

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

TRUSTEES' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2020

Company Registration No. 08909269 England and Wales



THE RAINBOW MULTI ACADEMY TRUST

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THE RAINBOW MULTI ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

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
(resigned 22 February 2020)
Archdeacon WR Stuart-White (resigned 1 September 2019)
Archdeacon P Bryer (appointed 1 September 2019)
The Diocesan Director of Schools for the Diocese of Truro, K
Fitsimmons (appointed 22 February 2020)

Trustees

P McGovern (Chair)
WT Carter
CT Harvey
J Moseley (Resigned 25 October 2020)
L Seymour
GIJ Springer
R Webber
R Adams (Appointed 4 December 2019)

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 St Meriadoc CE Junior Academy	B Anderson
- Headteacher of Penponds Primary School	JM Lamb
- Head of School (Troon CP School)	S Wilkins

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

THE RAINBOW MULTI ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Independent auditor

RRL LLP
Peat House
Newham Road
TRURO
Cornwall
TR1 2DP

Bankers

Lloyds Bank Plc
29 Commercial Street
CAMBORNE
Cornwall
TR14 8JX

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 2020

The trustees present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2019 to 31 August 2020. 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 650 children on roll for the October 2019 census

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 2020

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.

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 2020 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 independent 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 2020

Objectives, strategies and activities

The key priorities for the year to 31 August 2020 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.

Strategic report

IMPACT OF COVID-19

School closures in March due to COVID-19 led to there being no school data for the end of the academic year. School closures have had a direct impact on the Trust's ability to fulfil all of its aims in relation to outcomes for children. It also had many financial and operational implications.

The virus had an impact on some of the wider network of which the academy trust is a part of, for example all non-essential visitors have not been able to be on site. Schools have a number of community volunteers which help with social fundraising and hearing children read in school.

Schools still managed to fundraise for children in need and have just sent a donation to NSPCC, this was limited as the Trust felt it unfair to ask families for donations at this difficult time when many are already struggling to cope financially.

School trips and residential camps were cancelled and whilst we managed to eventually negotiate most of our costs back we did not hesitate to notify and refund our parents in full for any activities they had paid towards which did not then take place.

Schools still actively engaged with outside agencies to support children at home and with vulnerable children who were attending school. The meetings took place virtually to ensure agencies such as Social Care were still fully involved

The Governance of the Trust swiftly adapted to new ways of working and the experienced Clerk facilitated the setting up and training of Directors on virtual platforms so they could still deliver their duties. All Board and committee meetings have taken place over a virtual platform and will continue to do so for the foreseeable future.

Many policies had to be promptly adapted to fit with the new ways of working such as safeguarding, safer recruitment and behaviour. These were communicated to all stakeholders via email and ratified via Directors and Governors where appropriate.

THE RAINBOW MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Wellbeing of our staff has been at the forefront of the MAT planning and policies put in place during the pandemic. We have promoted the health and well-being benefits which we have invested in for a number of years, and made sure all staff know exactly what is available to them and are able to access the provision when not on the MAT premises. Staff commented that they valued the communication from the CEO and Directors which recognised the contributions they were making in a difficult time. Staff worked over and above their hours throughout the trust and have given their best efforts to help ensure we carry on with operations. For example many worked through the Easter Holidays and Bank Holidays and supported delivery of food parcels in the community where needed. Heads and Senior Leaders in the Trust have continued to work through weekends to deal with any test required or planning when we have a positive case.

Staff have been supporting children's well-being throughout the pandemic by providing work and communication via phone calls, postcards and feedback on the work they were sending in. We cannot escape the fact that many of our families and children suffered significant trauma throughout the lockdown period. This has included the death of a loved one, domestic violence, suicide and the family's fear of losing their incomes. As a result parents have needed support and children have needed further intervention and support from our staff in school. This has meant more 1:1 time for children displaying challenging behaviour or who have become anxious and need time to talk to a safe adult.

There has been significant investment in IT training for all staff. In the event of another lockdown staff are able to complete online training and support remote learning for all children. We hope that by continually refining the remote learning we provide that children will continue to make progress. However, we recognise this will not have the same impact as direct face to face teaching in the classroom.

The pandemic has given us many unplanned financial challenges that we are monitoring carefully, particularly the cost for cover for isolating staff as there is no insurance income for this. There continues to be extra costs for cleaning materials and PPE and a higher amount of cleaning staff hours to cope with all of the extra cleaning that is required by the DFE Guidance.

Investment policy and risk management will be reviewed throughout the year with particular consideration to the pandemic situation and the hazards that has created.

In order to mitigate the impact of the virus on our control measures we are currently reviewing our internal audit provision. This will be managed with consideration to the higher level of risks we now face. For instance staff costs could easily escalate if class teachers have to isolate, we will also consider our resilience within certain areas, for example planning for scenarios such as several key members of staff being suddenly unavailable due to sickness, a risk which may have been classed as unlikely prior to the pandemic

The decision to pool reserves was made this year, this will help provide stability across the MAT and ensure projects are prioritised fairly

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 2020

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 2020.

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 2020 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 had reviewed its reserves policy to allow schools to maintain reserves for earmarked projects that fit the school development plan and conditions survey. A panel of independent Trustees will review requests from Head and Governors to bid for Rainbow reserves to ensure all pupils have fair and equitable learning environments and resources. Trustees will ensure that delegated funds continue to be spent appropriately in the interest of the pupils of The Rainbow Multi Academy Trust.

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

The trustees consider the financial year end position of £1,722,698 (2019: £1,934,046) comprising £2,979,620 (2019: £2,742,405) of restricted fixed asset funds, £(1,714,000) (2019: £(1,253,000)) of restricted funds and £457,078 (2019: £444,641) of unrestricted funds to be satisfactory. The restricted funds consist of the pension reserve amounting to £(1,729,000) (2019: £(1,253,000)) and general restricted funds of £15,000 (2019: £nil).

The level of free reserves held by the charitable company are £155,915 (2019: £174,949).

THE RAINBOW MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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 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.

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.

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 2020-21 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.

THE RAINBOW MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

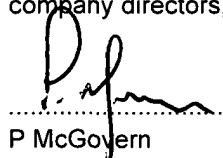
FOR THE YEAR ENDED 31 AUGUST 2020

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.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on ...22/12/... and signed on its behalf by:



P McGovern
Chair

THE RAINBOW MULTI ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2020

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 7 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)	7	7
WT Carter	6	7
CT Harvey	7	7
J Moseley (Resigned 25 October 2020)	2	7
L Seymour	7	7
GIJ Springer	6	7
R Webber	7	7
R Adams (Appointed 4 December 2019)	7	7

Governance structure changes throughout the year were:

Members in post

Archdeacon Stuart White was replaced by Archdeacon Paul Bryer from 1 September 2019

Diocese Director of Education Simon Cade was replaced by Katie Fitzsimmons on 22 February 2020

Board of Trustees

Robert Webber reappointed as Trustee 4 December 2019, also appointed as chair of the Finances & Resources Committee

Robert Adams appointed as Trustee 4 December 2019

Pat McGovern was re-elected as Trustee from 4 December 2019

THE RAINBOW MULTI ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
P McGovern (Chair)	1	2
WT Carter	2	2
J Moseley (Resigned 25 October 2020)	2	2
GIJ Springer	1	2
R Webber	2	2

THE RAINBOW MULTI ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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.

Improving educational results

Over the past year the 4 schools have shared the costs of training e.g. 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.

Centralisation of finance function has allowed for further financial efficiencies, we now have a clearer oversight of the purchasing needs across the Trust which has helped us to focus on improving the effectiveness of procured services provision and giving higher bargaining power for procurement to increase efficiencies.

Financial Performance

The role of CFO and premises managers has meant that we are able to 'shop around' to ensure that we get the right services for us at the best possible price e.g. cost from supply agencies, staff insurance and training for Reading

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.

THE RAINBOW MULTI ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Income Generation

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

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 in 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 2019 to 31 August 2020 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 2019 to 31 August 2020 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance 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;
- identification and management of risks.

Monthly management reports produced by the CFO are shared via email with the Trustees and presented to the finance committee at the meetings.

The board of trustees have considered the need for a specific internal audit function and have appointed RRL LLP as the internal auditor. This will change for the forthcoming year when new internal auditors will be appointed by the trustees.

The internal auditor's 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.

THE RAINBOW MULTI ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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 on22/1/21 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 2020

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 and 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 2019.

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 2019.

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 22/1/21 and signed by:



S Jones
Accounting Officer

THE RAINBOW MULTI ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2020

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 2019 to 2020 published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare 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:

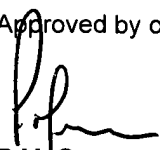
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 22/1/21 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 2020

Opinion

We have audited the accounts of The Rainbow Multi Academy Trust for the year ended 31 August 2020 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 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and 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 2020 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 2019 and the Academies Accounts Direction 2019 to 2020.

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 2020

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 has 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 2020

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

25 January 2021

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 AND SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2020

In accordance with the terms of our engagement letter dated 27 November 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, 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 2019 to 31 August 2020 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 2019, 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 2019 to 2020. 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 2019 to 31 August 2020 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 2019 to 2020 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 AND SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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 2019 to 31 August 2020 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: 25 January 2021

THE RAINBOW MULTI ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	Unrestricted funds £	Restricted funds: General £ Fixed asset £	Total 2020 £	Total 2019 £
Income and endowments from:					
Donations and capital grants	3	-	-	325,290	398,738
Charitable activities:					
- Funding for educational operations	4	192,122	3,599,648	-	3,791,770
Other trading activities	5	-	-	-	4,126
Investments	6	309	-	-	309
Total		<u>192,431</u>	<u>3,599,648</u>	<u>325,290</u>	<u>4,117,369</u>
Expenditure on:					
Charitable activities:					
- Educational operations	9	13,867	3,997,755	94,095	4,105,717
Total	8	<u>13,867</u>	<u>3,997,755</u>	<u>94,095</u>	<u>4,105,717</u>
Net income/(expenditure)		178,564	(398,107)	231,195	11,652
Transfers between funds	18	(166,127)	160,107	6,020	-
Other recognised gains/(losses)					
Actuarial losses on defined benefit pension schemes	20	-	(223,000)	-	(223,000)
Net movement in funds		<u>12,437</u>	<u>(461,000)</u>	<u>237,215</u>	<u>(211,348)</u>
Reconciliation of funds					
Total funds brought forward		444,641	(1,253,000)	2,742,405	1,934,046
Total funds carried forward		<u>457,078</u>	<u>(1,714,000)</u>	<u>2,979,620</u>	<u>1,722,698</u>

THE RAINBOW MULTI ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2020

Comparative year information Year ended 31 August 2019	Notes	Unrestricted funds £	Restricted funds: General Fixed asset £ £		Total 2019 £
Income and endowments from:					
Donations and capital grants	3	220	-	398,518	398,738
Charitable activities:					
- Funding for educational operations	4	193,526	3,494,580	-	3,688,106
Other trading activities	5	4,126	-	-	4,126
Investments	6	358	-	-	358
Total		198,230	3,494,580	398,518	4,091,328
Expenditure on:					
Charitable activities:					
- Educational operations	9	45,621	3,714,654	115,599	3,875,874
Total	8	45,621	3,714,654	115,599	3,875,874
Net income/(expenditure)		152,609	(220,074)	282,919	215,454
Transfers between funds	18	(129,358)	75,074	54,284	-
Other recognised gains/(losses)					
Actuarial losses on defined benefit pension schemes	20	-	(376,000)	-	(376,000)
Net movement in funds		23,251	(521,000)	337,203	(160,546)
Reconciliation of funds					
Total funds brought forward		421,390	(732,000)	2,405,202	2,094,592
Total funds carried forward		444,641	(1,253,000)	2,742,405	1,934,046

THE RAINBOW MULTI ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Net cash provided by operating activities	21		252,731		140,753
Cash flows from investing activities					
Dividends, interest and rents from investments		309		358	
Capital grants from DfE Group		92,557		332,909	
Capital funding received from sponsors and others		1,941		9,728	
Purchase of tangible fixed assets		(360,331)		(404,706)	
Net cash used in investing activities			(265,524)		(61,711)
Cash flows from financing activities					
Repayment of other loan		(7,059)		(7,058)	
Net cash used in financing activities			(7,059)		(7,058)
Net (decrease)/increase in cash and cash equivalents in the reporting period			(19,852)		71,984
Cash and cash equivalents at beginning of the year			625,458		553,474
Cash and cash equivalents at end of the year			605,606		625,458

THE RAINBOW MULTI ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	13		2,960,125		2,693,889
Current assets					
Debtors	14	436,385		292,474	
Cash at bank and in hand		605,606		625,458	
		1,041,991		917,932	
Current liabilities					
Creditors: amounts falling due within one year	15	(530,938)		(398,236)	
Net current assets			511,053		519,696
Total assets less current liabilities			3,471,178		3,213,585
Creditors: amounts falling due after more than one year	17		(19,480)		(26,539)
Net assets before defined benefit pension scheme liability			3,451,698		3,187,046
Defined benefit pension scheme liability	20		(1,729,000)		(1,253,000)
Total net assets			1,722,698		1,934,046
Funds of the academy trust:					
Restricted funds	18				
- Fixed asset funds			2,979,620		2,742,405
- Restricted income funds			15,000		-
- Pension reserve			(1,729,000)		(1,253,000)
Total restricted funds			1,265,620		1,489,405
Unrestricted income funds	18		457,078		444,641
Total funds			1,722,698		1,934,046

The accounts on pages 22 to 46 were approved by the trustees and authorised for issue on 22/11/21 and are signed on their behalf by:


P McGovern
Chair

Company Number 08909269

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

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

1.3 Income

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

Grants

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 2020

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 2020

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 or services it must provide.

1.7 Leased assets

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

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 2020

1 Accounting policies

(Continued)

The TPS is an unfunded scheme and contributions are calculated 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 based on 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 net income or expenditure 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 & 17) 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 2020

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 2020. 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 2020 £	Total 2019 £
Capital grants	-	323,349	323,349	388,790
Other donations	-	1,941	1,941	9,948
	-	325,290	325,290	398,738

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
DfE / ESFA grants				
General annual grant (GAG)	-	2,688,968	2,688,968	2,727,608
Other DfE group grants	-	549,310	549,310	443,066
	-	3,238,278	3,238,278	3,170,674
Other government grants				
Local authority grants	-	356,171	356,171	323,906
Exceptional government funding				
Coronavirus exceptional support	-	5,199	5,199	-
Other incoming resources	192,122	-	192,122	193,526
Total funding	192,122	3,599,648	3,791,770	3,688,106

The academy trust has been eligible to claim additional funding in the year from government support schemes in response to the Coronavirus outbreak. The funding received is shown above under "Exceptional government funding".

- The funding received for coronavirus exceptional support covers £207 for costs relating to the provision of free school meals, £1,828 of cleaning costs and £3,164 of premises costs. These costs are included in notes 7 and 8 as appropriate.

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Other income	-	-	-	4,126

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Short term deposits	309	-	309	358

7 Central services

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

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

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

7 Central services

(Continued)

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

- 5.5% of GAG funding received
- Recharges of buildings insurance and payroll costs.

The amounts charged during the year were as follows:

	2020 £	2019 £
St Meriadoc CE Infant Academy	37,200	39,712
St Meriadoc CE Junior Academy	48,423	46,349
Troon CP School	35,154	34,629
Penponds Primary School	27,000	24,692
	<u>147,777</u>	<u>145,382</u>

8 Expenditure

	Staff costs £	Non-pay expenditure Premises £	Other £	Total 2020 £	Total 2019 £
Academy's educational operations					
- Direct costs	2,669,214	-	222,522	2,891,736	2,803,054
- Allocated support costs	583,160	332,755	298,066	1,213,981	1,072,820
	<u>3,252,374</u>	<u>332,755</u>	<u>520,588</u>	<u>4,105,717</u>	<u>3,875,874</u>

Net income/(expenditure) for the year includes:

	2020 £	2019 £
Fees payable to auditor for:		
- Audit	3,250	3,250
- Other services	5,450	4,950
Operating lease rentals	10,118	4,025
Depreciation of tangible fixed assets	94,095	115,599
Net interest on defined benefit pension liability	26,000	22,000
	<u></u>	<u></u>

9 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Direct costs				
Educational operations	-	2,891,736	2,891,736	2,803,054
Support costs				
Educational operations	13,867	1,200,114	1,213,981	1,072,820
	<u>13,867</u>	<u>4,091,850</u>	<u>4,105,717</u>	<u>3,875,874</u>

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

9 Charitable activities

(Continued)

	2020 £	2019 £
Analysis of support costs		
Support staff costs	583,160	457,033
Depreciation	94,095	115,599
Technology costs	11,161	38,525
Premises costs	238,660	171,026
Other support costs	283,170	286,902
Governance costs	3,735	3,735
	<u>1,213,981</u>	<u>1,072,820</u>

10 Staff

Staff costs

Staff costs during the year were:

	2020 £	2019 £
Wages and salaries	2,289,059	2,260,073
Social security costs	177,610	177,164
Pension costs	714,992	498,768
	<u>3,181,661</u>	<u>2,936,005</u>
Staff costs - employees		
Agency staff costs	70,713	49,153
	<u>3,252,374</u>	<u>2,985,158</u>
Staff development and other staff costs	14,004	12,165
	<u>3,266,378</u>	<u>2,997,323</u>

Staff numbers

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

	2020 Number	2019 Number
Teachers	35	38
Administration and support	88	80
Management	6	6
	<u>129</u>	<u>124</u>

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

10 Staff

(Continued)

Higher paid staff

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

	2020 Number	2019 Number
£60,000 - £70,000	2	-
£70,000 - £80,000	1	1
	<u> </u>	<u> </u>

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 £439,028 (2019: £438,758).

11 Trustees' remuneration and expenses

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 (2019: £Nil).

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

12 Insurance for trustees and officers

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 (2019: £5,000,000) on any one claim and the cost for the year ended 31 August 2020 was £271 (2019: £279).

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

13 Tangible fixed assets

	Leasehold property £	Computer equipment £	Furniture & equipment £	Total £
Cost				
At 1 September 2019	2,861,089	198,979	261,319	3,321,387
Additions	343,192	17,139	-	360,331
At 31 August 2020	3,204,281	216,118	261,319	3,681,718
Depreciation				
At 1 September 2019	267,660	173,263	186,575	627,498
Charge for the year	58,616	19,702	15,777	94,095
At 31 August 2020	326,276	192,965	202,352	721,593
Net book value				
At 31 August 2020	2,878,005	23,153	58,967	2,960,125
At 31 August 2019	2,593,429	25,716	74,744	2,693,889

14 Debtors

	2020 £	2019 £
Trade debtors	12,952	10,522
VAT recoverable	25,518	108,439
Other debtors	234	234
Prepayments and accrued income	397,681	173,279
	436,385	292,474

15 Creditors: amounts falling due within one year

	2020 £	2019 £
Other loans	7,059	7,059
Trade creditors	39,616	212,423
Other taxation and social security	40,678	47,592
Other creditors	52,741	42,895
Accruals and deferred income	390,844	88,267
	530,938	398,236

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

16 Deferred income

	2020 £	2019 £
Deferred income is included within:		
Creditors due within one year	94,779	53,279
	<u> </u>	<u> </u>
Deferred income at 1 September 2019	53,279	55,446
Released from previous years	(53,279)	(55,446)
Resources deferred in the year	94,779	53,279
	<u> </u>	<u> </u>
Deferred income at 31 August 2020	94,779	53,279
	<u> </u>	<u> </u>

Included within deferred income of £94,779 (2019: £53,279) are the following balances; £50,704 (2019: £53,279) in respect of Free School Meals funding and £44,075 in respect of nursery funding (2019: £nil).

17 Creditors: amounts falling due after more than one year

	2020 £	2019 £
Other loans	19,480	26,539
	<u> </u>	<u> </u>
Analysis of loans		
Not wholly repayable within five years by instalments	-	917
Wholly repayable within five years	26,539	32,681
	<u> </u>	<u> </u>
	26,539	33,598
Less: included in current liabilities	(7,059)	(7,059)
	<u> </u>	<u> </u>
Amounts included above	19,480	26,539
	<u> </u>	<u> </u>
Loan maturity		
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	12,421	18,563
Due in more than five years	-	917
	<u> </u>	<u> </u>
	26,539	33,598
	<u> </u>	<u> </u>

Included within other loans are the remaining balances of loans totalling £26,539 from Salix Finance Ltd which is provided on the following terms:

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

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

18 Funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2020 £
Restricted general funds					
General Annual Grant (GAG)	-	2,688,968	(2,849,075)	160,107	-
Other DfE / ESFA grants	-	549,310	(534,310)	-	15,000
Other government grants	-	361,370	(361,370)	-	-
Pension reserve	(1,253,000)	-	(253,000)	(223,000)	(1,729,000)
	<u>(1,253,000)</u>	<u>3,599,648</u>	<u>(3,997,755)</u>	<u>(62,893)</u>	<u>(1,714,000)</u>
Restricted fixed asset funds					
Inherited on conversion	1,695,930	-	(38,039)	-	1,657,891
DfE group capital grants	858,558	323,349	(31,786)	-	1,150,121
Capital expenditure from GAG	170,845	-	(22,614)	6,020	154,251
Big Lottery Grant	8,000	-	(1,000)	-	7,000
Local Authority Capital Grant	6,972	1,941	(131)	-	8,782
Tesco Bag Capital Grant	2,100	-	(525)	-	1,575
	<u>2,742,405</u>	<u>325,290</u>	<u>(94,095)</u>	<u>6,020</u>	<u>2,979,620</u>
Total restricted funds	<u>1,489,405</u>	<u>3,924,938</u>	<u>(4,091,850)</u>	<u>(56,873)</u>	<u>1,265,620</u>
Unrestricted funds					
General funds	<u>444,641</u>	<u>192,431</u>	<u>(13,867)</u>	<u>(166,127)</u>	<u>457,078</u>
Total funds	<u>1,934,046</u>	<u>4,117,369</u>	<u>(4,105,717)</u>	<u>(223,000)</u>	<u>1,722,698</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 2020.

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

18 Funds

(Continued)

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
Restricted general funds					
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>
Restricted fixed asset funds					
Transfer 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>
Total restricted funds	<u>1,673,202</u>	<u>3,893,098</u>	<u>(3,830,253)</u>	<u>(246,642)</u>	<u>1,489,405</u>
Unrestricted funds					
General funds	<u>421,390</u>	<u>198,230</u>	<u>(45,621)</u>	<u>(129,358)</u>	<u>444,641</u>
Total funds	<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 RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

18 Funds

(Continued)

Total funds analysis by academy

	2020 £	2019 £
Fund balances at 31 August 2020 were allocated as follows:		
St Meriadoc CE Infant Academy	213,001	186,199
St Meriadoc CE Junior Academy	206,074	172,058
Troon CP School	35,124	40,444
Penponds Primary School	17,176	38,271
Central services	703	7,669
Total before fixed assets fund and pension reserve	472,078	444,641
Restricted fixed asset fund	2,979,620	2,742,405
Pension reserve	(1,729,000)	(1,253,000)
Total funds	1,722,698	1,934,046

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 2020 £	Total 2019 £
St Meriadoc CE Infant Academy	751,716	123,434	7,998	213,811	1,096,959	1,075,705
St Meriadoc CE Junior Academy	754,963	62,706	18,784	214,584	1,051,037	1,032,891
Troon CP School	626,458	54,487	14,908	201,879	897,732	900,854
Penponds Primary School	479,326	44,660	11,028	148,174	683,188	621,354
Central services	56,751	70,873	500	49,359	177,483	136,853
	2,669,214	356,160	53,218	827,807	3,906,399	3,767,657

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

19 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2020 are represented by:				
Tangible fixed assets	-	-	2,960,125	2,960,125
Current assets	1,007,496	15,000	19,495	1,041,991
Creditors falling due within one year	(530,938)	-	-	(530,938)
Creditors falling due after one year	(19,480)	-	-	(19,480)
Defined benefit pension liability	-	(1,729,000)	-	(1,729,000)
Total net assets	457,078	(1,714,000)	2,979,620	1,722,698
Fund balances at 31 August 2019 are represented by:				
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)
Total net assets	444,641	(1,253,000)	2,742,405	1,934,046

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 2016, and that of the LGPS related to the period ended 31 March 2019.

Contributions amounting to £54,885 (2019: £44,845) were payable to the schemes at 31 August 2020 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 teachers in academies. All teachers have the option to opt out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary. These contributions 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 2020

20 Pension and similar obligations

(Continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department of Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

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 £313,426 (2019: £228,190).

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.

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

20 Pension and similar obligations

(Continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 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 in order to bridge the scheme deficit.

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

Total contributions made	2020 £	2019 £
Employer's contributions	176,000	155,000
Employees' contributions	48,000	42,000
Total contributions	224,000	197,000

Principal actuarial assumptions	2020 %	2019 %
Rate of increase in salaries	2.2	2.4
Rate of increase for pensions in payment/inflation	2.2	2.3
Discount rate for scheme liabilities	1.7	1.9
Commutation of pensions to lump sums relating to pre-April 2008 services	40	40
Commutation of pensions to lump sums relating to post-April 2008 services	70	70

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

	2020 Years	2019 Years
Retiring today		
- Males	21.4	21.1
- Females	23.6	23.6
Retiring in 20 years		
- Males	22.3	22.3
- Females	25.1	25

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

20 Pension and similar obligations

(Continued)

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 2020:

0.5% decrease in Real Discount Rate - 14% approximate increase to Employer Liability equating to approximately £505,000.

0.5% increase in the Salary Increase Rate - 1% approximate increase to Employer Liability equating to approximately £45,000.

0.5% increase in the Pension Increase Rate - 12% approximate increase to Employer Liability equating to approximately £451,000.

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

	2020 Fair value £	2019 Fair value £
Equities	1,105,000	1,010,000
Bonds	710,000	743,000
Property	118,000	133,000
Other assets	40,000	19,000
Total market value of assets	1,973,000	1,905,000

The actual return on scheme assets was £(124,000) (2019: £205,000).

Amount recognised in the Statement of Financial Activities

	2020 £	2019 £
Current service cost	403,000	268,000
Past service cost	-	3,000
Interest income	(38,000)	(45,000)
Interest cost	64,000	67,000
Total operating charge	429,000	293,000

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

20 Pension and similar obligations	(Continued)	
Changes in the present value of defined benefit obligations	2020	
	£	
At 1 September 2019	3,158,000	
Current service cost	403,000	
Interest cost	64,000	
Employee contributions	48,000	
Actuarial loss	61,000	
Benefits paid	(32,000)	
At 31 August 2020	3,702,000	
Changes in the fair value of the academy trust's share of scheme assets	2020	
	£	
At 1 September 2019	1,905,000	
Interest income	38,000	
Actuarial loss	(162,000)	
Employer contributions	176,000	
Employee contributions	48,000	
Benefits paid	(32,000)	
At 31 August 2020	1,973,000	
21 Reconciliation of net income to net cash flow from operating activities	2020	2019
	£	£
Net income for the reporting period (as per the statement of financial activities)	11,652	215,454
Adjusted for:		
Capital grants from DfE and other capital income	(325,290)	(398,518)
Investment income receivable	(309)	(358)
Defined benefit pension costs less contributions payable	227,000	116,000
Defined benefit pension scheme finance cost	26,000	22,000
Depreciation of tangible fixed assets	94,095	115,599
Decrease/(increase) in debtors	86,881	(72,447)
Increase in creditors	132,702	143,023
Net cash provided by operating activities	252,731	140,753

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

22 Analysis of changes in net funds

	1 September 2019 £	Cash flows £	31 August 2020 £
Cash	625,458	(19,852)	605,606
Loans falling due within one year	(7,059)	-	(7,059)
Loans falling due after more than one year	(26,539)	7,059	(19,480)
	<u>591,860</u>	<u>(12,793)</u>	<u>579,067</u>

23 Commitments under operating leases

At 31 August 2020 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2020 £	2019 £
Amounts due within one year	9,378	10,118
Amounts due in two and five years	1,167	-
	<u>10,545</u>	<u>10,118</u>

24 Capital commitments

	2020 £	2019 £
Expenditure contracted for but not provided in the accounts	<u>68,418</u>	<u>49,018</u>

25 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 sister of JM Lamb, Headteacher of Troon CP School. Transactions totalling £Nil (2019: £140) relating to the provision of dance lessons took place in the year. There were no amounts outstanding at 31 August 2020 (2019: £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 2020

26 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.