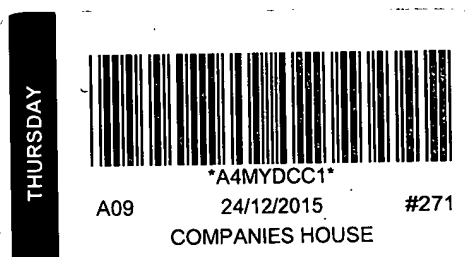


Registered number: 07471734

**RAINBOW SCHOOLS TRUST**  
(A company limited by guarantee)  
**ANNUAL REPORT AND FINANCIAL  
STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**



## **RAINBOW SCHOOLS TRUST**

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## **RAINBOW SCHOOLS TRUST**

### **REFERENCE AND ADMINISTRATIVE DETAILS OF THE SCHOOL, ITS MEMBERS/ TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2015**

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#### **Trustees**

Amjad Pervez, Chair of Trustees<sup>1</sup>  
Taher Nawaz, Responsible Officer<sup>1</sup>  
Mohammed Akram Khan-Cheema  
Yasar Ali<sup>1</sup>  
Dame Naila Zaffar  
Rahat Hussain (deceased 4 December 2014)  
Asmi Darr<sup>1</sup>  
Michelle Gizella Khan (appointed 18 September 2014)  
Stephanie Ngenda (appointed 18 September 2014)  
Indira Rani-Bhatti (appointed 18 September 2014)  
Shaukat Ali (appointed 18 September 2014)<sup>1</sup>

<sup>1</sup> members of the finance committee

#### **Company registered number**

07471734

#### **Registered office**

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

#### **Principal operating office**

Nelson Street, Bradford, West Yorkshire, BD5 0HD

#### **Senior Management Team**

Andrea Symonds (1), Principal  
Maxine Muff (1), Business Manager  
Arshad Javed, Director of Business Development and Strategy

#### **Independent auditors**

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

#### **Bankers**

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

## **RAINBOW SCHOOLS TRUST**

### **TRUSTEES' REPORT**

*FOR THE YEAR ENDED 31 AUGUST 2015*

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The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2015. The annual report serves the purpose 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 capacity of 525 pupils when in full operation and had a roll of 265 in the school census in January 2015.

#### ***Structure, governance and management***

##### **a. Constitution**

Rainbow Schools Trust is a company limited by guarantee and an exempt charity and was set up by a Memorandum of Association on 16 December 2010. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Free School. The Trustees of Rainbow Schools 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 year are included in the Reference and Administrative Details on page 1.

##### **b. Members' liability**

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

##### **c. 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 ATL (Yorkshire) Limited, the main sponsors of the Free School. 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.

##### **d. 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.

##### **e. 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

## **RAINBOW SCHOOLS TRUST**

### **TRUSTEES' REPORT (continued)** **FOR THE YEAR ENDED 31 AUGUST 2015**

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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.

#### **f. Connected organisations, including related party relationships**

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

#### **g. Risk management**

The Trustees have assessed the major risks to which the School is exposed, in particular those related to the operations and finances of the School, and are satisfied that systems and procedures are in place to mitigate their exposure to the major risks.

#### **h. 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 for up to £1,000,000 on any one claim and the cost for the year ended 31 August 2015 was £1,722. The cost of this insurance is included in the total cost of insurance.

### ***Objectives and Activities***

#### **a. Objects and aims**

The main objectives of the School during the year ended 31 August 2015 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;

#### **b. 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;

## RAINBOW SCHOOLS TRUST

### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2015

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#### c. Equal opportunities policy

The Trustees recognise that equal opportunities should be an integral part of good practice within the School. The School accordingly aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

#### d. 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.

### Strategic report

#### Achievements and performance

##### a. 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.

##### b. Key financial performance indicators

#### Key Stage 1 Results

##### Reading

###### 2c+

National	Bradford	Rainbow 2015	TA 2015	Test 2015
89%	83%	90%	79%	79%

###### 2b+

National	Bradford	Rainbow 2015	TA 2015	Test 2015
79%	72%	79%	63%	65%

###### 3+

National	Bradford	Rainbow 2015	TA 2015	Test 2015
26%	18%	15%	19%	19%

##### Writing

###### 2c+

National	Bradford	Rainbow 2015	TA 2015	Test 2015
85% 80%	85% 79%	67%		

###### 2b+

National	Bradford	Rainbow 2015	TA 2015	Test 2015
67%	60%	67%	63%	58%

## RAINBOW SCHOOLS TRUST

### TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2015

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3+				
National	Bradford	Rainbow 2015	TA 2015	Test 2015
15%	9%	10%	12%	7%

#### Maths

2c+				
National	Bradford	Rainbow 2015	TA 2015	Test 2015
91%	87%	92%	86%	81%

2b+				
National	Bradford	Rainbow 2015	TA 2015	Test 2015
78%	71%	77%	65%	63%

3+				
National	Bradford	Rainbow 2015	TA 2015	Test 2015
23%	15%	13%	14%	14%

#### Key Stage 2 Results

	Reading	Writing	Maths	Subjects Combined
SAT Result L4+ National	15/23 65% 89%	20/23 87% 85%	18/23 78% 86%	14/23 61% 79%
SAT Result L5+ National	7/23 30% 50%	5/23 22% 33%	7/23 30% 42%	18/23 78% 76%
2 levels progress from KS1 from St Point	11/16 69% 18/23 78%	15/16 94% 22/23 96%	10/16 63% 17/23 74%	
3 levels progress from KS1 from St Point	2/16 13% 4/23 17%	4/16 25% 6/23 26%	3/16 19% 5/23 22%	

#### c. Review of activities

The school has now completed its fourth year of operation, with year groups in Reception up to Year 6. The school completed its move onto the new site on Nelson street in Bradford, into the new building, in January 2014. This shift of post code areas has also meant a steady change in population, the foundation stage now has a 34% intake of pupils who are new to the country, new to English pupils and new to any form of education. This change has had an impact on attainment data but progress remains good in most year groups with outstanding elements across the school.

School Self Evaluation for pupil progress, undertaken by the Board of Trustees, senior management team and staff, has a grading of 'Good' for all aspects apart from 'Outcomes' in which it grades itself 'Requires Improvement'. Our evaluations were externally validated by the Bradford Primary Improvement Partnership (BPIP) OFSTED style review in June 2015, in which it rated the school as 'Good' in all areas.

## RAINBOW SCHOOLS TRUST

### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2015

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Our performance results at the end of the 2014-15 period are as follows:

Achievement in the Early Years Foundation Stage (EYFS) is cohort specific, dependent on the numbers of pupils entering with no English and entering at different points throughout the Reception year with no previous schooling. Clear and robust assessments of children on entry to Reception show that the majority of pupils enter well below the nationally expected norms.

The Early Years provision ensures that these significant needs are met through a strong focus on language development for all pupils. Early Years outcomes were below national average in 2015, with 46% of pupils achieving a Good Level of Development (GLD). However given their particular starting points, this represents good progress. When compared with the 2014 outturn (58% GLD), this shows the variability of entry level since teaching and provision were good in both years (as recognised by Her Majesty's Inspectors (HMI) and Local Authority (LA)/BPIP reviews).

Children make good progress and most children make better than typical progress from their starting points. (93%+ Reading, Writing and Maths (RWM) & Personal, Social and Emotional Development (PSED) typical, 84%+ better than typical, 2014-15). Children quickly come to feel at home in the well-equipped classes. The outdoor areas provide a range of particularly attractive environments to stimulate language development and social interaction. Staff are skilled in modelling, questioning and prompting children in order to stimulate curiosity, conversation and support self-initiated learning. Children learn consistently well.

Y1 Phonic screening check - over time results remain broadly in line or above national standards and the school compares favourably to national in terms of total number of marks achieved. In 2014-15, 69% of Year 1 passed the phonic check, of these, 86% of core pupils met the standard. (Y1 context 2014-15, 37% New To English (NTE), 44% summer born, 95% mobility) Progress data indicates good progress in Reading.

End of Key Stage 1 teacher assessments in 2015 were as follows:

At the end of KS1, attainment overall for L2+ was below national, but for core pupils attainment was above national figures, with 81% at L2b+ for RWM. End of year (EOY) data indicates good progress. The Y2 cohort, 2014-15, had 42% NTE pupils, 22% Special Educational Needs (SEN).

The first KS2 data was released in October 2015. Y6 results are below the government's current floor standards. However, numbers on roll are relatively small and generally not matched from KS1 data. Almost one third of pupils in the cohort have no previous data.

This first Year 6 cohort of pupils was very unusual in its constitution and as such, caution is required in analysing Raise on Line (RoL) data:

- No pupil had been on roll since Reception or Key Stage 1, 35% started in Years 5 and 6 and the remainder at various points across year 4, no earlier than this. The pupils came from 20 different primary schools.
- Of the 23 pupils, 7 had no KS1 data. The school's combined result of 61% was 4% below floor standards. This equates to one child.
- In year mobility stood at 32%, with 8 pupils joining or leaving in Year 6, mobility from Y4 to Y6 is 52%, showing the influx in and out of this cohort
- Only 16 pupils have KS1 data, all having completed Y2 in other settings, each of these children is thus worth 6.25% when considering the numbers making two levels progress.

The school's reliable tracking shows clear evidence of the good progress made in all but one year group, Year 6, and particularly for those pupils who form our core group of pupils – those who started in reception and stayed. It can also show the capacity to improve attainment over time.



## **RAINBOW SCHOOLS TRUST**

### **TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2015**

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#### **d. Investment policy and performance**

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

#### ***Financial review***

##### **a. 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 2015 the balance of the School's Unrestricted Funds was £102,455 and the balance of its Restricted General Funds was £57,578 (before allowing for pension liabilities of £42,000.).

##### **b. Principal funding**

Most of the School's income is obtained from the Department for Education (DfE) and the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted as defined by its Memorandum and Articles of Association. The grants received from the Department for Education (DfE) and Partnerships for Schools (PFS) during the year ended 31 August 2015 and the associated expenditure are shown as restricted funds in the statement of financial activities.

##### **c. Risk Management**

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 (see below) 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;
-

## RAINBOW SCHOOLS TRUST

### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2015

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- 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*

##### **a. Future developments**

Population mobility is now a key factor for the school, our Raise on Line report shows us to have a stability measure of 43.3% compared to national stability at 85.9%. As a city centre school which is not yet full, allocations to the school are sent through on a weekly basis from the local authority, which in turn has meant that growth planning is very difficult, and that classes are constantly changing. Of the new admissions, many are new arrivals to the country and are both new to the language and to education, this creates another dimension of need and provision. For a number of these families, they are given temporary accommodation and can be moved on quickly to another address, whilst other families accept an allocation here as a temporary measure until a place arises at a more local school. These factors result in the school having a steady influx into and out of the school, which will prolong the time until the school is full and will continue in this way for some time into the future.

The school has not yet closed the gap between disadvantaged and other pupils nationally and has commissioned an external review of pupil premium. In the interim, the use of pupil premium has been reviewed and an increased amount has been allocated to one to one and small group support for 2015-16.

Raise on Line data indicates that the performance of girls and the outcomes for Reading are significantly below other schools nationally. Action taken is to externally assess the provision for reading across school and the performance of girls in particular. (BD5 SIP & linked Headteacher).

#### **Disclosure of information to auditors**

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

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

This report, incorporating the Strategic report, was approved by order of the board of trustees, as the company directors, on 18 December 2015 and signed on the board's behalf by:



.....  
**Taher Nawaz, Responsible Officer**

## RAINBOW SCHOOLS TRUST

### GOVERNANCE STATEMENT

---

#### *Scope of Responsibility*

As accounting officer, I acknowledge I 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, and for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Rainbow Schools Trust and the Secretary of State for Education. The accounting officer is 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 Trustees' responsibilities statement. The board of trustees has formally met 3 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Amjad Pervez, Chair of Trustees	2	3
Taher Nawaz, Responsible Officer	2	3
Mohammed Akram Khan-Cheema	2	3
Yasar Ali	2	3
Dame Naila Zaffar	1	3
Rahat Hussain (resigned 4 December 2014)	1	1
Asmi Darr	2	3
Michelle Gizella Khan (appointed 18 September 2014)	3	3
Stephanie Ngenda (appointed 18 September 2014)	3	3
Indira Rani-Bhatti (appointed 18 September 2014)	3	3
Shaukat Ali (appointed 18 September 2014)	2	3

Michelle Gizella Khan, Stephanie Ngenda, Indira Rani-Bhatti and Shaukat Ali were all appointed as trustees and Rahat Hussain resigned as a trustees during the year. Other than the increase in the number of trustees, there have been no significant changes to the composition of the board of trustees.

#### *Governance reviews:*

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 academy 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 Trustee's 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)

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Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Amjad Pervez, Chair of Trustees	2	3
Asmi Darr	2	3
Taher Nawaz, Responsible Officer	3	3
Shaukat Ali	1	3
Yasar Ali	1	3

#### ***Review of Value for Money***

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

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

- Improving Educational Outcomes - Over the course of 2014-15, the Trust has met, reviewed and deployed staff in response to the changes in the new National Curriculum and in response to a growing school and changes in pupil need. Pupil numbers have risen over the year to 276 in July 2015, staff have been appointed accordingly, year groups now span Reception to Year 6.  
The school is now in its fourth year of operation, with year groups in Reception up to Year 6. The school has completed its move onto the new site on Nelson Street in Bradford, into the new building, in January 2014. The Trust has, therefore, responded to the need to support those pupils who are new to English through allocating funds to the training budget to ensure staff are trained to support pupils in developing speaking, listening, reading & writing. The changing school population results in fluctuating Early Years and KS1 attainment and progress, so that it is difficult to identify any trends until cohorts are more stable. The school is now part of the BD5 group of schools and the Bradford Primary Improvement Programme (BPIP). This collaboration helps to ensure the accuracy of assessment and provides Newly Qualified Teacher (NQT) targeted support, access to SEND and Early Years network meetings.  
The school has commissioned Copthorne Primary, a teaching school, to further develop provision in early years with a focus on evidence keeping, developing speaking and listening and increasing opportunities for writing. The impact at the end of the year has been positive with a BPIP review feedback stating provision is good in early years. Our performance results at the end of the 2014-15 period are as follows: Achievement in EYFS is cohort specific, dependent on the numbers of pupils entering with no English and entering at different points throughout the Reception year. Clear and robust assessments of children on entry to Reception show that the majority of pupils enter well below the nationally expected norms. The school is delivering targeted support and interventions in order to improve attainment results nationally and is predicted to be above the governments floor standards for 2015-2016. It has developed and embedded a tracking system for individual pupils and provides a range of interventions that track attainment and progress from EYFS to Year 6. The School continually compares itself to other schools nationally and is committed to closing the achievement gap with all groups of children. Progress data from across the school is good for most year groups, with some outstanding progress.
- Robust governance and oversight of Trust finances - The Trust receives support throughout the year from its External Auditors on compliance and accounting practices. The Trustees and Governors 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 Governing Body also receive and approve 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. The Academy actively seeks out the best products at the best prices, regardless of how much Rainbow Primary School aims to spend. For any order of £1000 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 is not 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 uses well known, reliable suppliers for small orders (e.g. stationery, small equipment). The Trust deploys human resources so that value for money is maximised in terms of quality of teaching and learning, adult-pupil ratio and curriculum management. The Trust staffing structure is reviewed annually to ensure the most appropriate provision for our pupils.
- Reviewing Controls & Managing Risks - All orders are verified by the head teacher or deputy head teacher, budget holder and the Business Manager to ensure that money is being utilised and allocated appropriately. 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 the need and impact of initiatives. 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 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 ongoing process designed to identify and prioritise the risks to the achievement of School 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 1 September 2014 to 31 August 2015 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 is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the School's significant risks, that has been in place for the year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

#### ***The Risk and Control Framework***

The School'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;
-

## RAINBOW SCHOOLS TRUST

### GOVERNANCE STATEMENT (continued)

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- 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. However, the Trustees have appointed Taher Nawaz, a Trustee, as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the School's financial systems. There were no formal checks made in the current year, however the checks going forward will cover:

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

On an annual basis, the RO reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.


#### ***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 Responsible Officer;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the School 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 ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 18 December 2015 and signed on its behalf, by:



Taher Nawaz, Responsible Officer



Andrea Symonds, Accounting Officer

**RAINBOW SCHOOLS TRUST**

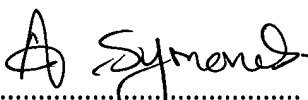
**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As accounting officer of Rainbow Schools Trust I have considered my responsibility to notify the School 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 and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2014).

I confirm that I and the School board of trustees are able to identify any material, irregular or improper use of funds by the School, or material non-compliance with the terms and conditions of funding under the School's funding agreement and the Academies Financial Handbook (2014).

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.

  
.....  
**Andrea Symonds, Accounting Officer**

Date: 18 December 2015

## RAINBOW SCHOOLS TRUST

### TRUSTEES' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 AUGUST 2015

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The Trustees (who act as governors of Rainbow Primary School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report (including the Strategic 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 of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 18 December 2015 and signed on its behalf by:



.....  
Taher Nawaz, Responsible Officer



## **RAINBOW SCHOOLS TRUST**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RAINBOW SCHOOLS TRUST**

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We have audited the financial statements of Rainbow Schools Trust for the year ended 31 August 2015 which comprise the Statement of financial activities, the Summary income and expenditure account, the Statement of total recognised gains and losses, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

*This report is made solely to the charitable School'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 charitable School's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable School and its members, as a body, for our audit work, for this report, or for the opinion we have formed.*

#### **Respective responsibilities of Trustees and auditors**

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable School 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](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable School's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

**RAINBOW SCHOOLS TRUST**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RAINBOW SCHOOLS TRUST**

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**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 BSC FCA (Senior Statutory Auditor)

*BHP Clough & Company LLP*

**BHP Clough & Company LLP**

Chartered Accountants and Registered Auditors

New Chartford House  
Centurion Way  
Cleckheaton  
West Yorkshire  
BD19 3QB  
18 December 2015

## **RAINBOW SCHOOLS TRUST**

### **INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO RAINBOW SCHOOLS TRUST AND THE EDUCATION FUNDING AGENCY**

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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 2014 to 2015, 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 1 September 2014 to 31 August 2015 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 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 2014, 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 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2014 to 31 August 2015 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 2014 to 2015 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's income and expenditure.

The work undertaken to draw our conclusion includes:

- Detailed testing on a sample basis to assess the nature of expenditure and whether funds have been used appropriately;
- Review of the academy's internal financial procedures to ensure that controls are in place to prevent or identify regularity issues;
- Ensure that EFA approval has been obtained for relevant transactions;
- Discussions with Governors, Senior Leadership Team and the Accounting Officer throughout the audit process to ensure that all regularity threats have been addressed.

**RAINBOW SCHOOLS TRUST**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO RAINBOW SCHOOLS TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

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**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Lesley Kendrew BSC FCA

*BHP Clough & Company LLP*

**BHP Clough & Company LLP**

Chartered Accountants and Registered Auditors

New Chartford House  
Centurion Way  
Cleckheaton  
West Yorkshire  
BD19 3QB

18 December 2015

**RAINBOW SCHOOLS TRUST**
**STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
<b>Incoming resources</b>						
Incoming resources from generated funds:						
Voluntary income	3	37,505	-	92,700	130,205	2,470,796
Activities for generating funds	4,5	17,032	-	-	17,032	22,578
Incoming resources from charitable activities	6	-	1,428,007	-	1,428,007	1,087,536
<b>Total incoming resources</b>		<b>54,537</b>	<b>1,428,007</b>	<b>92,700</b>	<b>1,575,244</b>	<b>3,580,910</b>
<b>Resources expended</b>						
Costs of generating funds:						
Fundraising expenses and other costs	5	-	21,560	-	21,560	18,184
Charitable activities		16,000	1,343,617	227,686	1,587,303	1,277,971
Governance costs	8	-	6,934	-	6,934	5,250
<b>Total resources expended</b>	7	<b>16,000</b>	<b>1,372,111</b>	<b>227,686</b>	<b>1,615,797</b>	<b>1,301,405</b>
<b>Net incoming / (outgoing) resources before transfers</b>		<b>38,537</b>	<b>55,896</b>	<b>(134,986)</b>	<b>(40,553)</b>	<b>2,279,505</b>
Transfers between Funds	16	16,000	(42,851)	26,851	-	-
External transfers	16	-	-	-	-	-
<b>Net incoming resources / (resources expended) before revaluations</b>		<b>54,537</b>	<b>13,045</b>	<b>(108,135)</b>	<b>(40,553)</b>	<b>2,279,505</b>
Gains and losses on revaluations of investment assets		-	-	-	-	(36,000)
<b>Net movement in funds for the year</b>		<b>54,537</b>	<b>13,045</b>	<b>(108,135)</b>	<b>(40,553)</b>	<b>2,243,505</b>
Total funds at 1 September 2014		47,908	2,533	4,988,595	5,039,036	2,795,531
<b>Total funds at 31 August 2015</b>		<b>102,445</b>	<b>15,578</b>	<b>4,880,460</b>	<b>4,998,483</b>	<b>5,039,036</b>

All activities relate to continuing operations.

The notes on pages 23 to 39 form part of these financial statements.

# RAINBOW SCHOOLS TRUST

## SUMMARY INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2015

		Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
	Note				
<b>Total income</b>		<b>54,537</b>	<b>1,520,707</b>	<b>1,575,244</b>	<b>3,580,910</b>
<b>Less: Total expenditure</b>		<b>16,000</b>	<b>1,599,797</b>	<b>1,615,797</b>	<b>1,301,405</b>
Net income/(expenditure) for the year before transfers		<u>38,537</u>	<u>(79,090)</u>	<u>(40,553)</u>	<u>2,279,505</u>
Transfers between funds	16	<u>16,000</u>	<u>(16,000)</u>	<u>-</u>	<u>-</u>
<b>Net income / (expenditure) for the year</b>	16	<u><b>54,537</b></u>	<u><b>(95,090)</b></u>	<u><b>(40,553)</b></u>	<u><b>2,279,505</b></u>

The notes on pages 23 to 39 form part of these financial statements.

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 AUGUST 2015

		Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
	Note				
<b>Net income / (expenditure) for the year</b>	16	<b>54,537</b>	<b>(95,090)</b>	<b>(40,553)</b>	<b>2,279,505</b>
Gains and losses on revaluations of investment assets		<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,000)</u>
<b>Total gains and losses recognised since 1 September 2014</b>	16	<u><b>54,537</b></u>	<u><b>(95,090)</b></u>	<u><b>(40,553)</b></u>	<u><b>2,243,505</b></u>

There is no difference between the (expenditure)/income on ordinary activities for the year stated above and its historical cost equivalent.


The notes on pages 23 to 39 form part of these financial statements.

**RAINBOW SCHOOLS TRUST**  
**REGISTERED NUMBER: 07471734**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2015**

	Note	£	2015 £	£	2014 £
<b>Fixed assets</b>					
Tangible assets	12		4,880,460		5,003,245
<b>Current assets</b>					
Debtors	13	50,065		17,783	
Cash at bank and in hand		392,637		395,853	
		<u>442,702</u>		<u>413,636</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(282,679)</u>		<u>(339,845)</u>	
<b>Net current assets</b>			<u>160,023</u>		<u>73,791</u>
<b>Total assets less current liabilities</b>			<u>5,040,483</u>		<u>5,077,036</u>
Defined benefit pension scheme liability	21		<u>(42,000)</u>		<u>(38,000)</u>
<b>Net assets including pension scheme liability</b>			<u><u>4,998,483</u></u>		<u><u>5,039,036</u></u>
<b>Funds of the academy</b>					
<b>Restricted funds :</b>					
Restricted funds	15	57,578		40,533	
Restricted fixed asset funds	15	4,880,460		4,988,595	
		<u>4,938,038</u>		<u>5,029,128</u>	
Restricted funds excluding pension liability					
Pension reserve		<u>(42,000)</u>		<u>(38,000)</u>	
<b>Total restricted funds</b>			<u>4,896,038</u>		<u>4,991,128</u>
Unrestricted funds	15		<u>102,445</u>		<u>47,908</u>
<b>Total funds</b>			<u><u>4,998,483</u></u>		<u><u>5,039,036</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 18 December 2015 and are signed on their behalf, by:

  
 .....  
**Taher Nawaz, Responsible Officer**

The notes on pages 23 to 39 form part of these financial statements.

**RAINBOW SCHOOLS TRUST****CASH FLOW STATEMENT***FOR THE YEAR ENDED 31 AUGUST 2015*

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	Note	2015 £	2014 £
Net cash flow from operating activities	18	101,685	2,754,084
Capital expenditure and financial investment	19	(104,901)	(2,438,515)
<b>(Decrease)/Increase in cash in the year</b>		<b>(3,216)</b>	<b>315,569</b>

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**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS***FOR THE YEAR ENDED 31 AUGUST 2015*

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	2015 £	2014 £
(Decrease)/Increase in cash in the year	(3,216)	315,569
<b>Movement in net funds in the year</b>	<b>(3,216)</b>	<b>315,569</b>
Net funds at 1 September 2014	395,853	80,284
<b>Net funds at 31 August 2015</b>	<b>392,637</b>	<b>395,853</b>

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The notes on pages 23 to 39 form part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015

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**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2014 to 2015 issued by EFA, applicable accounting standards and the Companies Act 2006.

**1.2 Fund accounting**

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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 and include grants from the Department for Education.

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

**1.3 Incoming resources**

All incoming resources are included in the Statement of financial activities when the School has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable 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.

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

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

**RAINBOW SCHOOLS TRUST**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

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**1. Accounting policies (continued)**

**1.4 Resources expended**

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

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

Charitable activities are costs incurred in the School's educational operations.

Governance costs include the costs attributable to the School's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

**1.5 Going concern**

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the School to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

**1.6 Tangible fixed assets and depreciation**

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the School's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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 carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

## RAINBOW SCHOOLS TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

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#### 1. Accounting policies (continued)

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	Over 50 years from 1 January 2014
Leasehold property	-	Over 3 years from 1 September 2011
Furniture, fixtures and fittings	-	25% straight line

#### 1.7 Taxation

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

#### 1.8 Pensions

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

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 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 quinquennial valuations using a prospective benefit method. As stated in note 22, the TPS is a multi-employer scheme and the School is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the School 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 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

# RAINBOW SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

### 2. General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the School was subject to limits at 31 August 2015 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 School has not exceeded these limits during the year ended 31 August 2015.

### 3. Voluntary income

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Donations	37,505	-	37,505	25,330
Grants	-	87,361	87,361	-
Other government capital grants	-	-	-	2,445,466
Devolved capital grants	-	5,339	5,339	-
	<u>37,505</u>	<u>92,700</u>	<u>130,205</u>	<u>2,470,796</u>

### 4. Activities for generating funds

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Hire of facilities	-	-	-	135
Catering income	17,032	-	17,032	22,443
	<u>17,032</u>	<u>-</u>	<u>17,032</u>	<u>22,578</u>

### 5. Trading Activities

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
<b>Fundraising trading expenses</b>				
Wages and salaries	-	21,560	21,560	18,184
Net expenditure from trading activities	<u>-</u>	<u>(21,560)</u>	<u>(21,560)</u>	<u>(18,184)</u>

# RAINBOW SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

### 6. Funding for Academy's educational operations

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
<b>DfE/EFA revenue grants</b>				
General Annual Grant	-	1,326,053	1,326,053	1,043,524
Other Dfe/EFA grants	-	103,416	103,416	44,012
Special Educational Needs (including clawback)	-	(1,462)	(1,462)	-
	<u>-</u>	<u>1,428,007</u>	<u>1,428,007</u>	<u>1,087,536</u>

### 7. Resources expended

	Staff costs 2015 £	Non Pay Expenditure Other costs 2015 £	Total 2015 £	Total 2014 £
Fundraising expenses	21,560	-	21,560	18,184
<b>Costs of generating funds</b>	<u>21,560</u>	<u>-</u>	<u>21,560</u>	<u>18,184</u>
Direct costs	838,327	332,193	1,170,520	855,442
Support costs	148,659	268,124	416,783	422,529
<b>Charitable activities</b>	<u>986,986</u>	<u>600,317</u>	<u>1,587,303</u>	<u>1,277,971</u>
<b>Governance</b>	<u>-</u>	<u>6,934</u>	<u>6,934</u>	<u>5,250</u>
	<u>1,008,546</u>	<u>607,251</u>	<u>1,615,797</u>	<u>1,301,405</u>

# RAINBOW SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

### Charitable Activities

	2015 £	2014 £
<b>Direct costs - educational operations</b>		
Wages and salaries	753,562	495,503
National insurance	42,747	30,231
Pension costs	38,018	27,869
Staff development	12,524	17,810
Educational supplies	59,607	44,134
Educational consultancy	10,615	2,108
Depreciation	96,300	137,643
Other costs	153,147	100,144
	<b>1,166,520</b>	<b>855,442</b>
<b>Support costs- educational operations</b>		
Wages and Salaries	131,663	106,678
National Insurance	9,519	8,190
Pension Costs	11,477	8,106
Recruitment and other staff costs	2,136	13,930
Technology costs	7	-
Maintenance of premises	58,090	37,418
Water and rates	23,473	16,441
Heat and light	36,538	42,092
Insurance	19,197	9,743
Depreciation	131,386	105,682
Bank interest and charges	2,403	2,366
Other costs (including VAT reclaimed on expenses)	(5,106)	71,883
	<b>420,783</b>	<b>422,529</b>
<b>Total direct and support costs</b>	<b>1,587,303</b>	<b>1,277,971</b>

### 8. Governance costs

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Auditors' remuneration	-	4,000	4,000	3,250
Other costs	-	2,934	2,934	-
Governance expense - wages and salaries	-	-	-	2,000
	<b>-</b>	<b>6,934</b>	<b>6,934</b>	<b>5,250</b>

**RAINBOW SCHOOLS TRUST****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015****9. Net incoming / (outgoing) resources**

This is stated after charging:

	2015	2014
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	227,686	243,325
Auditors' remuneration	4,000	3,250
	<u>231,686</u>	<u>246,575</u>

**10. Staff****a. Staff costs**

Staff costs were as follows:

	2015	2014
	£	£
Wages and salaries	906,785	622,365
Social security costs	52,266	38,421
Other pension costs (Note 22)	49,495	35,975
	<u>1,008,546</u>	<u>696,761</u>

**b. Staff numbers**

The average number of persons employed by the School during the year expressed as full time equivalents was as follows:

	2015	2014
	No.	No.
Teachers	18	12
Administration and support	8	8
Management	4	4
	<u>30</u>	<u>24</u>

**RAINBOW SCHOOLS TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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**10. Staff (continued)**

**c. Higher paid staff**

The number of employees whose emoluments fell within the following bands was:

	<b>2015</b>	<b>2014</b>
	<b>No.</b>	<b>No.</b>
In the band £ 60,001 - £ 70,000	<b>1</b>	<b>1</b>

The above employee participated in the Teachers' Pension Scheme.

**11. Trustees' remuneration and expenses**

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

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Andrea Symonds (Principal)		
Remuneration	<b>65,000-70,000</b>	60,000-65,000
Employer's pension contributions	<b>5,000-10,000</b>	5,000-10,000

During the year, no Trustees received any reimbursement of expenses (2014 - £NIL).

**12. Trustees' and officers' insurance**

In accordance with normal commercial practice the School has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2015 was £1,722 (2014 - £480). The cost of this insurance is included in the total insurance cost.



**RAINBOW SCHOOLS TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**13. Tangible fixed assets**

	Freehold property £	Leasehold Property £	Furniture, fixtures and fittings £	Total £
<b>Cost</b>				
At 1 September 2014	4,812,929	230,316	422,649	5,465,894
Additions	2,095	-	102,806	104,901
Disposals	-	(230,316)	-	(230,316)
At 31 August 2015	4,815,024	-	525,455	5,340,479
<b>Depreciation</b>				
At 1 September 2014	54,839	230,316	177,494	462,649
Charge for the year	96,300	-	131,386	227,686
On disposals	-	(230,316)	-	(230,316)
At 31 August 2015	151,139	-	308,880	460,019
<b>Net book value</b>				
At 31 August 2015	4,663,885	-	216,575	4,880,460
At 31 August 2014	4,758,090	-	245,155	5,003,245

**14. Debtors**

	2015 £	2014 £
VAT recoverable	26,508	16,422
Prepayments and accrued income	23,557	1,361
	50,065	17,783

**15. Creditors:**  
**Amounts falling due within one year**

	2015 £	2014 £
Trade creditors	66,299	66,184
Other taxation and social security	18,761	17,294
Other creditors	139,728	207,070
Accruals and deferred income	57,891	49,297
	282,679	339,845

# RAINBOW SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

### 15. Creditors: Amounts falling due within one year (continued)

	£
<b>Deferred income</b>	
Deferred income at 1 September 2014	38,532
Resources deferred during the year	48,826
Amounts released from previous years	(38,532)
	<u>48,826</u>
Deferred income at 31 August 2015	<u>48,826</u>

At the balance sheet date the school trust was holding funds received in advance for the ACAD Pupil Premium and the ACAD Infant Free School Meals, all of which relate to the 2015/16 academic year.

### 16. Statement of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Carried Forward £
<b>Unrestricted funds</b>					
General funds	47,908	54,537	(16,000)	16,000	102,445
	<u>47,908</u>	<u>54,537</u>	<u>(16,000)</u>	<u>16,000</u>	<u>102,445</u>
<b>Restricted funds</b>					
Restricted Funds - all funds	40,533	1,428,007	(1,368,111)	(42,851)	57,578
Pension reserve	(38,000)	-	(4,000)	-	(42,000)
	<u>2,533</u>	<u>1,428,007</u>	<u>(1,372,111)</u>	<u>(42,851)</u>	<u>15,578</u>
<b>Restricted fixed asset funds</b>					
Restricted Fixed Asset Funds - all funds	4,988,595	92,700	(227,686)	26,851	4,880,460
Total restricted funds	<u>4,991,128</u>	<u>1,520,707</u>	<u>(1,599,797)</u>	<u>(16,000)</u>	<u>4,896,038</u>
Total of funds	<u>5,039,036</u>	<u>1,575,244</u>	<u>(1,615,797)</u>	<u>-</u>	<u>4,998,483</u>

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 2015. Note 2 discloses whether the limit was exceeded.

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

# RAINBOW SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

### 16. Statement of funds (continued)

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

Under the funding agreement with the Secretary of State, the School was subject to a limit on the amount of GAG that it could carry forward at 31 August 2015. Note 2

#### Summary of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Carried Forward £
General funds	47,908	54,537	(16,000)	16,000	102,445
Restricted funds	2,533	1,428,007	(1,372,111)	(42,851)	15,578
Restricted fixed asset funds	4,988,595	92,700	(227,686)	26,851	4,880,460
	<u>5,039,036</u>	<u>1,575,244</u>	<u>(1,615,797)</u>	<u>-</u>	<u>4,998,483</u>

### 17. Analysis of net assets between funds

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	-	-	4,880,460	4,880,460	5,003,245
Current assets	102,445	340,257	-	442,702	413,636
Creditors due within one year	-	(282,679)	-	(282,679)	(339,845)
Provisions for liabilities and charges	-	(42,000)	-	(42,000)	(38,000)
	<u>102,445</u>	<u>15,578</u>	<u>4,880,460</u>	<u>4,998,483</u>	<u>5,039,036</u>

# RAINBOW SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

### 18. Net cash flow from operations

	Continuing £	Discontinued £	2015 Total £	2014 £
Net incoming resources before revaluations	(40,553)	-	(40,553)	2,279,505
Depreciation of tangible fixed assets	227,686	-	227,686	243,325
(Increase)/decrease in debtors	(32,282)	-	(32,282)	274,208
Decrease in creditors	(57,166)	-	(57,166)	(44,954)
FRS 17 adjustments	4,000	-	4,000	2,000
<b>Net cash inflow from operations</b>			<b>101,685</b>	<b>2,754,084</b>

### 19. Analysis of cash flows for headings netted in cash flow statement

	2015 £	2014 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(104,901)	(2,438,515)

### 20. Analysis of changes in net funds

	1 September 2014 £	Cash flow £	Other non-cash changes £	31 August 2015 £
Cash at bank and in hand:	395,853	(3,216)	-	392,637
<b>Net funds</b>	<b>395,853</b>	<b>(3,216)</b>	<b>-</b>	<b>392,637</b>

### 21. Major non-cash transactions

There were no major non-cash transactions.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015

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**22. Pension commitments**

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £4,145 were payable to the scheme at 31 August 2015 (2014 - £3,744) 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 year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

## RAINBOW SCHOOLS TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

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#### 22. Pension commitments (continued)

The pension costs paid to TPS in the period amounted to £32,196 (2014: £26,126).

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The School has accounted for its contributions to the scheme as if it were a defined contribution scheme. The School has set out above the information available on the scheme.

#### **Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £17,000, of which employer's contributions totalled £12,000 and employees' contributions totalled £5,000. The agreed contribution rates for future years are 12.4% for employers and a variable rate between 5.5% and 7.5% for employees.

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

The amounts recognised in the Balance sheet are as follows:

	2015 £	2014 £
Present value of funded obligations	(138,000)	(116,000)
Fair value of scheme assets	96,000	78,000
Net liability	<u>(42,000)</u>	<u>(38,000)</u>

The amounts recognised in the Statement of financial activities are as follows:

	2015 £	2014 £
Current service cost	(16,000)	(12,000)
Interest on obligation	(5,000)	(4,000)
Expected return on scheme assets	5,000	4,000
Total	<u>(16,000)</u>	<u>(12,000)</u>

# RAINBOW SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

### 22. Pension commitments (continued)

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

	2015 £	2014 £
Opening defined benefit obligation	116,000	81,000
Current service cost	16,000	12,000
Interest cost	5,000	4,000
Contributions by scheme participants	5,000	4,000
Current service cost	-	-
Actuarial (gain)/loss	(4,000)	15,000
Closing defined benefit obligation	138,000	116,000

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

	2015 £	2014 £
Opening fair value of scheme assets	78,000	58,000
Expected return on assets	5,000	4,000
Contributions by employer	12,000	-
Contributions by employees	5,000	4,000
Actuarial loss	(4,000)	2,000
Employer contributions	-	10,000
	96,000	78,000

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £36,000 loss (2014 - £36,000 loss).

The School expects to contribute £18,000 to its Defined benefit pension scheme in 2016.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2015	2014
Equities	75.90 %	75.10 %
Property	4.50 %	3.30 %
Government bonds	10.40 %	10.30 %
Corporate bonds	4.60 %	5.20 %
Cash	1.50 %	3.90 %
Other	3.10 %	2.20 %

# RAINBOW SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

### 22. Pension commitments (continued)

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2015	2014
Discount rate for scheme liabilities	3.80 %	3.70 %
Rate of increase in salaries	3.60 %	3.60 %
Rate of increase for pensions in payment / inflation	2.10 %	2.10 %
Inflation assumption (CPI)	2.10 %	2.10 %
Commutation of pensions to lump sums	75.00 %	75.00 %

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

	2015	2014
Retiring today		
Males	22.6	22.5
Females	25.5	25.4
Retiring in 20 years		
Males	24.8	24.7
Females	27.8	27.7

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2015 £	2014 £	2013 £	2012 £	2011 £
Defined benefit obligation	(138,000)	(116,000)	(81,000)	(38,000)	-
Scheme assets	96,000	78,000	58,000	26,000	-
Deficit	(42,000)	(38,000)	(23,000)	(12,000)	-
Experience adjustments on share of scheme assets	(2,000)	2,000	4,000	-	-



**RAINBOW SCHOOLS TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**  
*FOR THE YEAR ENDED 31 AUGUST 2015*

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**23. 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 trustees 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.