

**THE RAINBOW MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

TRUSTEES' REPORT AND AUDITED ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2017

Company Registration No. 08909269 England and Wales

THE RAINBOW MULTI ACADEMY TRUST

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THE RAINBOW MULTI ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

M Carter (Chair)
SJ Jones (Accounting Officer) (Resigned 20 November 2016)
WT Carter
JL Emery
CT Harvey
JM Lamb (Resigned 20 November 2016)
P McGovern
J Moseley
L Seymour
GIJ Springer
LT Stephens (Resigned 20 November 2016)
R Webber

Members

M Carter
WT Carter
Askel Veur The Diocese of Truro Academies Umbrella Company Ltd
The Diocesan Director of Education for the Diocese of Truro, S Cade
Archdeacon WR Stuart-White

Senior management team

- CEO Executive Principal	S Jones
- CFO	A Young
- Headteacher of St Meriadoc CE Infant Academy	LT Stephens
- Headteacher of St Meriadoc CE Junior Academy	B Anderson
- Headteacher of Penponds Primary School	A Richards
- Headteacher of Troon CP School	JM Lamb

Company secretary

R Couch

Company registration number

08909269 (England and Wales)

Principal address

Nexus
Trevu Road
CAMBORNE
Cornwall
TR14 7AD

Registered office

Nexus
Trevu Road
CAMBORNE
Cornwall
TR14 7AD

THE RAINBOW MULTI ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Academies operated

St Meriadoc CE Infant Academy
St Meriadoc CE Junior Academy
Troon CP School
Penponds Primary School

Location

Camborne
Camborne
Camborne
Camborne

Headteacher

LT Stephens
B Anderson
JM Lamb
A Richards

Independent auditor

Robinson Reed Layton
Peat House
Newham Road
TRURO
Cornwall
TR1 2DP

Bankers

Lloyds Bank Plc
29 Commercial Street
CAMBORNE
Cornwall
TR14 8JX

HSBC Bank Plc
45 Commercial Street
CAMBORNE
Cornwall
TR14 8AX

Solicitors

Cornwall Council Legal Services
Room 458
County Hall
TRURO
Cornwall
TR1 3AY

THE RAINBOW MULTI ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

The trustees present their annual report together with the accounts and independent auditor's report of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy trust operates four primary academies in the Camborne area. Its academies have a combined pupil capacity of 700 and had a roll of 699 in the school census in October 2016.

Structure, governance and management

Constitution

The academy trust (which was incorporated on 24 February 2014 and opened as an academy trust on 1 April 2014) is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The trustees of The Rainbow Multi Academy Trust are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

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.

Trustees' indemnities

In accordance with normal commercial practice the charitable company has purchased insurance to protect trustees from claims arising from negligent acts, errors or omissions occurring whilst on the charitable company's business. The insurance provides cover up to £5 million on any one claim.

Method of recruitment and appointment or election of trustees

The academy shall have the following trustees as set out in its Articles of Association and funding agreement:

- no less than 6 trustees who are appointed by members;
- up to 2 community trustees appointed by the trustees; and
- up to 3 co-opted trustees who are appointed by the non co-opted trustees.

There shall always be two more trustees appointed by the members than all other trustees of the academy trust. Also, the total number of trustees who are employees of the charitable company shall not exceed one third of the total number of trustees. Academies handbook 2017 states no employees to be trustees - this will be implemented at the upcoming meeting.

Trustees are appointed for a four year period, except that this time limit does not apply to the headteacher. Subject to remaining eligible to be a particular type of trustee, any trustee can be re-appointed or re-elected.

When appointing new trustees, the board will give consideration to the skills and experience mix of existing trustees in order to ensure that the board has the necessary skills to contribute fully to the charitable company's development.

Policies and procedures adopted for the induction and training of trustees

Trustees have access to all policies, procedures improvement plans, minutes and other relevant documentation that they need to undertake their role as trustee. These are available for trustees on a secure area within the academy trust server/website. All new trustees are directed by the board to diocesan training.

THE RAINBOW MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Organisational structure

The Rainbow Multi Academy Trust has followed the organisational structure laid down in the Articles of Association that were registered with Companies House on 24 February 2014.

The structure consists of three levels: the members, the trustees and the management team. The members of the charitable company comprise the signatories of the memorandum, including the chair of trustees. The members have defined the roles of the trustees and the committee structure. The members meet annually to hold an Annual General Meeting (AGM).

The finance committee also meets regularly throughout the year. Trustees are also assigned specific areas of focus aligned to the management and administration of the charitable company, or specific teaching department links. The governing body committee operate in accordance with documented terms of reference.

The responsibilities of the finance and general purposes committee are carried out by the finance committee.

There is now a part time CEO (accounting officer) and full time CFO. To reflect this new structure there has been an amendment to the articles of association and to the scheme of delegation and the terms of reference.

Arrangements for setting pay and remuneration of key management personnel

The Rainbow Multi Academy Trust has adopted the Local Authority model pay policy for teaching and non teaching staff. The remuneration of its key management personnel is set by the finance committee, to then be agreed by the governing body. It is determined using the current academies pay policy conditions and is performance linked. The Governing Body will assign the school to a group for the purpose of setting the pay range for the head teachers. This is determined based on a number of factors regarding the amount of pupils at different key stages and their varying needs. The starting salary is then decided upon based on skills, knowledge and experience.

Headteachers performance management review is carried out by three governors and an independent school improvement adviser.

Any pay increments for head teachers need to be approved by the schools local governing body. The remuneration scale for the appointments of a Chief Financial Officer and Executive Principal at the end of the year was determined by the finance committee and approved by the full governing body before the appointments were made. Currently the full governing body are required to approve the range and grades set by the finance committee for any leadership and management appointments, any increments are performance linked and must be approved by the finance committee and full governing body.

Related parties and other connected charities and organisations

The Rainbow Multi Academy Trust has a connected organisation in the form of Askel Veur The Diocese of Truro Academies Umbrella Company Ltd.

Askel Veur The Diocese of Truro Academies Umbrella Company Ltd is an Umbrella entity providing support to a number of academies including The Rainbow Multi Academy Trust.

Related party transactions are detailed in Note 22 to the accounts.

THE RAINBOW MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Objectives and activities

Objects and aims

The principal object and activity of the charitable company is the operation of all the schools within The Rainbow Multi Academy Trust to provide education to pupils aged 3 to 11.

The aims of the academy trust during the year ended 31 August 2017 are summarised below:

- To continue to raise the standard of educational attainment and achievement of pupils;
- To provide a broad and balanced curriculum, including extra curricular activities;
- To develop students as more effective learners;
- To develop the academy sites so they enable students to achieve their full potential;
- To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- To improve the effectiveness of the academy trust by keeping the curriculum and organisational structure under continual review; and
- To provide value for money for the funds expended.

Objectives, strategies and activities

The key priorities for the year to 31 August 2017 are summarised below:

- To ensure that every child in all of the schools within the academy trust enjoys the same high quality education in terms of resources, tuition and care;
- To raise the standard of education, achievement and progress for all pupils within the academy trust;
- To explore the opportunities to improve the performance of all pupils within the academy trust by reviewing the quality of the curriculum and organisational structure;
- To audit the quality of teaching and learning together with leadership and management and standards of achievement in order to identify strengths and weaknesses in all of the schools and to implement appropriate action plans;
- To provide value for money for the funds expended;
- To forge ever closer links with the community within which each school operates; and
- To conduct the academy trust's business in accordance with high standards of integrity, probity and openness.
- In the event of the head teacher from one school leaving, the MAT was able to utilise its sustainable leadership programme to fill the post within the MAT.

Public benefit

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

THE RAINBOW MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Strategic report

Achievements and performance

The assessment results below indicate the levels achieved during the latest accounting period by the individual schools within the academy trust:

Key Stage 2 Results

Reading				
National	Penponds	St Meriadoc Jun	St Meriadoc Inf	Troon
71%	77%	90%	N/A	65%
Writing				
National	Penponds	St Meriadoc Jun	St Meriadoc Inf	Troon
65%	82%	77%	n/a	77%
Maths				
National	Penponds	St Meriadoc Jun	St Meriadoc Inf	Troon
75%	59%	90%	n/a	59%
SPAG				
National	Penponds	St Meriadoc Jun	St Meriadoc Inf	Troon
77%	65%	90%	n/a	65%
Combined reading writing and maths				
National	Penponds	St Meriadoc Jun	St Meriadoc Inf	Troon
61%	73%	77%	n/a	53%

THE RAINBOW MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Key Stage 1

Reading				
National	Penponds	St Meriadoc Jun	St Meriadoc Inf	Troon
76%	90%	n/a	83%	83%
Writing				
National	Penponds	St Meriadoc Jun	St Meriadoc Inf	Troon
68%	74%	n/a	73%	83%
Maths				
National	Penponds	St Meriadoc Jun	St Meriadoc Inf	Troon
75%	74%	n/a	83%	78%

Year 1 phonic

phonics				
National	Penponds	St Meriadoc Jun	St Meriadoc Inf	Troon
81%	88%	n/a	78%	79%

THE RAINBOW MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

In the past academic year three out of the four schools have had an OFSTED inspection.

School	Previous Outcome	School current outcome
St Meriadoc Infants	Good	Good 21st Feb 2017
St Meriadoc Juniors	Requires Improvement	Good 8th June 2017
Troon	Requires Improvement	Good 2nd May 2017
Penponds		Outstanding 4th April 2014

Ofsted Quotes

St Meriadoc Infants

'Staff morale is high and pupils achieve well in an environment where laughter fills the classrooms, echoes down the corridors and cascades around the staffroom'

Troon School

'Pupils' attitudes to learning are excellent. They understand the importance of learning and have a personal investment in the school that keeps them motivated even in the face of challenging work'

St Meriadoc Junior

'Leaders have created a nurturing, caring ethos where pupils and their families feel secure. They have an in-depth understanding of pupils' needs and ensure that support is tailored to reduce any external barriers to learning.'

MAT related comments

'The support provided by the Rainbow Multi-Academy Trust is developing in its impact. It is now more tightly focused on monitoring standards in the school and holding leaders and governors to account for the progress that different groups of pupils are making.'

Going concern

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

Financial review

The charitable company's accounting period is the year to 31 August 2017.

Most of the charitable company's income is derived from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received during the year to 31 August 2017 and the associated expenditure, are shown as restricted funds in the statement of financial activities.

The charitable company also received grants for fixed assets from the ESFA. Such grants are shown in the statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund will be reduced by annual depreciation charges over the expected useful life of the assets concerned.

THE RAINBOW MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Reserves policy

The Rainbow Multi Academy Trust trustees aim to control reserves to ensure excessive balances are not held at any one time and intends to conduct a review to ascertain an appropriate level for these balances. Trustees will ensure that delegated funds continue to be spent appropriately in the interest of the pupils of The Rainbow Multi Academy Trust.

However, trustees are also aware of their responsibilities to ensure sufficient reserves are kept to ensure good financial practice and to maintain a safe financial future for The Rainbow Multi Academy Trust. Any future financial trends are identified early by good financial planning and regular monitoring by finance staff and The Rainbow Multi Academy Trust finance committee.

The trustees consider the financial year end position of £2,033,945 (2016: £2,368,076) comprising £2,440,895 (2016: £2,397,025) of restricted fixed asset funds, (£856,000) (2016: (£537,000)) of restricted funds and £449,050 (2016: £508,501) of unrestricted funds to be satisfactory. The restricted funds consist of the pension reserve amounting to (£856,000) (2016: £(537,000)) and general restricted funds of £Nil (2016: £Nil).

With the level of free reserves held by the academy trust at £449,050 (2016: £512,642) the academy trust finance committee have reviewed the existing policy on reserves. The Committee will make specific recommendations to ensure that the internal control measures in use will best manage these funds in the interest of the pupils.

The Local Government Pension Scheme (LGPS) fund is currently in deficit. The academy has entered into an agreement with the LGPS trustees to make additional annual contributions of £10,000 in addition to normal funding levels, over a period of 20 years, in order to bridge the scheme deficit, rising to £25,000 in 2017/18, £28,400 in 2018/19 and £32,000 in 2019/20.

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

Investment policy and powers

The trustees have the ability to invest funds of the academy trust as they see fit. Currently the academy trust does not have any long term investments, with the cash reserves being held in the current bank account. The trustees have no plans to make any long-term investments in the near future.

Principal risks and uncertainties

The trustees use a number of academy trust policies, including health and safety, finance, safeguarding and a risk register to evaluate strategic and reputational, operational, compliance and financial risks. The trustees have ensured that the management structure, systems and controls are in place to manage those risks, as well as insurance to cover financial and governance arrangements. The governing body ensure regular review of risks through the reporting provided by the management team to the aforementioned governing body.

The principal risk facing the charitable company is the future level of government funding. This risk is managed by careful control over budgeted expenditure which ensures that a deficit does not arise for the year. The trustees have also self-assessed financial and governance arrangements by completing the Academies Financial Management and Governance Evaluation which was submitted to the Education and Skills Funding Agency in the previous year, and they remain satisfied with the overall assessment.

The appointments of Chief Financial Officer and Executive Principal were made to ensure effective leadership is in place. This will improve clarity on the trust's chain of accountability and bring strong oversight to the running of the MAT.

THE RAINBOW MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Plans for future periods

The academy trust will continue to strive to improve the level of performance of all pupils at all abilities and will continue its efforts to ensure all pupils are prepared for the next phase of education once they leave the academy trust from any school.

In accordance with the academy trust's Improvement Plan for 2017-18 the key objectives for the forthcoming year are:

- To provide an inspiring curriculum that meets the needs of our children;
- To strengthen teacher and support staff subject knowledge through peer to peer coaching and support and joint inset training
- To work together to improve teaching and learning through a planned coaching model
- To develop and refine the assessment system that fits the new curriculum;
- Improve outcomes of the more able pupils across the MAT;
- To effectively use assessment systems and data across all schools;
- Improve capacity of middle managers across the four Schools through a middle managers development program; and
- To ensure there is a MAT format for all performance management across the schools.

Auditor

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

A resolution proposing that Robinson Reed Layton be reappointed as auditor of the charitable company will be put to the members.

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

.....
M Carter (Chair)

THE RAINBOW MULTI ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2017

Scope of responsibility

As trustees we acknowledge we have overall responsibility for ensuring that The Rainbow Multi Academy 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 board of trustees has delegated the day-to-day responsibility to the CEO, 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 The Rainbow Multi Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
M Carter (Chair)	4	4
SJ Jones (Accounting Officer) (Resigned 20 November 2016)	4	4
WT Carter	3	4
JL Emery	3	4
CT Harvey	4	4
JM Lamb (Resigned 20 November 2016)	0	0
P McGovern	3	4
J Moseley	1	4
L Seymour	3	4
GIJ Springer	3	4
LT Stephens (Resigned 20 November 2016)	0	0
R Webber	3	4

At the request of the Board a full review of governance was carried out by an external auditor based on the 'Characteristics of a Successful Mat' document created by Sir David Carter. Following the audit there has been a restructure of the Board and its sub committees and their Terms of Reference and Scheme of Delegation reviewed. Alongside each of the Local Governing Bodies there is now a subcommittee for Standards, Finance and Resources, and Audit. The new Model includes a CEO who the board hold accountable for standards in each of the schools. The Board now has a Chair that does not sit on any Local Governing Bodies so can be truly independent.

THE RAINBOW MULTI ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

The finance and resources committee is a sub-committee of the main board of trustees. Its purpose is to:

- Assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the academy's finances and resources, including proper planning, monitoring and probity and to provide support and guidance for all matters relating to the school premises, grounds, security and health and safety.
- To make appropriate comments and recommendations on such matters to the governing body on a regular basis.
- Major issues will be referred to the full governing body for ratification, unless otherwise delegated.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
M Carter (Chair)	3	3
SJ Jones (Accounting Officer) (Resigned 20 November 2016)	3	3
WT Carter	2	3
J Moseley	2	3
GIJ Springer	3	3
R Webber	2	3

Review of value for money

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

THE RAINBOW MULTI ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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

Governors, Senior Management and the Accounting Officer apply the five principles of best value:

Challenge – Is each school's performance high enough? Why and how is a service provided? Do we still need it? Can it be delivered differently? What do parents want?

Compare – How does each school's pupil and financial performance compare with all schools nationally, locally and with like establishments.

Consult – How does each school seek the views of stakeholders about the services the school provides

Compete – How does each school secure efficient and effective services? Are the services of appropriate quality and are they economic?

Collaborate – How does the Academy liaise and share best practice with other organisations?

The Governors and Academy Senior Management Team have applied the principles of best value when making decisions about the allocation of resources to best promote the aims and values of the Academy and to improve standards and the quality of provision across the schools in order meet the needs of all pupils. Some examples are set out below.

Improving educational results

Over the past year the 4 schools have shared the costs of training eg an internationally renowned independent education consultant spoke about raising aspirations and ensuring all children are able to succeed and attain at least Age Related Expectation. As a result progress and attainment has risen across the four schools.

Three schools are involved in NAHT Aspire which focuses on delegated leadership and improving outcomes for all children.

The MAT hires its own Executive Principal who works across the MAT to enable children with SEN to make good progress. She has led network meetings.

The joint MAT improvement plan has focused on areas which are priorities across the four schools in order to allow for economies of scale to be planned in from the very beginning.

An audit of staff skills has been updated so that future CPD can be targeted and can be led by our own staff. All new vacancies are advertised internally first to allow staff to be most efficiently and effectively deployed.

Financial Performance

The appointment of business and premises managers has meant that we are able to 'shop around' to ensure that we get the right services for us at the best possible price eg the energy costs have been less this year. New LED lighting has been installed in three of the schools, this is expected to generate considerable energy savings as well as being more cost effective.

The business manager has oversight of the processes and budgets in all four schools and is therefore able to assist and advise the Accounting Officer when deciding if best value and consistency has been achieved across all financial areas. The appointment of a Chief Financial Officer has increased consistency and best value further whilst also exploring other funding opportunities.

Income Generation

The MAT generates a significant amount of income through wrap around care and Early Years education. Charging for extra nursery provision and providing before and after school care enables the schools to supplement their budgets and provide better facilities and resources for all of its pupils. This is looking to extend in the coming year with the possibility of increasing 2 year old provision across the MAT.

The MAT host trainee teachers which also generates income.

The CEO is also looking to do additional work in other MATs and for CAPH in order to generate income.

THE RAINBOW MULTI ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Rainbow Multi Academy Trust for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance and resources 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.

Management reports produced by the CFO are presented to the finance committee at the meetings.

The board of trustees has considered the need for a specific internal audit function and has appointed Robinson Reed Layton as the internal auditor.

The internal auditors role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a termly basis, the auditor reports to the board of trustees on the operation of the systems of control and on the discharge of the financial responsibilities of the board of trustees.

The auditor has delivered their schedule of work as planned, there were no material control issues arising as a result of the reviewer's work.

THE RAINBOW MULTI ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Review of effectiveness

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

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

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

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

M Carter (Chair)

SJ Jones (Accounting Officer)

THE RAINBOW MULTI ACADEMY TRUST

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE *FOR THE YEAR ENDED 31 AUGUST 2017*

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

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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

Approved on and signed by:

SJ Jones (Accounting Officer)
Accounting Officer

THE RAINBOW MULTI ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2017

The trustees (who also act as governors for The Rainbow Multi Academy Trust and are also the directors of The Rainbow Multi Academy Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the accounts in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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

M Carter (Chair)

THE RAINBOW MULTI ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE RAINBOW MULTI ACADEMY TRUST

Opinion

We have audited the accounts of The Rainbow Multi Academy Trust for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the academy trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

THE RAINBOW MULTI ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE RAINBOW MULTI ACADEMY TRUST (CONTINUED)

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

for and on behalf of Robinson Reed Layton

**Chartered Accountants
Statutory Auditor**

.....

Peat House
Newham Road
TRURO
Cornwall
TR1 2DP

THE RAINBOW MULTI ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE RAINBOW MULTI ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 9 December 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Rainbow Multi Academy Trust during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of The Rainbow Multi Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Rainbow Multi Academy Trust's funding agreement with the Secretary of State for Education dated 24 March 2014 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- a review of minutes of all trustees' meetings;
- a review of items purchased with credit cards to ensure they are not used for personal benefit;
- a review of financial transactions for any unusual transactions which may be improper;
- a review of all the activities of the academy trust to ensure that they are in keeping with the academy trust's framework and the charitable objectives;
- a review of pecuniary interest forms to ensure all key staff and trustees have declared their interest in related parties, as well as discussion and testing of these forms;
- a review of expenditure to ensure it does not contravene the funding agreement; and
- a review of procurement procedures to ensure activity is in accordance with Annex 4.4 of Managing Public Money.

THE RAINBOW MULTI ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE RAINBOW MULTI ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

Robinson Reed Layton

Dated:

THE RAINBOW MULTI ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2017 £	Total 2016 £
Income and endowments from:						
Donations and capital grants	2	366	-	27,146	27,512	196,466
Charitable activities:						
- Funding for educational operations	3	162,475	3,285,852	-	3,448,327	3,275,024
Other trading activities	4	2,980	-	-	2,980	2,574
Investments	5	448	-	-	448	791
Total income and endowments		<u>166,269</u>	<u>3,285,852</u>	<u>27,146</u>	<u>3,479,267</u>	<u>3,474,855</u>
Expenditure on:						
Charitable activities:						
- Educational operations	7	33,159	3,595,622	127,839	3,756,620	3,408,633
Total expenditure	6	<u>33,159</u>	<u>3,595,622</u>	<u>127,839</u>	<u>3,756,620</u>	<u>3,408,633</u>
Net income/(expenditure)		133,110	(309,770)	(100,693)	(277,353)	66,222
Transfers between funds		(196,702)	171,770	24,932	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	19	-	366,000	-	366,000	(489,000)
Net movement in funds		<u>(63,592)</u>	<u>228,000</u>	<u>(75,761)</u>	<u>88,647</u>	<u>(422,778)</u>
Reconciliation of funds						
Total funds brought forward		512,642	(1,084,000)	2,516,656	1,945,298	2,368,076
Total funds carried forward		<u>449,050</u>	<u>(856,000)</u>	<u>2,440,895</u>	<u>2,033,945</u>	<u>1,945,298</u>

THE RAINBOW MULTI ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2017

Comparative year information Year ended 31 August 2016	Notes	Unrestricted	Restricted funds:		Total
		Funds	General	Fixed asset	2016
		£	£	£	£
Income and endowments from:					
Donations and capital grants	2	243	-	196,223	196,466
Charitable activities:					
- Funding for educational operations	3	138,117	3,136,907	-	3,275,024
Other trading activities	4	2,574	-	-	2,574
Investments	5	791	-	-	791
Total income and endowments		<u>141,725</u>	<u>3,136,907</u>	<u>196,223</u>	<u>3,474,855</u>
Expenditure on:					
Charitable activities:					
- Educational operations	7	25,262	3,252,918	130,453	3,408,633
Total expenditure	6	<u>25,262</u>	<u>3,252,918</u>	<u>130,453</u>	<u>3,408,633</u>
Net income/(expenditure)		116,463	(116,011)	65,770	66,222
Transfers between funds		(111,872)	58,011	53,861	-
Other recognised gains and losses					
Actuarial losses on defined benefit pension schemes	19	-	(489,000)	-	(489,000)
Net movement in funds		4,591	(547,000)	119,631	(422,778)
Reconciliation of funds					
Total funds brought forward		508,051	(537,000)	2,397,025	2,368,076
Total funds carried forward		<u>512,642</u>	<u>(1,084,000)</u>	<u>2,516,656</u>	<u>1,945,298</u>

THE RAINBOW MULTI ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2017

		2017		2016	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	11		2,434,752		2,499,684
Current assets					
Debtors	13	135,682		169,277	
Cash at bank and in hand		549,871		675,752	
		<u>685,553</u>		<u>845,029</u>	
Current liabilities					
Creditors: amounts falling due within one year	14	(219,727)		(315,415)	
Net current assets			465,826		529,614
Total assets less current liabilities			2,900,578		3,029,298
Creditors: amounts falling due after more than one year	15		(10,633)		-
Net assets excluding pension liability			2,889,945		3,029,298
Defined benefit pension liability	19		(856,000)		(1,084,000)
Net assets			<u>2,033,945</u>		<u>1,945,298</u>
Funds of the academy trust:					
Restricted funds	17				
- Fixed asset funds			2,440,895		2,516,656
- Pension reserve			(856,000)		(1,084,000)
Total restricted funds			<u>1,584,895</u>		<u>1,432,656</u>
Unrestricted income funds	17		449,050		512,642
Total funds			<u>2,033,945</u>		<u>1,945,298</u>

The accounts set out on pages 22 to 47 were approved by the board of trustees and authorised for issue on and are signed on its behalf by:

.....
M Carter (Chair)

Company Number 08909269

THE RAINBOW MULTI ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Net cash used in operating activities	20		(102,168)		(32,082)
Cash flows from investing activities					
Dividends, interest and rents from investments		448		791	
Capital grants from DfE and ESFA		27,146		196,223	
Payments to acquire tangible fixed assets		(62,907)		(258,985)	
			(35,313)		(61,971)
Cash flows from financing activities					
New other loan		11,600		-	
			11,600		-
Change in cash and cash equivalents in the reporting period			(125,881)		(94,053)
Cash and cash equivalents at 1 September 2016			675,752		769,805
Cash and cash equivalents at 31 August 2017			<u>549,871</u>		<u>675,752</u>

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

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

1.1 Basis of preparation

The accounts 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Rainbow Multi Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts 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 accounts.

1.3 Income

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

Grants receivable

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

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

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

Sponsorship income

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

Donations

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

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

Other income

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

Donated goods, facilities and services

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

Donated fixed assets

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

1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

Governance costs

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

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.5 Tangible fixed assets and depreciation

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Leasehold property	2% per annum on cost
Computer equipment	33% per annum on cost
Furniture & equipment	20% per annum on cost

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

1.6 Liabilities

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

1.7 Leasing and hire purchase commitments

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

1.8 Financial instruments

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

Financial assets

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

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

Financial liabilities

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

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

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.9 Taxation

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

1.10 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 19, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

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

1.11 Fund accounting

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

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

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

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Capital grants	-	27,146	27,146	196,223
Other donations	366	-	366	243
	<u>366</u>	<u>27,146</u>	<u>27,512</u>	<u>196,466</u>

3 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
DfE / ESFA grants				
General annual grant (GAG)	-	2,606,715	2,606,715	2,470,269
Other DfE / ESFA grants	-	398,204	398,204	379,318
	<u>-</u>	<u>3,004,919</u>	<u>3,004,919</u>	<u>2,849,587</u>
Other government grants				
Local authority grants	-	280,933	280,933	287,320
	<u>-</u>	<u>280,933</u>	<u>280,933</u>	<u>287,320</u>
Other funds				
Other incoming resources	162,475	-	162,475	138,117
	<u>162,475</u>	<u>-</u>	<u>162,475</u>	<u>138,117</u>
Total funding	<u>162,475</u>	<u>3,285,852</u>	<u>3,448,327</u>	<u>3,275,024</u>

4 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Hire of facilities	600	-	600	24
Other income	2,380	-	2,380	2,550
	<u>2,980</u>	<u>-</u>	<u>2,980</u>	<u>2,574</u>

5 Investment income

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Short term deposits	448	-	448	791
	<u>448</u>	<u>-</u>	<u>448</u>	<u>791</u>

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

6 Expenditure

	Staff costs £	Premises costs £	Other costs £	Total 2017 £	Total 2016 £
Academy's educational operations					
- Direct costs	2,337,133	-	212,476	2,549,609	2,324,903
- Allocated support costs	435,107	402,034	369,870	1,207,011	1,083,730
	<u>2,772,240</u>	<u>402,034</u>	<u>582,346</u>	<u>3,756,620</u>	<u>3,408,633</u>

Net income/(expenditure) for the year includes:	2017 £	2016 £
Fees payable to auditor for:		
- Audit	3,960	5,175
- Other services	4,475	2,675
Operating lease rentals	13,331	12,564
Depreciation of tangible fixed assets	127,839	130,453
Net interest on defined benefit pension liability	24,000	21,000
	<u>240,605</u>	<u>277,967</u>

Central services

The academy trust has provided the following central services to its academies during the year:

- finance and administration; and
- settlement of other shared costs.

The academy trust charges for these services on the following basis:

- 5% of GAG funding received

The amounts charged during the year were as follows:

	Total £
St Meriadoc CE Infant Academy	33,902
St Meriadoc CE Junior Academy	42,071
Troon CP School	32,114
Penponds Primary School	22,247
	<u>130,334</u>

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

7 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Direct costs - educational operations	12,149	2,537,460	2,549,609	2,324,903
Support costs - educational operations	21,010	1,186,001	1,207,011	1,083,730
	<u>33,159</u>	<u>3,723,461</u>	<u>3,756,620</u>	<u>3,408,633</u>
			2017 £	2016 £
Analysis of support costs				
Support staff costs			435,107	318,703
Depreciation and amortisation			127,839	130,453
Technology costs			52,541	47,481
Premises costs			206,399	219,692
Other support costs			381,165	362,226
Governance costs			3,960	5,175
			<u>1,207,011</u>	<u>1,083,730</u>

8 Staff costs

	2017 £	2016 £
Wages and salaries	2,108,701	1,850,961
Social security costs	154,533	111,473
Operating costs of defined benefit pension schemes	454,351	333,944
Staff costs	<u>2,717,585</u>	<u>2,296,378</u>
Supply staff costs	30,002	31,072
Staff restructuring costs	-	716
Staff development and other staff costs	24,653	18,303
Total staff expenditure	<u>2,772,240</u>	<u>2,346,469</u>

Staff numbers

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

	2017 Number	2016 Number
Teachers	40	36
Administration and support	91	83
Management	5	5
	<u>136</u>	<u>124</u>

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

8 Staff costs

(Continued)

Higher paid staff

There were no employees whose annual remuneration was £60,000 or more.

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £309,798 (2016: £289,252).

9 Trustees' remuneration and expenses

The CEOs and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of CEOs and staff and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. During the year, travel and subsistence payments totalling £746 (2016: £132) were reimbursed to 2 trustees (2016: 1 trustee).

The value of trustees' remuneration was as follows:

LT Stephens (headteacher):

- Remuneration £10,000 - £15,000 (2016: £45,000 - £50,000)
- Employer's pension contributions £Nil - £5,000 (2016: £5,000 - £10,000)

SJ Jones (CEO):

- Remuneration £5,000 - £10,000 (2016: £55,000 - £60,000)
- Employer's pension contributions £Nil - £5,000 (2016: £5,000 - £10,000)

NA Smith (headteacher):

- Remuneration £Nil (2016: £25,000 - £30,000)
- Employer's pension contributions £Nil - £Nil (2016: £Nil - £5,000)

JM Lamb (headteacher):

- Remuneration £10,000 - £15,000 (2016: £50,000 - £55,000)
- Employer's pension contributions £Nil - £5,000 (2016: £5,000 - £10,000)

JL Emery (staff trustee):

- Remuneration £5,000 - £10,000 (2016: £Nil - £5,000)
- Employer's pension contributions £Nil - £5,000 (2016: £Nil - £5,000)

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

10 Trustees and officers insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £20,000,000 (2016: £5,000,000) on any one claim and the cost for the year ended 31 August 2017 was £1,606 (2016: £576).

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

11 Tangible fixed assets

	Leasehold property £	Computer equipment £	Furniture & equipment £	Total £
Cost				
At 1 September 2016	2,470,287	146,305	163,827	2,780,419
Additions	35,427	11,521	15,959	62,907
At 31 August 2017	2,505,714	157,826	179,786	2,843,326
Depreciation				
At 1 September 2016	110,028	102,235	68,472	280,735
Charge for the year	50,115	41,767	35,957	127,839
At 31 August 2017	160,143	144,002	104,429	408,574
Net book value				
At 31 August 2017	2,345,571	13,824	75,357	2,434,752
At 31 August 2016	2,360,259	44,070	95,355	2,499,684

12 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	9,090	14,497
Carrying amount of financial liabilities		
Measured at amortised cost	53,135	193,247

13 Debtors

	2017 £	2016 £
Trade debtors	5,919	6,926
VAT recoverable	26,947	48,031
Other debtors	3,171	7,571
Prepayments and accrued income	99,645	106,749
	135,682	169,277

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

14 Creditors: amounts falling due within one year	2017 £	2016 £
Other loans	967	-
Trade creditors	33,120	105,840
Other taxation and social security	84,994	73,909
Accruals and deferred income	100,646	135,666
	<u>219,727</u>	<u>315,415</u>
	<u><u>219,727</u></u>	<u><u>315,415</u></u>
15 Creditors: amounts falling due after more than one year	2017 £	2016 £
Other loans	10,633	-
	<u>10,633</u>	<u>-</u>
	<u><u>10,633</u></u>	<u><u>-</u></u>
Analysis of loans		
Wholly repayable within five years	11,600	-
Less: included in current liabilities	(967)	-
	<u>10,633</u>	<u>-</u>
Amounts included above	<u>10,633</u>	<u>-</u>
	<u><u>10,633</u></u>	<u><u>-</u></u>
Loan maturity		
Debt due in one year or less	967	-
Due in more than one year but not more than two years	1,933	-
Due in more than two years but not more than five years	5,800	-
Due in more than five years	2,900	-
	<u>11,600</u>	<u>-</u>
	<u><u>11,600</u></u>	<u><u>-</u></u>

Included within other loans are the remaining balances of a loan totalling £11,600 from Salix Finance Ltd which is provided on the following terms:

- Repayable over 6 years by bi-annual payments; and
- Interest free

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

16 Deferred income	2017	2016
	£	£
Deferred income is included within:		
Creditors due within one year	51,333	48,259
	<u> </u>	<u> </u>
Deferred income at 1 September 2016	48,259	56,297
Released from previous years	(48,259)	(56,297)
Amounts deferred in the year	51,333	48,259
	<u> </u>	<u> </u>
Deferred income at 31 August 2017	51,333	48,259
	<u> </u>	<u> </u>

Included within deferred income of £51,333 (2016: £48,259) are the following balances; £49,456 (2016: £47,288) in respect of Free School Meals funding ; £877 (2016: £471) in respect of School Trips; £1,000 in respect of Timber Trail income for 2017/18 (2016: £Nil) and £Nil (2016: £500) in respect of Early Intervention project .

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant	-	2,606,715	(2,778,485)	171,770	-
Other DfE / ESFA grants	-	398,204	(398,204)	-	-
Other government grants	-	280,933	(280,933)	-	-
Funds excluding pensions	-	3,285,852	(3,457,622)	171,770	-
Pension reserve	(1,084,000)	-	(138,000)	366,000	(856,000)
	(1,084,000)	3,285,852	(3,595,622)	537,770	(856,000)
Restricted fixed asset funds					
Transferred on conversion	1,856,555	-	(64,326)	-	1,792,229
DfE / ESFA capital grants	514,292	27,146	(24,758)	(12,268)	504,412
Capital expenditure from GAG	139,809	-	(36,755)	37,200	140,254
Private sector capital sponsorship	6,000	-	(2,000)	-	4,000
	2,516,656	27,146	(127,839)	24,932	2,440,895
Total restricted funds	1,432,656	3,312,998	(3,723,461)	562,702	1,584,895
Unrestricted funds					
General funds	512,642	166,269	(33,159)	(196,702)	449,050
Total funds	1,945,298	3,479,267	(3,756,620)	366,000	2,033,945

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

Restricted general funds - The restricted general fund includes grants receivable from the Education and Skills Funding Agency and the Department for Education towards the principal activity of the multi academy trust, being the provision of education.

Restricted fixed asset funds - The restricted fixed asset fund includes the leasehold property and furniture and equipment transferred to The Rainbow Multi Academy Trust on 1 April 2014 and Education and Skills Funding Agency grants which have been received. The fund is being reduced by depreciation in the year.

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 2017.

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds

(Continued)

Movements in funds - previous year

	Balance at 1 September 2015 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2016 £
Restricted general funds					
General Annual Grant	-	2,470,269	(2,528,280)	58,011	-
Other DfE / ESFA grants	-	379,318	(379,318)	-	-
Other government grants	-	287,320	(287,320)	-	-
Funds excluding pensions	-	3,136,907	(3,194,918)	58,011	-
Pension reserve	(537,000)	-	(58,000)	(489,000)	(1,084,000)
	(537,000)	3,136,907	(3,252,918)	(430,989)	(1,084,000)
Restricted fixed asset funds					
Transferred on conversion	1,929,392	-	(72,837)	-	1,856,555
DfE / ESFA capital grants	350,485	196,223	(22,159)	(10,257)	514,292
Capital expenditure from GAG	109,148	-	(33,457)	64,118	139,809
Private sector capital sponsorship	8,000	-	(2,000)	-	6,000
	2,397,025	196,223	(130,453)	53,861	2,516,656
Total restricted funds	1,860,025	3,333,130	(3,383,371)	(377,128)	1,432,656
Unrestricted funds					
General funds	508,051	141,725	(25,262)	(111,872)	512,642
Total funds	2,368,076	3,474,855	(3,408,633)	(489,000)	1,945,298

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds

(Continued)

Total funds analysis by academy

Fund balances at 31 August 2017 were allocated as follows:

	Total £
St Meriadoc CE Infant Academy	103,084
St Meriadoc CE Junior Academy	158,812
Troon CP School	90,148
Penponds Primary School	85,457
Central services	11,549
	<hr/>
Total before fixed assets fund and pension reserve	449,050
Restricted fixed asset fund	2,440,895
Pension reserve	(856,000)
	<hr/>
Total funds	<u>2,033,945</u>

Total cost analysis by academy

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 depreciation £	Total £
St Meriadoc CE Infant Academy	715,750	126,089	19,010	179,604	1,040,453
St Meriadoc CE Junior Academy	635,387	59,374	14,356	217,973	927,090
Troon CP School	575,225	60,489	21,795	153,086	810,595
Penponds Primary School	335,358	41,735	15,912	163,622	556,627
Central services	50,760	33,420	-	71,836	156,016
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>2,312,480</u>	<u>321,107</u>	<u>71,073</u>	<u>786,121</u>	<u>3,490,781</u>

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds

(Continued)

Funds analysis by academy - previous year

	Total 2016 £
Fund balances at 31 August 2016 were allocated as follows:	
St Meriadoc CE Infant Academy	124,763
St Meriadoc CE Junior Academy	115,959
Troon CP School	90,159
Penponds Primary School	146,902
Central services	34,859
	<hr/>
Total before fixed assets fund and pension reserve	512,642
Restricted fixed asset fund	2,516,656
Pension reserve	(1,084,000)
	<hr/>
Total funds	<u>1,945,298</u>

Total cost analysis by academy - previous year

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2016 £
St Meriadoc CE Infant Academy	623,603	111,388	25,656	185,770	946,417
St Meriadoc CE Junior Academy	576,809	61,041	18,572	247,212	903,634
Troon CP School	486,032	60,003	15,430	200,726	762,191
Penponds Primary School	322,998	35,379	18,584	159,842	536,803
Central services	21	50,893	-	78,221	129,135
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>2,009,463</u>	<u>318,704</u>	<u>78,242</u>	<u>871,771</u>	<u>3,278,180</u>

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

18 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2017 £
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	2,434,752	2,434,752
Current assets	679,410	-	6,143	685,553
Creditors falling due within one year	(219,727)	-	-	(219,727)
Creditors falling due after one year	(10,633)	-	-	(10,633)
Defined benefit pension liability	-	(856,000)	-	(856,000)
	449,050	(856,000)	2,440,895	2,033,945
	449,050	(856,000)	2,440,895	2,033,945

	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2016 £
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	2,499,684	2,499,684
Current assets	828,057	-	16,972	845,029
Creditors falling due within one year	(315,415)	-	-	(315,415)
Defined benefit pension liability	-	(1,084,000)	-	(1,084,000)
	512,642	(1,084,000)	2,516,656	1,945,298
	512,642	(1,084,000)	2,516,656	1,945,298

19 Pensions and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £43,825 (2016: £37,986) were payable to the schemes at 31 August 2017 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.

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

19 Pensions and similar obligations

(Continued)

Valuation of the Teachers' Pension Scheme

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

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 is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to the TPS in the period amounted to £207,468 (2016: £184,234).

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 16.7% for employers and 5.5 to 12.5% for employees. The estimated value of employer contributions for the forthcoming year is £138,000.

The academy has entered into an agreement with the LGPS trustees to make additional annual contributions of £10,000 in addition to normal funding levels, over a period of 20 years, in order to bridge the scheme deficit, rising to £25,000 in 2017/18, £28,400 in 2018/19 and £32,000 in 2019/20.

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.

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

19 Pensions and similar obligations (Continued)

Total contributions made	2017 £	2016 £
Employer's contributions	136,000	113,000
Employees' contributions	37,000	31,000
Total contributions	<u>173,000</u>	<u>144,000</u>

Principal actuarial assumptions	2017 %	2016 %
Rate of increases in salaries	2.5	4.1
Rate of increase for pensions in payment	2.4	2.1
Discount rate	2.5	2.1
Commutation of pensions to lump sums relating to pre-April 2008 services	40	40
Commutation of pensions to lump sums relating to post-April 2008 services	70	70

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

	2017 Years	2016 Years
Retiring today		
- Males	22.1	22.2
- Females	24.5	24.4
Retiring in 20 years		
- Males	24.0	24.4
- Females	26.4	26.8

Sensitivity analysis

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

Change in assumptions as at 31 August 2017:

0.5% decrease in Real Discount Rate - 14% approximate increase to Employer Liability equating to approximately £294,000.

0.5% increase in the Salary Increase Rate - 3% approximate increase to Employer Liability equating to approximately £54,000.

0.5% increase in the Pension Increase Rate - 11% approximate increase to Employer Liability equating to approximately £235,000.

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

19 Pensions and similar obligations	(Continued)	
The academy trust's share of the assets in the scheme	2017	2016
	Fair value	Fair value
	£	£
Equities	600,000	547,000
Bonds	549,000	490,000
Property	89,000	80,000
Other assets	38,000	23,000
	<u>1,276,000</u>	<u>1,140,000</u>
Total market value of assets		
Actual return on scheme assets - gain/(loss)	<u>(23,000)</u>	<u>102,000</u>
Amounts recognised in the statement of financial activities	2017	2016
	£	£
Current service cost	250,000	150,000
Interest income	(26,000)	(37,000)
Interest cost	50,000	58,000
	<u>274,000</u>	<u>171,000</u>
Total operating charge		
Changes in the present value of defined benefit obligations	2017	2016
	£	£
Obligations at 1 September 2016	2,224,000	1,431,000
Current service cost	250,000	150,000
Interest cost	50,000	58,000
Employee contributions	37,000	31,000
Actuarial (gain)/loss	(415,000)	554,000
Benefits paid	(14,000)	-
	<u>2,132,000</u>	<u>2,224,000</u>
At 31 August 2017		

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

19 Pensions and similar obligations (Continued)

Changes in the fair value of the academy trust's share of scheme assets

	2017 £	2016 £
Assets at 1 September 2016	1,140,000	894,000
Interest income	26,000	37,000
Actuarial loss/(gain)	(49,000)	65,000
Employer contributions	136,000	113,000
Employee contributions	37,000	31,000
Benefits paid	(14,000)	-
	<u>1,276,000</u>	<u>1,140,000</u>
At 31 August 2017	<u>1,276,000</u>	<u>1,140,000</u>

20 Reconciliation of net income/(expenditure) to net cash flows from operating activities

	2017 £	2016 £
Net (expenditure)/income for the reporting period	(277,353)	66,222
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(27,146)	(196,223)
Investment income receivable	(448)	(791)
Defined benefit pension costs less contributions payable	114,000	37,000
Defined benefit pension net finance cost	24,000	21,000
Depreciation of tangible fixed assets	127,839	130,453
Decrease in debtors	33,595	48,176
(Decrease) in creditors	(96,655)	(137,919)
	<u>(102,168)</u>	<u>(32,082)</u>
Net cash used in operating activities	<u>(102,168)</u>	<u>(32,082)</u>

21 Commitments under operating leases

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

	2017 £	2016 £
Amounts due within one year	13,256	13,726
Amounts due in two and five years	20,008	33,264
	<u>33,264</u>	<u>46,990</u>
	<u>33,264</u>	<u>46,990</u>

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

22 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 trustees have 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 following related party transactions occurred in the year:

SA Piper - A member. Transactions totalling £Nil (2016: £964), paid through Askel Veur The Diocese of Truro Academies Umbrella Company Ltd, relating to consultancy services provided took place in the year. £Nil was outstanding at 31 August 2017 (2016: £964).

In entering into the transaction the trust has complied with the requirement of ESFA's Academies Financial Handbook.

K Stephens - daughter of LT Stephens, a trustee. Transactions totalling £41,432 (2016: £37,866) relating to her employment as a teacher (including employer's pension contributions) took place in the year. There were Nil amounts outstanding at 31 August 2017 (2016: £Nil).

In entering into the transaction the trust has complied with the requirement of ESFA's Academies Financial Handbook.

N Stephens - daughter-in-law of LT Stephens, a trustee. Transactions totalling £14,393 (2016: £32,527) relating to her employment as a teacher (including employer's pension contributions) took place in the year. There were Nil amounts outstanding at 31 August 2017 (2016: £Nil).

In entering into the transaction the trust has complied with the requirement of ESFA's Academies Financial Handbook.

J Emery - daughter of M Carter, a trustee. Transactions totalling £6,213 (2016: £4,206) relating to her employment as a member of the administration team (including employer's pension contributions) took place in the year. There were Nil amounts outstanding at 31 August 2017 (2016: £Nil).

In entering into the transaction the trust has complied with the requirement of ESFA's Academies Financial Handbook.

C Harvey - daughter-in-law of CT Harvey, a trustee. Transactions totalling £Nil (2016: £1,029) relating to her employment as a member of the administration team (including employer's pension contributions) took place in the year. There were Nil amounts outstanding at 31 August 2017 (2016: £Nil).

In entering into the transaction the trust has complied with the requirement of ESFA's Academies Financial Handbook.

MG Fire Safety Limited - company owned by M and S Godolphin, local governing body members. Transactions totalling £Nil (2016: £600) were paid to MG Fire Safety with regards to health and safety compliance during the year. There were no amounts outstanding at 31 August 2017 (2016: £Nil).

Orbiss Ltd - company and directed by the mother of S Wilkins, local governing body members. Transactions totalling £1,435 were paid to Orbiss Limited with regards to telecommunications services during the year. There were no amounts outstanding at 31 August 2017.

In entering into the transaction the trust has complied with the requirement of ESFA's Academies Financial Handbook.

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

22 Related party transactions

(Continued)

Venture Multi Academy Trust - an academy trust directed by P McGovern, full governing body members. Transactions totalling £1,029 were paid to Venture Multi Academy Trust with regards to software and recharged conference fees during the year. There were no amounts outstanding at 31 August 2017.

In entering into the transaction the trust has complied with the requirement of ESFA's Academies Financial Handbook.

23 Members' liability

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