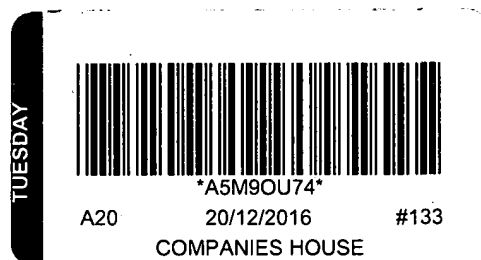


Rainbow Schools Trust
(A Company Limited by Guarantee)

Annual Report and Financial Statements

For the Year Ended 31st August 2016



Company Registration Number:
07471734 (England and Wales)

Rainbow Schools Trust

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For the year ended 31 August 2016

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Rainbow Schools Trust

Reference and Administrative Details

For the year ended 31 August 2016

Members

Amjad Pervez
Taher Nawaz
Dame Nalia Zaffar

Trustees

Amjad Pervez, Chair of Trustees¹
Taher Nawaz, Responsible Officer¹
Mohammed Akram Khan-Cheema
Yasar Ali (resigned 20 September 2015)
Dame Nalia Zaffar
Asmi Darr¹
Michelle Gizella Khan
Stephanie Ngenda
Indira Rani-Bhatti (resigned 17 October 2016)
Shaukat Ali¹
El-Fabbah Hamed Husein (appointed 12 November 2015)
Nabaray Khayer Mohammed (appointed 18 March 2016, resigned 5 September 2016)

¹ Members of the finance committee

Senior Management Team

Principal	Andrea Symonds
Interim executive head	Carol McDermott
Business Manager	Maxine Muff
Director of Business Development and Strategy	Arshad Javed

Company Name

Rainbow Primary School

Principal operating office

Nelson Street, Bradford, West Yorkshire, BD5 0HD

Registered Office

New Chartford House, Centurion Way, Cleckheaton, BD19 3QB

Company Registration Number

07471734 (England and Wales)

Independent Auditor

BHP Clough & Company LLP, New Chartford House, Centurion Way, Cleckheaton, BD19 3QB

Bankers

HSBC, 47 Market Street, Bradford, West Yorkshire, BD1 1LW

Rainbow Schools Trust

Trustees' Report

For the year ended 31 August 2016

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2015 to 31st August 2016. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The trust operates a Free School for pupils aged 4 to 11 serving a catchment area in Bradford. The Free School will have a pupil capacity of 525 when in full operation and had a roll of 344 in the school census on 6 October 2016.

Structure, Governance and Management

Constitution

Rainbow Schools Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Free School. The trustees of Rainbow Primary Trust are also the directors of the charitable company for the purposes of company law. The Free School is known as Rainbow Primary School.

Details of the trustees who served during the period 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 Free School has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £1,000,000 on any one claim.

Method of Recruitment and Appointment or Election of Trustees

Members of the charitable company are nominated either by the Secretary of State for the Department of Education or by the members of the charitable trust. The Articles of Association require the members of the charitable company to appoint at least three Trustees to be responsible for the affairs of the charitable company and the management of the Free School.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend upon their existing experience. Where necessary induction will provide training on charity and educational, legal and financial matters. All new Trustees will be given a tour of the School and the chance to meet with staff and students. All new Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents they will need to undertake their role as Trustees. As there are normally only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual.

Rainbow Schools Trust

Trustees' Report (continued)

For the year ended 31 August 2016

Organisational Structure

The organisational structure consists of two levels, the Trustees and the Senior Managers and Management Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. The Trustees are responsible for setting strategic policy, challenging the School, adopting policy, adopting an annual plan and budget, monitoring the School by the use of budgets and making major decisions about the direction of the School, capital expenditure and senior staff appointments. The Senior Managers are the Principal, the School Business Manager and the Director of Business Development and Strategy. These managers control the School at an executive level implementing the policies laid down by the Trustees and reporting back to them. As a group, the Senior Managers are responsible for the authorisation of spending within agreed budgets and the appointment of staff through appointment boards. Some spending control is devolved to members of the Management Team with financial limits above which a Senior Manager must countersign. The management team is responsible for the day to day operation of the School, in particular organising the teaching staff, facilities and students.

Arrangements for setting pay and remuneration of key management personnel

The pay and remuneration of key management personnel is approved by the board with reference to pay ranges in the DfE's guidance on school teachers pay and market rates.

Related Parties and other Connected Charities and Organisations

ATL (Yorkshire) Limited were the sponsors and the member of the Rainbow Schools Trust until 11 November 2015. There were no transactions with ATL (Yorkshire) Limited during the year under review.

Objectives and Activities

Objects and Aims

The main objectives of the School during the year ended 31 August 2016 are summarised below:

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all pupils;
- to improve the effectiveness of the School by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to conduct the School's business in accordance with the highest standards of integrity, probity and openness;

Objectives, Strategies and Activities:

The School's main strategy is encompassed in its mission statement which is "To provide all of our students with the academic and character skills they need to achieve excellent results, to succeed in a competitive world and to serve as the next generation of leaders for all our communities". To this end the activities provided include:

- tuition and learning opportunities for all students to attain appropriate academic qualifications;
- training opportunities for all staff, especially teaching staff;
- secondments and placing of students with industrial and commercial partners;
- a programme of sporting and after school leisure activities for all students;

Public Benefit

The School Trust's Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission (on their website) in exercising their powers or duties.

Rainbow Schools Trust

Trustees' Report (continued)

For the year ended 31 August 2016

Strategic Report

Achievements and Performance

Key Performance indicators

Rainbow Primary School is committed to continuing to improving educational outcomes.

Targeted Improvement

Over the course of 2015-16, the Rainbow Trust has kept its staffing structure under review and has appointed and deployed staff efficiently, in response to the developing needs of the School. The School continues to grow in size and pupil numbers have continued to increase. In July 2016 there were 322 pupils in the school. However, the school's stability measure remains very low at 50.4% - ROL- 2016. This means that pupil numbers can vary widely over the course of a year. The Trust has, over the course of the year, invested in developing senior leadership capacity in the school through the development of new roles [DHT, AHT and Core Subject leaders] so that the leadership of teaching and learning is highly effective and the quality of teaching in the school continues to improve. Teaching is consistently good in the School and there is a growing proportion of outstanding teaching in all classes. Specialised staff have also been appointed to respond to the higher level needs of a small number of pupils in the school. In addition, the Trust has allocated increased staffing resources to support the needs of pupils who are new to the English language. Specialised classes, which include significant opportunities for speaking and listening in English, are in place and are subject to on-going review and adjustment. This provision is intended to accelerate access to the curriculum and enable the progress, for these groups of pupils, to be accelerated in Reception and KS1. The School has appointed a new leader in Early Years following a review of provision. There is already evidence of improved outcomes for pupils overall.

Focus on individual pupils

The Trust is developing its provision in response to the very few pupils with higher level individual needs. A learning mentor has been appointed and there is now a member of the support staff team specialising in SEND. A SEND Review was undertaken in April 2016 and the areas for improvement are currently being addressed within the School Development planning process. The SENDCo is undertaking the formal mandatory SEND qualification and is now allocated ring-fenced time to undertake her role more effectively. As a result, systems and procedures relating to identification and assessment of additional needs and the implementation of additional support, including the monitoring and evaluation of impact and pupil progress, have been strengthened. This has resulted in the needs of our most vulnerable and challenging children being met more effectively, demonstrated by improved outcomes for these pupils, in terms of both their academic learning and overall personal development.

Collaboration

The school continues to be a member of the Local Area Partnership [LAP] group of schools [MYBD5] and the Bradford Primary Improvement Partnership (BPIP). Via these collaborations, the School accesses provision to meet the specific training of NQTs. In addition, other staff also take part in a range of focussed MYBD5 Networks, for example, SBM, EY and SEND. All teachers attend regular writing moderation meetings. In addition, there are other training events. Some examples are as follows: a briefing relating to the new ROL – Inspection Dashboard; becoming an Academy; and Preparation for Inspection. Peer support is also regularly accessible at senior leadership level. Visits to other schools also allow for the sharing of good practice in many areas e.g. New-to-English Provision. BPIP provides high quality briefings [often relating to national education policy and practice], networking opportunities at many levels and general support. All teachers and many other staff benefit from this provision.

Rainbow Schools Trust

Trustees' Report (continued)

For the year ended 31 August 2016

Qualifying Improvements

Teaching and Learning is the core work of the school. We ensure that all teaching at Rainbow School is at least good and have implemented new strategies to enable all our staff to continue to develop their skills. We monitor pupils' progress regularly and carefully and have high expectations of our pupils. We ensure that every pupil, including those entitled to the pupil premium grant, is achieving the expected level or above, where possible and appropriate.

KS1 pupils in 2016 performed less well compared with the national expectation. This is because many of the pupils in KS1 were admitted to the School in Year 1 and were new to the UK and the English Language and a large proportion also had special educational needs.

We promote an inclusive and caring environment so all pupils quickly become valued members of the School's community. We have also introduced daily lessons for pupils who are New to English [many of whom are entitled to the Pupil Premium grant] and training for all staff in meeting the needs of pupils new to English in the classroom setting. Our aim is to help pupils become proficient in English as quickly as possible. So they can make the very best of the learning opportunities. We have also introduced daily reading with a member of staff for pupils who are at risk of underachieving.

Since joining the school these pupils have made good progress. Where progress is a cause for concern additional support and provision is made for pupils, in class, in small groups and individually where needed.

By the time children complete Year 6, the gap between pupil premium children and non-pupil premium children does not exist or is minimal. In a number of cases the gap is actually a positive one (+) where pupil premium children make more progress than those who are not disadvantaged. This is the result of accurate investment of the pupil premium funds, consistently good teaching over time, high expectations and positive relationships across the School.

Our performance results at the end of the 2015-16 period are as follows:

There was an overall improvement in outcomes for pupils in 2015-16 compared with 2014-15.

END OF KEY STAGE - SATS KEY DATA 2016 (%)

EYFS			
GLD	42.6	National	69.3

- The school does not have Nursery provision. Pupils therefore start school in reception and many have no Nursery experience and are new to the English language.
- As a group, pupils are judged to be well below the expected standard on entry.
- Outcomes for children in Reception are improving rapidly.
- To secure improvement there has been several key changes made in Early Years. These involve changes to the organization of the day-to-day provision, improvements in assessment and tracking, the quality of teaching and the appointment of a new Early Years Leader.
- Outcomes for pupils already show signs of improvement due to the impact of the above changes.

PHONICS

	2015	2016	National
YR1	69	85.5	80.6
YR2	91	59	67

- Very strong performance as a result of high quality teaching.
- Learning in phonics is more easily accessible for N2E pupils and as such these pupils also performed well.

Rainbow Schools Trust

Trustees' Report (continued)

For the year ended 31 August 2016

TA (Test)	Average Scaled Score	Expected Standard +	National	Higher Score	National
Reading		53	74 [53]	9	24
Writing		57	N/A [57]	N/A [6]	13
Maths		68	73 [68]	N/A [6]	18
Science		60			82

- From a GLD of 45.9% - the cohort is showing good signs of catching up compared with other pupils nationally.
- Performance is below the national expectation in all 3 subjects and pupils perform less well in English Reading and Writing than in Maths.
- Of the 46 pupils in the cohort approximately half are new to English or the UK and have other additional needs.
- Teaching has a secure foundation across KS1 and is now stronger in reception.
- New strategies are in place for N2E pupils to address barriers relating to the acquisition of the English language so that progress can be accelerated and access to the curriculum enhanced.

KS2

Number in Cohort 26 – 2 pupils dis-applied, 1 pupil left = 23 pupils were tested.

KS2 TEST RESULT

Achieved	Expected Standard	Higher Score	National	Average Scaled Score
Reading	78	30	66	106.2
Writing	74	0	74	-
Maths	87	40	70	106.9
GPS	57	17	72	103
Combined R, W & M	65		53	-

Progress Performance (including Pupil Premium) children in Year 6

Expected or better progress	School	PP Children	NON-PP children	2015-16 GAP	National
Reading	-1.52	+2.27	-2.61	+4.88	0
Writing	-4.6	-5.22	-4.42	-0.8	0
Mathematics	-0.31	-1.29	-0.03	-1.26	0

- The average scaled scores in mathematics and reading were above the national average scaled scores in these subjects.
- The School is above the floor standard for RWM combined.
- The performance profile is relatively consistent across the three subjects.
- Outcomes in GPS are not in line with the other subject outcomes. This related to the delivery and teaching of the GPS curriculum and has been identified as a whole school issue which is being addressed.
- Progress in all 3 subjects is below that of similar schools although is above the national thresholds in all three subjects. First hand evidence in the School supports the view that KS1 teacher assessments were inaccurate [too high] thus affecting the progress scores at the end of KS2. Pupils' work shows that the majority of pupils are making at least good progress over time.

The School is anticipating strong outcomes for pupils in 2017.

Rainbow Schools Trust

Trustees' Report (continued)

For the year ended 31 August 2016

Going Concern

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

Financial Review

The majority of the Free School's income is obtained from the Education Funding Agency (EFA) in the form of the General Annual Grant (GAG) and it also receives other grants such as pupil premium, the use of which is restricted to particular purposes. The grants received from the EFA and other sources during the year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year, incoming resources totalled £1,797,470, (2015 - £1,636,834) which did not cover the outgoing resources (including the loss on the local government pension fund) giving a deficit for the year of (£171,916), (2015 – surplus of £21,037). The unrestricted fund and restricted general fund surplus for the year was £50,118, (2015 - £54,537) and £49,575 (deficit), (2015 - £74,635) respectively.

The net book value of fixed assets was £4,708,001, (2015 - £4,880,460) as at 31 August 2016. These assets were exclusively for providing educational and support services to the school trust.

Reserves Policy

The Trustees will review the reserve levels of the School annually. The review will encompass the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. This is in order to ensure sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as maintenance. The School intends to build up free reserves to the level needed over the next 2-3 years.

At 31 August 2016 the balance of the School's Unrestricted Funds was £152,563 and the balance of its Restricted General Funds was £164,593 (before allowing for pension liabilities of £137,000.).

The trustees are of the opinion that there is adequate working capital in the form of net current assets amounting to £317,156 (2015 - £221,613).

Investment Policy

The Accounting Officer will review cash flow, discuss current investment opportunities with the School Trust's Bank Manager and make recommendations to Governors on investment proposals..

Principal Risks and Uncertainties

The Trustees have assessed the major risks to which the School is exposed, in particular those relating to the specific provision of teaching, facilities management and other operational areas of the School and its finances. The Trustees have implemented a number of systems to assess risks that the School faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured the School has adequate insurance cover. The School has an effective system of internal financial controls and this is explained in more detail below.

As part of the risk management process the Trustees have:

- set policies on internal controls which cover the following:
- the type of risks the School faces;
- the level of risks which they regard as acceptable;
- the likelihood of the risks materialising;
- the School's ability to reduced the incidence and impact on the School's operations of risks that do materialise;
- the costs of operating particular controls relative to the benefits obtained;
- clarified the responsibility of the Management Team to implement the Trustees' policies and to identify and evaluate risks for the Trustees' consideration;
- explained to employees that they have responsibility for internal control as part of their accountability for achieving objectives;

Rainbow Schools Trust

Trustees' Report (continued)

For the year ended 31 August 2016

- embedded the control system in the School's operations so that it becomes part of the culture of the School;
- developed systems to respond quickly to evolving risks arising from factors within the School and to changes in the external environment; and
- included procedures for reporting failures immediately to appropriate levels of management and the Trustees together with details of corrective action being undertaken.

Plans for Future Periods

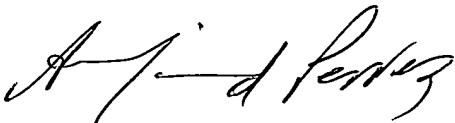
The school is exploring how it can further strengthen and develop the whole school curriculum with SMSC at the core. New initiatives are being developed relating to the creative curriculum through the Arts Mark, which involve working with an artist in residence. This initiative will support staff training in Art, the development of the N2E provision via the medium of ART and the celebration of creativity, in many forms, for all pupils. In addition, the School is planning to introduce a Rainbow School Primary Diploma, which will be based around several key aspects of learning [including the academic], over the course of KS2, and will relate to the further development of proficiency in English, cultural diversity, early leadership, community service, character building, healthy lifestyles and academic achievement.

Auditor

Insofar as the trustees are aware:

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

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 19 December 2016 and signed on the board's behalf by:



Amjad Pervez
Chair of Trustees

Rainbow Schools Trust

Governance Statement

For the year ended 31 August 2016

Scope of Responsibility

As trustees we acknowledge we have overall responsibility for ensuring that Rainbow Schools 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 Principal, as accounting officer, for ensuring accounting 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 Rainbow Schools 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 four times during the period. Attendance during the period at meetings of the board of trustees was as follows:

<u>Trustee</u>	<u>Meetings attended / out of a possible</u>	
	<u>Full Board</u>	<u>Sub-Committees</u>
Amjad Pervez, Chair of Trustees	4/5	3/4
Taher Nawaz, Responsible Officer	3/5	2/3
Mohammed Akram Khan-Cheema	2/5	1/3
Yasar Ali (resigned 20 September 2015)	1/1	N/a
Dame Nalia Zaffar	4/5	3/3
Asmi Darr	1/5	3/3
Michelle Gizella Khan	5/5	2/3
Stephanie Ngenda	5/5	2/3
Indira Rani-Bhatti (resigned 17 October 2016)	1/5	N/a
Shaukat Ali	2/5	2/6
El-Fabbah Hamed Husein (appointed 12 November 2015)	2/4	2/2
Nabaray Khayer Mohammed (appointed 18 March 2016, resigned 5 September 2016)	0/1	N/a

El-Fabbah Hamed Husein and Nabaray Khayer Mohammed were appointed as trustees and Yasar Ali resigned as a trustee during the year. Indira Rani-Bhatti and Nabaray Khayer Mohammed resigned as trustees after the balance sheet date. Other than the increase in the number of trustees, there have been no significant changes to the composition of the board of trustees.

The board of trustees has an excellent range of skills to ensure they fulfil their roles and responsibilities effectively. The trustees continually review their effectiveness via skills audits and Governing Body Reviews. The trustees complete a comprehensive Governing Body Review to facilitate their strategic responsibilities for the continual development and improvement of the school trust. A skills audit takes place to ascertain skills and experience, whilst identifying any training required.

The Finance and General Purposes Committee is a sub-committee of the main board of trustees. Its purpose is to assist the decision making of the board of Trustees, by enabling more detailed consideration to be given to best means of fulfilling the board of Trustees' responsibility to ensure sound management of the School's finances and resources, including proper planning, monitoring and probity. The Finance and General Purposes Committee will also make appropriate comments and recommendations on such matters to the board of Trustees on a regular basis.

Rainbow Schools Trust

Governance Statement (continued)

For the year ended 31 August 2016

Review of Value for Money

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

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

- **Robust governance and oversight of Trust finances**

The Trust has reviewed its committee structure and terms of reference this year and is conducting further reviews of its policy and practices. Trustees were involved in a whole school vision/direction setting event on 5th September 2016. Trustees are proactive in terms of their work with the School. They visit the school and join classes, talk to pupils and staff about the work of the school. There are designated Trustees who link with senior staff to carry out their statutory responsibilities, for example, there is a nominated Safeguarding Trustee. Trustees share their findings from visits with the Trust Board and use the information, alongside that gathered during formal meetings, to exercise their challenge and support role, with diligence and rigor. The Trustees approve the budget each year and are mindful of the need to balance expenditure against income to ensure that the Trust remains a 'going concern'. The Trust is currently responding to national cuts in education spending which have affected the revenue budget this year. They are identifying savings and have developed a strategy [and action plan] to adjust spending in the longer term and have increased financial monitoring. The Trust receives support [and professional challenge to ensure excellent financial practice] throughout the year from its External Auditors on compliance and accounting practices and an external financial consultant. The Trust Board receives and approves the annual accounts and the External Auditors Management Report.

- **Ensuring the operation of the Trust shows good value for money and efficient and effective use of resources.**

Rainbow Primary School requires all suppliers to compete on grounds of cost and quality of products with reference to Best Value principles. For any order of £1,000 or over the Trust will obtain three quotes. Successful companies will be chosen on grounds of price, quality and previous track record. The Trust is always mindful that minor improvements or savings may not be cost effective if the administration involves substantial time or costs. Time wasted on these minor improvements and savings can also distract management from more important or valuable areas. The school therefore will use well-known, reliable suppliers for small orders (e.g. stationery, small equipment) as appropriate.

The Trust ensures that its resources are directly or indirectly focussed on its core business of teaching and learning in order to secure the very best education for pupils in the school. The Trust staffing structure is reviewed annually, or when required, to ensure the most appropriate provision for pupils. A major staffing restructure is being considered during the next 12 months to ensure financial probity and also prepare the school (in terms of skill, expertise and capacity) for the next stages of its development.

The Trust has an asset register in place, which manages the allocation of resources in terms of costing and effectiveness.

Rainbow Primary School works with other schools collaboratively to ensure that procurement costs are kept to a minimum. The school also shares good practice with a number of local schools, which helps to drive up standards for the least cost.

- **Reviewing Controls & Managing Risks**

The school monitors all use of financial and other resources. Financial staff meet with the accounting officer on a monthly basis to consider a range of financial information and reports and to adjust strategy as needed and required.

There is a Financial Policy, which sets out all internal financial procedures and controls (spending limits, signatories, virements etc.). The current policy is under review.

Rainbow Schools Trust

Governance Statement (continued)

For the year ended 31 August 2016

The school targets its use of the Pupil Premium funding so that the school's most deprived pupils have the opportunity to raise their individual levels of attainment resulting in improved educational outcomes. The impact is evaluated year on year and changes made according to need and impact of initiatives. The school has posted these statements on its website in line with current guidance.

The Schools Sports Grant is used in line with the guidance. Information regarding this funding, including its impact, is posted on the School's website.

Rainbow Primary School has started to benchmark financial performance against other academy trusts to demonstrate that the Academy provides good value for money.

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 school 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 Rainbow Schools Trust for the year to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the school trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the school trust's significant risks that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. The process is regularly reviewed by the board of trustees.

The Risk and Control Framework

The school 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 general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. During the year under review, Arshad Javed, a member of the senior management team, undertook regular informal reviews on the trust's internal financial controls. The board have appointed a consultant bursar to oversee this role going forward. The checks going forward will cover:

- related party transactions;
- payroll;
- procurement and purchasing.

Rainbow Schools Trust

Governance Statement (continued)

For the year ended 31 August 2016

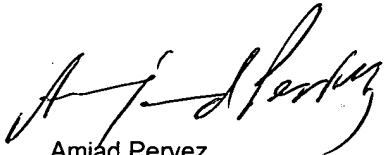
Review of Effectiveness

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

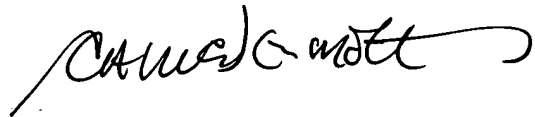
- the work of the reviewer;
- the work of the external auditor
- the financial management and governance self-assessment process;
- the work of the executive managers within the school trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 19 December 2016 and signed on its behalf by:



Amjad Pervez
Chair of Trustees



Carol McDermott
Accounting Officer

Rainbow Schools Trust

Statement on Regularity, Propriety and Compliance

For the year ended 31 August 2016

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

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

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



Carol McDermott
Accounting Officer

19 December 2016

Rainbow Schools Trust

Statement of Trustees' Responsibilities

For the year ended 31 August 2016

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

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

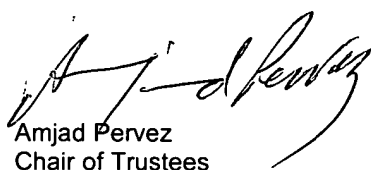
- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the board of trustees on 19 December 2016 and signed on its behalf by:



Amjad Pervez
Chair of Trustees

Rainbow Schools Trust

Independent Auditor's Report to the Members of Rainbow Schools Trust

For the year ended 31 August 2016

We have audited the financial statements of Rainbow Schools Trust for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement, Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees Responsibilities (set out on page 11) the Trustees (who are also the trustees and directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report (which includes the strategic report and the directors' report) for the financial period for which the financial statements are prepared is consistent with the financial statements.

Rainbow Schools Trust

Independent Auditor's Report to the Members of Rainbow Schools Trust (continued)

For the year ended 31 August 2016

Matters on which we are required to report by exception

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

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



Lesley Kendrew
Senior Statutory Auditor
For and on behalf of: BHP Clough & Company LLP, Statutory Auditor

BHP Clough & Company LLP
Chartered Accountants and Statutory Auditors
New Chartford House
Centurion Way
Cleckheaton
Bradford
West Yorkshire
BD19 3QB

19 December 2016

Rainbow Schools Trust

Independent Reporting Accountant's Assurance Report on Regularity to the Members of Rainbow Schools Trust and the Education Funding Agency

For the year ended 31 August 2016

In accordance with the terms of our engagement letter dated 31 January 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Rainbow Schools Trust during the year ended 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Rainbow Schools Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Rainbow Schools Trust's funding agreement with the Secretary of State for Education dated 16 August 2011 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year ended 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies: Accounts Direction 2015 to 2016 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- checking that the school trust's activities are consistent with its framework and its charitable objectives
- checking that the trustees and key staff have disclosed their interest in related parties, discussing the same with management and reviewing transactions during the year for undisclosed related party transactions
- checking that any related party transactions during the year are conducted at normal commercial rates
- checking that school trust expenditure is permitted by its funding agreement
- checking that any borrowings entered into, including leases, are in accordance with the Academies Handbook
- checking that any land and building transactions, especially disposals, are in line with the funding agreement and Academies Handbook

Rainbow Schools Trust

Independent Reporting Accountant's Assurance Report on Regularity to the Members of Rainbow Schools Trust and the Education Funding Agency (continued)

For the year ended 31 August 2016

Conclusion

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



Lesley Kendrew
Reporting Accountant

For and on behalf of: BHP Clough & Company LLP, Reporting Accountants

BHP Clough & Company LLP
Chartered Accountants and Statutory Auditors
New Chartford House
Centurion Way
Cleckheaton
Bradford
West Yorkshire
BD19 3QB

19 December 2016

Rainbow Schools Trust

Statement of Financial Activities (Incorporating Income and Expenditure Account)

For the year ended 31 August 2016

	Note	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total funds 2016 £	Restated Total funds 2015 £
Income and endowments from:						
Donations and capital grants	3	39,177	-	9,708	48,885	130,205
Charitable activities:						
Funding for the school trust's educational operations	4	-	1,725,082	-	1,725,082	1,489,597
Other trading activities	5	23,503	-	-	23,503	17,032
Total		62,680	1,725,082	9,708	1,797,470	1,636,834
Expenditure on:						
Raising funds	6	-	29,632	-	29,632	21,560
Charitable activities:						
School trust educational operations	7	12,562	1,632,899	209,293	1,854,754	1,596,237
Total		12,562	1,662,531	209,293	1,884,386	1,617,797
Net income / (expenditure)		50,118	62,551	(199,585)	(86,916)	19,037
Transfers between funds	15	-	(27,126)	27,126	-	-
Other recognised gains / (losses):						
Actuarial (losses) / gains on defined benefit pension schemes	15,21	-	(85,000)	-	(85,000)	2,000
Net movement in funds		50,118	(49,575)	(172,459)	(171,916)	21,037
Reconciliation of funds						
Total funds brought forward		102,445	77,168	4,880,460	5,060,073	5,039,036
Total funds carried forward		152,563	27,593	4,708,001	4,888,157	5,060,073

Rainbow Schools Trust

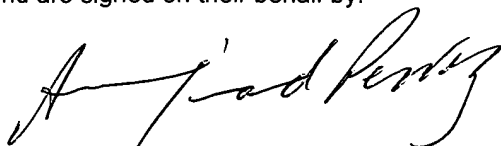
Balance Sheet

For the year ended 31 August 2016

	Notes	2016 £	2016 £	Restated 2015 £	Restated 2015 £
Fixed assets					
Tangible assets	11		4,708,001		4,880,460
Current assets					
Debtors	12	44,546		68,765	
Cash at bank and in hand		351,846		392,637	
		<u>396,392</u>		<u>461,402</u>	
Liabilities					
Creditors: Amounts falling due within one year	13	(79,236)		(239,789)	
Net current assets			<u>317,156</u>		<u>221,613</u>
Total assets less current liabilities			<u>5,025,157</u>		<u>5,102,073</u>
Defined benefit pension scheme liability	21		(137,000)		(42,000)
Total net assets			<u>4,888,157</u>		<u>5,060,073</u>
Funds of the school trust:					
Restricted funds					
. Fixed asset fund	15	4,708,001		4,880,460	
. Restricted income fund	15	164,593		119,168	
. Pension reserve	15	(137,000)		(42,000)	
Total restricted funds			<u>4,735,594</u>		<u>4,957,628</u>
Unrestricted income funds	15		<u>152,563</u>		<u>102,445</u>
Total funds			<u>4,888,157</u>		<u>5,060,073</u>

The financial statements on pages 19 to 38 were approved by the Directors and authorised for issue on 19 December 2016 and are signed on their behalf by:

Amjad Pervez
Chair of Trustees



Rainbow Schools Trust

Statement of Cash Flows

For the year ended 31 August 2016

	Notes	2016 £	Restated 2015 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	17	(13,665)	8,985
Cash flows from investing activities	18	(27,126)	(12,201)
Change in cash and cash equivalents in the reporting period		(40,791)	(3,216)
Cash and cash equivalents at 1 September		392,637	395,853
Cash and cash equivalents at 31 August		351,846	392,637

Rainbow Schools Trust

Notes to the Financial Accounts

For the year ended 31 August 2016

1 Statement of 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.

Basis of Preparation

The financial statements of the school trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Rainbow Schools Trust meets the definition of a public benefit entity under FRS 102.

Going Concern

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

Income

All incoming resources are recognised when the school 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 year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

- **Sponsorship Income**

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

- **Donations**

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

- **Other Income**

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

Rainbow Schools Trust

Notes to the Financial Accounts (continued)

For the year ended 31 August 2016

1 Statement of accounting policies (continued)

- **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'.

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

Expenditure

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

- **Expenditure on Raising Funds**

This includes all expenditure incurred by the school 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 school trust's educational operations, including support costs and costs relating to the governance of the school trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

Rainbow Schools Trust

Notes to the Financial Accounts (continued)

For the year ended 31 August 2016

1 Statement of accounting policies (continued)

Tangible Fixed Assets

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

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

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

Freehold property	Over 50 years from 1 January 2014
Furniture, fixtures and fittings	25% straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

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 school trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions

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

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

Leased Assets

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

Taxation

The school 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 school trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Rainbow Schools Trust

Notes to the Financial Accounts (continued)

For the year ended 31 August 2016

1 Statement of accounting policies (continued)

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the school 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 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the school 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.

Fund Accounting

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

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 Funding Agency.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Rainbow Schools Trust

Notes to the Financial Statements (continued)

For the year ended 31 August 2016

1 Statement of accounting policies (continued)

First time adoption of FRS 102

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

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Directors have amended certain accounting policies to comply with FRS 102 and SORP 2015. [The Directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'].

Reconciliations to previous UK GAAP for the comparative figures are included in note 1.

Explanation of transition to FRS 102

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

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

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

Reconciliation of total funds	Notes	1 September 2014 £	31 August 2015 £
Total funds under previous UK GAAP		5,039,036	4,998,483
Prior year adjustment	14	-	61,590
Employee benefits accrual	B	-	-
Total funds reported under FRS 102		5,039,036	5,060,073

Rainbow Schools Trust

Notes to the Financial Accounts (continued)

For the year ended 31 August 2016

1 Statement of accounting policies (continued)

Explanation of transition to FRS 102 (continued)

Reconciliation of net income/(expenditure)

	Notes	31 August 2015 £
Net income previously reported under UK GAAP		(40,553)
Prior year adjustment	14	61,590
Change in recognition of LGPS interest cost	A	(2,000)
Employee benefits accrual	B	-
Net movement in funds reported under FRS 102		<u>19,037</u>

A – Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit/debit to income/expense by £2,000 and increase the credit/debit in other recognised gains and losses in the SoFA by an equivalent amount.

B – Recognition of outstanding employee benefits

No provision for outstanding holiday pay was made under previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. The value of the adjustment for holiday pay at the 31 August 2016 is considered not material therefore no adjustment has been made.

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the Schools Trust was subject to limits at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Schools Trust has not exceeded these limits during the year ended 31 August 2016.

3 Donations and capital grants

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Capital grants	-	9,708	9,708	92,700
Donations	39,177	-	39,177	37,505
	<u>39,177</u>	<u>9,708</u>	<u>48,885</u>	<u>130,205</u>

4 Funding for the School Trust's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
DfE / EFA grants				
General Annual Grant (GAG)	-	1,467,280	1,467,280	1,326,053
Other DfE/EFA Grants	-	257,802	257,802	163,544
	<u>-</u>	<u>1,725,082</u>	<u>1,725,082</u>	<u>1,489,597</u>

Rainbow Schools Trust

Notes to the Financial Accounts (continued)

For the year ended 31 August 2016

5 Other trading activities

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Catering income	20,525	-	20,525	17,032
Other	2,978	-	2,978	-
	<u>23,503</u>	<u>-</u>	<u>23,503</u>	<u>17,032</u>

6 Expenditure

	Staff Costs £	Non Pay Expenditure		Total 2016 £	Total 2015 £
		Premises £	Other £		
Expenditure on fundraising trading	29,632	-	-	29,632	21,560
School's educational operations:					
. Direct costs	1,037,571	96,300	238,514	1,372,385	1,172,520
. Allocated support costs	151,488	99,854	231,027	482,369	423,717
	<u>1,218,691</u>	<u>196,154</u>	<u>469,541</u>	<u>1,884,386</u>	<u>1,617,797</u>

Net income/(expenditure) for the period includes:

	2016 £	2015 £
Depreciation	209,293	227,686
Fees payable to auditor for:		
- audit	5,250	4,000
- other services	<u>1,325</u>	<u>2,934</u>

Rainbow Schools Trust

Notes to the Financial Accounts (continued)

For the year ended 31 August 2016

7 Charitable activities

	Total 2016 £	Total 2015 £
Direct costs – educational operations	1,372,385	1,172,520
Support costs – educational operations	482,369	423,717
	1,854,754	1,596,237

Analysis of support costs

	Educational operations £	Total 2016 £	Total 2015 £
Support staff costs	151,488	151,488	152,659
Depreciation	112,993	112,993	131,386
Technology costs	20	20	7
Premises costs	99,854	99,854	79,208
Other support costs (incl VAT reclaimed on expenses)	112,439	112,439	53,523
Governance costs	6,575	6,575	6,934
Total support costs	482,369	482,369	423,717

8 Staff

a. Staff costs

Staff costs during the period were:

	Total 2016 £	Total 2015 £
Wages and salaries	903,024	685,068
Social security costs	72,006	52,266
Operating costs of defined benefit pension schemes	75,327	49,495
	1,050,357	786,829
Supply staff costs	168,334	221,717
	1,218,691	1,008,546

b. Staff numbers

The average number of persons employed by the school during the period was as follows:

	2016 No.	2015 No.
Teachers	12	18
Administration and support	31	8
Management	4	4
	47	30

c. Higher paid staff

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

	2016 No.	2015 No.
£60,001 - £70,000	1	1

Rainbow Schools Trust

Notes to the Financial Statements (continued)

For the year ended 31 August 2016

8 Staff (continued)

d. Key management personnel

The key management personnel of the school 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 school trust was £172,966 (2015 - £149,216).

9 Related Party Transactions – Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the school trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

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

Andrea Symonds (Principal):

Remuneration £60,000 - £65,000 (2015 - £65,000 - £70,000)

Employer's pension contributions paid £10,000 – 15,000 (2015 - £5,000 - £10,000)

During the period ended 31 August 2016, no Trustees received any reimbursement of expenses (2015: nil).

10 Directors and officers insurance

In accordance with normal commercial practice the Schools Trust has purchased cover to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on school business. The insurance provides cover up to £1,000,000 on any one claim.

Rainbow Schools Trust

Notes to the Financial Statements (continued)

For the year ended 31 August 2016

11 Tangible fixed assets

	Freehold property £	Furniture, fixtures & fittings £	Total £
Cost			
At 1 September 2015	4,815,024	525,455	5,340,479
Additions	-	36,834	36,834
Disposals	-	-	-
At 31 August 2016	4,815,025	562,289	5,377,314
Depreciation			
At 1 September 2015	151,139	308,880	460,019
Charged in year	96,300	112,993	209,293
Disposals	-	-	-
At 31 August 2016	247,440	421,873	669,313
Net book values			
At 31 August 2015	4,663,885	216,575	4,880,460
At 31 August 2016	4,567,585	140,416	4,708,001

12 Debtors

	2016 £	restated 2015 £
Other debtors	20,957	26,508
Prepayments and accrued income	23,859	42,257
	44,546	68,765

Rainbow Schools Trust

Notes to the Financial Accounts (continued)

For the year ended 31 August 2016

13 Creditors: amounts falling due within one year

	2016	restated 2015
	£	£
Trade creditors	30,125	66,299
Other taxation and social security	17,718	18,761
Other creditors	6,095	139,728
Accruals and deferred income	25,298	15,001
	79,236	239,789

	2016	restated 2015
	£	£
Deferred income		
Deferred income at 1 September 2015	5,936	38,532
Released from previous years	(5,936)	(38,532)
Resources deferred in the year	7,793	5,936
Deferred Income at 31 August 2016	7,793	5,936

At the balance sheet date the school trust was holding funds received in advance for the ACAD Infant Free School Meals, all of which relate to the 2016/2017 academic year.

14 Prior year adjustment

The financial statements include a prior year adjustment in respect of the recognition of income. This has resulted in prior year's income and restricted funds carried forward being increased by £61,590.

Rainbow Schools Trust

Notes to the Financial Accounts (continued)

For the year ended 31 August 2016

15 Funds

	restated Balance at 1 September 2015 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2016 £
Restricted general funds					
General Annual Grant (GAG)	119,168	1,467,280	(1,394,729)	(27,126)	164,593
Other Dfe/EFA Grants	-	257,802	(257,802)	-	-
Pension reserve	(42,000)	-	(10,000)	(85,000)	(137,000)
	77,168	1,725,082	(1,662,531)	(85,000)	27,593
Restricted fixed asset funds					
Restricted fixed asset fund	4,880,460	9,708	(209,293)	27,126	4,708,001
Total restricted funds	4,957,628	1,734,790	(1,871,824)	(57,874)	4,735,594
Total unrestricted funds	102,445	62,680	(12,562)	-	152,563
Total funds	5,060,073	1,797,470	(1,884,386)	(85,000)	4,888,157

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

The GAG must be used for the normal running costs of the School. Under the funding agreement with the Secretary of State, the School Trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2016. Note 2 discloses whether the limit was exceeded.

Other Dfe/EFA Grants are allocated against the particular purpose for which they are provided.

Other restricted income represents surpluses which have been generated from the School's trading activities which the Governors have earmarked for future capital replacements.

Restricted fixed assets have been funded by government grants, sponsors and surpluses from trading activities.

16 Analysis of net assets between funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	4,708,001	4,708,001
Current assets	152,563	243,829	-	396,392
Current liabilities	-	(79,236)	-	(79,236)
Pension scheme liability	-	(137,000)	-	(137,000)
Total net assets	152,563	27,593	4,708,001	4,888,157

Rainbow Schools Trust

Notes to the Financial Accounts (continued)

For the year ended 31 August 2016

17 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2016 £	2015 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(86,916)	19,037
Adjusted for:		
Depreciation (note 11)	209,293	227,686
Capital grants from DfE and other capital income	(9,708)	(92,700)
Defined benefit pension scheme cost less contributions payable (note 21)	9,000	5,000
Defined benefit pension scheme finance cost (note 21)	1,000	1,000
(Increase)/decrease in debtors	24,219	(50,982)
Increase/(decrease) in creditors	(160,553)	(100,056)
Net cash provided by / (used in) Operating Activities	(13,665)	8,985

18 Cash flows from investing activities

	2016 £	2015 £
Purchase of tangible fixed assets	(36,834)	(104,901)
Capital grants from DfE/EFA	9,708	92,700
Net cash provided by / (used in) investing activities	(27,126)	(12,201)

19 Analysis of cash and cash equivalents

	At 31 August 2016 £000	At 31 August 2015 £000
Cash in hand and at bank	351,846	392,637
Total cash and cash equivalents	351,846	392,637

20 Members liability

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

Rainbow Schools Trust

Notes to the Financial Accounts (continued)

For the year ended 31 August 2016

21 Pension and similar obligations

The school 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 West Yorkshire Pension Fund. Both are multi-employer defined benefit schemes

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

Contributions amounting to £6,063 were payable to the scheme at 31 August 2016 (2015 - £4,145) 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.

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £44,767 (2015 - £32,196).

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.

Rainbow Schools Trust

Notes to the Financial Accounts (continued)

For the year ended 31 August 2016

21 Pension and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £24,000 (2015 - £17,000), of which employer's contributions totalled £18,000 (2015 - £12,000) and employees' contributions totalled £6,000 (2015 - £5,000). The agreed contribution rates for future years are between 12.2 per cent and 18.4 per cent for employers and between 5.5 per cent and 12.5 per cent (dependant on levels of pensionable pay) for employees.

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

Any future contribution rates and lump sum payments will be determined by the next triennial valuation and will be effective from April 2017.

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

	At 31 August 2016	At 31 August 2015
<i>Retiring today</i>		
Males	22.7	22.6
Females	25.6	25.5
<i>Retiring in 20 years</i>		
Males	24.9	24.8
Females	28.0	27.8

The school trust's share of the assets in the scheme was:

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equity instruments	105,140	72,864
Government bonds	15,680	9,984
Corporate bonds	5,880	4,416
Property	6,720	4,320
Cash	1,960	1,440
Other	4,620	2,976
Total market value of assets	140,000	96,000

The actual return on scheme assets was £21,000 (2015 - £1,000).

Amount recognised in the statement of financial activities

	2016 £	2015 £
Current service cost (net of employee contributions)	25,000	17,000
Net interest cost	1,000	1,000
Total operating charge	26,000	18,000

Rainbow Schools Trust

Notes to the Financial Accounts (continued)

For the year ended 31 August 2016

21 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	2016 £	2015 £
At 1 September	138,000	116,000
Current service cost	25,000	17,000
Interest cost	5,000	4,000
Employee contributions	8,000	5,000
Actuarial (gain)/loss	102,000	(4,000)
Benefits paid	(1,000)	-
At 31 August	277,000	138,000

Changes in the fair value of school's share of scheme assets:

	2016 £	2015 £
At 1 September	96,000	78,000
Interest income	4,000	3,000
Actuarial gain/(loss)	17,000	(2,000)
Employer contributions	16,000	12,000
Employee contributions	8,000	5,000
Benefits paid	(1,000)	-
At 31 August	140,000	96,000

22 Related party transactions

Owing to the nature of the School'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 a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the School's financial regulations and normal procurement procedures.

No related party transactions took place in the period of account.

Rainbow Schools Trust

Notes to the Financial Statements (continued)

For the year ended 31 August 2016

23 Statement of Financial Activities (Including Income and Expenditure Account) for the year ended 31 August 2015

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Restated Total 2015 £
Income and endowments from:				
Donations and capital grants	37,505	-	92,700	130,205
Charitable activities:				
Funding for the school trust's educational operations	-	1,489,597	-	1,489,597
Other trading activities	17,032	-	-	17,032
Total	54,537	1,489,597	92,700	1,636,834
Expenditure on:				
Raising funds	-	21,560	-	21,560
Charitable activities:				
School trust educational operations	16,000	1,352,551	227,686	1,596,237
Total	16,000	1,374,111	227,686	1,617,797
Net income / (expenditure)	38,537	115,486	(134,986)	19,037
Transfers between funds	16,000	(42,851)	26,851	-
Other recognised gains / (losses):				
Actuarial (losses) / gains on defined benefit pension schemes	-	2,000	-	2,000
Net movement in funds	54,537	74,635	(108,135)	21,037
Reconciliation of funds				
Total funds brought forward	47,908	2,533	4,988,595	5,039,036
Total funds carried forward	102,445	77,168	4,880,460	5,060,073