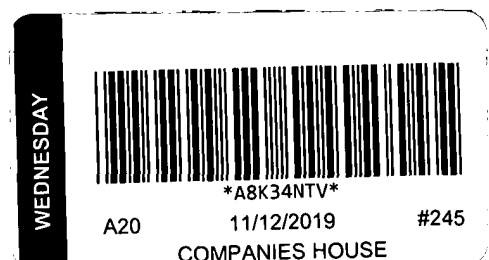


---

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

**TRUSTEES' REPORT AND AUDITED ACCOUNTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

Company Registration No. 08909269 England and Wales



# THE RAINBOW MULTI ACADEMY TRUST

## CONTENTS

---

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 10
Governance statement	11 - 14
Statement on regularity, propriety and compliance	15
Statement of trustees' responsibilities	16
Independent auditor's report on the accounts	17 - 19
Independent reporting accountant's report on regularity	20 - 21
Statement of financial activities including income and expenditure account	22 - 23
Balance sheet	24
Statement of cash flows	25
Notes to the accounts including accounting policies	26 - 46

---

# THE RAINBOW MULTI ACADEMY TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

---

### Members

WT Carter  
P McGovern  
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

### Trustees

P McGovern (Chair)  
WT Carter  
CT Harvey  
J Moseley  
L Seymour  
GIJ Springer  
R Webber

### Senior management team

- CEO Executive Principal and Accounting Officer S Jones  
- CFO A Young  
- Head of School (St Meriadoc CE Infant Academy) R Bailey  
- Headteacher of Penponds Primary School A Richards (Until 31 August 2019)  
- Headteacher of Penponds Primary School JM Lamb (From 01 September 2019)  
- Headteacher of Troon CP School JM Lamb (Until 31 August 2019)  
- Head of School (Troon CP School) S Wilkins (From 01 September 2019)

**Company registration number** 08909269 (England and Wales)

**Principal and registered office** Unit 7 King Edward Mine  
Troon  
CAMBORNE  
Cornwall  
TR14 9HW

### Academies operated

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

### Location

Camborne  
Camborne  
Camborne  
Camborne

### Headteacher

R Bailey  
B Anderson  
S Wilkins  
JM Lamb

### Independent auditor

RRL LLP  
Peat House  
Newham Road  
TRURO  
Cornwall  
TR1 2DP

# THE RAINBOW MULTI ACADEMY TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

---

### 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 2019

---

The trustees present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2018 to 31 August 2019. 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 632 in the school census in October 2018.

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

##### Constitution

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

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

##### Members' liability

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

##### Trustees' indemnities

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

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

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

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

There shall always be two more trustees appointed by the members than all other trustees of the academy trust. No employees of the Trust are on the Board.

Trustees are appointed for a four year period, 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 2019

---

#### 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 and learning 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.

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

The Rainbow Multi- Academy Trust has its own pay policy which follows the Teachers Pay and Conditions Document and works alongside various other pay related policies such as appraisal. The remuneration of its key management personnel is set by the finance committee, to then be agreed by the pay committee. 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 including 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' and Heads of Schools' performance management reviews are carried out by governors and an independent school improvement adviser and agreed by the Pay committee.

#### 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 24 to the accounts.

#### **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 2 to 11.

The aims of the academy trust during the year ended 31 August 2019 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.

# THE RAINBOW MULTI ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

### Objectives, strategies and activities

The key priorities for the year to 31 August 2019 are summarised below:

- 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 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.

### 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 2019

### 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:

#### Rainbow Mat

EYFS %GLD ( Good Level of Development )

National	Infants	Troon	Penponds
72%	74%	75%	79%

Year 1 Phonics

National	Infants	Troon	Penponds
82%	88%	68%	88%

KS1 Results

Penponds

	Exp+	National	GD	National GD
Reading	81%	75%	50%	26%
Writing	83%	70%	33%	16%
Maths	72%	62%	30%	22%

St Meriadoc Infants

	Exp+	National	GD	National GD
Reading	71%	75%	28%	26%
Writing	71%	70%	3%	16%
Maths	78%	62%	21%	22%

Troon

	Exp+	National	GD	National GD
Reading	71%	75%	29%	26%
Writing	64%	70%	29%	16%
Maths	71%	62%	36%	22%

KS2 Data

Penponds

	Exp +	National	GD
Reading	93%	73%	64%
Maths	79%	79%	29%
Spag	93%	78%	7%
Writing	86%	78%	36%

Combined – 79%



# THE RAINBOW MULTI ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

### St Meriadoc Juniors

	Exp +	National	GD
Reading	83%	73%	26%
Maths	98%	79%	33%
Spag	87%	78%	39%
Writing	89%	78%	22%

Combined – 76%

### Troon

	Exp +	National	GD
Reading	71%	73%	24%
Maths	88%	79%	18%
Spag	76%	78%	18%
Writing	76%	78%	12%

Combined 59%

### **Current OFSTED inspection.**

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

# THE RAINBOW MULTI ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

### Ofsted Quotes

#### St Meriadoc Infants

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

#### Troon School

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

#### St Meriadoc Junior

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

### MAT related comments

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

### Going concern

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

### **Financial review**

The charitable company's accounting period is the year to 31 August 2019.

Most of the charitable company's income is derived from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received during the year to 31 August 2019 and the associated expenditure, are shown as restricted funds in the statement of financial activities.

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

### 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 RAINBOW MULTI ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

---

The trustees consider the financial year end position of £1,934,046 (2018: £2,094,592) comprising £2,742,405 (2018: £2,405,202) of restricted fixed asset funds, (£1,253,000) (2018: (£732,000)) of restricted funds and £444,641 (2018: £421,390) of unrestricted funds to be satisfactory. The restricted funds consist of the pension reserve amounting to (£1,253,000) (2018: (£739,000)) and general restricted funds of £Nil (2018: £7,000).

With the level of free reserves held by the academy trust at £444,641 (2018: £421,390) the academy trust finance committee have reviewed the existing policy on reserves. The Committee will make specific recommendations to ensure that the internal control measures in use will best manage these funds in the interest of the pupils.

The Local Government Pension Scheme (LGPS) fund is currently in deficit. The academy has entered into an agreement with the LGPS trustees to make additional annual contributions of £32,000 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

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

#### Principal risks and uncertainties

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

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

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

#### **Fundraising**

Our only fundraising activities are in house and entail the sale of small items within the schools either for our own educational purposes or on behalf of other charities. We are not involved in any cold calling or the use of commercial organisations to fundraise on our behalf.

# THE RAINBOW MULTI ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

### 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 2019-20 the key objectives for the forthcoming year are:

- To provide an inspiring curriculum that meets the needs of our children and new NC objectives;
- To strengthen teacher and support staff subject knowledge through peer to peer coaching and support and joint inset training;
- Improve outcomes of the more able pupils across the MAT; and
- Further improve and embed the quality of teaching and learning in early reading skills.

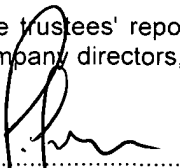
### Auditor

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 RRL LLP 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 20/11/2019 and signed on its behalf by:

  
.....  
P McGovern  
Chair

# THE RAINBOW MULTI ACADEMY TRUST

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

### Scope of responsibility

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

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

### Governance

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

Trustees	Meetings attended	Out of possible
P McGovern (Chair)	4	4
WT Carter	4	4
CT Harvey	4	4
J Moseley	3	4
L Seymour	4	4
GIJ Springer	4	4
R Webber	1	3

The Board are held to account by the Members in their annual meeting and by the RSC Review meetings. Directors attend Siams and moderation meetings and are held to account by these inspectors/school improvement partners. These reports are shared.

Local Governors are also actively encouraged to challenge the Board to ensure they are meeting the needs of the children in their local communities through the use of termly governor feedback forms to the full board meetings.

The MAT Clerk initiated a skills audit of all governors and we have actively sought new directors to meet these needs. We are also striving to ensure that new directors appointed remain independent of the local governors.

The full board has met four times this year along with three additional finance committee meetings held throughout the year. The Trust CEO and Chair hold regular meetings which are at a minimum of monthly, where they review the financial position across the Trust.

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

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

# THE RAINBOW MULTI ACADEMY TRUST

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
P McGovern (Chair)	3	3
WT Carter	2	3
CT Harvey	3	3
J Moseley	3	3
L Seymour	3	3
GIJ Springer	2	3
R Webber	1	3

### Review of value for money

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

The 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.

# THE RAINBOW MULTI ACADEMY TRUST

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

### *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.

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. This best use of resources approach has led to the redistribution of staff across the MAT and has enabled staffing costs to be lowered without the MAT having to make any redundancies.

### *Financial Performance*

The centralisation of the finance function was completed in year, this now means we have oversight of the purchasing needs across the Trust which has helped us to focus on improving the effectiveness of procured services provision along with allowing for higher bargaining power for procurement to increase efficiencies.

Increased capacity within the finance team has meant that we are able to 'shop around' to ensure that we get the right services for us at the best possible price for example this year we have been able to negotiate better deals for the photocopiers across the schools and the staff insurance and wellbeing provision. The LED lighting which has been installed in three of the schools, has begun to generate considerable energy savings both in cost and usage.

The CFO 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 central role of MAT Business manager has increased consistency and best value further whilst also exploring other funding opportunities.

### *Income Generation*

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

The MAT host trainee teachers which also generates income. The trust also runs a number of training programs which we sell places on to other schools.

The CEO also works as Achievement Advisor to another MAT order to generate income.

### **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 2018 to 31 August 2019 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 2018 to 31 August 2019 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

# THE RAINBOW MULTI ACADEMY TRUST

## GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

---

### The risk and control framework

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

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

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

The board of trustees has considered the need for a specific internal audit function and has appointed RRL LLP as the internal auditor.

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

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

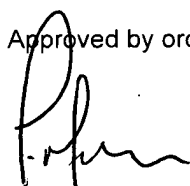
### Review of effectiveness

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

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

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

Approved by order of the board of trustees on 20/11/2019 and signed on its behalf by:



P McGovern  
Chair



S Jones  
Accounting Officer



# THE RAINBOW MULTI ACADEMY TRUST

## STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

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 & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2018.

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 2018.

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

Approved on 20/11/19 and signed by:



S Jones  
Accounting Officer

# THE RAINBOW MULTI ACADEMY TRUST

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

The trustees (who 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 Academies Accounts Direction 2018 to 2019 published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these accounts, the trustees are required to:


- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 20/11/19 and signed on its behalf by:



P McGovern  
Chair

# THE RAINBOW MULTI ACADEMY TRUST

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

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

### Opinion

We have audited the accounts of The Rainbow Multi Academy Trust for the year ended 31 August 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 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 2018 to 2019.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

### Other information

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

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

We have nothing to report in this regard.

# THE RAINBOW MULTI ACADEMY TRUST

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

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

### **Matters on which we are required to report by exception**

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

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

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

### **Responsibilities of trustees**

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

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

### **Auditor's responsibilities for the audit of the accounts**

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

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

# THE RAINBOW MULTI ACADEMY TRUST

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

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

### Use of our report

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

RRL LLP

Mark Williams (Senior Statutory Auditor)  
for and on behalf of RRL LLP

3.2.11.12.0-9

Chartered Accountants  
Statutory Auditor

Peat House  
Newham Road  
TRURO  
Cornwall  
TR1 2DP

# **THE RAINBOW MULTI ACADEMY TRUST**

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

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

In accordance with the terms of our engagement letter dated 27 November 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, 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 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of The Rainbow Multi Academy Trust's funding agreement with the Secretary of State for Education dated 24 March 2014 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

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

# THE RAINBOW MULTI ACADEMY TRUST

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

*FOR THE YEAR ENDED 31 AUGUST 2019*

---

### 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 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

RRL LLP

Reporting Accountant  
RRL LLP

Dated: 22.11.2019

# THE RAINBOW MULTI ACADEMY TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £      £		Total 2019 £	Total 2018 £
<b>Income and endowments from:</b>						
Donations and capital grants	3	220	-	398,518	398,738	35,209
Charitable activities:						
- Funding for educational operations	4	193,526	3,494,580	-	3,688,106	3,527,334
Other trading activities	5	4,126	-	-	4,126	765
Investments	6	358	-	-	358	341
<b>Total</b>		198,230	3,494,580	398,518	4,091,328	3,563,649
<b>Expenditure on:</b>						
Charitable activities:						
- Educational operations	9	45,621	3,714,654	115,599	3,875,874	3,794,002
<b>Total</b>	7	45,621	3,714,654	115,599	3,875,874	3,794,002
<b>Net income/(expenditure)</b>		152,609	(220,074)	282,919	215,454	(230,353)
Transfers between funds	18	(129,358)	75,074	54,284	-	-
<b>Other recognised gains/(losses)</b>						
Actuarial (losses)/gains on defined benefit pension schemes	20	-	(376,000)	-	(376,000)	291,000
<b>Net movement in funds</b>		23,251	(521,000)	337,203	(160,546)	60,647
<b>Reconciliation of funds</b>						
Total funds brought forward		421,390	(732,000)	2,405,202	2,094,592	2,033,945
Total funds carried forward		444,641	(1,253,000)	2,742,405	1,934,046	2,094,592



# THE RAINBOW MULTI ACADEMY TRUST

## STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2019

Comparative year information		Unrestricted	Restricted funds:		Total
Year ended 31 August 2018		Funds	General	Fixed asset	2018
	Notes	£	£	£	£
<b>Income and endowments from:</b>					
Donations and capital grants	3	1,466	-	33,743	35,209
Charitable activities:					
- Funding for educational operations	4	132,766	3,394,568	-	3,527,334
Other trading activities	5	765	-	-	765
Investments	6	341	-	-	341
<b>Total</b>		<u>135,338</u>	<u>3,394,568</u>	<u>33,743</u>	<u>3,563,649</u>
<b>Expenditure on:</b>					
Charitable activities:					
- Educational operations	9	40,624	3,650,053	103,325	3,794,002
<b>Total</b>	7	<u>40,624</u>	<u>3,650,053</u>	<u>103,325</u>	<u>3,794,002</u>
<b>Net income/(expenditure)</b>		94,714	(255,485)	(69,582)	(230,353)
Transfers between funds	18	(122,374)	88,485	33,889	-
<b>Other recognised gains/(losses)</b>					
Actuarial gains on defined benefit pension schemes	20	-	291,000	-	291,000
<b>Net movement in funds</b>		<u>(27,660)</u>	<u>124,000</u>	<u>(35,693)</u>	<u>60,647</u>
<b>Reconciliation of funds</b>					
Total funds brought forward		449,050	(856,000)	2,440,895	2,033,945
Total funds carried forward		<u>421,390</u>	<u>(732,000)</u>	<u>2,405,202</u>	<u>2,094,592</u>

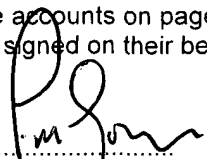
# THE RAINBOW MULTI ACADEMY TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2019

	Notes	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	13	2,693,889	2,404,782
<b>Current assets</b>			
Debtors	14	292,474	164,146
Cash at bank and in hand		625,458	553,474
		917,932	717,620
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	15	(398,236)	(255,213)
<b>Net current assets</b>		519,696	462,407
<b>Total assets less current liabilities</b>		3,213,585	2,867,189
Creditors: amounts falling due after more than one year	16	(26,539)	(33,597)
<b>Net assets before defined benefit pension scheme liability</b>		3,187,046	2,833,592
Defined benefit pension scheme liability	20	(1,253,000)	(739,000)
<b>Total net assets</b>		1,934,046	2,094,592
<b>Funds of the academy trust:</b>			
<b>Restricted funds</b>	18		
- Fixed asset funds		2,742,405	2,405,202
- Restricted income funds		-	7,000
- Pension reserve		(1,253,000)	(739,000)
<b>Total restricted funds</b>		1,489,405	1,673,202
<b>Unrestricted income funds</b>	18	444,641	421,390
<b>Total funds</b>		1,934,046	2,094,592

The accounts on pages 22 to 46 were approved by the trustees and authorised for issue on 20/11/2019 and are signed on their behalf by:

  
P McGovern  
Chair

Company Number 08909269

# THE RAINBOW MULTI ACADEMY TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
<b>Cash flows from operating activities</b>					
Net cash provided by operating activities	21		140,753		13,818
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		358		341	
Capital grants from DfE Group		332,909		23,743	
Capital funding received from sponsors and others		9,728		10,000	
Purchase of tangible fixed assets		(404,706)		(73,355)	
<b>Net cash used in investing activities</b>			(61,711)		(39,271)
<b>Cash flows from financing activities</b>					
New other loan		-		32,585	
Repayment of other loan		(7,058)		(3,529)	
<b>Net cash (used in)/provided by financing activities</b>			(7,058)		29,056
<b>Net increase in cash and cash equivalents in the reporting period</b>			71,984		3,603
Cash and cash equivalents at beginning of the year			553,474		549,871
<b>Cash and cash equivalents at end of the year</b>			625,458		553,474

# THE RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

---

### 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

#### 1.2 Going concern

The trustees assess whether the use of going concern is appropriate i.e. 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

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

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

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

##### Sponsorship income

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

##### Donations

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

# THE RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

---

#### 1 Accounting policies

(Continued)

##### Other income

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

##### Donated goods, facilities and services

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

##### Donated fixed assets

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

#### 1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

##### Expenditure on raising funds

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

##### Charitable activities

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

#### 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.

# THE RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

#### 1 Accounting policies

(Continued)

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

Leasehold property	2% per annum on cost
Computer equipment	33% per annum on cost
Furniture & equipment	10% - 20% per annum on cost

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

#### 1.6 Liabilities

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

#### 1.7 Leased assets

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

#### 1.8 Financial instruments

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

##### Financial assets

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

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

##### Financial liabilities

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

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

#### 1.9 Taxation

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

#### 1.10 Pensions benefits

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

# THE RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 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. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is 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 multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

#### 1.11 Fund accounting

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

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

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

#### 1.12 Concessionary loans

Concessionary loans are loans provided at below market rates and are recognised in the accounts at the amount received with the carrying value adjusted to reflect repayments made in subsequent periods. The only concessionary loans in the accounts are Salix loans (see note 15 & 16) and are interest free.

### 2 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 RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 2 Critical accounting estimates and areas of judgement

(Continued)

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 20, 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. 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.

#### 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.

### 3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Capital grants	-	388,790	388,790	23,743
Other donations	220	9,728	9,948	11,466
	<u>220</u>	<u>398,518</u>	<u>398,738</u>	<u>35,209</u>

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

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	2,727,608	2,727,608	2,678,905
Other DfE group grants	-	443,066	443,066	437,506
	<u>-</u>	<u>3,170,674</u>	<u>3,170,674</u>	<u>3,116,411</u>
<b>Other government grants</b>				
Local authority grants	-	323,906	323,906	278,157
	<u>-</u>	<u>323,906</u>	<u>323,906</u>	<u>278,157</u>
<b>Other funding</b>				
Other incoming resources	193,526	-	193,526	132,766
	<u>193,526</u>	<u>-</u>	<u>193,526</u>	<u>132,766</u>
<b>Total funding</b>	<u>193,526</u>	<u>3,494,580</u>	<u>3,688,106</u>	<u>3,527,334</u>



# THE RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Other income	4,126	-	4,126	765

### 6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Short term deposits	358	-	358	341

### 7 Expenditure

	Staff costs £	Non Pay Expenditure Premises £	Other £	Total 2019 £	Total 2018 £
Academy's educational operations					
- Direct costs	2,528,125	-	274,929	2,803,054	2,661,125
- Allocated support costs	457,033	286,625	329,162	1,072,820	1,132,877
	2,985,158	286,625	604,091	3,875,874	3,794,002

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Fees payable to auditor for:		
- Audit	3,250	3,985
- Other services	4,950	4,975
Operating lease rentals	4,025	13,256
Depreciation of tangible fixed assets	115,599	103,325
Net interest on defined benefit pension liability	22,000	23,000

### 8 Central services

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

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

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

- 5% of GAG funding received
- Recharges of buildings insurance and payroll costs.

# THE RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 8 Central services

(Continued)

The amounts charged during the year were as follows:

	2019 £	2018 £
St Meriadoc CE Infant Academy	39,712	37,700
St Meriadoc CE Junior Academy	46,349	49,872
Troon CP School	34,629	35,255
Penponds Primary School	24,692	31,395
	<u>145,382</u>	<u>154,222</u>

### 9 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
<b>Direct costs</b>				
Educational operations	25,286	2,777,768	2,803,054	2,661,125
<b>Support costs</b>				
Educational operations	20,335	1,052,485	1,072,820	1,132,877
	<u>45,621</u>	<u>3,830,253</u>	<u>3,875,874</u>	<u>3,794,002</u>

# THE RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 9 Charitable activities

(Continued)

	2019 £	2018 £
<b>Analysis of support costs</b>		
Support staff costs	457,033	493,678
Depreciation	115,599	103,325
Technology costs	38,525	36,667
Premises costs	171,026	195,335
Other support costs	286,902	299,887
Governance costs	3,735	3,985
	<u>1,072,820</u>	<u>1,132,877</u>

### 10 Staff

#### Staff costs

Staff costs during the year were:

	2019 £	2018 £
Wages and salaries	2,260,073	2,207,819
Social security costs	177,164	167,134
Pension costs	498,768	512,155
Amounts paid to employees	<u>2,936,005</u>	<u>2,887,108</u>
Agency staff costs	49,153	13,624
Amounts paid to staff	<u>2,985,158</u>	<u>2,900,732</u>
Staff development and other staff costs	12,165	18,867
Total staff expenditure	<u>2,997,323</u>	<u>2,919,599</u>

#### Staff numbers

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

	2019 Number	2018 Number
Teachers	38	42
Administration and support	80	91
Management	6	6
	<u>124</u>	<u>139</u>

# THE RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 10 Staff

(Continued)

#### Higher paid staff

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

	2019 Number	2018 Number
£70,000 - £80,000	1	-

#### 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 £438,758 (2018: £371,835).

### 11 Trustees' remuneration and expenses

The CEOs and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of CEOs and staff and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. During the year, no travel and subsistence payments were reimbursed to trustees (2018: £746 reimbursed to 2 trustees).

The value of trustees' remuneration was as follows:

JL Emery (staff trustee until 31/01/2018):

- Remuneration £Nil - £5,000 (2018: £Nil - £5,000)
- Employer's pension contributions £Nil - £5,000 (2018: £Nil - £5,000)

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

### 12 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 (2018: £5,000,000) on any one claim and the cost for the year ended 31 August 2019 was £279 (2018: £279).

# THE RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 13 Tangible fixed assets

	Leasehold property £	Computer equipment £	Furniture & equipment £	Total £
<b>Cost</b>				
At 1 September 2018	2,514,756	164,902	237,023	2,916,681
Additions	346,333	34,077	24,296	404,706
At 31 August 2019	2,861,089	198,979	261,319	3,321,387
<b>Depreciation</b>				
At 1 September 2018	210,438	155,728	145,733	511,899
Charge for the year	57,222	17,535	40,842	115,599
At 31 August 2019	267,660	173,263	186,575	627,498
<b>Net book value</b>				
At 31 August 2019	2,593,429	25,716	74,744	2,693,889
At 31 August 2018	2,304,318	9,174	91,290	2,404,782

### 14 Debtors

	2019 £	2018 £
Trade debtors	10,522	1,606
VAT recoverable	108,439	39,892
Other debtors	234	-
Prepayments and accrued income	173,279	122,648
	292,474	164,146

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

	2019 £	2018 £
Other loans	7,059	7,059
Trade creditors	212,423	80,600
Other taxation and social security	47,592	41,870
Other creditors	42,895	43,188
Accruals and deferred income	88,267	82,496
	398,236	255,213

### 16 Creditors: amounts falling due after more than one year

	2019 £	2018 £
Other loans	26,539	33,597

# THE RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

		(Continued)	
16	Creditors: amounts falling due after more than one year	2019	2018
	<b>Analysis of loans</b>		
	Not wholly repayable within five years by instalments	917	5,361
	Wholly repayable within five years	32,681	35,295
		<u>33,598</u>	<u>40,656</u>
	Less: included in current liabilities	(7,059)	(7,059)
		<u>26,539</u>	<u>33,597</u>
	<b>Loan maturity</b>		
	Debt due in one year or less	7,059	7,059
	Due in more than one year but not more than two years	7,059	7,059
	Due in more than two years but not more than five years	18,563	21,177
	Due in more than five years	917	5,361
		<u>33,598</u>	<u>40,656</u>

Included within other loans are the remaining balances of loans totalling £33,598 from Salix Finance Ltd which is provided on the following terms:

- Repayable over 5/6 years by bi-annual payments; and
- Interest free

17	Deferred income	2019	2018
		£	£
	Deferred income is included within:		
	Creditors due within one year	53,279	55,446
		<u>53,279</u>	<u>55,446</u>
	Deferred income at 1 September 2018	55,446	51,333
	Released from previous years	(55,446)	(51,333)
	Resources deferred in the year	53,279	55,446
		<u>53,279</u>	<u>55,446</u>
	<b>Deferred income at 31 August 2019</b>	<u>53,279</u>	<u>55,446</u>

Included within deferred income of £53,279 (2018: £55,446) are the following balances; £53,279 (2018: £55,446) in respect of Free School Meals funding.

# THE RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 18 Funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	2,727,608	(2,802,682)	75,074	-
Other DfE / ESFA grants	7,000	443,066	(450,066)	-	-
Other government grants	-	323,906	(323,906)	-	-
Pension reserve	(739,000)	-	(138,000)	(376,000)	(1,253,000)
	<u>(732,000)</u>	<u>3,494,580</u>	<u>(3,714,654)</u>	<u>(300,926)</u>	<u>(1,253,000)</u>
<b>Restricted fixed asset funds</b>					
Inherited on conversion	1,741,419	-	(45,489)	-	1,695,930
DfE group capital grants	502,280	388,790	(32,512)	-	858,558
Capital expenditure from GAG	150,503	-	(33,942)	54,284	170,845
Big Lottery Grant	11,000	-	(3,000)	-	8,000
Local Authority Capital Grant	-	7,103	(131)	-	6,972
Tesco Bag Capital Grant	-	2,625	(525)	-	2,100
	<u>2,405,202</u>	<u>398,518</u>	<u>(115,599)</u>	<u>54,284</u>	<u>2,742,405</u>
<b>Total restricted funds</b>	<u>1,673,202</u>	<u>3,893,098</u>	<u>(3,830,253)</u>	<u>(246,642)</u>	<u>1,489,405</u>
<b>Unrestricted funds</b>					
General funds	<u>421,390</u>	<u>198,230</u>	<u>(45,621)</u>	<u>(129,358)</u>	<u>444,641</u>
<b>Total funds</b>	<u>2,094,592</u>	<u>4,091,328</u>	<u>(3,875,874)</u>	<u>(376,000)</u>	<u>1,934,046</u>

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

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

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

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

# THE RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 18 Funds

(Continued)

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	2,678,905	(2,767,390)	88,485	-
Other DfE / ESFA grants	-	437,506	(430,506)	-	7,000
Other government grants	-	278,157	(278,157)	-	-
Pension reserve	(856,000)	-	(174,000)	291,000	(739,000)
	<u>(856,000)</u>	<u>3,394,568</u>	<u>(3,650,053)</u>	<u>379,485</u>	<u>(732,000)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	1,792,229	-	(50,810)	-	1,741,419
DfE group capital grants	504,412	23,743	(20,538)	(5,337)	502,280
Capital expenditure from GAG	140,254	-	(28,977)	39,226	150,503
Private sector capital sponsorship	4,000	10,000	(3,000)	-	11,000
	<u>2,440,895</u>	<u>33,743</u>	<u>(103,325)</u>	<u>33,889</u>	<u>2,405,202</u>
<b>Total restricted funds</b>	<u>1,584,895</u>	<u>3,428,311</u>	<u>(3,753,378)</u>	<u>413,374</u>	<u>1,673,202</u>
<b>Unrestricted funds</b>					
General funds	<u>449,050</u>	<u>135,338</u>	<u>(40,624)</u>	<u>(122,374)</u>	<u>421,390</u>
<b>Total funds</b>	<u>2,033,945</u>	<u>3,563,649</u>	<u>(3,794,002)</u>	<u>291,000</u>	<u>2,094,592</u>



# THE RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 18 Funds

(Continued)

#### Total funds analysis by academy

	2019 £	2018 £
Fund balances at 31 August 2019 were allocated as follows:		
St Meriadoc CE Infant Academy	186,199	117,917
St Meriadoc CE Junior Academy	172,058	186,355
Troon CP School	40,444	57,026
Penponds Primary School	38,271	67,022
Central services	7,669	70
Total before fixed assets fund and pension reserve	444,641	428,390
Restricted fixed asset fund	2,742,405	2,405,202
Pension reserve	(1,253,000)	(739,000)
Total funds	1,934,046	2,094,592

#### Total cost analysis by academy

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

	Teaching and educational support staff £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2019 £	Total 2018 £
St Meriadoc CE Infant Academy	741,293	125,867	18,085	190,460	1,075,705	1,047,616
St Meriadoc CE Junior Academy	730,328	62,825	24,746	214,992	1,032,891	1,025,317
Troon CP School	635,843	63,727	15,913	185,371	900,854	838,186
Penponds Primary School	389,866	40,774	17,774	172,940	621,354	593,209
Central services	30,795	47,840	469	57,749	136,853	166,569
	2,528,125	341,033	76,987	821,512	3,767,657	3,670,897

# THE RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 19 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
<b>Fund balances at 31 August 2019 are represented by:</b>				
Tangible fixed assets	-	-	2,693,889	2,693,889
Current assets	869,416	-	48,516	917,932
Creditors falling due within one year	(398,236)	-	-	(398,236)
Creditors falling due after one year	(26,539)	-	-	(26,539)
Defined benefit pension liability	-	(1,253,000)	-	(1,253,000)
<b>Total net assets</b>	<b>444,641</b>	<b>(1,253,000)</b>	<b>2,742,405</b>	<b>1,934,046</b>

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
<b>Fund balances at 31 August 2018 are represented by:</b>				
Tangible fixed assets	-	-	2,404,782	2,404,782
Current assets	710,200	7,000	420	717,620
Creditors falling due within one year	(255,213)	-	-	(255,213)
Creditors falling due after one year	(33,597)	-	-	(33,597)
Defined benefit pension liability	-	(739,000)	-	(739,000)
<b>Total net assets</b>	<b>421,390</b>	<b>(732,000)</b>	<b>2,405,202</b>	<b>2,094,592</b>

### 20 Pension and similar obligations

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

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

Contributions amounting to £44,845 (2018: £43,083) were payable to the schemes at 31 August 2019 and are included within creditors.

#### Teachers' Pension Scheme

##### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

# THE RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

---

#### 20 Pension and similar obligations

(Continued)

##### **Valuation of the Teachers' Pension Scheme**

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found by following this link to [the Teachers' Pension Scheme website](#)

##### **Scheme changes**

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The pension costs paid to the TPS in the period amounted to £228,190 (2018: £215,616).

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 an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

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

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

The academy has entered into an agreement with the LGPS trustees to make additional annual contributions totalling £32,000 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 Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

# THE RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 20 Pension and similar obligations

(Continued)

Total contributions made	2019 £	2018 £
Employer's contributions	155,000	146,000
Employees' contributions	42,000	40,000
Total contributions	<u>197,000</u>	<u>186,000</u>

Principal actuarial assumptions	2019 %	2018 %
Rate of increase in salaries	2.4	2.4
Rate of increase for pensions in payment/inflation	2.3	2.3
Discount rate for scheme liabilities	1.9	2.8
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	<u>70</u>	<u>70</u>

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

	2019 Years	2018 Years
Retiring today		
- Males	21.1	22.1
- Females	23.6	24.5
Retiring in 20 years		
- Males	22.3	24.0
- Females	<u>25</u>	<u>26.4</u>

### 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 2019:

0.5% decrease in Real Discount Rate - 14% approximate increase to Employer Liability equating to approximately £455,000.

0.5% increase in the Salary Increase Rate - 2% approximate increase to Employer Liability equating to approximately £59,000.

0.5% increase in the Pension Increase Rate - 12% approximate increase to Employer Liability equating to approximately £388,000.

# THE RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 20 Pension and similar obligations

(Continued)

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

	2019 Fair value £	2018 Fair value £
Equities	1,010,000	746,000
Bonds	743,000	654,000
Property	133,000	107,000
Other assets	19,000	15,000
Total market value of assets	<u>1,905,000</u>	<u>1,522,000</u>

The actual return on scheme assets was £205,000 (2018: £73,000).

#### Amount recognised in the Statement of Financial Activities

	2019 £	2018 £
Current service cost	268,000	297,000
Past service cost	3,000	-
Interest income	(45,000)	(34,000)
Interest cost	67,000	57,000
Total operating charge	<u>293,000</u>	<u>320,000</u>

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

	2019 £
At 1 September 2018	2,261,000
Current service cost	268,000
Interest cost	67,000
Employee contributions	42,000
Actuarial loss/(gain)	536,000
Benefits paid	(19,000)
Past service cost	3,000
At 31 August 2019	<u>3,158,000</u>

# THE RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 20 Pension and similar obligations

(Continued)

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

	2019 £
At 1 September 2018	1,522,000
Interest income	45,000
Actuarial gain	160,000
Employer contributions	155,000
Employee contributions	42,000
Benefits paid	(19,000)
At 31 August 2019	1,905,000

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

	2019 £	2018 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	215,454	(230,353)
Adjusted for:		
Capital grants from DfE and other capital income	(398,518)	(33,743)
Investment income receivable	(358)	(341)
Defined benefit pension costs less contributions payable	116,000	151,000
Defined benefit pension scheme finance cost	22,000	23,000
Depreciation of tangible fixed assets	115,599	103,325
(Increase) in debtors	(72,447)	(28,464)
Increase in creditors	143,023	29,394
Net cash provided by operating activities	140,753	13,818

### 22 Commitments under operating leases

At 31 August 2019 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £	2018 £
Amounts due within one year	10,118	12,953
Amounts due in two and five years	-	7,055
	10,118	20,008

# THE RAINBOW MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

#### 23 Capital commitments

	2019	2018
	£	£
Expenditure contracted for but not provided in the accounts	49,018	-

#### 24 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:

A daughter of LT Stephens, senior management team until 31 August 2018. Transactions totalling £Nil (2018: £43,283) relating to her employment as a teacher (including employer's pension contributions) took place in the year. There were £Nil amounts outstanding at 31 August 2019 (2018: £Nil).

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

A daughter-in-law of LT Stephens, senior management team until 31 August 2018. Transactions totalling £Nil (2018: £19,576) relating to her employment as a teacher (including employer's pension contributions) took place in the year. There were £Nil amounts outstanding at 31 August 2019 (2018: £Nil).

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

A daughter of M Carter, a member. Transactions totalling £Nil (2018: £4,597) 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 2019 (2018: £Nil).

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

Orbiss Ltd - company and directed by the mother of S Wilkins, local governing body members. Transactions totalling £Nil (2018: £1,274) were paid to Orbiss Limited with regards to telecommunications services during the year. There were no amounts outstanding at 31 August 2019 (2018: £Nil).

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

A sister of JM Lamb, Headteacher of Troon CP School. Transactions totalling £140 (2018: £Nil) relating to the provision of dance lessons took place in the year. There were £Nil amounts outstanding at 31 August 2019 (2018: £Nil).

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

# **THE RAINBOW MULTI ACADEMY TRUST**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2019***

---

### **25 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.