

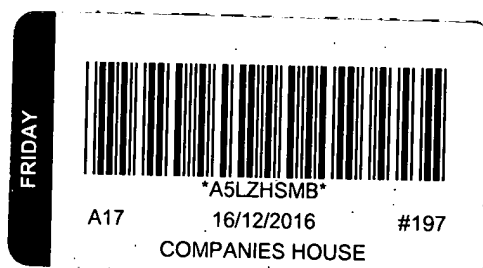
**THE RAINBOW MULTI ACADEMY TRUST**

**(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT AND AUDITED ACCOUNTS**

**FOR THE YEAR ENDED 31 AUGUST 2016**

**Company Registration No. 08909269 England and Wales**



# THE RAINBOW MULTI ACADEMY TRUST

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# THE RAINBOW MULTI ACADEMY TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Trustees

WT Carter (Chair (to 10 December 2015))  
LT Stephens (Accounting Officer (to 31 August 2016))  
M Carter (Chair (from 10 December 2015))  
JL Emery  
CT Harvey  
SJ Jones (Accounting Officer (from 1 September 2016))  
JM Lamb  
P McGovern (Appointed 5 July 2016)  
J Moseley  
RD Pascoe (Resigned 15 October 2015)  
L Seymour  
NA Smith (Resigned 17 March 2016)  
GIJ Springer  
R Webber (Appointed 4 January 2016)  
D Whitting (Resigned 17 March 2016)

### Members

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

### Senior management team

- Executive Principal	S Jones
- CFO	A Young
- Headteacher of St Meriadoc CE Infant Academy	LT Stephens
- Headteacher of St Meriadoc CE Junior Academy	B Anderson
- Headteacher of Penponds Primary School	N Smith & GC Sweet
- Headteacher of Troon CP School	JM Lamb

### Company secretary

R Couch

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### Company registration number

08909269 (England and Wales)

### Principal address

St Meriadoc CE Infant Academy  
Rectory Road  
CAMBORNE  
TR14 7DW

### Registered office

St Meriadoc CE Infant Academy  
Rectory Road  
CAMBORNE  
TR14 7DW

# THE RAINBOW MULTI ACADEMY TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Academies operated

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

### Location

Camborne  
Camborne  
Camborne  
Camborne

### Headteacher

LT Stephens  
SJ Jones  
JM Lamb  
N Smith & GC Sweet

### Independent auditor

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

### Bankers

Lloyds Bank Plc  
29 Commercial Street  
CAMBORNE  
Cornwall  
TR14 8JX

HSBC Bank Plc  
45 Commercial Street  
CAMBORNE  
Cornwall  
TR14 8AX

### Solicitors

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

# THE RAINBOW MULTI ACADEMY TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2016

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

The academy trust operates four primary academies in the Camborne area. Its academies have a combined pupil capacity of 700 and had a roll of 629 in the school census in October 2016.

#### Structure, governance and management

##### Constitution

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

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

##### Members' liability

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

##### Trustees' indemnities

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

##### Method of recruitment and appointment or election of trustees

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

- no less than 6 trustees who are appointed by members;
- up to 4 headteachers of the academies;
- up to 2 community trustees appointed by the trustees; and
- up to 3 co-opted trustees who are appointed by the non co-opted trustees.

There shall always be two more trustees appointed by the members than all other trustees of the academy trust. Also, the total number of trustees who are employees of the charitable company shall not exceed one third of the total number of trustees.

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

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

##### Policies and procedures adopted for the induction and training of trustees

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

# THE RAINBOW MULTI ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### Organisational structure

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

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

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

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

September 2016 will see a new structure in place, this includes the appointment of a part time CEO (accounting officer) and full time CFO. To reflect this new structure there will be an amendment to the articles and to the scheme of delegation and the terms of reference.

#### Arrangements for setting pay and remuneration of key management personnel

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

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

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

#### Related parties and other connected charities and organisations

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

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

Related party transactions are detailed in Note 21 to the accounts.

# THE RAINBOW MULTI ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### **Objectives and activities**

##### Objects and aims

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

The aims of the academy trust during the year ended 31 August 2016 are summarised below:

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

##### Objectives, strategies and activities

The key priorities for the year to 31 August 2016 are summarised below:

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

##### Public benefit

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

# THE RAINBOW MULTI ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### Strategic report

#### Achievements and performance

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

#### EYFS

	National	St Meriadoc Infants	Penponds	Troon
% children achieving GLD	69%	73% 60% last year	69% 58% last year	68% 50% last year

#### % of pupils Achieving at Least Expected Level at the End of Foundation Stage

	National	St Meriadoc Infants	Penponds	Troon
Reading	74%	85%	100%	75%
Writing	67%	75%	100%	68%
Maths- Number	74%	88%	88%	81%
Maths- Shape	79%	86%	88%	91%

#### Year 1 Phonics

	National	St Meriadoc Infants	Penponds	Troon
	81%	89%	89%	88%



# THE RAINBOW MULTI ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### Year 2

Age related expectation				
	National indicative	St Meriadoc INF	Penponds	Troon
Reading	74%	81%	74%	84%
Writing	66%	79%	58%	72%
Maths	73%	91%	74%	80%
Greater Depth				
	National	St Meriadoc Inf	Penponds	Troon
Reading	24%	34%	16%	36%
Writing	13%	9%	8%	24%
Maths	18%	38%	16%	12%

### Year 6

#### % of children reaching Age Related Expectations ARE

	National	St Meriadoc Jun	Penponds	Troon
Reading	63%	93%	75%	68%
Writing	74%	83%	67% (4 children not making it )	84%
Maths	70%	73%	75%	79%
Spag	72%	77%	75%	68%
Exceeding				
	National	St Meriadoc Jun	Penponds	Troon
Reading	%	20%	0%	11%
Writing	%	3.3%	0%	5%
Maths	%	10%	0%	5%

# THE RAINBOW MULTI ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

% of children making ARE in Reading, Writing and Maths combined at the End of KS2

	National	St Meriadoc Jun	Penponds	Troon
	53%	63%	67%	68%

### Progress Measure

#### KS1-2

	National	St Meriadoc Jun	Penponds	Troon
Reading	-5	2.4	-2.6	-0.8
Writing	-7	-0.1	-4.6	+0.2
Maths	-5	-1.5	-0.6	+0.6

All four academies are due an Ofsted inspection in the coming year, current gradings are as follows:

St Meriadoc Infants – Good

St Meriadoc Juniors – Requires improvement

Penponds – Outstanding

Troon – Requires Improvement

#### Going concern

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

#### **Financial review**

The charitable company's accounting period is the year to 31 August 2016.

Most of the charitable company's income is derived from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received during the year to 31 August 2016 and the associated expenditure, are shown as restricted funds in the statement of financial activities.

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

# THE RAINBOW MULTI ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### Reserves policy

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

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

The trustees consider the financial year end position of £1,941,378 (2015: £2,368,076) comprising £2,526,993 (2015: £2,397,025) of restricted fixed asset funds, (£1,084,000) (2015: (£537,000)) of restricted funds and £498,385 (2015: £508,051) of unrestricted funds to be satisfactory. The restricted funds consist of the pension reserve amounting to (£1,084,000) (2015: £(537,000)) and general restricted funds of £Nil (2015: £Nil).

With the level of free reserves held by the academy trust at £498,385 (2015: £508,051) the academy trust finance committee have reviewed the existing policy on reserves. The Committee will make specific recommendations to ensure that the internal control measures in use will best manage these funds in the interest of the pupils.

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The Local Government Pension Scheme (LGPS) fund is currently in deficit. The academy has entered into an agreement with the LGPS trustees to make additional annual contributions of £10,000 in addition to normal funding levels, over a period of 20 years, in order to bridge the scheme deficit.

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

#### Investment policy and powers

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

#### Principal risks and uncertainties

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

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

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

# THE RAINBOW MULTI ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2016**

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### Plans for future periods

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

In accordance with the academy trust's Improvement Plan for 2016-17 the key objectives for the forthcoming year are:

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

### Auditor

In so far as the trustees are aware:

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

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

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 8/12/16 and signed on its behalf by:



M Carter

Chair (from 10 December 2015)

# THE RAINBOW MULTI ACADEMY TRUST

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2016**

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### Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Rainbow Multi Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
WT Carter (Chair (to 10 December 2015))	5	5
LT Stephens (Accounting Officer (to 31 August 2016))	5	5
M Carter (Chair (from 10 December 2015))	5	5
JL Emery	5	5
CT Harvey	5	5
SJ Jones (Accounting Officer (from 1 September 2016))	5	5
JM Lamb	5	5
P McGovern (Appointed 5 July 2016)	1	1
J Moseley	4	5
RD Pascoe (Resigned 15 October 2015)	1	1
L Seymour	5	5
NA Smith (Resigned 17 March 2016)	3	4
GIJ Springer	5	5
R Webber (Appointed 4 January 2016)	2	3
D Whitting (Resigned 17 March 2016)	0	4

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

# THE RAINBOW MULTI ACADEMY TRUST

## GOVERNANCE STATEMENT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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

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

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
LT Stephens (Accounting Officer (to 31 August 2016))	3	3
JL Emery	3	3
CT Harvey	3	3
RD Pascoe (Resigned 15 October 2015)	0	0
GIJ Springer	2	3

#### Review of value for money

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

# THE RAINBOW MULTI ACADEMY TRUST

## GOVERNANCE STATEMENT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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

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

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

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

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

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

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

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

#### *Improving educational results*

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

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

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

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

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

A new tracking system was originally purchased at a discount. Further training to support the MAT leadership teams in the use of this software was also shared amongst staff. This new tracking system enables us to ensure that any interventions represent value for money and that the targeted groups have made accelerated progress.

#### *Financial Performance*

The appointment of business and premises managers has meant that we are able to 'shop around' to ensure that we get the right services for us at the best possible price eg the energy costs have been less this year.

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

#### *Income Generation*

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

The MAT host trainee teachers which also generates income.

# **THE RAINBOW MULTI ACADEMY TRUST**

## **GOVERNANCE STATEMENT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2016**

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### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Rainbow Multi Academy Trust for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and accounts.

### **Capacity to handle risk**

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

### **The risk and control framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided:

- A member of the Cornwall Council Local Financial Services Team employed during the period by The Rainbow Multi Academy Trust performed control checks as part of their role as management accountant to the MAT.

The management reports produced by the LFS technician were presented to the finance committee at the meetings.

### **Review of effectiveness**

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

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



# THE RAINBOW MULTI ACADEMY TRUST

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2016**

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

Approved by order of the board of trustees on ...8/12/16..... and signed on its behalf by:



M Carter

Chair (from 10 December 2015)



SJ Jones

Accounting Officer (from 1 September 2016)

# THE RAINBOW MULTI ACADEMY TRUST

## STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2016

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

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

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

Approved on 8/12/16 and signed by:

SJ Jones  
Accounting Officer



# THE RAINBOW MULTI ACADEMY TRUST

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

**FOR THE YEAR ENDED 31 AUGUST 2016**

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

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

In preparing these accounts, the trustees are required to:

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

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the board of trustees on 8/12/16 and signed on its behalf by:



M Carter

Chair (from 10 December 2015)

# THE RAINBOW MULTI ACADEMY TRUST

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

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We have audited the accounts of The Rainbow Multi Academy Trust for the year ended 31 August 2016 set out on pages 22 to 45. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditors**

As explained more fully in the Trustees' Responsibilities Statement set out on page 17, the trustees, who are also the directors of The Rainbow Multi Academy Trust for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts 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 accounts**

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Trustees' Report including the incorporated strategic report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on accounts**

In our opinion the accounts:

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

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

In our opinion the information given in the Trustees' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts.

# THE RAINBOW MULTI ACADEMY TRUST

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

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

*Robinson Reed Layton*

**Mark Williams (Senior Statutory Auditor)**  
for and on behalf of Robinson Reed Layton

**Chartered Accountants**

**Statutory Auditor**

Peat House

Newham Road

TRURO

Cornwall

TR1 2DP

Dated: 12 December 2016

# **THE RAINBOW MULTI ACADEMY TRUST**

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

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In accordance with the terms of our engagement letter dated 24 September 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Rainbow Multi Academy Trust during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Rainbow Multi Academy Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the The Rainbow Multi Academy Trust and 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 The Rainbow Multi Academy Trust and EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of The Rainbow Multi Academy Trust's funding agreement with the Secretary of State for Education dated 24 March 2014 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

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

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

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

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

The work undertaken to draw to our conclusion includes:

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

# THE RAINBOW MULTI ACADEMY TRUST

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE RAINBOW MULTI ACADEMY TRUST AND THE EDUCATION 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 period 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Robinson Reed Layton*

Mark Williams  
**Reporting Accountant**  
Robinson Reed Layton

Dated: 12 December 2016

# THE RAINBOW MULTI ACADEMY TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2016 £	Total 2015 £
<b>Income and endowments from:</b>						
Donations and capital grants	2	243	-	196,223	196,466	296,009
Charitable activities:						
- Funding for educational operations	3	138,117	3,136,907	-	3,275,024	3,134,354
Other trading activities	4	2,574	-	-	2,574	17,210
Investments	5	791	-	-	791	767
<b>Total income and endowments</b>		<b>141,725</b>	<b>3,136,907</b>	<b>196,223</b>	<b>3,474,855</b>	<b>3,448,340</b>
<b>Expenditure on:</b>						
Charitable activities:						
- Educational operations	7	25,262	3,252,918	130,453	3,408,633	3,181,111
<b>Total expenditure</b>	<b>6</b>	<b>25,262</b>	<b>3,252,918</b>	<b>130,453</b>	<b>3,408,633</b>	<b>3,181,111</b>
<b>Net income/(expenditure)</b>		<b>116,463</b>	<b>(116,011)</b>	<b>65,770</b>	<b>66,222</b>	<b>267,229</b>
Transfers between funds		(111,872)	58,011	53,861	-	-
<b>Other recognised gains and losses</b>						
Actuarial gains/(losses) on defined benefit pension schemes	17	-	(489,000)	-	(489,000)	17,000
<b>Net movement in funds</b>		<b>4,591</b>	<b>(547,000)</b>	<b>119,631</b>	<b>(422,778)</b>	<b>284,229</b>
<b>Reconciliation of funds</b>						
Total funds brought forward		508,051	(537,000)	2,397,025	2,368,076	2,083,847
Total funds carried forward		512,642	(1,084,000)	2,516,656	1,945,298	2,368,076



# THE RAINBOW MULTI ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2016

Comparative information ended 31 August 2015	Notes	Unrestricted Funds £	General £	Restricted funds: Fixed asset £	Total 2015 £
<b>Income and endowments from:</b>					
Donations and capital grants	2	742	1,584	293,683	296,009
Charitable activities:					
- Funding for educational operations	3	104,033	3,030,321	-	3,134,354
Other trading activities	4	17,210	-	-	17,210
Investments	5	767	-	-	767
<b>Total income and endowments</b>		<b>122,752</b>	<b>3,031,905</b>	<b>293,683</b>	<b>3,448,340</b>
<b>Expenditure on:</b>					
Charitable activities:					
- Educational operations	7	-	3,062,733	118,378	3,181,111
<b>Total expenditure</b>	6	<b>-</b>	<b>3,062,733</b>	<b>118,378</b>	<b>3,181,111</b>
<b>Net income/(expenditure)</b>		<b>122,752</b>	<b>(30,828)</b>	<b>175,305</b>	<b>267,229</b>
Transfers between funds		(66,365)	(69,462)	135,827	-
<b>Other recognised gains and losses</b>					
Actuarial gains/(losses) on defined benefit pension schemes	17	-	17,000	-	17,000
<b>Net movement in funds</b>		<b>56,387</b>	<b>(83,290)</b>	<b>311,132</b>	<b>284,229</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		451,664	(453,710)	2,085,893	2,083,847
Total funds carried forward		508,051	(537,000)	2,397,025	2,368,076

# THE RAINBOW MULTI ACADEMY TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2016

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Tangible assets	11		2,499,684		2,371,152
<b>Current assets</b>					
Debtors	12	169,277		217,453	
Cash at bank and in hand		675,752		769,805	
		845,029		987,258	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	13	(315,415)		(453,334)	
<b>Net current assets</b>			529,614		533,924
<b>Net assets excluding pension liability</b>			3,029,298		2,905,076
Defined benefit pension liability	17		(1,084,000)		(537,000)
<b>Net assets</b>			1,945,298		2,368,076
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>	15				
- Fixed asset funds			2,516,656		2,397,025
- Pension reserve			(1,084,000)		(537,000)
<b>Total restricted funds</b>			1,432,656		1,860,025
<b>Unrestricted income funds</b>	15		512,642		508,051
<b>Total funds</b>			1,945,298		2,368,076

The accounts set out on pages 22 to 45 were approved by the board of trustees and authorised for issue on 8/12/16 and are signed on its behalf by:



M Carter

Chair (from 10 December 2015)

Company Number 08909269

# THE RAINBOW MULTI ACADEMY TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £	£	2015 £	£
<b>Cash flows from operating activities</b>					
Net cash provided by (used in) operating activities	18		(32,082)		171,695
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		791		767	
Capital grants from DfE and EFA		196,223		283,683	
Capital funding from sponsors and others		-		10,000	
Payments to acquire tangible fixed assets		(258,985)		(444,309)	
			(61,971)		(149,859)
<b>Change in cash and cash equivalents in the reporting period</b>			(94,053)		21,836
Cash and cash equivalents at 1 September 2015			769,805		747,969
<b>Cash and cash equivalents at 31 August 2016</b>			675,752		769,805

# THE RAINBOW MULTI ACADEMY TRUST

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

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### 1 Accounting policies

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

#### 1.1 Basis of preparation

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

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

These accounts for the year ended 31 August 2016 are the first accounts of The Rainbow Multi Academy Trust prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 September 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 23.

#### 1.2 Going concern

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

#### 1.3 Income

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

##### Grants receivable

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

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

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

# THE RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 1 Accounting policies

(Continued)

#### 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 academy trust has provided the goods or services.

#### Donated goods, facilities and services

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

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 academy trust's accounting policies.

### 1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

#### Expenditure on raising funds

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

#### Charitable activities

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

#### Governance costs

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

# THE RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 1 Accounting policies

(Continued)

#### 1.5 Tangible fixed assets and depreciation

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

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

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

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

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

#### 1.6 Liabilities

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

#### 1.7 Leasing and hire purchase commitments

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

#### 1.8 Taxation

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

#### 1.9 Pensions benefits

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

# THE RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 1 Accounting policies

(Continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 17, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

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

#### 1.10 Fund accounting

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

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

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

#### 1.11 Critical accounting estimates and areas of judgement

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

##### Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 17, 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.

# THE RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 1 Accounting policies

(Continued)

#### Critical areas of judgement

The trust has two schools that occupy property owned by the Diocese of Truro of which a peppercorn rent is payable. No valuation has been included in the financial statements to recognise the value of the properties because there is no lease or licence in place that recognises the trust's right to occupy the said properties.

### 2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Capital grants	-	196,223	196,223	283,683
Other donations	243	-	243	12,326
	<u>243</u>	<u>196,223</u>	<u>196,466</u>	<u>296,009</u>

### 3 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
<b>DfE / EFA grants</b>				
General annual grant (GAG)	-	2,470,269	2,470,269	2,369,778
Other DfE / EFA grants	-	379,318	379,318	397,953
	<u>-</u>	<u>2,849,587</u>	<u>2,849,587</u>	<u>2,767,731</u>
<b>Other government grants</b>				
Local authority grants	-	287,320	287,320	261,559
Special educational projects	-	-	-	1,031
	<u>-</u>	<u>287,320</u>	<u>287,320</u>	<u>262,590</u>
<b>Other funds</b>				
Other incoming resources	138,117	-	138,117	104,033
	<u>138,117</u>	<u>-</u>	<u>138,117</u>	<u>104,033</u>
<b>Total funding</b>	<u>138,117</u>	<u>3,136,907</u>	<u>3,275,024</u>	<u>3,134,354</u>



# THE RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 4 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Hire of facilities	24	-	24	-
Other income	2,550	-	2,550	17,210
	<u>2,574</u>	<u>-</u>	<u>2,574</u>	<u>17,210</u>

### 5 Investment income

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Short term deposits	<u>791</u>	<u>-</u>	<u>791</u>	<u>767</u>

### 6 Expenditure

	Staff costs £	Premises costs £	Other costs £	Total 2016 £	Total 2015 £
<b>Academy's educational operations</b>					
- Direct costs	2,027,766	-	297,137	2,324,903	2,182,036
- Allocated support costs	318,703	262,309	502,718	1,083,730	999,075
	<u>2,346,469</u>	<u>262,309</u>	<u>799,855</u>	<u>3,408,633</u>	<u>3,181,111</u>
<b>Total expenditure</b>	<u>2,346,469</u>	<u>262,309</u>	<u>799,855</u>	<u>3,408,633</u>	<u>3,181,111</u>

Net income/(expenditure) for the year includes:

	2016 £	2015 £
Fees payable to auditor for:		
- Audit	5,175	2,500
- Other services	2,675	2,450
Operating lease rentals	12,564	12,388
Depreciation of tangible fixed assets	<u>130,453</u>	<u>118,378</u>

### Central services

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

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

# THE RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 6 Expenditure

(Continued)

The amounts charged during the year were as follows:

	Total £
St Meriadoc CE Infant Academy	14,000
St Meriadoc CE Junior Academy	14,000
Troon CP School	14,000
Penponds Primary School	14,000
	<u>56,000</u>

### 7 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Direct costs - educational operations	6,096	2,318,807	2,324,903	2,182,036
Support costs - educational operations	19,166	1,064,564	1,083,730	999,075
	<u>25,262</u>	<u>3,383,371</u>	<u>3,408,633</u>	<u>3,181,111</u>
			<b>2016 £</b>	<b>2015 £</b>
<b>Analysis of support costs</b>				
Support staff costs			318,703	295,977
Depreciation and amortisation			130,453	118,378
Technology costs			47,481	55,929
Premises costs			219,692	213,370
Other support costs			362,226	312,921
Governance costs			5,175	2,500
			<u>1,083,730</u>	<u>999,075</u>

# THE RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 8 Staff costs

	2016 £	2015 £
Wages and salaries	1,850,961	1,735,779
Social security costs	111,473	95,945
Operating costs of defined benefit pension schemes	333,944	290,271
Staff costs	2,296,378	2,121,995
Supply staff costs	31,072	67,367
Staff restructuring costs	716	5,000
Staff development and other staff costs	18,303	20,946
Total staff expenditure	2,346,469	2,215,308

### Staff numbers

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

	2016 Number	2015 Number
Teachers	36	32
Administration and support	83	79
Management	5	5
	124	116

### Higher paid staff

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

### Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £475 (2015: £5,000). Individually, the payments were: £475.

### Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £289,252 (2015: £245,606).

# THE RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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### 9 Trustees' remuneration and expenses

The headteachers and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of headteachers and staff and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. During the year, travel and subsistence payments totalling £132 (2015: £288) were reimbursed to 1 trustee (2015: 1 trustee).

The value of trustees' remuneration was as follows:

LT Stephens (headteacher):

- Remuneration £45,000 - £50,000 (2015: £55,000 - £60,000)
- Employer's pension contributions £5,000 - £10,000 (2015: £5,000 - £10,000)

SJ Jones (headteacher):

- Remuneration £55,000 - £60,000 (2015: £55,000 - £60,000)
- Employer's pension contributions £5,000 - £10,000 (2015: £5,000 - £10,000)

NA Smith (headteacher):

- Remuneration £25,000 - £30,000 (2015: £45,000 - £50,000)
- Employer's pension contributions £Nil - £5,000 (2015: £5,000 - £10,000)

JM Lamb (headteacher):

- Remuneration £50,000 - £55,000 (2015: £50,000 - £55,000)
- Employer's pension contributions £5,000 - £10,000 (2015: £5,000 - £10,000)

JL Emery (staff trustee):

- Remuneration £Nil - £5,000 (2015: £Nil - £5,000)
- Employer's pension contributions £Nil - £5,000 (2015: £Nil - £5,000)

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

### 10 Trustees and officers insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was £576 (2015: £270).

# THE RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 11 Tangible fixed assets

	Leasehold property £	Computer equipment £	Furniture & equipment £	Total £
<b>Cost</b>				
At 1 September 2015	2,238,529	130,973	151,932	2,521,434
Additions	231,758	15,332	11,895	258,985
At 31 August 2016	2,470,287	146,305	163,827	2,780,419
<b>Depreciation</b>				
At 1 September 2015	60,621	53,954	35,707	150,282
Charge for the year	49,407	48,281	32,765	130,453
At 31 August 2016	110,028	102,235	68,472	280,735
<b>Net book value</b>				
At 31 August 2016	2,360,259	44,070	95,355	2,499,684
At 31 August 2015	2,177,908	77,019	116,225	2,371,152

### 12 Debtors

	2016 £	2015 £
Trade debtors	6,926	21,601
VAT recoverable	48,031	115,154
Other debtors	7,571	-
Prepayments and accrued income	106,749	80,698
	169,277	217,453

### 13 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	105,840	160,778
Other taxation and social security	73,909	63,432
Accruals and deferred income	135,666	229,124
	315,415	453,334

# THE RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

14	Deferred income	2016 £	2015 £
	Deferred income is included within:		
	Creditors due within one year	48,259	56,297
	Deferred income at 1 September 2015	56,297	77,055
	Released from previous years	(56,297)	(77,055)
	Amounts deferred in the year	48,259	56,297
	<b>Deferred income at 31 August 2016</b>	<b>48,259</b>	<b>56,297</b>

Included within deferred income of £48,259 are the following balances; £47,288 in respect of Free School Meals funding ; £471 in respect of School Trips; and £500 in respect of Early Intervention project .

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

# THE RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 15 Funds

(Continued)

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

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

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

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

#### Total funds analysis by academy

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

# THE RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 15 Funds

(Continued)

#### Total cost analysis by academy

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

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

### 16 Analysis of net assets between funds

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

### 17 Pensions and similar obligations

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

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

Contributions amounting to £37,986 (2015: £32,430) were payable to the schemes at 31 August 2016 and are included within creditors.



# THE RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 17 Pensions and similar obligations

(Continued)

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

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

The pension costs paid to the TPS in the period amounted to £184,234 (2015: £155,466).

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.

# THE RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 17 Pensions and similar obligations

(Continued)

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 18.6% for employers and 5.5 to 12.5% for employees. The estimated value of employer contributions for the forthcoming year is £114,000.

The academy has entered into an agreement with the LGPS trustees to make additional annual contributions of £10,900 in addition to normal funding levels, over a period of 20 years, in order to bridge the scheme deficit.

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.

Total contributions made	2016 £	2015 £
Employer's contributions	113,000	101,000
Employees' contributions	31,000	27,000
Total contributions	144,000	128,000

Principal actuarial assumptions	2016 %	2015 %
Rate of increases in salaries	4.1	4.6
Rate of increase for pensions in payment	2.1	2.7
Discount rate	2.1	3.8
Commutation of pensions to lump sums relating to pre-April 2008 services	40	40
Commutation of pensions to lump sums relating to post-April 2008 services	70	70

#### Sensitivity analysis

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

Change in assumptions as at 31 August 2016:

0.5% decrease in Real Discount Rate - 13% approximate increase to Employer Liability equating to approximately £300,000.

1 year increase in member life expectancy - 3% approximate increase to Employer Liability equating to approximately £67,000.

0.5% increase in the Salary Increase Rate - 5% approximate increase to Employer Liability equating to approximately £114,000.

0.5% increase in the Pension Increase Rate - 8% approximate increase to Employer Liability equating to approximately £175,000.

# THE RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 17 Pensions and similar obligations

(Continued)

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

	2016 Years	2015 Years
Retiring today		
- Males	22.2	22.2
- Females	24.4	24.4
Retiring in 20 years		
- Males	24.4	24.4
- Females	26.8	26.8

#### The academy trust's share of the assets in the scheme

	2016 Fair value £	2015 Fair value £
Equities	547,000	366,000
Bonds	490,000	447,000
Property	80,000	63,000
Other assets	23,000	18,000
Total market value of assets	1,140,000	894,000

Actual return on scheme assets - gain/(loss)	102,000	26,000
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#### Amounts recognised in the statement of financial activities

	2016 £	2015 £
Current service cost (net of employee contributions)	150,000	136,000
Net interest cost	21,000	19,000

#### Changes in the present value of defined benefit obligations

	2016 £
Obligations at 1 September 2015	1,431,000
Current service cost	150,000
Interest cost	58,000
Employee contributions	31,000
Actuarial loss	554,000
At 31 August 2016	2,224,000

# THE RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 17 Pensions and similar obligations (Continued)

<b>Changes in the fair value of the academy trust's share of scheme assets</b>	<b>2016</b>
	<b>£</b>
Assets at 1 September 2015	894,000
Interest income	37,000
Return on plan assets (excluding amounts included in net interest):	
Actuarial gain	65,000
Employer contributions	113,000
Employee contributions	31,000
	<hr/>
At 31 August 2016	1,140,000
	<hr/>

### 18 Reconciliation of net income to net cash flows from operating activities

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Net income for the reporting period	66,222	267,229
Adjusted for:		
Capital grants from DfE/EFA and other capital income	(196,223)	(293,683)
Investment income	(791)	(767)
Defined benefit pension costs less contributions payable	37,000	35,000
Defined benefit pension net finance cost/(income)	21,000	19,000
Depreciation of tangible fixed assets	130,453	118,378
(Increase)/decrease in debtors	48,176	(155,099)
Increase/(decrease) in creditors	(137,919)	181,637
	<hr/>	<hr/>
<b>Net cash used in operating activities</b>	<b>(32,082)</b>	<b>171,695</b>
	<hr/>	<hr/>

### 19 Commitments under operating leases

At 31 August 2016 the total future minimum lease payments under non-cancellable operating leases were as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Amounts due within one year	13,726	10,018
Amounts due in two and five years	33,264	16,619
	<hr/>	<hr/>
	46,990	26,637
	<hr/>	<hr/>

# THE RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2016**

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**20 Capital commitments**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Expenditure contracted for but not provided in the accounts	<u>15,912</u>	<u>15,933</u>

# THE RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

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### 21 Related party transactions

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

The following related party transactions occurred in the year:

*SA Piper* - A member. Transactions totalling £964 (2015: £Nil), paid through Askel Veur The Diocese of Truro Academies Umbrella Company Ltd, relating to consultancy services provided took place in the year. £964 was outstanding at 31 August 2016 (2015: £Nil).

*Askel Veur The Diocese of Truro Academies Umbrella Company Ltd* - A corporate member. Transactions totalling £nil (2015: £500) for services provided took place in the year. There were no amounts outstanding at 31 August 2016 (2015: £Nil).

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

*K Stephens* - daughter of LT Stephens, a trustee. Transactions totalling £37,866 (2015: £34,034) relating to her employment as a teacher (including employer's pension contributions) took place in the year. There were no amounts outstanding at 31 August 2016 (2015: £Nil).

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

*N Stephens* - daughter-in-law of LT Stephens, a trustee. Transactions totalling £32,527 (2015: £29,294) relating to her employment as a teacher (including employer's pension contributions) took place in the year. There were no amounts outstanding at 31 August 2016 (2015: £Nil).

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

*J Emery* - daughter of M Carter, a trustee. Transactions totalling £4,206 (2015: £3,756) relating to her employment as a member of the administration team (including employer's pension contributions) took place in the year. There were no amounts outstanding at 31 August 2016 (2015: £Nil).

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

*C Harvey* - daughter-in-law of CT Harvey, a trustee. Transactions totalling £1,029 (2015: £1,633) relating to her employment as a member of the administration team (including employer's pension contributions) took place in the year. There were no amounts outstanding at 31 August 2016 (2015: £Nil).

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

*MG Fire Safety Limited* - company owned by M and S Godolphin, local governing body members. Transactions totalling £600 (2015: £Nil) were paid to MG Fire Safety with regards to health and safety compliance during the year. There were no amounts outstanding at 31 August 2016 (2015: £Nil).

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

# THE RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 22 Members' liability

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

### 23 Reconciliations on adoption of FRS 102

The transition to FRS 102 affected the figures reported for the comparative period under previous UK GAAP for funds and net income or expenditure, as follows.

#### Reconciliation of funds for the previous financial period

	1 September 2014 £	31 August 2015 £
Funds as reported under previous UK GAAP and under FRS 102	2,083,847	2,368,076
Change in recognition of LGPS interest cost	23 -	-

#### Reconciliation of net income for the previous financial period

	2015 £
Net income as reported under previous UK GAAP and under FRS 102	284,229
Change in recognition of LGPS interest cost	23 -

#### Notes to reconciliations on adoption of FRS 102

##### Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £9,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.