

Company Registration No. 09265723 (England and Wales)

RAINBOW EDUCATION MULTI-ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

RAINBOW EDUCATION MULTI-ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Mr Henry Mooney (Chairperson)
Mr David Cadwallader
Mr Frank Maguire
Mr Chad Thompson (Vice Chairperson)
Fr Richard Peers (Resigned 8th September 2020)
Liverpool Diocesan Board of Education

Trustees

Mr Francis Mcguire
Mr Jonathan Nichols *
Mr David Cadwallader (Chairperson) *
Mr Robert Wyn Jones *
Mrs Lorraine Partington (Vice Chairperson)
Mr Jonathan Everard *
Miss Sara Ngenda
Miss Rajdeep Dosanjh *
Miss Laura Curran (Resigned 28 September 2020)
Mr Chad Thompson
Mr Henry Mooney
Ms Nicola James
Fr Richard Peers (Resigned 8 September 2020)
Mrs Katherine Newey Bayes (Appointed 21 January 2020)
Reverend Nicola Milford (Appointed 16 September 2020)
Mr Kenneth Heaton (Appointed 1 September 2020)

Those marked with an asterisk * are members of the Finance Committee.

Company Secretary

Mr James Ray

Senior management team

- CEO and Executive Headteacher	Mr Jonathan Nichols
- Executive Headteacher	Mrs Gina Donaldson
- Headteacher	Mrs Nicola Rutter
- Executive Headteacher	Miss Sarah Knipe
- Head of Teaching and Learning	Mr Steven Lawley
- Head of Early Years	Miss Emma Davin
- Business Manager	Mr James Ray (Appointed 29 June 2020)
- Headteacher	Miss Amanda Bushell
- Business Manager	Miss Charlotte Furnival (Resigned 12 March 2020)

Company registration number

09265723 (England and Wales)

Registered office

1st Floor, The Old Education Offices
Huyton Hey Road
Liverpool
L36 5YH

RAINBOW EDUCATION MULTI-ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Academies operated

St Silas C of E Primary School
Heygreen Community Primary School
Rainbow Trust
Garston C of E Primary School
Croxteth Community Primary School
Shoreside Primary School
St Gabriels C of E Primary School

Location

Liverpool
Liverpool
Liverpool
Liverpool
Liverpool
Sefton
Liverpool

Principal

Mrs Gina Donaldson
Mrs Nicola Rutter
Mr Jonathan Nichols
Miss Sarah Knipe
Mrs Gina Donaldson
Miss Sarah Knipe
Mandy Bushell

Independent auditor

RSM UK Audit LLP
Bluebell House
Brian Johnson Way
Preston
Lancashire
PR2 5PE

Bankers

Lloyds Bank PLC
Liverpool Law Courts (306562) Branch
PO Box 1000
BX1 1LT

Solicitors

Lee Bolton Monier-Williams Solicitors
1 The Sanctuary
Westminster
London
SW1P 3JT

RAINBOW EDUCATION MULTI-ACADEMY TRUST

TRUSTEES' REPORT

The Trustees present their annual report together with the financial statements 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 Trust operates Academies for pupils aged up to 11 years serving a catchment area in the Merseyside and City Region. It has a pupil roll of 1,510 as at August 2020, with a pupil capacity of 1,357. Pupil admittance is carried out, by the Trust, in line with the Department for Education's School Admissions Policy and on the basis of the catchment area that the school resides in. On 1 September 2019 St Gabriel's C of E Primary School converted to academy trust status and joined Rainbow Education Multi-Academy Trust.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Multi Academy Trust 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 Multi Academy Trust.

The Trustees of Rainbow Education Multi Academy Trust are also the directors of the charitable company for the purpose of company law. The charitable company operates as Rainbow Education Multi Academy Trust.

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administration Details on page 1.

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 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

The Trustees are indemnified in respect of their legal liability for financial losses arising as a result of a negligent act, accidental error or omission in the course of their official duties. The limit of this indemnity is £10,000,000.

Method of recruitment and appointment or election of Trustees

The Trust will recruit and appoint trustees through a process of fair selection using criteria for selection based on the annual skills audit.

The Members of the company comprise:

- two individual members appointed by the Diocesan Board of Education
- Chair of the board of directors
- any person appointed under Article 16 of the Articles of Association.

The term of office for any director (other than co-opted) shall be 4 years. Subject to remaining eligible to be a particular type of Director, any Director may be reappointed or re-elected.

All Trustees are provided with training on appointment to enable them to undertake their duties as a Trustee. Trustees are subject to Disclosure & Barring Service checks prior to appointment.

Policies and procedures adopted for the induction and training of Trustees

All Trustees are provided with training on appointment to enable them to undertake their duties as a Trustee. It is expected that incumbent Trustees will provide practical help, guidance and encouragement in all aspects of governance.

RAINBOW EDUCATION MULTI-ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

Organisational structure

The management structure consists of three levels:

- Members
- Trustees (Directors)
- Local Governing Body

The Members have overall responsibility and ultimate decision making authority for the Multi Academy Trust.

The Trustees retain overall responsibility for strategic planning and setting the Trust's policies.

The Local Governing Bodies have overall responsibility for holding school leaders to account and driving forward improvements in performance, attainment and progress.

The CEO / Executive Headteacher and the Executive Team oversee leadership and management of the Trust.

A scheme of delegation is in place that sets the levels of authority in which all senior staff and trustees operate. The aim of the structure is to devolve responsibility to those best able to make appropriate decisions. The Trust encourage staff contributions at all levels and collaboration between the schools in the Trust.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The salary for the CEO will be reviewed on an annual basis subject to performance. The review panel will comprise of the 2 Trustees and an independent person.

The salaries / pay committee, comprising the CEO, and a minimum of 2 Trustees, will review the executive and central management team salaries and performance annually.

Trade Union Facility Time

The Trust does not currently have any members of staff seeking trade union facility time. Trade unions are fully recognised and the Trust contributes towards pooled funds for trade union facility time.

Related parties and co-operation with other organisations

St Silas Church of England Primary School, Heygreen Primary School, Garston Church of England Primary School, Shoreside Primary School, Croxteth Primary School and St Gabriel's Church of England Primary School work in partnership within wide and varied network. Including:

- The Dingle, Grandby and Toxteth (D.G.T) collaborative. A local network of 17 Schools within the Liverpool 8 postal code.
- The 5 Ways Learning Network, a local network of 23 schools within the L15 postal code.
- SLLN: South Liverpool Learning Network.
- SLP: Southport Learning Partnership.
- SAPH: Sefton Association of Primary Heads.
- Strategic Partner: St Helens Teaching Schools Alliance and North West Maths Hub 3.
- School Improvement Liverpool, a company where David Cadwallader is employed.
- LLP: Liverpool Learning Partnership
- LPHA: Liverpool Primary Heads Association

RAINBOW EDUCATION MULTI-ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

OBJECTIVES AND ACTIVITIES

Objects and aims

The principle objective and activity of the charitable company, in accordance with the Articles of Association, is the strategic management, development, maintenance and operation of the Trust's academies to provide a broad and balanced education for pupils with a range of abilities aged 4 – 11.

The aims of the Academy Trust are to:

- inspire and support our children to reach their full potential so that they can have a positive impact on their world
- instil within all of our children the desire to succeed and drive positive change within themselves and our community
- enable each child to achieve their potential in levels of academic maturity, creativity, physical development and independence
- educate the principles of Christian faith by promoting moral values, understanding and acceptance of other races, religions and ways of life.

Objectives, strategies and activities

The Academy Trust's main strategic goal is to ensure that our pupils are excited by their learning in the classroom and beyond.

The main objectives of the Academy during the year ended 31 August 2020 are summarised below:

- to ensure that all high attaining children make accelerated progress in reading, writing and maths.
- to accelerate the progress of all Pupil Premium children to ensure the majority reach age related expectation.
- to improve children's speech, language and communication skills so that they have the skills needed to become effective writers.
- to develop the use of AFL across the curriculum so that children are given appropriate feedback to develop their learning.

Public benefit

We acknowledge as Trustees that the Academy Trust has complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers and duties.

STRATEGIC REPORT

Achievements and performance

Due to the COVID-19 pandemic, no formal assessments were required at primary education level. Despite this, the Trust is confident, due to internal and external moderations, that academic KPIs have been achieved for the year.

There has, for example, been significant investment in reading across all our schools in the last academic year and, despite limited time in class, the numbers of pupils that can read to the required standard has improved quite significantly, as shown below;

	St Silas	Heygreen	Garston	Croxteth	Shoreside	St Gabriels
KS1 2019	69%	61%	65%	53%	72%	53%
KS1 2020 (TA)	72%	65%	75%	54%	81%	63%
KS2 2019	75%	65%	59%	50%	73%	67%
KS2 2020 (TA)	69%	76%	68%	57%	77%	67%

RAINBOW EDUCATION MULTI-ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

Key performance indicators

	2020 - 2021
Key Stage 2	St Silas, Heygreen and Shoreside - above national – Leading Garston and St Gabriel's inline with national - Developing Croxteth to have improved to 50% combined - Beginning
Key Stage 1	Increase the percentage of children achieving expected standard in RWM Increased percentage of children achieving GDS in RWM
Early Years	Increase percentage of children achieving ARE so that at least 3 schools are at national (SS, G, ShS)
Phonics	Increase percentage of children passing PSC in Y2
MTC	75 % pass rate or higher across all schools

Financial review

Most of the Academy's income is obtained from Department for Education in the form of a General Annual Grant (GAG), the use of which is restricted to the objects of the Trust. The GAG received during the year ended 31 August 2020 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year ended 31 August 2020, total expenditure of £9,460,000 (2019: £7,408,000), was covered by grant funding from the DFE together with other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset funds) was £1,826,000 (2019: £11,444,000).

At 31 August 2020 the net book value of fixed assets was £17,839,000 (2019: £16,175,000). Movements in tangible fixed assets are shown in notes 13 and 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy Trust.

COVID-19 Impact

The Trust has worked hard and has been successful in minimising the impact of the COVID-19 pandemic. Virtual education sessions have been implemented by the Trust to the pupils, allowing them a consistent flow of education. The financial impact on the Trust has also not been too severe, as the only loss of income has been around the reduced opportunities to fundraise and to generate additional revenues through the public use of Trust facilities.

Where expenditure has increased, through free school meals vouchers and supply teaching to cover staff self-isolation, the Trust has utilised the opportunities to recoup funds from ESFA. No staff were furloughed during the lockdown.

Going concern

After making appropriate enquiries, the Trustees consider that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt an ongoing concern basis in preparing the financial statements. The Trustees are satisfied, having viewed budgets and cash flow forecasts, that the Trust is in a healthy financial position, particularly when considering the levels of reserves that the Trust has in place.

The Trust continues to plan for growth and will continue to work with vulnerable schools and invite them to join the Trust, should this be beneficial for both parties. Trustees believe that the Trust has the structure and mechanisms in place to increase its cohort of schools and still operate efficiently across existing and new schools.

The financial statements have been prepared in accordance with the accounting policies set out on pages 20 to 23 and comply with the charitable company's memorandum and articles of association, applicable laws and the requirements of the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in March 2015.

RAINBOW EDUCATION MULTI-ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

Reserves policy

The Trustees review the reserve levels of the Academy Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The Trustees will endeavour to keep an appropriate level of funds in reserve that it considers necessary for future operations and capital projects. Such reserves will provide sufficient working capital to cover delays between spending and receipt of grants and a contingency fund to deal with any unexpected emergencies.

As at 31st August 2020 the level of Trust reserves held in restricted funds not available for general purposes is £13,839,000 (2019: £11,996,000) plus a balance of unrestricted general funds of £1,054,000 (2019: £918,000) giving a net surplus of £14,893,000 (2019: £12,914,000).

Investment policy

The Trustees review on an annual basis the need to invest any substantial reserves.

Plans for future periods

The Academy Trust will continue to strive to improve the levels of performance of its students at all levels and will continue its efforts to ensure its students make a smooth and successful transition into secondary education.

The Trust will continue to build capacity to enable it to support additional schools across the Merseyside City Region.

Financial and risk management

As required by the Companies Act 2006, the major risks, to which the academy trust is exposed, as identified by the Trustees, have been reviewed, and systems and procedures have been established to manage those risks. There is minimal exposure to financial and liquidity risks as the Trust deals with largely bank balances, cash and trade creditors, with limited trade (and other) debtors.

Principal risks and uncertainties

The major risks, to which the academy is exposed, as identified by the Trustees, have been reviewed, and systems and procedures have been established to manage those risks.

The Academy Trust has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management, which is designed to protect the Trust's assets and reputation.

A risk register is maintained and is reviewed annually by the Trustees and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Trust and the actions being taken to reduce and mitigate the risks. Risks are to be prioritised using a consistent scoring system.

The risk register in place identified and reviewed the following risk areas:

- Safeguarding
- Reputational
- Physical
- Infrastructure
- Governance
- Staffing
- Students
- Financial
- Business continuity

RAINBOW EDUCATION MULTI-ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

Fundraising

The Trust conducts fundraising activities which support income generation including:

- Lettings
- Training events
- School led events
- Support provided by National Leaders of Education and Specialist Leaders of Education employed by the Trust

All fundraising activity is administered via appropriate staff employed by the Trust and support Trust objectives.

Occasionally the Academy Trust engages approved commercial participators within our fundraising activities, such as school photography sessions and agency supply where the Trust receives a commission in line with the volume of sales activity. The Trust monitored this through the engagement of senior staff and no complaints have ever been received by any parent or member of the public with regards to the processes the Trust use to fundraise. The Trust only ever seeks voluntary contributions and participators are always instructed not to unreasonably intrude on a person's privacy, unreasonably persist with an individual for the purpose of procuring money and to ensure that no undue pressure is placed on anyone to give money or other property.


AUDITOR

RSM UK Audit LLP have indicated a willingness to remain in office.

Statement as to disclosure of information to auditor

The Trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Trustees report is approved by order of the Board of Trustees and the strategic report (included therein) is approved by the Board of Trustees in their capacity as the directors at a meeting on ~~22 January 2021~~ and signed on its behalf by:



David Cadwallader
Chair of Trustees

RAINBOW EDUCATION MULTI-ACADEMY TRUST

GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Rainbow Education 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 Trustees have 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 Rainbow Education Multi Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the any material weaknesses or breakdown in internal control.

As Trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The Board of Trustees has delegated the day-to-day responsibility to the principal, 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 Rainbow Education Multi-Academy Trust and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Trustees have formally met three times during the year. The frequency of the meetings have been temporarily reduced, due to the pandemic.

Attendance during the year at meetings of the Trustees was as follows:

Trustees	Meetings attended	Out of possible
Mr Francis Maguire*	0	0
Mr Jonathan Nichols	3	3
Mr David Cadwallader (Chairperson)	3	3
Mr Robert Wyn Jones	3	3
Mrs Lorraine Partington (Vice Chairperson)	3	3
Mr Jonathan Everard	3	3
Miss Sara Ngenda	3	3
Miss Rajdeep Dosanjh	3	3
Miss Laura Curran (Resigned 28 September 2020)	2	3
Mr Chad Thompson*	0	0
Mr Henry Mooney*	0	0
Ms Nichola James	3	3
Fr Richard Peers* (Resigned 8 September 2020)	0	0
Mrs Katherine Newey Bayes (Appointed 21 January 2020)	2	2
Reverend Nicola Milford (Appointed 16 September 2020)	0	0
Mr Kenneth Heaton (Appointed 1 September 2020)	0	0

* Members do not attend trustee's meetings.

Trustees were informed and approved of the Trust's financial position through the year via online updates, in view of the fact that face to face meetings had to be reduced in relation to the national lockdown for almost half of the academic year.

RAINBOW EDUCATION MULTI-ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

The following Trustees also form the Finance & Audit Sub-Committee: Jonathan Nichols, Dave Cadwallader, Jonathan Everard, Rajdeep Dosanjh and Robert Wyn Jones.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Mr Jonathan Nichols	2	2
Mr David Cadwallader (Chairperson)	2	2
Mr Robert Wyn Jones	2	2
Mr Jonathan Everard	2	2
Miss Rajdeep Dosanjh	2	2

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 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 improved value for money by:

- concentrating on the quality of teaching and learning throughout the trust, with this being led by recognised practitioners at each key stage. One outcome can be seen in significantly improved scores reported in this narrative.
- The Trust has focused on targeted improvement linked to the School Development Plan of the Academy to ensure maximum impact on outcomes for pupils in these key areas. This has included ensuring that all schools deliver a broad and balanced trust wide curriculum offer to all children.

The Trust development plan have focused on improving the quality of teaching by ensuring all teaching staff understand the science of learning and formative assessment.

The schools continue to actively promote the wider use of digital media to further engage pupils in their learning and to accelerate their progress across all subjects. All schools continue to provide experimental learning opportunities for all children to widen their understanding of the world. These experiences have a positive impact on behaviour and attainment, especially in writing across the school.

As a result of the increasing emotional and social needs presented by children, the Academy has developed the pastoral support team by appointed a fully trained and qualified social worker to work in partnership with the Child Development and Welfare Officer to support all children and families who attend a trust school.

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 Rainbow Education Multi Academy Trust for the year ended 31 August 2020 and up to the date of approval of the annual report and financial statements.

RAINBOW EDUCATION MULTI-ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

Capacity to handle risk

The Trustees have 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 are of the view that there is a formal on-going process for identifying, evaluating and managing the academy trusts' significant risks that has been in place for the year ending 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the trust.

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 system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts 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 control function and, for this financial year, appointed RSM UK Audit LLP as internal auditor. Due to changes in ESFA regulations, the Trust will be required, in future, to appoint a third party to perform the annual internal control review.

The internal auditor's role includes giving advice on financial matters and performing a range of checks of the Academy Trust's financial systems. In particular, the checks carried out in the current period included:

- testing of payroll systems
- testing of purchase systems
- testing of bank reconciliations
- testing of debtors and creditors reconciliations
- review of financial policies and procedures
- review of value for money procedures

On an annual basis, internal audit reports to the Board of Trustees on the operations of the systems of control and on discharge of the Board of Trustees' financial discharge.

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;

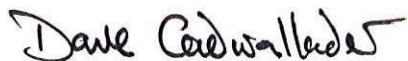
- the work of the internal reviewer;
- the work of the external auditor;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework;

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by Board of Trustees and a plan to ensure continuous improvement of the system is in place.

RAINBOW EDUCATION MULTI-ACADEMY TRUST

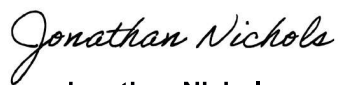
GOVERNANCE STATEMENT (CONTINUED)

Approved by order of the Board of Trustees on



David Cadwallader
Chairperson

and signed on its behalf by:



Jonathan Nichols
Accounting Officer

RAINBOW EDUCATION MULTI-ACADEMY TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Rainbow Education 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 discovered after the date of this statement, these will be notified to the Board of Trustees and ESFA.



Mr Jonathan Nichols
Accounting Officer

22 January 2021
.....

RAINBOW EDUCATION MULTI-ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who also act as trustees for Rainbow Education Multi-Academy Trust) are responsible for preparing the Trustees' report (including the strategic report) and the financial statements in accordance with the Academies Accounts Direction 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 financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these financial statements, the Trustees are required to:

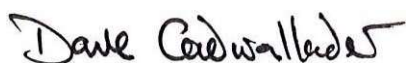
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

Approved by order of the members of the Board of Trustees on 21 January 2021 and signed on its behalf by:



David Cadwallader
Chair of Trustees

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

Opinion

We have audited the financial statements of Rainbow Education Multi-Academy Trust (the "charitable company") 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 financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- 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 Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

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 financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements 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 financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company'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 financial statements are authorised for issue.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 financial statements 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.

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 and the incorporated Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report and the incorporated Strategic Report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report and 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 financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 14, the Trustees (who act as trustees for the charitable activities of the charitable company are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company'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 to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 financial statements.

A further description of our responsibilities for the audit of the financial statements 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.

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 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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Karen Musgrave (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Bluebell House
Brian Johnson Way
Preston
Lancashire, PR2 5PE

.....
26 January 2021

RAINBOW EDUCATION MULTI-ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2020 £'000	Total 2019 £'000
Income and endowments from:						
Donations and capital grants	3	1	-	750	751	89
Donations - transfer from local authority on conversion	27	8	(239)	1,845	1,614	11,797
Charitable activities:						
- Funding for educational operations	4	-	8,716	-	8,716	6,640
Other trading activities	5	204	-	-	204	325
Investments	6	1	-	-	1	1
Total		<u>214</u>	<u>8,477</u>	<u>2,595</u>	<u>11,286</u>	<u>18,852</u>
Expenditure on:						
Charitable activities:						
- Educational operations	8	78	9,121	261	9,460	7,408
Total	7	<u>78</u>	<u>9,121</u>	<u>261</u>	<u>9,460</u>	<u>7,408</u>
Net income/(expenditure)		136	(644)	2,334	1,826	11,444
Other recognised gains/(losses)						
Actuarial gains/(losses) on defined benefit pension schemes	25	-	153	-	153	(1,021)
Net movement in funds		136	(491)	2,334	1,979	10,423
Reconciliation of funds						
Total funds brought forward		918	(4,211)	16,207	12,914	2,491
Total funds carried forward		<u>1,054</u>	<u>(4,702)</u>	<u>18,541</u>	<u>14,893</u>	<u>12,914</u>

RAINBOW EDUCATION MULTI-ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Tangible assets	14	17,839	16,175
Current assets			
Debtors	15	909	451
Cash at bank and in hand		1,618	940
		<u>2,527</u>	<u>1,391</u>
Current liabilities			
Creditors: amounts falling due within one year	16	(700)	(441)
Net current assets		<u>1,827</u>	<u>950</u>
Net assets excluding pension liability		<u>19,666</u>	<u>17,125</u>
Defined benefit pension scheme liability	25	(4,773)	(4,211)
Total net assets		<u><u>14,893</u></u>	<u><u>12,914</u></u>
Funds of the academy trust:			
Restricted funds	18		
- Restricted fixed asset funds		18,541	16,207
- Restricted income funds		71	-
- Pension reserve		(4,773)	(4,211)
Total restricted funds		<u>13,839</u>	<u>11,996</u>
Unrestricted income funds	18	<u>1,054</u>	<u>918</u>
Total funds		<u><u>14,893</u></u>	<u><u>12,914</u></u>

The financial statements on pages 17 to 40 were approved by the Board of Trustees and authorised for issue on and are signed on their behalf by:

Jonathan Nichols
Accounting Officer

David Cadwallader
Chairperson

Jonathan Nichols

David Cadwallader

RAINBOW EDUCATION MULTI-ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2020

		2020		2019	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Net cash (used in)/provided by operating activities	22		(1)		113
Cash funds transferred on conversion			8		40
			<u>7</u>		<u>153</u>
Cash flows from investing activities					
Dividends, interest and rents from investments		1		1	
Capital grants from DfE Group		710		-	
Capital funding received from sponsors and others		40		88	
Purchase of tangible fixed assets		(80)		(56)	
		<u> </u>		<u> </u>	
Net cash provided by investing activities			671		33
			<u> </u>		<u> </u>
Net increase in cash and cash equivalents in the reporting period			678		186
Cash and cash equivalents at beginning of the year			940		754
			<u> </u>		<u> </u>
Cash and cash equivalents at end of the year			<u>1,618</u>		<u>940</u>

RAINBOW EDUCATION MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

General information

Rainbow Education Multi-Academy Trust is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Trustees' report.

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.

Basis of preparation

The financial statements of the academy trust 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 financial statements 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. The academy trust is a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

The financial statements are presented in sterling which is also the functional currency of the academy trust.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

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 are satisfied, having viewed budgets and cash flow forecasts, that the Trust is in a healthy financial position, particularly when considering the levels of reserves that the Trust has in place. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements 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 financial statements.

Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from St Gabriels C of E Primary School to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in (for net gain) donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 27.

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.

RAINBOW EDUCATION MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies (Continued)

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

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.

Donations

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

Other income

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

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 to further its charitable aims for the benefit of the beneficiaries, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

RAINBOW EDUCATION MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies (Continued)

Intangible fixed assets and amortisation

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Purchased computer software	3 years straight line
-----------------------------	-----------------------

Tangible fixed assets and depreciation

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

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

Depreciation is provided on all tangible fixed assets other than freehold land, so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Land and buildings	2% straight line
Computer equipment	25% straight line
Fixtures, fittings and equipment	25% straight line

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.

Liabilities

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

Leased assets

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

Financial instruments

The academy trust has chosen to adopt Sections 11 of FRS 102 in full in respect of financial instruments.

RAINBOW EDUCATION MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies (Continued)

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.

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'), which are multi-employer defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently there is insufficient information to use defined benefit accounting, it is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The LGPS is a funded multi-employer scheme and the assets are held separately. 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 reporting date. The amounts charged to net income 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 as other comprehensive income. Actuarial gains and losses are recognised immediately as other comprehensive income.

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 & Skills Funding Agency/Department for Education.

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.

RAINBOW EDUCATION 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)

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, 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 2019 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 Trustees do not consider there to be any areas of judgement that are critical to the Academy Trust's financial statements

3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000	Total 2019 £'000
Capital grants	-	750	750	88
Other donations	1	-	1	1
	<u>1</u>	<u>750</u>	<u>751</u>	<u>89</u>

The income from donations and capital grants was £751,000 (2019: £89,000) of which £1,000 was unrestricted (2019: £1,000) and £750,000 was restricted fixed assets (2019: £88,000).

RAINBOW EDUCATION 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 £'000	Restricted funds £'000	Total 2020 £'000	Total 2019 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	6,548	6,548	5,034
Other DfE group grants	-	1,539	1,539	1,430
	-----	-----	-----	-----
	-	8,087	8,087	6,464
	=====	=====	=====	=====
Other government grants				
Local authority grants	-	629	629	176
	-----	-----	-----	-----
	-	8,716	8,716	6,640
	=====	=====	=====	=====

The income from funding for educational operations was £8,716,000 (2019: £6,640,000) of which £8,716,000 was restricted (2019: £6,640,000).

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000	Total 2019 £'000
Other income	204	-	204	325
	-----	-----	-----	-----

The income from other trading activities was £204,000 (2019: £325,000) of which £204,000 was unrestricted (2019: £325,000).

6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000	Total 2019 £'000
Interest from short term deposits	1	-	1	1
	-----	-----	-----	-----

The income from funding for investment income was £1,000 (2019: £1,000) of which £1,000 was unrestricted (2019: £1,000).

RAINBOW EDUCATION MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

7 Expenditure

	Staff costs £'000	Non Pay Premises £'000	Expenditure Other £'000	Total 2020 £'000	Total 2019 £'000
Academy's educational operations					
- Direct costs	5,812	-	170	5,982	4,499
- Allocated support costs	1,377	831	1,270	3,478	2,909
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total support costs	7,189	831	1,440	9,460	7,408
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Net income/(expenditure) for the year includes:	2020 £'000	2019 £'000
Operating lease rentals	31	49
Depreciation of tangible fixed assets	261	178
Amortisation of intangible fixed assets	-	8
Net interest on defined benefit pension liability	80	69
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
- Audit	16	14
- Other services	3	3
	<u> </u>	<u> </u>

8 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000	Total 2019 £'000
Direct costs				
Educational operations	1	5,981	5,982	4,499
Support costs				
Educational operations	77	3,401	3,478	2,909
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	78	9,382	9,460	7,408
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The expenditure on charitable activities was £9,460,000 (2019: £7,408,000) of which £78,000 was unrestricted (2019: £10,000), £9,121,000 was restricted (2019: £7,212,000) and £261,000 was restricted fixed assets (2019: £186,000).

	2020 £'000	2019 £'000
Analysis of support costs		
Support staff costs	1,385	1,175
Depreciation and amortisation	261	186
Premises costs	570	366
Legal costs	397	430
Other support costs	833	730
Governance costs	32	22
	<u> </u>	<u> </u>

RAINBOW EDUCATION MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

8 Charitable activities (Continued)

	3,478	2,909
	<u> </u>	<u> </u>

9 Staff

Staff costs

Staff costs during the year were:

	2020	2019
	£'000	£'000
Wages and salaries	5,108	3,904
Social security costs	446	335
Pension costs	1,487	1,079
	<u> </u>	<u> </u>
Staff costs - employees	7,041	5,318
Agency staff costs	130	151
Staff restructuring costs	18	53
	<u> </u>	<u> </u>
	7,189	5,522
Staff development and other staff costs	8	-
	<u> </u>	<u> </u>
Total staff expenditure	7,197	5,522
	<u> </u>	<u> </u>

Staff restructuring costs comprise:

Severance payments	18	53
	<u> </u>	<u> </u>

Non statutory/non-contractual staff severance payments

The severance payment of £18,000 was paid to one individual on 20 December 2019.

Included in staff restructuring costs in the prior year are non-statutory/non-contractual severance payments totalling £52,685. Individually, the payments were: £27,000; £9,851 and £15,834.

Staff numbers

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

	2020	2019
	Number	Number
Teachers	77	60
Administration and support	162	140
Management	6	5
	<u> </u>	<u> </u>
	245	205
	<u> </u>	<u> </u>

RAINBOW EDUCATION MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

9 Staff (Continued)

Higher paid staff

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

	2020 Number	2019 Number
£60,001 - £70,000	-	1
£70,001 - £80,000	2	1
£90,001 - £100,000	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 £532,020 (2019: £518,230).

10 Central services

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

- human resources;
- financial services;
- legal services;
- educational support services;
- estates management;

The academy trust charges for these services on the basis of costs incurred.

The amounts charged during the year were as follows:

	2020 £'000	2019 £'000
St Silas C of E Primary School	1,344	82
Heygreen Community Primary School	413	65
Rainbow Trust	-	-
Garston C of E Primary School	287	60
Croxteth Community Primary School	(20)	46
Shoreside Primary School	38	38
St Gabriels C of E Primary School	73	-
	<u> </u>	<u> </u>
	2,135	291
	<u> </u>	<u> </u>

RAINBOW EDUCATION MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

11 Trustees' remuneration and expenses

One of the Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal only receives remuneration in respect of services he provides undertaking the role of principal under his contract of employment, and not in respect of his services as a trustee.

The value of Trustees' remuneration and other benefits was as follows:

J Nichols (executive headteacher):

Remuneration £94,416 (2019: £94,416)

Employer's pension contributions paid £22,358 (2019: £14,357).

Expenses paid to trustees in relation to travel expenses during the year amounted to £nil (2019 - £56 paid to one trustee).

12 Trustees and officers' insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the year ended 31 August 2020 was not separately identifiable, but is included within the total insurance cost.

13 Intangible fixed assets

	Computer software £'000
Cost	
At 1 September 2019 and at 31 August 2020	22
	—
Amortisation	
At 1 September 2019 and at 31 August 2020	22
	—
Carrying amount	
At 31 August 2020	-
	—
At 31 August 2019	-
	—

RAINBOW EDUCATION MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

14 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings and equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 September 2019	16,418	99	49	16,566
Transfer on conversion	1,845	-	-	1,845
Additions	60	8	12	80
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 August 2020	18,323	107	61	18,491
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation				
At 1 September 2019	335	47	9	391
Charge for the year	229	23	9	261
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 August 2020	564	70	18	652
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value				
At 31 August 2020	17,759	37	43	17,839
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 August 2019	16,083	52	40	16,175
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

15 Debtors

	2020 £'000	2019 £'000
Trade debtors	8	43
VAT recoverable	125	100
Prepayments and accrued income	776	308
	<u> </u>	<u> </u>
	909	451
	<u> </u>	<u> </u>

16 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	206	105
Other taxation and social security	101	85
Other creditors	110	81
Accruals and deferred income (see note 17)	283	170
	<u> </u>	<u> </u>
	700	441
	<u> </u>	<u> </u>

RAINBOW EDUCATION MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

17 Deferred income

	2020 £'000	2019 £'000
Deferred income is included within:		
Creditors due within one year	67	71
	<u>67</u>	<u>71</u>
Deferred income at 1 September 2019	71	63
Released from previous years	(71)	(63)
Resources deferred in the year	67	71
	<u>67</u>	<u>71</u>
Deferred income at 31 August 2020	<u>67</u>	<u>71</u>

At the balance sheet date the academy trust was holding funds received in advance for free school meals.

18 Funds

	Balance at 1 September 2019 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2020 £'000
Restricted general funds					
General Annual Grant (GAG)	-	6,548	(6,477)	-	71
Other DfE / ESFA grants	-	1,539	(1,539)	-	-
Other government grants	-	629	(629)	-	-
Pension reserve	(4,211)	(239)	(476)	153	(4,773)
	<u>(4,211)</u>	<u>8,477</u>	<u>(9,121)</u>	<u>153</u>	<u>(4,702)</u>
Restricted fixed asset funds					
Inherited on conversion	14,257	1,845	(229)	-	15,873
DfE group capital grants	1,273	750	(21)	-	2,002
Private sector capital sponsorship	677	-	(11)	-	666
	<u>16,207</u>	<u>2,595</u>	<u>(261)</u>	<u>-</u>	<u>18,541</u>
Total restricted funds	<u>11,996</u>	<u>11,072</u>	<u>(9,382)</u>	<u>153</u>	<u>13,839</u>
Unrestricted funds					
General funds	918	214	(78)	-	1,054
	<u>918</u>	<u>214</u>	<u>(78)</u>	<u>-</u>	<u>1,054</u>
Total funds	<u>12,914</u>	<u>11,286</u>	<u>(9,460)</u>	<u>153</u>	<u>14,893</u>

RAINBOW EDUCATION MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

18 Funds (Continued)

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

Restricted general fund

This fund represents grants received for the Academy's operational activities and development.

Fixed assets fund

These grants relate to funding from the DfE, ESFA and private sponsors to carry out works of a capital nature as part of the school improvement plan.

Other restricted funds

These funds relate to monies received from the local government, private sector and private sponsors to carry out works of a capital or revenue nature.

Unrestricted funds

This fund primarily relates to income from lettings and teaching school income.

Funds prior year

	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2019 £'000
Restricted general funds					
General Annual Grant (GAG)	25	5,034	(5,223)	164	-
Other DfE / ESFA grants	-	1,430	(1,430)	-	-
Other government grants	-	176	(176)	-	-
Pension reserve	(1,764)	(1,043)	(383)	(1,021)	(4,211)
	<u>(1,739)</u>	<u>5,597</u>	<u>(7,212)</u>	<u>(857)</u>	<u>(4,211)</u>
Restricted fixed asset funds					
Transfer on conversion	1,539	12,800	(82)	-	14,257
DfE group capital grants	1,251	88	(66)	-	1,273
Private sector capital sponsorship	715	-	(38)	-	677
	<u>3,505</u>	<u>12,888</u>	<u>(186)</u>	<u>-</u>	<u>16,207</u>
Total restricted funds	<u>1,766</u>	<u>18,485</u>	<u>(7,398)</u>	<u>(857)</u>	<u>11,996</u>
Unrestricted funds					
General funds	725	367	(10)	(164)	918
Total funds	<u>2,491</u>	<u>18,852</u>	<u>(7,408)</u>	<u>(1,021)</u>	<u>12,914</u>

RAINBOW EDUCATION 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 £'000	2019 £'000
Fund balances at 31 August 2020 were allocated as follows:		
St Silas C of E Primary School	-	973
Heygreen Community Primary School	-	365
Rainbow Trust	1,125	(528)
Garston C of E Primary School	-	90
Croxteth Community Primary School	-	44
Shoreside Primary School	-	(26)
St Gabriels C of E Primary School	-	-
	<hr/>	<hr/>
Total before fixed assets fund and pension reserve	1,125	918
Restricted fixed asset fund	18,541	16,207
Pension reserve	(4,773)	(4,211)
	<hr/>	<hr/>
Total funds	14,893	12,914
	<hr/> <hr/>	<hr/> <hr/>

The Trust has now begun GAG pooling and as such individual schools within the Trust no longer hold funds balance and all funds are held within the central trust.

Total cost analysis by academy

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

	Teaching and educational support staff £'000	Other support staff costs £'000	Educational supplies £'000	Other costs excluding depreciation £'000	Total 2020 £'000	Total 2019 £'000
St Silas C of E Primary School	1,358	169	53	337	1,917	1,993
Heygreen Community Primary School	900	77	22	352	1,351	1,443
Rainbow Trust	146	187	6	105	444	549
Garston C of E Primary School	738	130	25	225	1,118	1,173
Croxteth Community Primary School	1,217	238	30	310	1,795	1,156
Shoreside Primary School	626	92	22	235	975	908
St Gabriels C of E Primary School	828	89	10	197	1,124	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	5,813	982	168	1,761	8,724	7,222
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

RAINBOW EDUCATION 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 £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Fund balances at 31 August 2020 are represented by:				
Tangible fixed assets	-	-	17,839	17,839
Current assets	1,054	771	702	2,527
Creditors falling due within one year	-	(700)	-	(700)
Defined benefit pension liability	-	(4,773)	-	(4,773)
Total net assets	<u>1,054</u>	<u>(4,702)</u>	<u>18,541</u>	<u>14,893</u>

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	16,175	16,175
Current assets	918	441	32	1,391
Creditors falling due within one year	-	(441)	-	(441)
Defined benefit pension liability	-	(4,211)	-	(4,211)
Total net assets	<u>918</u>	<u>(4,211)</u>	<u>16,207</u>	<u>12,914</u>

20 Capital commitments

	2020 £'000	2019 £'000
Expenditure contracted for but not provided in the financial statements	43	-
	<u>43</u>	<u>-</u>

21 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 £'000	2019 £'000
Amounts due within one year	59	29
Amounts due between one and five years	64	21
Amounts due after five years	1	-
	<u>124</u>	<u>50</u>

RAINBOW EDUCATION MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

22 Reconciliation of net income to net cash flow from operating activities	2020 £'000	2019 £'000	
Net income for the reporting period (as per the statement of financial activities)	1,826	11,444	
Adjusted for:			
Net surplus on conversion to academy	(1,614)	(11,797)	
Capital grants from DfE and other capital income	(750)	(88)	
Interest receivable	(1)	(1)	
Defined benefit pension scheme costs less contributions payable	396	314	
Defined benefit pension scheme finance cost	80	69	
Depreciation of tangible fixed assets	261	178	
Amortisation of intangible fixed assets	-	8	
Movements in working capital:			
(Increase) in debtors	(458)	(117)	
Increase in creditors	259	103	
Net cash (used in)/provided by operating activities	(1)	113	
23 Analysis of changes in net funds	1 September 2019 £'000	Cash flows £'000	31 August 2020 £'000
Cash	940	678	1,618

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.

25 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 Mercer. Both are multi-employer defined benefit schemes.

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 £110,552 were payable to the schemes at 31 August 2020 (2019: £Nil) and are included within creditors.

RAINBOW EDUCATION MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

25 Pension and similar obligations (Continued)

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions 2014. DfE has agreed to pay a teacher's pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

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.

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 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 except it has been prepared following the Government's decision to pause the operation of the cost control mechanisms at the time when legal challenges were still pending.

The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £218 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £196 billion
- Notional past service deficit of £22 billion
- Discount rate is 2.4% in excess of CPI

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from from September 2019 onwards (compared to 16.48% during 2019/20.)

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

The employer's pension costs paid to the TPS in the period amounted to £878,211 (2019: £571,870).

The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme as a defined benefit plan so it is accounted for as a defined contribution plan.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £533,000 (2019 - £459,000), of which employer's contributions totalled £421,000 (2019 - £367,000) and employees' contributions totalled £112,000 (2019 - £92,000). The agreed contribution rates for future years are 16.5% per cent for employers and 5.5-12.5% per cent for employees.

As described in note 27 the LGPS obligation relates to the employees of the academy trust, being the employees transferred as part of the conversion from the maintained school and new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

RAINBOW EDUCATION MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

25 Pension and similar obligations (Continued)

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

The past service cost of £185,000 recognised in the prior year relates to the effect of the McCloud judgement regarding age discrimination in respect of public service pensions.

Total contributions made	2020	2019
	£'000	£'000
Employer's contributions	421	367
Employees' contributions	112	92
	<hr/>	<hr/>
Total contributions	533	459
	<hr/> <hr/>	<hr/> <hr/>

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 August 2020 by a qualified independent actuary.

	2020	2019
	%	%
Rate of increase in salaries	3.9	3.6
Rate of increase for pensions in payment/inflation	2.5	2.2
Discount rate for scheme liabilities	1.8	1.8
Inflation assumption (CPI)	2.4	2.1
	<hr/> <hr/>	<hr/> <hr/>

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

	2020	2019
	Years	Years
Retiring today		
- Males	20.9	22.2
- Females	24.0	25.0
Retiring in 20 years		
- Males	22.5	25.2
- Females	25.9	27.9
	<hr/> <hr/>	<hr/> <hr/>

RAINBOW EDUCATION MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

25 Pension and similar obligations (Continued)

The academy trust's share of the assets in the scheme	2020 Fair value £'000	2019 Fair value £'000
Equities	1,056	720
Government bonds	54	144
Other bonds	299	79
Cash/liquidity	118	126
Property	197	45
Other assets	447	295
Total fair value of assets	<u>2,171</u>	<u>1,409</u>

The actual return on scheme assets was £63,000 (2019: £60,000).

Amount recognised in the Statement of Financial Activities	2020 £'000	2019 £'000
Current service cost	758	488
Net interest cost	80	69
Plan introductions, changes, gain/(loss) on curtailment and gain/(loss) on settlement	59	193
Total operating charge	<u>897</u>	<u>750</u>

Changes in the present value of defined benefit obligations	2020 £'000
At 1 September 2019	5,620
Obligations acquired on conversion	458
Current service cost	758
Interest cost	113
Employee contributions	112
Actuarial (gain)/loss	(123)
Benefits paid	(44)
Past service cost	50
At 31 August 2020	<u>6,944</u>

RAINBOW EDUCATION MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

25 Pension and similar obligations (Continued)

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

	2020 £'000
At 1 September 2019	1,409
Assets acquired on conversion	219
Interest income	33
Return on plan assets (excluding net interest on the net defined pension liability)	30
Employer contributions	421
Employee contributions	112
Benefits paid	(44)
Effect of non-routine settlements	(9)
	<hr/>
At 31 August 2020	2,171
	<hr/> <hr/>

26 Related party transactions

All transactions involving related parties or connected parties are in accordance with the requirements of the AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, the trust's financial regulations and normal procurement procedures, unless otherwise stated.

Purchases of £44,748 (2019: £116,731) were made from School Improvements Liverpool, a company where David Cadwallader is employed. Included within trade creditors are amounts of £11,785 (2019: £16,163) owed to School Improvements Liverpool.

27 Conversion to an academy

On 1 September 2019 the St Gabriels C of E Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Rainbow Education Multi-Academy Trust from the Liverpool Local Authority for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the statement of financial activities as donations – transfer from local authority on.

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 Gabriels C of E Primary School	Liverpool	1 September 2019

RAINBOW EDUCATION MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

27 Conversion to an academy (Continued)

	Unrestricted	Restricted funds:		Total
	funds	General	Fixed asset	2020
Net assets transferred:	£'000	£'000	£'000	£'000
Freehold land and buildings	-	-	1,845	1,845
Cash	8	-	-	8
Pension scheme deficit	-	(239)	-	(239)
	<u>8</u>	<u>(239)</u>	<u>1,845</u>	<u>1,614</u>
	<u><u>8</u></u>	<u><u>(239)</u></u>	<u><u>1,845</u></u>	<u><u>1,614</u></u>

	Unrestricted	Restricted funds:		Total
	funds	General	Fixed asset	2020
Funds surplus/(deficit) transferred:	£'000	£'000	£'000	£'000
Fixed assets funds	-	-	1,845	1,845
LA budget funds	8	-	-	8
LGPS pension funds	-	(239)	-	(239)
	<u>8</u>	<u>(239)</u>	<u>1,845</u>	<u>1,614</u>
	<u><u>8</u></u>	<u><u>(239)</u></u>	<u><u>1,845</u></u>	<u><u>1,614</u></u>

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

Conclusion

We have carried out an engagement in accordance with the terms of our engagement letter dated 12 July 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, to obtain limited assurance about whether the expenditure disbursed and income received by Rainbow Education 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.

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.

Basis for conclusion

The framework that has been applied is set out in the Academies Accounts Direction 2019 to 2020 Part 9: Regularity Reporting. We are independent of Rainbow Education Multi-Academy Trust in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of Rainbow Education Multi-Academy Trust's accounting officer and Trustees

The accounting officer is responsible, under the requirements of Rainbow Education Multi-Academy Trust's funding agreement with the Secretary of State for Education dated 1 December 2015 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.

Reporting Accountant's responsibilities for reporting on regularity

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.

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 the procedures vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

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 identified by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the funding agreement with the Secretary of State for Education, the Academies Financial Handbook 2019 published by the Education and Skills Funding Agency and high level financial control areas where we identified a material risk of irregularity is likely to arise. It also included areas assessed as presenting a higher risk of impropriety. We undertook detailed testing, on a sample basis, based on the identified areas where a material irregularity is likely to arise, or potential impropriety where such areas are in respect of controls, policies and procedures that apply to classes of transactions. Our work was undertaken with due regard to the 'Evidence to support conclusion on regularity' guidance in Academies Accounts Direction 2019 to 2020.

This work was integrated with our audit on the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

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

Use of our report

This report is made solely to Rainbow Education Multi-Academy Trust and the ESFA in accordance with the terms of our engagement letter dated 12 July 2018. Our work has been undertaken so that we might state to the Rainbow Education Multi-Academy Trust and the 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 Rainbow Education Multi-Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.



RSM UK Audit LLP

Chartered accountants

Bluebell House

Brian Johnson Way

Preston

Lancashire

PR2 5PE

Dated: 26 January 2021
.....
