,891		1,807,427	
Cash at bank and in hand		3,093,219		5,302,336	
		<u>4,947,110</u>		<u>7,109,763</u>	
CREDITORS: amounts falling due within one year	17	<u>(1,743,367)</u>		<u>(1,987,840)</u>	
NET CURRENT ASSETS			<u>3,203,743</u>		5,121,923
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>38,904,601</u>		<u>39,777,538</u>
CREDITORS: amounts falling due after more than one year	18		-		(59,805)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>38,904,601</u>		39,717,733
Defined benefit pension scheme liability	23		<u>(7,668,000)</u>		<u>(5,723,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>31,236,601</u>		<u>33,994,733</u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	19	742,568		1,164,720	
Restricted fixed asset funds	19	37,153,061		37,391,312	
		<u>37,895,629</u>		<u>38,556,032</u>	
Restricted income funds excluding pension liability		37,895,629		38,556,032	
Pension reserve		<u>(7,668,000)</u>		<u>(5,723,000)</u>	
Total restricted income funds			<u>30,227,629</u>		32,833,032
Unrestricted income funds	19		<u>1,008,972</u>		1,161,701
TOTAL FUNDS			<u>31,236,601</u>		<u>33,994,733</u>

The financial statements were approved by the Directors, and authorised for issue, on 16 December 2016 and are signed on their behalf, by:

.....

Mrs C Swan, Chair
 Chair of Governors

.....

Ms K Kelly, Principal
 Accounting Officer

The notes on pages 30 to 53 form part of these financial statements.

LIONHEART ACADEMIES TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	21	<u>(767,246)</u>	<u>1,143,095</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		20,124	11,714
Purchase of tangible fixed assets		(1,850,715)	(1,617,891)
Capital grants from DfE/EFA		434,034	1,309,512
Capital funding received from sponsors and others		110,500	2,802,412
Net cash (used in)/provided by investing activities		<u>(1,286,057)</u>	<u>2,505,747</u>
Change in cash and cash equivalents in the year		(2,053,303)	3,648,842
Cash and cash equivalents brought forward		<u>5,146,522</u>	<u>1,497,680</u>
Cash and cash equivalents carried forward	22	<u><u>3,093,219</u></u>	<u><u>5,146,522</u></u>

The notes on pages 30 to 53 form part of these financial statements.

LIONHEART ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES

Lionheart Academies Trust is a company limited by guarantee incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the Academy' operations and its principal activities are set out in the Directors' Report.

The functional currency of the Academy is GBP.

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 historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their 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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Lionheart Academies Trust constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of Lionheart Academies Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Lionheart Academies Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Directors have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 27.

1.2 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 Directors.

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

LIONHEART ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.3 Income

All income is recognised once the Academy Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of Financial Activities Incorporating Income and Expenditure Account 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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities Incorporating Income and Expenditure Account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fund.

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

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 benefit 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.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities and Governance costs 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.

1.5 Going concern

The Directors 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 Directors 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.6 Tangible fixed assets and depreciation

All assets costing more than £2,500 are capitalised.

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.

Tangible fixed assets are carried at cost or valuation, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term Leasehold Property	-	2% straight line
Plant and machinery	-	20% straight line
Motor vehicles	-	20% straight line
Fixtures and fittings	-	33% straight line
Computer equipment	-	33% straight line
Furniture	-	10% straight line

Land and Assets under construction are not depreciated.

Long-term Leasehold Property has been transferred across upon conversion, at the value determined as at that date. The valuation was completed by Andrea Hopkins (MRICS) of Leicestershire County Council on a depreciated replacement cost valuation.

1.7 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities Incorporating Income and Expenditure Account on a straight line basis over the lease term.

1.8 Interest receivable

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

1.9 Taxation

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

1.10 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.11 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.12 Liabilities and provisions

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. 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.

1.13 Financial instruments

The Academy Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.14 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 and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.15 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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Critical areas of judgement:

No key judgements have been applied in the preparation of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Transfer on conversion of pension scheme liability	-	-	-	-	(521,000)
Transfer on conversion of balance with Local Authority	-	-	-	-	151,396
Transfer on conversion of land and buildings and other fixed assets	-	-	-	-	4,702,737
Transfers on conversion subtotal	-	-	-	-	4,333,133
Parental contributions	14,365	169,145	-	183,510	279,550
Capital Grants	-	-	544,534	544,534	4,111,924
Subtotal	14,365	169,145	544,534	728,044	4,391,474
Total donations and capital grants	14,365	169,145	544,534	728,044	8,724,607

In 2015, of the total income from donations and capital grants, £185,233 was to unrestricted funds and £8,542,374 was to restricted funds

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Charity trading income			
Catering	603,339	603,339	471,192
Lettings	171,902	171,902	177,027
Adult Education	13,193	13,193	22,396
Childcare	250,313	250,313	182,143
Other trading activities	197,318	197,318	598,837
	<u>1,236,065</u>	<u>1,236,065</u>	<u>1,451,595</u>
Charity trading expenses			
Catering	635,046	635,046	450,658
Lettings	121,759	121,759	192,604
Adult Education	13,193	13,193	20,041
Childcare	250,781	250,781	190,290
Other trading activities	157,082	157,082	506,555
	<u>1,177,861</u>	<u>1,177,861</u>	<u>1,360,148</u>
Net income from activities for generating funds	<u>58,204</u>	<u>58,204</u>	<u>91,447</u>

In 2015, all activities for generating funds related to unrestricted funds.

4. INVESTMENT INCOME

	Unrestricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest	20,124	20,124	11,714
	<u>20,124</u>	<u>20,124</u>	<u>11,714</u>

In 2015, all of the total investment income was in respect of unrestricted funds.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants			
General annual grant (GAG)	18,542,106	18,542,106	16,739,287
Start-up grants	-	-	700,000
Other grants	891,266	891,266	986,515
	19,433,372	19,433,372	18,425,802
Other government grants			
SEN grants	420,639	420,639	281,203
Local authority grants	56,402	56,402	103,998
	477,041	477,041	385,201
Other funding			
Exam fees	37,115	37,115	34,835
Nursery grants	86,677	86,677	87,479
	123,792	123,792	122,314
	20,034,205	20,034,205	18,933,317

In 2015, all of the total income from charitable activities, was in respect of restricted funds.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

6. CHARITABLE ACTIVITIES

	Total funds 2016 £	Total funds 2015 £
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	10,287,090	9,126,196
National insurance	793,181	666,690
Pension cost	1,840,354	1,486,781
Depreciation	943,347	725,797
Pension income (note 14)	220,000	195,000
Teaching and education	515,235	255,873
Technology costs	407,722	352,751
Educational supplies	436,587	359,780
Exam fees	492,932	527,360
Other direct costs	140,945	209,316
Staff restructuring costs	121,404	190,840
	<u>16,198,797</u>	<u>14,096,384</u>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	3,160,994	2,491,718
National insurance	180,114	122,446
Pension cost	502,974	405,853
Maintenance of premises	434,246	382,623
Cleaning	84,497	70,864
Rent and rates	102,156	82,080
Energy costs	370,233	273,116
Insurance	119,256	272,163
Security and transport	97,191	62,251
Catering	221,111	270,334
Bank interest and charges	8,841	7,465
Recruitment and support	88,616	30,187
Other support costs	179,266	130,441
Auditor's remuneration	36,150	39,221
Legal and professional fees	248,267	241,625
	<u>5,833,912</u>	<u>4,882,387</u>
	<u>22,032,709</u>	<u>18,978,771</u>

In 2015, all expenditure in relation to charitable activities related to the funding for the academy's educational operations. Of the total expenditure, £18,185 was to unrestricted funds and £18,960,586 was to restricted funds.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

7. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on raising funds	539,173	-	638,688	1,177,861	1,360,149
Funding for the Academy Trust's educational operations:					
Direct costs	13,042,029	523,276	2,633,492	16,198,797	14,096,384
Support costs	3,844,082	439,206	1,550,624	5,833,912	4,882,387
	<u>17,425,284</u>	<u>962,482</u>	<u>4,822,804</u>	<u>23,210,570</u>	<u>20,338,920</u>

In 2016, of the total expenditure, £1,384,944 (2015 - £1,378,333) was to unrestricted funds and £21,825,626 (2015 - £18,960,587) was to restricted funds.

8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	943,347	725,797
Operating lease rentals	72,992	72,806
	<u>943,347</u>	<u>725,797</u>

9. AUDITORS' REMUNERATION

	2016 £	2015 £
Fees payable to the Academy Trust's auditor and its associates for the audit of the Academy Trust's annual accounts	24,475	23,011
Fees payable to the Academy Trust's auditor and its associates in respect of:		
All other non-audit services not included above	9,675	14,160
	<u>24,475</u>	<u>23,011</u>
	2016 £	2015 £
Fees payable to the Academy Trust's auditor and its associates in connection with the Academy Trust's pension scheme(s) in respect of:		
All assurance services not included above	2,000	2,050
	<u>2,000</u>	<u>2,050</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

10. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	13,934,761	12,435,705
Social security costs	982,626	798,286
Operating costs of defined benefit pension schemes	2,386,493	1,933,710
	<u>17,303,880</u>	<u>15,167,701</u>
Staff restructuring costs	121,404	190,840
	<u>17,425,284</u>	<u>15,358,541</u>

Staff restructuring costs comprise:

	2016 £	2015 £
Redundancy payments	63,520	190,840
Severance payments	57,884	-
	<u>121,404</u>	<u>190,840</u>

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £57,884. Individually, the payments were: £31,000, £8,365, £10,319 and £8,200.

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

	2016 No.	2015 No.
Management	10	10
Teachers	262	260
Administration and support	337	304
	<u>609</u>	<u>574</u>

Average headcount expressed as a full time equivalent:

	2016 No.	2015 No.
Management	11	10
Teachers	240	226
Administration and support	235	214
	<u>486</u>	<u>450</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

10. STAFF COSTS (continued)

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

	2016	2015
	No.	No.
In the band £60,001 - £70,000	3	3
In the band £70,001 - £80,000	3	2
In the band £80,001 - £90,000	1	0
In the band £90,001 - £100,000	1	0
In the band £130,001 - £140,000	0	1
In the band £140,001 - £150,000	1	1

Six of the above employees participated in the Teachers' Pension Scheme and three of the above employees participated in the Local Government Pension Scheme. During the year ended 31 August 2016, teachers pension and local government pension contributions for these staff amounted to £86,126 (2015 - £52,374) and £38,111 (2015 - £25,891) respectively.

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) received by key management personnel for their services to the academy trust was £639,500 (2015 - £614,560).

11. CENTRAL SERVICES

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

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

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

The charges detailed below are calculated at 4% of GAG income for each school.

The actual amounts charged during the year were as follows:

	2016	2015
	£	£
Beauchamp College	386,534	395,462
The Cedars Academy *	224,005	155,594
Highcliffe Primary School	57,435	52,903
Riverside Primary School	60,710	56,021
	728,684	659,980
Total	728,684	659,980

*The Cedars Academy was formerly known as Longslade Community College and Stonehill High School.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

12. DIRECTORS' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 2 Directors (2015 - 4) in respect of defined benefit pension schemes.

One or more Directors has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Directors only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Directors, The value of Directors' remuneration and other benefits was as follows:

		2016 £	2015 £
Mr H Howe, Executive Principal	Remuneration	145,000-150,000	140,000-145,000
	Pension contributions paid	20,000-25,000	20,000-25,000
Ms K Kelly, Principal	Remuneration	95,000-100,000	10,000-15,000
	Pension contributions paid	15,000-20,000	0-5,000
Mr A Hayman, Staff Governor	Remuneration	-	55,000-60,000
	Pension contributions paid	-	5,000-10,000
Mrs P Aveling, Staff Governor	Remuneration	-	55,000-60,000
	Pension contributions paid	-	0-5,000

During the year ended 31 August 2016, travel expenses totalling £4,012 (2015 - £3,186) were reimbursed to 3 Directors (2015 - 3).

13. DIRECTORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £3 million on any one claim and the cost for the year ended 31 August 2016 was £2,590 (2015 - £3,416).

14. PENSION FINANCE COSTS

	2016 £	2015 £
Interest income on pension scheme assets	233,000	177,000
Interest on pension scheme liabilities	(453,000)	(372,000)
	<u>(220,000)</u>	<u>(195,000)</u>

LIONHEART ACADEMIES TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

15. TANGIBLE FIXED ASSETS

	Assets under construc- tion £	Long-term Leasehold Property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost						
At 1 September 2015	1,438,881	33,467,900	7,870	210,806	806,050	35,931,507
Additions	439,574	880,899	15,690	493,073	159,354	1,988,590
Transfer between classes	(1,878,455)	1,878,455	-	-	-	-
At 31 August 2016	-	36,227,254	23,560	703,879	965,404	37,920,097
Depreciation						
At 1 September 2015	-	928,058	7,870	62,999	276,965	1,275,892
Charge for the year	-	523,276	844	127,582	291,645	943,347
At 31 August 2016	-	1,451,334	8,714	190,581	568,610	2,219,239
Net book value						
At 31 August 2016	-	34,775,920	14,846	513,298	396,794	35,700,858
At 31 August 2015	1,438,881	32,539,842	-	147,807	529,085	34,655,615

Included in Long-term Leasehold Property is land of £8,133,800 (2015 - £8,133,800) which is not depreciated.

16. DEBTORS

	2016 £	2015 £
Due after more than one year		
Prepayments and accrued income	-	896,412
Due within one year		
Trade debtors	96,180	66,793
Other debtors	358,116	319,171
Prepayments and accrued income	1,399,595	525,051
	<u>1,853,891</u>	<u>1,807,427</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

17. CREDITORS: Amounts falling due within one year

	2016	2015
	£	£
Bank loans and overdrafts	-	155,814
Trade creditors	588,854	254,648
Other taxation and social security	297,929	316,678
Other creditors	283,082	268,129
Accruals and deferred income	573,502	992,571
	1,743,367	1,987,840
	1,743,367	1,987,840

At the balance sheet date the Academy Trust was holding parental contributions received in advance for future years and grant funding where the Academy Trust was not yet entitled to the funding due to the conditions of the grant not yet being met, or where the funding was specifically provided for future periods.

	2016	2015
	£	£
Deferred income		
Deferred income at 1 September 2015	141,213	258,348
Resources deferred during the year	185,049	141,213
Amounts released from previous years	(141,213)	(258,348)
	185,049	141,213
	185,049	141,213

18. CREDITORS:
Amounts falling due after more than one year

	2016	2015
	£	£
Accruals and deferred income	-	59,805
	-	59,805
	-	59,805

LIONHEART ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

19. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds	1,161,701	1,270,554	(1,423,283)	-	-	1,008,972
Restricted funds						
General Annual Grant (GAG)	630,468	18,542,106	(18,518,485)	(160,562)	-	493,527
Other DfE/EFA Grants	534,252	891,266	(1,196,517)	-	-	229,001
LA Grants	-	56,402	(36,362)	-	-	20,040
SEN Funding	-	420,639	(420,639)	-	-	-
Nursery Fund	-	86,677	(86,677)	-	-	-
Parental Contributions	-	169,145	(169,145)	-	-	-
Exam Fees	-	37,115	(37,115)	-	-	-
Pension reserve	(5,723,000)	-	(379,000)	-	(1,566,000)	(7,668,000)
	<u>(4,558,280)</u>	<u>20,203,350</u>	<u>(20,843,940)</u>	<u>(160,562)</u>	<u>(1,566,000)</u>	<u>(6,925,432)</u>
Restricted fixed asset funds						
Fixed Assets	34,655,615	-	(943,347)	1,988,590	-	35,700,858
Capital Fund	2,735,697	544,534	-	(1,828,028)	-	1,452,203
	<u>37,391,312</u>	<u>544,534</u>	<u>(943,347)</u>	<u>160,562</u>	<u>-</u>	<u>37,153,061</u>
Total restricted funds	<u>32,833,032</u>	<u>20,747,884</u>	<u>(21,787,287)</u>	<u>-</u>	<u>(1,566,000)</u>	<u>30,227,629</u>
Total of funds	<u><u>33,994,733</u></u>	<u><u>22,018,438</u></u>	<u><u>(23,210,570)</u></u>	<u><u>-</u></u>	<u><u>(1,566,000)</u></u>	<u><u>31,236,601</u></u>

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

General Annual Grant (GAG)

Funds from the Education Funding Agency for the provision of education in line with the funding agreement.

Other DfE/EFA Grants

Other funds provided by the DfE/EFA for particular purposes within the Trust's educational operations.

LA Grants

Funds received from the local authority for specific projects.

SEN Funding

Funds received specifically for use on pupils with special educational needs.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

19. STATEMENT OF FUNDS (continued)

Nursery Fund

Funds received in relation to supporting nursery places.

Parental Contributions

Funds generated from parents of students for use towards specific educational expenditure, e.g. trips.

Exam fees

Fees received for the payment of exam re-sits.

Pension reserve

Being the fund in relation to the defined benefit pension scheme liability included in the balance sheet. This fund is in deficit given the nature of the liability, however this is not payable immediately.

Fixed Assets

Represents the fixed assets that are held by the Trust, which are used by the Trust to achieve its educational objectives.

Capital Fund

Funds received from various bodies for the purposes of capital and repairs works.

Transfers

Relates to the transfer of the purchase of fixed assets from the relevant fund where the income is received to the fixed assets fund.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £	Total 2015 £
Beauchamp College	988,623	1,304,930
The Cedars Academy*	708,695	857,522
Highcliffe Primary School	79,180	101,255
Riverside Primary School	90,461	123,778
Central Services	(115,419)	(61,064)
Total before fixed asset fund and pension reserve	1,751,540	2,326,421
Restricted fixed asset fund	37,153,061	37,391,312
Pension reserve	(7,668,000)	(5,723,000)
Total	31,236,601	33,994,733

*The Cedars Academy was formerly known as Longslade Community College and Stonehill High School.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

19. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2016 £	Total 2015 £
Beauchamp College	6,623,070	1,913,624	200,803	2,707,753	11,445,250	10,606,992
The Cedars Academy	4,058,975	1,029,982	107,215	1,298,020	6,494,192	4,969,017
Highcliffe Primary School	1,008,710	213,561	43,818	414,282	1,680,371	1,556,530
Riverside Primary School	1,144,587	199,828	73,306	413,734	1,831,455	1,652,539
Central Services	206,687	487,087	11,445	110,736	815,955	741,044
	<u>13,042,029</u>	<u>3,844,082</u>	<u>436,587</u>	<u>4,944,525</u>	<u>22,267,223</u>	<u>19,526,122</u>

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	35,700,858	35,700,858	34,655,615
Debtors due after more than 1 year	-	-	-	-	896,412
Current assets	1,008,972	2,485,935	1,452,203	4,947,110	6,213,351
Creditors due within one year	-	(1,743,367)	-	(1,743,367)	(1,987,840)
Creditors due in more than one year	-	-	-	-	(59,805)
Provisions for liabilities and charges	-	(7,668,000)	-	(7,668,000)	(5,723,000)
	<u>1,008,972</u>	<u>(6,925,432)</u>	<u>37,153,061</u>	<u>31,236,601</u>	<u>33,994,733</u>

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FOR THE YEAR ENDED 31 AUGUST 2016

21. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016	2015
	£	£
Net (expenditure)/income for the year (as per Statement of financial activities)	(1,192,132)	8,782,314
Adjustment for:		
Depreciation charges	943,347	725,797
Dividends, interest and rents from investments	(20,124)	(11,714)
Increase in debtors	(46,464)	(1,204,650)
(Decrease)/increase in creditors	(286,339)	767,009
Capital grants from DfE and other capital income	(544,534)	(4,111,924)
Defined benefit pension scheme obligation inherited	-	521,000
Defined benefit pension scheme cost less contributions payable	159,000	183,000
Defined benefit pension scheme finance cost	220,000	195,000
Net (loss) on assets and liabilities from local authority on conversion	-	(4,702,737)
Net cash (used in)/provided by operating activities	(767,246)	1,143,095

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016	2015
	£	£
Cash in hand	3,093,219	5,302,336
Overdraft facility repayable on demand	-	(155,814)
Total	3,093,219	5,146,522

23. PENSION COMMITMENTS

The Academy Trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hymans Robertson LLP. Both are Multi-Employer Defined Benefit Pension Schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £272,513 were payable to the schemes at 31 August 2016 (2015 - 254,977) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £1,443,199 (2015 - £1,115,710).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £1,009,000 (2015 - £823,000), of which employer's contributions totalled £783,000 (2015 - £635,000) and employees' contributions totalled £226,000 (2015 - £188,000). The agreed contribution rates for future years are 22.3% for employers and 5.5 - 12.5% 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:

	2016	2015
Discount rate for scheme liabilities	2.10 %	3.80 %
Rate of increase in salaries	3.10 %	4.60 %
Rate of increase for pensions in payment / inflation	2.10 %	2.70 %

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23. PENSION COMMITMENTS (continued)

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

	2016	2015
Retiring today		
Males	22.2 years	22.2 years
Females	24.3 years	24.3 years
Retiring in 20 years		
Males	24.2 years	24.2 years
Female	26.6 years	26.6 years

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 August 2016	Approximate % increase to Employer Liability	Approximate monetary amount £
0.5% decrease in Real Discount Rate	14%	2,156,000
1 year increase in member life expectancy	3%	468,000
0.5% increase in the Salary Increase Rate	6%	865,000
0.5% increase in the Pension Increase Rate	8%	1,219,000

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	5,717,000	3,711,000
Debt instruments	1,429,000	1,181,000
Property	715,000	619,000
Cash	79,000	112,000
Total market value of assets	<u>7,940,000</u>	<u>5,623,000</u>

The actual return on scheme assets was £1,308,000 (2015 - £163,000).

The amounts recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account are as follows:

	2016 £	2015 £
Current service cost (net of employee contributions)	(937,000)	(818,000)
Net interest cost	(220,000)	(195,000)
Past service cost	(5,000)	-
Total	<u>(1,162,000)</u>	<u>(1,013,000)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS (continued)

Movements in the present value of the defined benefit obligation were as follows:

	2016 £	2015 £
Opening defined benefit obligation	11,346,000	9,177,000
Current service cost	937,000	818,000
Interest cost	453,000	372,000
Contributions by employees	226,000	188,000
Actuarial losses/(gains)	2,641,000	(156,000)
Past service costs	5,000	-
Liabilities assumed on schools joining the Trust	-	947,000
	<hr/>	<hr/>
Closing defined benefit obligation	15,608,000	11,346,000
	<hr/> <hr/>	<hr/> <hr/>

Movements in the fair value of the Academy Trust's share of scheme assets:

	2016 £	2015 £
Opening fair value of scheme assets	5,623,000	4,211,000
Return on plan assets (excluding net interest on the net defined pension liability)	233,000	177,000
Return on scheme assets (excluding interest income)	1,075,000	(14,000)
Contributions by employer	783,000	635,000
Contributions by employees	226,000	188,000
Assets acquired on schools joining the Trust	-	426,000
	<hr/>	<hr/>
Closing fair value of scheme assets	7,940,000	5,623,000
	<hr/> <hr/>	<hr/> <hr/>

24. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
Amounts payable:		
Within 1 year	49,907	58,502
Between 1 and 5 years	1,582	65,980
	<hr/>	<hr/>
Total	51,489	124,482
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

25. RELATED PARTY TRANSACTIONS

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

The wife of Mr H Howe (Executive Principal and Governor), Mrs H Singh is a self employed educational consultant, operating under the name of Kaizen: Continuous School Improvement from which the Trust purchased services during the year amounting to £2,500 (2015: £3,425).

26. MEMBERS' LIABILITY

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

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27. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014 £	31 August 2015 £
Total funds under previous UK GAAP		25,070,419	33,994,733
Total funds reported under FRS 102		<u>25,070,419</u>	<u>33,994,733</u>

Reconciliation of net income	Notes	31 August 2015 £
Net income previously reported under UK GAAP		8,869,314
Change in recognition of LGPS interest cost	A	(87,000)
Net movement in funds reported under FRS 102		<u>8,782,314</u>

Explanation of changes to previously reported funds and net income/expenditure:

A - Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in expenditure. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expenditure. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expenditure by £87,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.