

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

TRUSTEES' REPORT AND AUDITED ACCOUNTS

FOR THE PERIOD ENDED 31 AUGUST 2014

Company Registration No. 08909269 England and Wales

THE RAINBOW MULTI ACADEMY TRUST

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 7
Governance statement	8 - 10
Statement on regularity, propriety and compliance	11
Statement of trustees' responsibilities	12
Independent auditor's report on the accounts	13 - 14
Independent reporting accountant's report on regularity	15 - 16
Statement of financial activities	17
Balance sheet	18
Cash flow statement	19
Notes to the accounts	20 - 38

THE RAINBOW MULTI ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

WT Carter (Chair) (Appointed 24 February 2014)
LT Stephens (Accounting Officer) (Appointed 24 February 2014) *
M Carter (Appointed 24 February 2014)
JL Emery (Appointed 24 February 2014) *
M Firbank (Appointed 24 February 2014 and resigned 11 May 2014)
CT Harvey (Appointed 24 February 2014) *
SJ Jones (Appointed 24 February 2014)
JM Lamb (Appointed 24 February 2014)
JE Mellors (Appointed 24 February 2014)
J Moseley (Appointed 24 February 2014)
RD Pascoe (Appointed 24 February 2014) *
SA Piper (Appointed 24 February 2014)
NA Smith (Appointed 24 February 2014)
GIJ Springer (Appointed 24 February 2014) *
I Williams (Appointed 24 February 2014 and resigned 21 May 2014)

* members of the finance committee

Members

SA Piper
WT Carter
Askel Veur The Diocese of Truro Academies Umbrella Company Ltd
The Diocesan Director of Education for the Diocese of Truro
Archdeacon WR Stuart-White

Senior management team

- Headteacher of St Meriadoc CE Infant Academy	LT Stephens
- Headteacher of St Meriadoc CE Junior Academy	SJ Jones
- Headteacher of Penponds Primary School	NA Smith
- Headteacher of Troon CP School	JM Lamb
- Business Manager	S Hassett
- Finance Manager	A Harry

Company secretary

S Hassett

Company registration number

08909269 (England and Wales)

Registered office

St Meriadoc CE Infant Academy
Rectory Road
CAMBORNE
TR14 7DW

THE RAINBOW MULTI ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Academies operated

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

Location

Camborne
Camborne
Camborne
Camborne

Headteacher

LT Stephens
SJ Jones
JM Lamb
NA Smith

Independent auditor

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

Actuary

Hymans Robertson LLP
20 Waterloo Street
GLASGOW
G2 6DB

Bankers

HSBC Bank Plc
45 Commercial Street
CAMBORNE
Cornwall
TR14 8AX

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 PERIOD ENDED 31 AUGUST 2014

The trustees present their annual report together with the accounts and independent auditor's reports of the charitable company for the period 24 February 2014 to 31 August 2014. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy trust operates 4 primary academies in the Camborne area. Its academies have a combined pupil capacity of 700 and had a roll of 551 in the school census on 13 October 2013.

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 period are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

In accordance with normal commercial practice the 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 £2 million on any one claim.

Method of recruitment and appointment or election of trustees

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

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

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

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

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

Policies and procedures adopted for the induction and training of trustees

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

THE RAINBOW MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

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).

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

Connected organisations including related party relationships

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

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

Related party transactions are detailed in Note 22 to the accounts.

Objectives and activities

Objects and aims

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

The aims of the academy trust during the period ended 31 August 2014 are summarised below:

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

Objectives, strategies and activities

The key priorities for the period 24 February 2014 to 31 August 2014 are summarised below:

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

THE RAINBOW MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

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

Achievements and performance

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

	St Meriadoc Infants	St Meriadoc Juniors	Penponds	Troon	
Cohort KS1	57	n/a	14	27	
Cohort KS2	n/a	44	15	15	
Foundation %					National %
GLD	52.1	n/a	70	57.1	60
KS1 level 2+ %					
Reading	96.5 (96.6) *	n/a	100.0 (91.3)	92.6 (89.8)	89
Writing	96.5 (96.5)	n/a	100.0 (91.3)	85.2 (86.4)	85
Maths	98.2 (99.3)	n/a	100.0 (95.7)	96.3 (98.3)	91
KS1 level 3+ %					
Reading	42.1 (42.5)	n/a	21.4 (28.3)	40.7 (32.2)	29
Writing	28.1 (26.7)	n/a	21.4 (19.6)	25.9 (18.6)	15
Maths	36.8 (33.6)	n/a	28.6 (39.1)	37.0 (33.9)	23
KS2 level 4+ %					
Reading	n/a	97.7 (94.3)	92.3 (89.7)	86.7 (87.5)	89
Writing	n/a	75.0 (86.9)	92.3 (89.7)	73.3 (78.6)	85
Maths	n/a	97.7 (95.9)	100.0 (92.3)	86.7 (82.1)	86
KS2 level 5+ %					
Reading	n/a	70.5 (50.8)	76.9 (51.3)	60.0 (39.3)	50
Writing	n/a	45.5 (33.6)	76.9 (38.5)	40.0 (33.9)	52
Maths	n/a	40.9 (27.0)	46.2 (30.8)	20.0 (23.2)	42

*Figures in brackets represent the rolling average over the last three academic years.

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 period 24 February 2014 to 31 August 2014.

Most of the charitable company's income is derived from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received during the year to 31 August 2014, and the associated expenditure, are shown as restricted funds in the statement of financial activities.

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

THE RAINBOW MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

Reserves policy

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

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

The trustees consider the financial year end position of £2,083,847 comprising £2,085,893 of restricted fixed asset funds, (£453,710) of restricted funds and £451,664 of unrestricted funds to be satisfactory. The restricted funds consist of the pension reserve amounting to £(500,000) and general restricted funds of £46,290.

With the level of free reserves held by the academy trust at £451,664 the academy trust finance committee is to review the existing policy on reserves. The Committee will make specific recommendations to ensure that the internal control measures in use will best manage these funds in the interest of the pupils.

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

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

Investment policy and powers

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

Principal risks and uncertainties

The trustees use a number of academy trust policies, including health and safety, finance, safeguarding and a risk register to evaluate strategic and reputational, operational, compliance and financial risks. The trustees have ensured that the management structure, systems and controls are in place to manage those risks, as well as insurance to cover financial and governance arrangements by completing the Academies Financial Management and Governance Evaluation which was submitted to the Education Funding Agency during the year, and are satisfied with the overall assessment.

The governing body ensure regular review of risks through the reporting provided by the management team to the aforementioned governing body.

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

THE RAINBOW MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

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 2014-15 the key objectives for the forthcoming year are:

- To provide an inspiring curriculum that meets the needs of our children;
- To strengthen teacher and support staff subject knowledge;
- To work together to improve teaching and learning; and
- To develop a new assessment system that fits the new curriculum.

Auditor

In so far as the trustees are aware:

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

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

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 01 December 2014 and signed on its behalf by:

WT Carter

Chair

THE RAINBOW MULTI ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE PERIOD ENDED 31 AUGUST 2014

Scope of responsibility

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

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

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 2 times during the period. Attendance during the period at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
WT Carter (Chair) (Appointed 24 February 2014)	1	2
LT Stephens (Accounting Officer) (Appointed 24 February 2014)	2	2
M Carter (Appointed 24 February 2014)	2	2
JL Emery (Appointed 24 February 2014)	2	2
M Firbank (Appointed 24 February 2014 and resigned 11 May 2014)	1	1
CT Harvey (Appointed 24 February 2014)	2	2
SJ Jones (Appointed 24 February 2014)	1	2
JM Lamb (Appointed 24 February 2014)	2	2
JE Mellors (Appointed 24 February 2014)	2	2
J Moseley (Appointed 24 February 2014)	2	2
RD Pascoe (Appointed 24 February 2014)	1	2
SA Piper (Appointed 24 February 2014)	2	2
NA Smith (Appointed 24 February 2014)	2	2
GIJ Springer (Appointed 24 February 2014)	2	2
I Williams (Appointed 24 February 2014 and resigned 21 May 2014)	1	1

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

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

Attendance at meetings in the period was as follows:

Trustees	Meetings attended	Out of possible
LT Stephens (Accounting Officer) (Appointed 24 February 2014)	3	3
JL Emery (Appointed 24 February 2014)	2	3
CT Harvey (Appointed 24 February 2014)	3	3
RD Pascoe (Appointed 24 February 2014)	3	3
GIJ Springer (Appointed 24 February 2014)	3	3

THE RAINBOW MULTI ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

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 24 February 2014 to 31 August 2014 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 24 February 2014 to 31 August 2014 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 general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Andrew Harry as internal auditor.

The auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust'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.

Review of effectiveness

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

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

THE RAINBOW MULTI ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

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

Approved by order of the board of trustees on 01 December 2014 and signed on its behalf by:

WT Carter
Chair

LT Stephens
Accounting Officer

THE RAINBOW MULTI ACADEMY TRUST

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE PERIOD ENDED 31 AUGUST 2014

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

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.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

Approved on 01 December 2014 and signed by:

LT Stephens
Accounting Officer

THE RAINBOW MULTI ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- 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 the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the board of trustees on 01 December 2014 and signed on its behalf by:

WT Carter
Chair

THE RAINBOW MULTI ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE RAINBOW MULTI ACADEMY TRUST

We have audited the accounts of The Rainbow Multi Academy Trust for the period ended 31 August 2014 set out on pages 17 to 38. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 issued by the EFA.

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

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 12, the trustees, who are also the directors of The Rainbow Multi Academy Trust for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

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

Opinion on accounts

In our opinion the accounts:

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial period for which the accounts are prepared is consistent with the accounts.

THE RAINBOW MULTI ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF THE RAINBOW MULTI ACADEMY TRUST

Matters on which we are required to report by exception

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

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

Mark Williams (Senior Statutory Auditor)

Robinson Reed Layton

Chartered Accountants

Statutory Auditor

Peat House

Newham Road

TRURO

Cornwall

TR1 2DP

Dated: 1 December 2014

THE RAINBOW MULTI ACADEMY TRUST

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

In accordance with the terms of our engagement letter dated 24 September 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, 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 24 February 2014 to 31 August 2014 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 the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the The Rainbow Multi Academy Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the The Rainbow Multi Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

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

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014. 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 24 February 2014 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2014 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

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

THE RAINBOW MULTI ACADEMY TRUST

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

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 24 February 2014 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Mark Williams

Reporting Accountant

Robinson Reed Layton

Dated: 01 December 2014

THE RAINBOW MULTI ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE PERIOD ENDED 31 AUGUST 2014

		Unrestricted funds	Restricted funds	Fixed Asset fund	Total 2014 5 months
	Notes	£	£	£	£
<u>Incoming resources</u>					
<i>Resources from generated funds</i>					
- Voluntary income	2	521	-	-	521
- Inherited on conversion	23	417,699	(401,000)	2,032,578	2,049,277
- Activities for generating funds	3	800	-	-	800
- Investment income	4	183	-	-	183
<i>Resources from charitable activities</i>					
- Funding for educational operations	5	32,461	1,140,228	96,512	1,269,201
Total incoming resources		<u>451,664</u>	<u>739,228</u>	<u>2,129,090</u>	<u>3,319,982</u>
<u>Resources expended</u>					
<i>Charitable activities</i>					
- Educational operations	7	-	1,113,731	31,904	1,145,635
Governance costs	8	-	2,500	-	2,500
Total resources expended	6	<u>-</u>	<u>1,116,231</u>	<u>31,904</u>	<u>1,148,135</u>
Net incoming/(outgoing) resources before transfers		<u>451,664</u>	<u>(377,003)</u>	<u>2,097,186</u>	<u>2,171,847</u>
Gross transfers between funds		-	11,293	(11,293)	-
Net income/(expenditure) for the period		<u>451,664</u>	<u>(365,710)</u>	<u>2,085,893</u>	<u>2,171,847</u>
<u>Other recognised gains and losses</u>					
Actuarial gains/(losses) on defined benefit pension scheme	17	-	(88,000)	-	(88,000)
Net movement in funds		<u>451,664</u>	<u>(453,710)</u>	<u>2,085,893</u>	<u>2,083,847</u>
Fund balances at 24 February 2014		-	-	-	-
Fund balances at 31 August 2014		<u>451,664</u>	<u>(453,710)</u>	<u>2,085,893</u>	<u>2,083,847</u>

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006. A statement of total recognised gains and losses is not required as all gains and losses are included in the statement of financial activities.

All of the academy trust's activities derive from acquisitions in the current financial period.

THE RAINBOW MULTI ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2014

	Notes	2014 £	£
Fixed assets			
Tangible assets	11		2,045,221
Current assets			
Debtors	12	62,354	
Cash at bank and in hand		747,969	
		<hr/>	
		810,323	
Creditors: amounts falling due within one year	13	(271,697)	
		<hr/>	
Net current assets			538,626
			<hr/>
Total assets less current liabilities			2,583,847
Defined benefit pension liability	17		(500,000)
			<hr/>
Net assets			2,083,847
			<hr/> <hr/>
Funds of the academy trust:			
Restricted income funds	15		
- Fixed asset funds			2,085,893
- General funds			46,290
- Pension reserve			(500,000)
			<hr/>
Total restricted funds			1,632,183
Unrestricted funds	15		451,664
			<hr/>
Total funds			2,083,847
			<hr/> <hr/>

The accounts were approved by order of the board of trustees and authorised for issue on 01 December 2014.

WT Carter

Chair

Company Number 08909269

THE RAINBOW MULTI ACADEMY TRUST

CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31 AUGUST 2014

	Notes	31 August 2014 5 months £
Net cash inflow/(outflow) from operating activities	18	278,122
Cash funds transferred on conversion		417,699
Returns on investments and servicing of finance		
Investment income		183
		<hr/>
Net cash inflow/(outflow) from returns on investments and servicing of finance		183
		<hr/>
		696,004
Capital expenditure and financial investments		
Capital grants received		96,512
Payments to acquire tangible fixed assets		(44,547)
		<hr/>
Net cash flow from capital activities		51,965
		<hr/>
Increase/(decrease) in cash	19	747,969
		<hr/> <hr/>

All the cash flows are derived from acquisitions in the current financial period.

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2014

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

1.2 Going concern

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

1.3 Conversion to an academy trust

The conversion from state maintained schools to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the schools for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from the maintained schools to an academy trust have been valued at their fair value being a reasonable estimate of the current market values that the trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for The Rainbow Multi Academy Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as a gift in the SOFA and analysed under unrestricted, restricted general and restricted fixed assets funds. Further details of the transaction are set out in note 21.

1.4 Incoming resources

All incoming resources are recognised when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants receivable

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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 is certainty of receipt and the value of the donation is measurable.

Donations

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

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

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 goods have been provided or on completion of the service.

Donated services and gifts in kind

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's policies.

1.5 Resources expended

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

Costs of generating funds

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

Charitable activities

These are costs incurred on the academy trust's educational operations.

Governance costs

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

All resources expended are inclusive of irrecoverable VAT.

1.6 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. 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 such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

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

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

1 Accounting policies

(Continued)

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.

1.7 Leasing and hire purchase commitments

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

1.8 Taxation

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

1.9 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 17, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions are recognised as they are paid each period.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

1.10 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency, the Department for Education and other funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency and the Department for Education.

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

2 Voluntary income

	Unrestricted funds £	Restricted funds £	Total 2014 £
Other donations	521	-	521

3 Activities for generating funds

	Unrestricted funds £	Restricted funds £	Total 2014 £
Other income	800	-	800

4 Investment income

	Unrestricted funds £	Restricted funds £	Total 2014 £
Short term deposits	183	-	183

5 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2014 £
DfE / EFA grants			
General annual grant (GAG)	-	1,000,598	1,000,598
Capital grants	-	22,604	22,604
Other DfE / EFA grants	-	69,910	69,910
	-	1,093,112	1,093,112
Other government grants			
Local authority grants	-	143,628	143,628
Other funds			
Other incoming resources	32,461	-	32,461
Total funding	32,461	1,236,740	1,269,201

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

6 Resources expended

	Staff costs £	Premises costs £	Other costs £	Total 2014 £
Academy's educational operations				
- Direct costs	740,572	-	80,398	820,970
- Allocated support costs	109,271	67,523	147,871	324,665
	<u>849,843</u>	<u>67,523</u>	<u>228,269</u>	<u>1,145,635</u>
Other expenditure				
Governance costs	-	-	2,500	2,500
	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>2,500</u>
Total expenditure	<u>849,843</u>	<u>67,523</u>	<u>230,769</u>	<u>1,148,135</u>

Incoming/outgoing resources for the year include:

	2014 £
Operating leases	
- Plant and machinery	5,592
Fees payable to auditor	
- Audit	2,500
- Other services	2,300
	<u>5,592</u>

Central services

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

- finance and administration;
- academy conversion assistance; and
- settlement of other shared costs.

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

- amount of Education Services Grant (ESG) each academy received.

The amounts charged during the period were as follows:

	Total £
St Meriadoc CE Infant Academy	10,375
St Meriadoc CE Junior Academy	11,318
Troon CP School	8,212
Penponds Primary School	6,288
	<u>36,193</u>

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

7 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2014 £
Direct costs			
Teaching and educational support staff costs	-	735,272	735,272
Technology costs	-	6,027	6,027
Educational supplies and services	-	17,522	17,522
Staff development	-	5,300	5,300
Other direct costs	-	56,849	56,849
	-	820,970	820,970
Allocated support costs			
Support staff costs	-	109,271	109,271
Depreciation	-	31,904	31,904
Technology costs	-	17,147	17,147
Recruitment and support	-	702	702
Maintenance of premises and equipment	-	35,619	35,619
Cleaning	-	8,889	8,889
Energy costs	-	13,174	13,174
Rent and rates	-	7,717	7,717
Insurance	-	14,517	14,517
Security and transport	-	3,354	3,354
Catering	-	23,379	23,379
Interest and finance costs	-	4,000	4,000
Other support costs	-	54,992	54,992
	-	324,665	324,665
Total costs	-	1,145,635	1,145,635

8 Governance costs

	Unrestricted funds £	Restricted funds £	Total 2014 £
Auditor's remuneration			
- Audit of financial statements	-	2,500	2,500

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

9 Staff costs

The average number of persons (including senior management team) employed by the academy trust during the period expressed as full time equivalents was as follows:

	2014 Number
Teachers	29
Administration and support	40
Management	5
	<hr/>
	74
	<hr/> <hr/>

Costs included within the accounts:

	2014 £
Wages and salaries	693,639
Social security costs	37,933
Other pension costs	109,679
	<hr/>
	841,251
Supply teacher costs	(708)
Compensation payments	4,000
Staff development and other staff costs	5,300
	<hr/>
Total staff costs	849,843
	<hr/> <hr/>

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

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £4,000.

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

10 Trustees' remuneration and expenses

The headteachers and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of headteachers and staff and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. During the period, travel and subsistence payments totalling £133 were reimbursed to 1 trustee.

The value of trustees' remuneration was as follows:

LT Stephens (headteacher): £25,000 - £30,000.

SJ Jones (headteacher): £15,000 - £20,000.

NA Smith (headteacher): £20,000 - £25,000.

JM Lamb (headteacher): £20,000 - £25,000.

JL Emery (staff trustee): £Nil - £5,000.

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

Trustees' and officers' insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the period ended 31 August 2014 was £274.

11 Tangible fixed assets

	Leasehold property £	Computer equipment £	Furniture & equipment £	Total £
Cost				
At 24 February 2014	-	-	-	-
Additions	33,236	11,311	-	44,547
Transfers	1,901,978	66,750	63,850	2,032,578
	<u>1,935,214</u>	<u>78,061</u>	<u>63,850</u>	<u>2,077,125</u>
At 31 August 2014				
Depreciation				
At 24 February 2014	-	-	-	-
Charge for the period	15,850	10,733	5,321	31,904
	<u>15,850</u>	<u>10,733</u>	<u>5,321</u>	<u>31,904</u>
At 31 August 2014				
Net book value				
At 31 August 2014	<u>1,919,364</u>	<u>67,328</u>	<u>58,529</u>	<u>2,045,221</u>

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

12 Debtors	2014
	£
Trade debtors	134
VAT recoverable	34,154
Prepayments and accrued income	28,066
	<u>62,354</u>
	<u><u>62,354</u></u>
 13 Creditors: amounts falling due within one year	 2014
	£
Trade creditors	116,523
Taxes and social security costs	60,898
Other creditors	387
Accruals	16,834
Deferred income	77,055
	<u>271,697</u>
	<u><u>271,697</u></u>
 14 Deferred income	 2014
	£
Deferred income is included within:	
Creditors due within one year	<u>77,055</u>
	<u><u>77,055</u></u>
 Total deferred income at 24 February 2014	 -
Amounts credited to the statement of financial activities	-
Amounts deferred in the period	<u>77,055</u>
 Total deferred income at 31 August 2014	 <u><u>77,055</u></u>

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

15 Funds

	Balance at 24 February 2014 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2014 £
Restricted general funds					
General Annual Grant	-	1,000,598	(965,601)	11,293	46,290
Other DfE / EFA grants	-	69,910	(69,910)	-	-
Other government grants	-	69,720	(69,720)	-	-
Funds excluding pensions	-	1,140,228	(1,105,231)	11,293	46,290
Pension reserve	-	(401,000)	(11,000)	(88,000)	(500,000)
	-	739,228	(1,116,231)	(76,707)	(453,710)
Restricted fixed asset funds					
DfE / EFA capital grants	-	96,512	(1,492)	(11,756)	83,264
Inherited fixed asset fund	-	2,032,578	(30,349)	-	2,002,229
Capital expenditure from GAG or other funds	-	-	(63)	463	400
	-	2,129,090	(31,904)	(11,293)	2,085,893
Total restricted funds	-	2,868,318	(1,148,135)	(88,000)	1,632,183
Unrestricted funds					
General funds	-	451,664	-	-	451,664
Total funds	-	3,319,982	(1,148,135)	(88,000)	2,083,847

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

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

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

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

15 Funds

(Continued)

Analysis of academies by fund balance

	Total £
Fund balances at 31 August 2014 were allocated as follows:	
St Meriadoc CE Infant Academy	102,613
St Meriadoc CE Junior Academy	130,587
Troon CP School	80,360
Penponds Primary School	163,287
Central services	21,107
	<hr/>
Funds excluding fixed asset fund and pensions reserve	497,954
Restricted fixed asset fund	2,085,893
Pension reserve	(500,000)
	<hr/>
Total funds	2,083,847
	<hr/> <hr/>

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total £
St Meriadoc CE Infant Academy	215,435	40,863	8,264	68,868	333,430
St Meriadoc CE Junior Academy	210,458	24,127	3,917	70,314	308,816
Troon CP School	182,648	22,358	5,003	53,603	263,612
Penponds Primary School	126,731	14,923	338	42,293	184,285
Central services	-	7,000	-	19,088	26,088
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	735,272	109,271	17,522	254,166	1,116,231
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

16 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Fixed asset funds £	Total funds £
Fund balances at 31 August 2014 are represented by:				
Tangible fixed assets	-	-	2,045,221	2,045,221
Current assets	451,664	317,987	40,672	810,323
Creditors: amounts falling due within one year	-	(271,697)	-	(271,697)
Defined benefit pension liability	-	(500,000)	-	(500,000)
	<hr/>	<hr/>	<hr/>	<hr/>
	451,664	(453,710)	2,085,893	2,083,847
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

17 Pensions and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Cornwall Council. Both are 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 2014 and of the LGPS 31 March 2013.

As described below, the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained schools and the new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor schools and the academy trust at the balance sheet date.

Contributions amounting to £31,659 were payable to the schemes at 31 August 2014 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

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

Teachers' Pension Scheme changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

17 Pensions and similar obligations

(Continued)

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012 on a 40:80:100 percent basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme, and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy trust is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy trust has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 18.6% for employers and between 5.5 and 7.5% for employees. The estimated value of employer contributions for the forthcoming year is £100,000.

The academy trust has entered into an agreement with the LGPS trustees to make additional annual contributions of £10,000 in addition to normal funding levels, over a period of 20 years, in order to bridge the scheme deficit.

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

	2014
	£
Employer's contributions	39,000
Employees' contributions	10,000
	<hr/>
Total contributions	49,000
	<hr/> <hr/>

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

17 Pensions and similar obligations

(Continued)

Principal actuarial assumptions

2014
%

Rate of increase in salaries	4.5
Rate of increase for pensions in payment	2.7
Discount rate for scheme liabilities	3.7
Commutation of pensions to lump sums relating to pre-April 2008 services	40
Commutation of pensions to lump sums relating to post-April 2008 services	70

Sensitivity analysis

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

Change in assumptions as at 31 August 2014:

0.5% decrease in Real Discount Rate - 13% approximate increase to Employer Liability equating to approximately £166,000.

1 year increase in member life expectancy - 3% approximate increase to Employer Liability equating to approximately £37,000.

0.5% increase in the Salary Increase Rate - 7% approximate increase to Employer Liability equating to approximately £85,000.

0.5% increase in the Pension Increase Rate - 6% approximate increase to Employer Liability equating to approximately £75,000.

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

2014
Years

Retiring today	
- Males	22.2
- Females	24.4
Retiring in 20 years	
- Males	24.4
- Females	26.8

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

17 Pensions and similar obligations

(Continued)

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	2014 Expected return %	2014 Fair value £
Equities	6.2	393,000
Bonds	3.2	296,000
Property	4.5	44,000
Other assets	3.3	7,000
Total market value of assets		740,000
Present value of scheme liabilities - funded		(1,240,000)
Net pension asset / (liability)		(500,000)

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period. They have been calculated using 5,000 simulations of Hymans Robertson Asset Model (HRAM), the proprietary stochastic asset model developed and maintained by Hymans Robertson LLP, and calibrated using market data as at a recent date.

The only exception to the use of HRAM is in deriving the expected return on bond assets: instead of the HRAM output, yields applicable at the accounting date on suitable bond indices have been used.

The actual return on scheme assets was £46,000.

Operating costs and income recognised in the statement of financial activities

	2014 £
Financial expenditure/(income)	
Expected return on pension scheme assets	(15,000)
Interest on pension liabilities	19,000
	4,000
Other expenditure/(income)	
Current service cost	46,000
Past service cost	-
	46,000
Total operating charge/(income)	50,000

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

17 Pensions and similar obligations

(Continued)

Actuarial gains and losses recognised in the statement of financial activities

2014

£

Actuarial (gains)/losses on assets: actual return less expected	(30,000)
Experience (gains)/losses on liabilities	-
(Gains)/losses arising from changes in assumptions	118,000
	<hr/>
Total (gains)/losses	88,000
	<hr/>
Cumulative (gains)/losses to date	88,000
	<hr/>

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

2014

£

Obligations acquired on conversion	(1,047,000)
Current service cost	(46,000)
Interest cost	(19,000)
Contributions by employees	(10,000)
Actuarial gains/(losses)	(118,000)
	<hr/>
	(1,240,000)
	<hr/>

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

2014

£

Assets acquired on conversion	646,000
Expected return on assets	15,000
Actuarial gains/(losses)	30,000
Contributions by employers	39,000
Contributions by employees	10,000
	<hr/>
	740,000
	<hr/>

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

17	Pensions and similar obligations	(Continued)				
	History of experience gains and losses:					
					2014	
					£	
	Present value of defined benefit obligations				(1,240,000)	
	Fair value of share of scheme assets				740,000	
	Surplus / (deficit)				(500,000)	
	Experience adjustment on scheme liabilities				-	
	Experience adjustment on scheme assets				30,000	
18	Reconciliation of net income to net cash inflow/(outflow) from operating activities				2014	
					£	
	Net income				2,171,847	
	Capital grants and similar income				(96,512)	
	Net deficit/(surplus) transferred on conversion				(2,049,277)	
	Investment income				(183)	
	FRS17 pension costs less contributions payable				7,000	
	FRS17 pension finance income				4,000	
	Depreciation of tangible fixed assets				31,904	
	(Increase)/decrease in debtors				(62,354)	
	Increase/(decrease) in creditors				271,697	
	Net cash inflow/(outflow) from operating activities				278,122	
19	Reconciliation of net cash flow to movement in net funds				2014	
					£	
	Increase/(decrease) in cash				747,969	
	Net funds at 24 February 2014				-	
	Net funds at 31 August 2014				747,969	
20	Analysis of net funds					
		At 24 February	Transferred on	Cash flows	Non-cash	At 31 August
		2014	conversion		changes	2014
		£	£	£	£	£
	Cash at bank and in hand	-	417,699	330,270	-	747,969

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

21 Commitments under operating leases

At 31 August 2014 the academy trust had annual commitments under non-cancellable operating leases as follows:

	2014
	£
Expiry date:	
- Between two and five years	11,409

22 Related parties

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

The following related party transactions occurred in the year:

SA Piper - A member and trustee. Transactions totalling £886, paid through Askel Veur The Diocese of Truro Academies Umbrella Company Ltd, relating to consultancy services provided took place in the period. £443 was outstanding at 31 August 2014.

Askel Veur The Diocese of Truro Academies Umbrella Company Ltd - A corporate member. Transactions totalling £1,558 for services provided took place in the period. There were no amounts outstanding at 31 August 2014.

K Stephens - daughter of LT Stephens, a trustee. Transactions totalling £13,015 relating to her employment as a teacher (including employer's pension contributions) took place in the period. There were no amounts outstanding at 31 August 2014.

N Stephens - daughter-in-law of LT Stephens, a trustee. Transactions totalling £11,186 relating to her employment as a teacher (including employer's pension contributions) took place in the period. There were no amounts outstanding at 31 August 2014.

J Emery - daughter of M Carter, a trustee. Transactions totalling £1,545 relating to her employment as a member of the administration team (including employer's pension contributions) took place in the period. There were no amounts outstanding at 31 August 2014.

C Harvey - daughter-in-law of CT Harvey, a trustee. Transactions totalling £560 relating to her employment as a member of the administration team (including employer's pension contributions) took place in the period. There were no amounts outstanding at 31 August 2014.

THE RAINBOW MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

23 Conversion to an academy

On 1 April 2014 St Meriadoc CofE Nursery and Infant School, St Meriadoc CofE Junior School, Troon CP School and Penponds CP School converted to a multi academy trust under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Rainbow Multi Academy Trust from Cornwall Council for £nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the statement of financial activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

Academy	Location	Date of conversion		
St Meriadoc CE Infant Academy	Camborne	1 April 2014		
St Meriadoc CE Junior Academy	Camborne	1 April 2014		
Troon CP School	Camborne	1 April 2014		
Penponds Primary School	Camborne	1 April 2014		

Funds surplus/(deficit) transferred:	Unrestricted funds	Restricted funds	Fixed asset funds	Total 2014
	£	£	£	£
Fixed assets funds	-	-	2,032,578	2,032,578
LA budget funds	390,140	-	-	390,140
LGPS pension funds	-	(401,000)	-	(401,000)
Other funds	27,559	-	-	27,559
	<u>417,699</u>	<u>(401,000)</u>	<u>2,032,578</u>	<u>2,049,277</u>
Net assets transferred:				£
Leasehold land and buildings				1,901,978
Tangible fixed assets apart from land and buildings				130,600
Cash				417,699
Pension surplus/(deficit)				(401,000)
				<u>2,049,277</u>

24 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.