

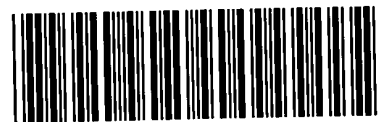
Rainbow Schools Trust
(A Company Limited by Guarantee)

Annual Report and Financial Statements

For the Year Ended 31st August 2017



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COMPANIES HOUSE

Company Registration Number:
07471734 (England and Wales)

Rainbow Schools Trust

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Rainbow Schools Trust

Reference and Administrative Details

For the year ended 31 August 2017

Members

Amjad Pervez
Taher Nawaz
Dame Nalia Zaffar

Trustees

Amjad Pervez, Chair of Trustees¹
Taher Nawaz, Responsible Officer¹
Mohammed Akram Khan-Cheema
Dame Naila Zaffar
Asmi Darr¹
Michelle Gizella Khan
Stephanie Ngenda (resigned 16 February 2017)
Indira Rani-Bhatti (resigned 17 October 2016)
Shaukat Ali¹
El-Fabbeh Hameed Husein
Nabaray Khayar Mohammed (resigned 5 September 2016)
Shazia Kauser Ditta (appointed 02 December 2016)
Saif UL Naseer Mir (appointed 3 February 2017, resigned 31 August 2017)
Joseph Lansana Kormoh (appointed 23 May 2017)
Ruby Khalid Bhatti (appointed 13 October 2017)
Sadia Kabil Raja (appointed 29 November 2017)

¹ Members of the finance committee

Senior Management Team

Acting Chief Executive Officer and Accounting Officer	Arshad Javed
Acting Head of School	Stephanie Ngenda (appointed 16 February 2017)
Business Manager	Maxine Muff
Principal	Andrea Symonds (resigned 16 February 2017)

Company Name

Rainbow Schools Trust

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 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 2017

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2016 to 31st August 2017. 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 371 in the school census in October 2017.

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 2017

Organisational Structure

The organisational structure consists of two levels, the Trustees and the Senior 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 Acting Chief Executive Officer, the Acting Head of School and the School Business Manager. 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 second member of the Management Team 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

No related party transactions took place during the financial period.

Objectives and Activities

Objects and Aims

The main objectives of the School during the year ended 31 August 2017 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 2017

Strategic Report

Achievements and Performance

Key Performance indicators

The School had a section8 Ofsted inspection in April 2017, the school was judged to be GOOD in all areas. Rainbow Primary School is committed to continuing to improving educational outcomes.

Targeted Improvement

Over the course of 2016-2017 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.

The School is predicted to have 370 pupils on roll in September 2017. Our stability measure continues to remain very low due to high levels of mobility of pupils. This means that pupil numbers can vary widely over the course of a year. The Trust has, over the course of the year, redeployed resources to further strengthen senior leadership capacity in the school through the development of new roles [CEO, HOS, AHTs Lead Practitioner and Core Subject leaders] to ensure 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 across the School.

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 needs, all areas for improvement are currently being addressed within the School Development planning process. The SENDCO has completed 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 allows 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 2017

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.

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.

Our performance results at the end of the 2016-17 period are as follows:

There was an overall improvement in outcomes for pupils in 2016-17 compared with 2015-16.

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

EYFS				
GLD	74.3	National	70.7	

- 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 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 and the quality of teaching.

PHONICS

	2015	2016	2017	National
YR1	69	85.5	79.3	81.3
YR2	91	59	58	

- Very strong performance in Year 1 as a result of high quality teaching.
- 22/28 children who did not pass in Year 2 were NTE and joined the school in Year 2.
- 5/6 children who failed last year passed in Year 2.

KS1

TA [Test]	Expected Standard +	National	Higher Score	National
Reading	52	76	4	25
Writing	44	68	1	16
Maths	60	75	7	21
Science	49	83		

- Although attainment is below the national expectation in all 3 subjects, progress was judged to be good.
- Pupils perform less well in English Reading and Writing than in Maths.
- 32% were new to the English language.
- 38% joined the school in Year 2

Rainbow Schools Trust

Trustees' Report (continued)

For the year ended 31 August 2017

KS2 TEST RESULT Number in Cohort 25

Achieved	Expected Standard	Higher Score	National	Average Scaled Score
Reading	72%	20%	71%	102.1
Writing	72%	40%	76%	
Maths	84%	8%	75%	104.3
GPS	76%	36%	77%	106.3
Combined R, W & M	68%	8%	61%	

Progress Performance (including Pupil Premium) children in Year 6

KS2 Expected or better progress (Only 4 of 8 disadvantaged had KS1)	School	PP Children	NON- PP children	2016-17 GAP
Reading	-0.59	-3	0.1	-3.1
Writing	+4.1	4.62	3.95	+0.67
Mathematics	+0.98	-0.52	1.4	-1.92

- The average scaled scores in mathematics was above the national average scaled score.
- Progress in Reading and Maths was broadly average. Progress in Writing was above average.
- The School is above the floor standard for RWM combined.
- Outcomes in GPS improved from the previous year and were broadly in line with Writing assessment results.

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 and Skills Funding Agency (ESFA) in the form of the General Annual Grant (GAG) and it also receives other grants such as pupil premium and the sports grant, the use of which is restricted to particular purposes. The grants received from the ESFA and other sources during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year, incoming resources totalled £1,801,746, (2016 - £1,797,470) which did not cover the outgoing resources (after a surplus on the local government pension fund) giving a deficit for the year of £121,734, (2016 - £171,916). The unrestricted fund surplus and restricted general fund deficit for the year was £35,972, (2016 - £50,118) and £50,869, (2016 - £49,575) respectively.

The net book value of fixed assets was £4,601,164, (2016 - £4,708,001) as at 31 August 2017. These assets were exclusively for providing educational and support services to the school trust.

Rainbow Schools Trust

Trustees' Report (continued)

For the year ended 31 August 2017

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 2017 the balance of the School's Unrestricted Funds was £188,535 and the balance of its Restricted General Funds was £111,724 (before allowing for pension liabilities of £135,000.).

The trustees are of the opinion that there is adequate working capital in the form of net current assets amounting to £300,259 (2016 - £317,156).

Investment Policy

The Accounting Officer will review cash flow, discuss current investment opportunities with the School Trust's Bank Manager and make recommendations to Trustees 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;
- 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 continuously exploring how it can further strengthen and develop the whole school curriculum with SMSC at the core.

Rainbow Schools Trust

Trustees' Report (continued)

For the year ended 31 August 2017

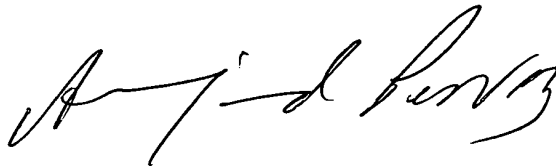
Auditor

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 14 December 2017 and signed on the board's behalf by:

Amjad Pervez
Chair of Trustees

A handwritten signature in black ink, appearing to read 'Amjad Pervez', written in a cursive style.

Rainbow Schools Trust

Governance Statement

For the year ended 31 August 2017

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 acting Chief Executive Officer, 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 six 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	6/6	3/5
Taher Nawaz	4/6	3/3
Mohammed Akram Khan-Cheema	5/6	4/5
Dame Naila Zaffar	6/6	2/2
Asmi Darr	6/6	1/3
Michelle Gizella Khan	3/6	1/2
Stephanie Ngenda (resigned 16 February 2017)	5/5	2/3
Indira Rani-Bhatti (resigned 17 October 2016)	0/1	N/a
Shaukat Ali	5/6	4/5
El-Fabbeh Hameed Husein	0/6	0/2
Nabaray Khayer Mohammed (resigned 5 September 2016)	0/0	N/a
Shazia Kauser Ditta (appointed 02 December 2016)	2/2	0/0
Saif UI Naseer Mir (appointed 3 February 2017, resigned 31 August 2017)	1/1	0/0
Joseph Lansana Kormoh (appointed 23 May 2017)	1/1	0/0

Shazia Kauser Ditta, Saif UI Naseer Mir and Joseph Lansana Kormoh were appointed as trustees and Stephanie Ngenda, Indira Rani-Bhatti, Nabaray Khayer Mohammed and Saif UI Naseer Mir resigned as trustees during the year. Ruby Khalid Bhatti and Sadia Kabil Raja were appointed 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, HR and Premises 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 Trustee's responsibility to ensure sound management of the School's finances and resources, including proper planning, monitoring and probity. The Finance, HR and Premises 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 2017

Review of Value for Money

As accounting officer the acting Chief Executive Officer 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 and depreciation.

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.

Rainbow Schools Trust

Governance Statement (continued)

For the year ended 31 August 2017

- **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.

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 its financial performance against other similar trusts to demonstrate that the school 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 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the 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 2016 to 31 August 2017 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.

Rainbow Schools Trust

Governance Statement (continued)

For the year ended 31 August 2017

The board of trustees has considered the need for a specific internal audit function and has appointed an internal auditor. During the year under review, an external consultant bursar, undertook informal reviews on the trust's internal financial controls. The checks carried out in the current year included:

- related party transactions;
- petty cash;
- procurement and purchasing.

Review of Effectiveness

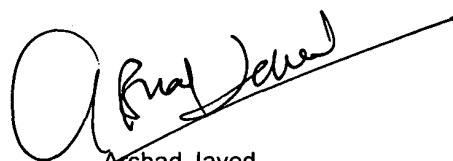
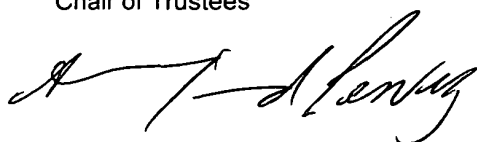
As accounting officer the Acting Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the 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 14 December 2017 and signed on its behalf by:

Amjad Pervez
Chair of Trustees



Arshad Javed
Accounting Officer

Rainbow Schools Trust

Statement on Regularity, Propriety and Compliance

For the year ended 31 August 2017

As accounting officer of Rainbow Schools Trust I have considered my responsibility to notify the school trust board of trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA 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 2016.

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 2016.

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 ESFA.



Arshad Javed
Accounting Officer

14 December 2017

Rainbow Schools Trust

Statement of Trustees' Responsibilities

For the year ended 31 August 2017

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 and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017
- make 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

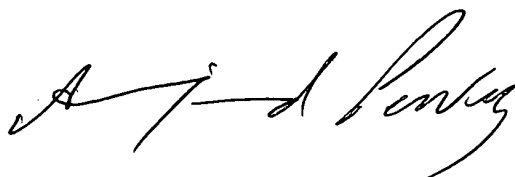
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 14 December 2017 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 2017

Opinion

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

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report¹, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Rainbow Schools Trust

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

For the year ended 31 August 2017

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our 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 strategic report and the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' 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 trustees' responsibilities statement set out on page 14, the trustees (who are also the directors of the academy trust 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Rainbow Schools Trust

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

For the year ended 31 August 2017

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.



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

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

14 December 2017

Rainbow Schools Trust

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

For the year ended 31 August 2017

In accordance with the terms of our engagement letter dated 23 November 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Rainbow Schools Trust during the year ended 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 Rainbow Schools Trust and ESFA 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 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 Rainbow Schools Trust and ESFA, 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 August 2011 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 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 and Skills Funding Agency (continued)

For the year ended 31 August 2017

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year end 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.



Lesley Kendrew
Reporting Accountant
For and on behalf of: BHP LLP, Reporting Accountants

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

14 December 2017

Rainbow Schools Trust

Statement of Financial Activities (Incorporating Income and Expenditure Account)

For the year ended 31 August 2017

	Note	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total funds 2017 £	Total funds 2016 £
Income and endowments from:						
Donations and capital grants	3	1,290	-	93,689	94,979	48,885
Charitable activities:						
Funding for the school trust's educational operations	4	-	1,625,223	-	1,625,223	1,725,082
Other trading activities	5	81,544	-	-	81,544	23,503
Total		82,834	1,625,223	93,689	1,801,746	1,797,470
Expenditure on:						
Raising funds	6	46,862	-	-	46,862	29,632
Charitable activities:						
School trust educational operations	7	-	1,718,092	200,526	1,918,618	1,854,754
Total		46,862	1,718,092	200,526	1,965,480	1,884,386
Net income / (expenditure)		35,972	(92,869)	(106,837)	(163,734)	(86,916)
Transfers between funds	14	-	-	-	-	-
Other recognised gains / (losses):						
Actuarial (losses) / gains on defined benefit pension schemes	14,20	-	42,000	-	42,000	(85,000)
Net movement in funds		35,972	(50,869)	(106,837)	(121,734)	(171,916)
Reconciliation of funds						
Total funds brought forward		152,563	27,593	4,708,001	4,888,157	5,060,073
Total funds carried forward		188,535	(23,276)	4,601,164	4,766,423	4,888,157

Rainbow Schools Trust

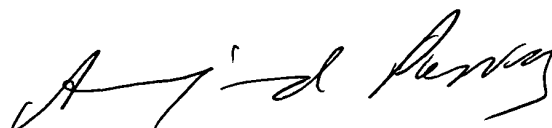
Balance Sheet

For the year ended 31 August 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	11		4,601,164		4,708,001
Current assets					
Debtors	12	47,959		44,546	
Cash at bank and in hand		347,320		351,846	
		<u>395,279</u>		<u>396,392</u>	
Liabilities					
Creditors: Amounts falling due within one year	13	(95,020)		(79,236)	
		<u></u>	<u>300,259</u>	<u></u>	<u>317,156</u>
Net current assets					
			4,901,423		5,025,157
Total assets less current liabilities					
Defined benefit pension scheme liability	20		(135,000)		(137,000)
Total net assets			<u>4,766,423</u>		<u>4,888,157</u>
Funds of the school trust:					
Restricted funds					
. Fixed asset fund	14	4,601,164		4,708,001	
. Restricted income fund	14	111,724		164,593	
. Pension reserve	14	(135,000)		(137,000)	
Total restricted funds			4,577,888		4,735,594
Unrestricted income funds	14		188,535		152,563
Total funds			<u>4,766,423</u>		<u>4,888,157</u>

The financial statements on pages 20 to 36 were approved by the Directors and authorised for issue on 14 December 2017 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 2017

	Notes	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	16	(4,526)	(13,665)
Cash flows from investing activities	17	-	(27,126)
Change in cash and cash equivalents in the reporting period		(4,526)	(40,791)
Cash and cash equivalents at 1 September		351,846	392,637
Cash and cash equivalents at 31 August		347,320	351,846

Rainbow Schools Trust

Notes to the Financial Accounts

For the year ended 31 August 2017

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 2016 to 2017 issued by ESFA, 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 2017

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 2017

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 2017

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 2017

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the Schools Trust was subject to limits at 31 August 2017 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 2017.

3 Donations and capital grants

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
Capital grants	-	93,689	93,689	9,708
Donations	1,290	-	1,290	39,177
	<u>1,290</u>	<u>96,689</u>	<u>94,979</u>	<u>48,885</u>

4 Funding for the School Trust's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
DfE / ESFA grants				
General Annual Grant (GAG)	-	1,423,592	1,423,592	1,467,280
Other DfE/ESFA Grants	-	201,631	201,631	257,802
	<u>-</u>	<u>1,625,223</u>	<u>1,625,223</u>	<u>1,725,082</u>

5 Other trading activities

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
Catering income	22,951	-	22,951	20,525
Other	58,593	-	58,593	2,978
	<u>81,544</u>	<u>-</u>	<u>81,544</u>	<u>23,503</u>

Rainbow Schools Trust

Notes to the Financial Statements (continued)

For the year ended 31 August 2017

6 Expenditure

	Staff Costs £	Non Pay Expenditure		Total 2017 £	Total 2016 £
		Premises £	Other £		
Expenditure on fundraising trading	45,891	-	971	46,862	29,632
School's educational operations:					
. Direct costs	1,092,635	97,585	153,882	1,344,102	1,372,385
. Allocated support costs	175,252	102,941	296,323	574,516	482,369
	1,313,778	200,526	451,176	1,965,480	1,884,386

Net income/(expenditure) for the period includes:

	2017 £	2016 £
Depreciation	200,526	209,293
Fees payable to auditor for:		
- audit	5,350	5,250
- other services	1,475	1,325

7 Charitable activities

	Total 2017 £	Total 2016 £
Direct costs – educational operations	1,344,102	1,372,385
Support costs – educational operations	574,516	482,369
	1,918,618	1,854,754

Analysis of support costs

	Educational operations £	Total 2017 £	Total 2016 £
Support staff costs	175,252	175,252	151,488
Depreciation	102,941	102,941	112,993
Technology costs	10,106	10,106	20
Premises costs	105,702	105,702	99,854
Other support costs (incl VAT reclaimed on expenses)	169,800	169,800	112,439
Governance costs	10,715	10,715	6,575
Total support costs	574,516	574,516	482,369

Rainbow Schools Trust

Notes to the Financial Statements (continued)

For the year ended 31 August 2017

8 Staff

a. Staff costs

Staff costs during the period were:

	Total 2017 £	Total 2016 £
Wages and salaries	939,080	903,024
Social security costs	78,361	72,006
Operating costs of defined benefit pension schemes	97,011	75,327
	1,114,452	1,050,357
Supply staff costs	171,326	168,334
Staff restructuring costs	28,000	-
	1,313,778	1,218,691

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

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £28,000 (2016 - £nil). Individually, the payments were: £28,000.

c. Staff numbers

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

	2017 No.	2016 No.
Teachers	13	12
Administration and support	36	31
Management	4	4
	53	47

d. Higher paid staff

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

	2017 No.	2016 No.
£60,001 - £70,000	-	1

e. 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 £173,278 (2016 - £172,966).

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/acting head of school and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal/acting head of school and staff members under their contracts of employment.

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

Andrea Symonds (Principal):
(resigned 16 February 2017)

Remuneration £10,000 - £15,000 (2016 - £60,000 - £65,000)

Rainbow Schools Trust

Notes to the Financial Statements (continued)

For the year ended 31 August 2017

Employer's pension contributions paid £0 - £5,000 (2016 - £10,000 - £15,000)

9 Related Party Transactions – Trustees' remuneration and expenses (continued)

Stephanie Ngenda (Acting Head of School):
(resigned as Trustee 16 February 2017)

Remuneration £20,000 - £25,000 (2016 - £45,000 - £50,000)

Employer's pension contributions paid £nil (2016 - £nil)

During the period ended 31 August 2017, no Trustees received any reimbursement of expenses (2016: nil).

10 Directors and officers insurance

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

11 Tangible fixed assets

	Freehold property £	Furniture, fixtures & fittings £	Total £
Cost			
At 1 September 2016	4,815,025	562,289	5,377,314
Additions	64,245	29,444	93,689
Disposals	-	-	-
At 31 August 2017	4,879,280	591,733	5,471,003
Depreciation			
At 1 September 2016	247,440	421,873	669,313
Charged in year	97,585	102,941	200,526
Disposals	-	-	-
At 31 August 2017	345,025	524,814	869,839
Net book values			
At 31 August 2016	4,567,585	140,416	4,708,001
At 31 August 2017	4,534,244	66,919	4,601,163

12 Debtors

	2017 £	2016 £
VAT recoverable	15,098	20,957
Prepayments and accrued income	32,861	23,859
	47,959	44,546

Rainbow Schools Trust

Notes to the Financial Accounts (continued)

For the year ended 31 August 2017

13 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	33,598	30,125
Other taxation and social security	19,662	17,718
Other creditors	5,033	6,095
Accruals and deferred income	36,727	25,298
	95,020	79,236

Deferred income	2017 £	2016 £
Deferred income at 1 September 2016	7,793	5,936
Released from previous years	(7,793)	(5,936)
Resources deferred in the year	27,786	7,793
Deferred Income at 31 August 2017	27,786	7,793

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 2017/2018 academic year.

14 Funds

	Balance at 1 September 2016 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant (GAG)	164,593	1,423,592	(1,476,461)	-	111,724
Other Dfe/ESFA Grants	-	201,631	(201,631)	-	-
Pension reserve	(137,000)	-	(40,000)	42,000	(135,000)
	27,593	1,625,223	(1,718,092)	42,000	(23,276)
Restricted fixed asset funds					
Restricted fixed asset fund	4,708,001	93,689	(200,526)	-	4,601,164
Total restricted funds	4,735,594	1,718,912	(1,918,618)	42,000	4,577,888
Total unrestricted funds	152,563	82,834	(46,862)	-	188,535
Total funds	4,888,157	1,801,746	(1,965,480)	42,000	4,766,423

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 2017. Note 2 discloses whether the limit was exceeded.

Other Dfe/ESFA 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.

Rainbow Schools Trust

Notes to the Financial Statements (continued)

For the year ended 31 August 2017

15 Analysis of net assets between funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	4,601,164	4,601,164
Current assets	188,535	206,744	-	395,279
Current liabilities	-	(95,020)	-	(95,020)
Pension scheme liability	-	(135,000)	-	(135,000)
Total net assets	188,535	(23,276)	4,601,164	4,766,423

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

	2017 £	2016 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(163,734)	(86,916)
Adjusted for:		
Depreciation (note 11)	200,526	209,293
Capital grants from DfE and other capital income	(93,689)	(9,708)
Defined benefit pension scheme cost less contributions payable (note 21)	37,000	9,000
Defined benefit pension scheme finance cost (note 21)	3,000	1,000
(Increase)/decrease in debtors	(3,413)	24,219
Increase/(decrease) in creditors	15,784	(160,553)
Net cash provided by / (used in) Operating Activities	(4,526)	(13,665)

17 Cash flows from investing activities

	2017 £	2016 £
Purchase of tangible fixed assets	(93,689)	(36,834)
Capital grants from DfE/ESFA	93,689	9,708
Net cash provided by / (used in) investing activities	-	(27,126)

18 Analysis of cash and cash equivalents

	At 31 August 2017 £000	At 31 August 2016 £000
Cash in hand and at bank	347,320	351,846
Total cash and cash equivalents	347,320	351,846

19 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 2017

20 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 £5,001 were payable to the scheme at 31 August 2017 (2016 - £6,063) 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

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%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £42,456 (2016 - £44,767).

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 2017

20 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 2017 was £20,000 (2016 - £24,000), of which employer's contributions totalled £15,000 (2016 - £18,000) and employees' contributions totalled £5,000 (2016 - £6,000). 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 2017	At 31 August 2016
<i>Retiring today</i>		
Males	22.1	22.7
Females	25.2	25.6
<i>Retiring in 20 years</i>		
Males	23.0	24.9
Females	27.0	28.0

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equity instruments	134,154	105,140
Government bonds	16,704	15,680
Corporate bonds	6,786	5,880
Property	7,830	6,720
Cash	2,610	1,960
Other	5,916	4,620
Total market value of assets	174,000	140,000

The actual return on scheme assets was £9,000 (2016 - £21,000).

Amount recognised in the statement of financial activities

	2017 £	2016 £
Current service cost (net of employee contributions)	53,000	25,000
Net interest cost	3,000	1,000
Total operating charge	56,000	26,000

Rainbow Schools Trust

Notes to the Financial Accounts (continued)

For the year ended 31 August 2017

20 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	2017 £	2016 £
At 1 September	277,000	138,000
Current service cost	53,000	25,000
Interest cost	6,000	5,000
Employee contributions	10,000	8,000
Actuarial (gain)/loss	(36,000)	102,000
Benefits paid	(1,000)	(1,000)
At 31 August	309,000	277,000

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

	2017 £	2016 £
At 1 September	140,000	96,000
Interest income	3,000	4,000
Actuarial gain/(loss)	6,000	17,000
Employer contributions	16,000	16,000
Employee contributions	10,000	8,000
Benefits paid	(1,000)	(1,000)
At 31 August	174,000	140,000

21 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 2017

22 Statement of Financial Activities (Including Income and Expenditure Account) for the year ended 31 August 2016

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