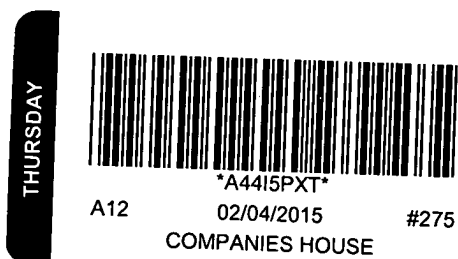


Registered number: 08039629

The Dover Federation for the Arts
(A company limited by guarantee)

Trustees' report and financial statements

For the year ended 31 August 2014



The Dover Federation for the Arts
(A company limited by guarantee)

Contents

	Page
Reference and administrative details of the academy trust, its trustees and advisers	1 - 2
Trustees' report	3 - 11
Governance statement	12 - 14
Statement on regularity, propriety and compliance	15
Trustees' responsibilities statement	16
Independent auditors' report	17 - 18
Independent reporting accountant's assurance report on regularity	19 - 20
Statement of financial activities	21
Balance sheet	22
Cash flow statement	23
Notes to the financial statements	24 - 47

The Dover Federation for the Arts
(A company limited by guarantee)

Reference and administrative details of the Academy Trust, its trustees and advisers
For the year ended 31 August 2014

Members & Trustees

Mr C J Russell, Chief Executive^{1,2,3}
Mr J A Peall, Chair of Board of Directors^{1,2,3}
Mrs C A Boxall¹
Mr B J Williams, Chair of Board of Trustees^{1,2,3}

Trustees

Mrs L Hannent^{1,2}
Mrs C Donovan¹
Mr B Eccles, Responsible Officer^{1,2,3}
Mrs A Billing¹
Mr G Snellin, Chair of Business Committee^{1,2,3}
Mr J Hood¹
Mrs U Mills¹

- ¹ Member of Board of Directors
² Member of Business Committee
³ Member of Audit Committee

Company registered number

08039629

Principal and registered office

Astor College
Astor Avenue
Dover
Kent
CT17 0AS

Company secretary

Miss R S Tolhurst

Chief executive

Mr C J Russell

Federation Leadership Team

Mr E Pallant, Principal of Astor College
Mr D Meades, Principal of Barton Junior School and Shatterlocks Infant and Nursery School
Mrs S Knight Fotheringham, Principal of White Cliffs Primary College for the Arts
Ms M Cressey, Director of Finance
Mr M Doole, Director of Operations

Independent auditors

Reeves & Co LLP
Statutory Auditor
Chartered Accountants
37 St Margaret's Street
Canterbury
Kent
CT1 2TU

The Dover Federation for the Arts
(A company limited by guarantee)

Reference and administrative details of the Academy Trust, its trustees and advisers
For the year ended 31 August 2014

Administrative details (continued)

Bankers

National Westminster Bank Plc
25 Market Square
Dover
Kent
CT16 1NG

Solicitors

Furley Page LLP
39 St Margaret's Street
Canterbury
Kent
CT1 2TX

Member Schools

Astor College (AC)
Barton Junior School (BJS)
White Cliffs Primary College (WCPC)
Shatterlocks Infant and Nursery School (SINS)
Pebbles Nursery (PB)

Other addresses

Barton Junior School
Barton Road
Dover
Kent
CT16 2ND

White Cliffs Primary College for the Arts
St Radigunds Road
Dover
Kent
Ct17 0LB

Shatterlocks Infant and Nursery School
Heathfield Avenue
Dover
Kent
CT16 2PB

Websites

www.thedoverfederationforthearts.org
www.astorcollege.org
www.bartonjuniorschool.org
www.whitecliffsprimarycollege.org
www.shatterlocks.com

The Dover Federation for the Arts
(A company limited by guarantee)

Trustees' report
For the year ended 31 August 2014

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of The Dover Federation for the Arts (the Academy Trust) for the ended 31 August 2014. The Trustees confirm that the Annual report and financial statements of the Academy Trust comply with the current statutory requirements, the requirements of the Academy Trust's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

Structure, governance and management

a. Constitution

The Dover Federation for the Arts 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 Dover Federation for the Arts is a federation of four separate academies which come under the aegis of the Multi Academy Trust. In addition, the Trust operates a private nursery provision.

The constituent entities coming under the aegis of the Dover Federation for the Arts Multi Academy Trust are:

Astor College (11-19), White Cliffs Primary College for the Arts (4-11) Barton Junior School (7-11), Shatterlocks Infants School (4-7), Shatterlocks Nursery (3-5) and Pebbles Nursery (2-5).

The age range of children at each of the provisions is shown in brackets. The provisions trade under the names listed above.

There are eleven Trustees for the charitable activities who also act as Directors of the charitable company for the purposes of company law. The Charitable Company is known as The Dover Federation for the Arts.

There is a single Board of Directors consisting of the eleven Trustees with responsibility for all the provisions operated by the Multi-Academy Trust. The Board of Directors fulfils the range of functions traditionally undertaken by a governing body and is assisted in carrying out these functions by a range of volunteers and professional advisers which include the members of the Federation Leadership Team.

The Board of Directors has three committees which oversee various aspects of the business; these are the Education Committee, Business Committee, and Audit Committee.

b. Members' liability

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

c. Trustees' indemnities

Subject to the provisions of the Companies Act 2006, the Trust maintains directors' and officers' liability insurance which gives appropriate cover for any liability incurred or legal action brought against them in connection with their acting in their capacity as trustees of the Trust.

d. Principal activities

The principal activity of the Trust is to provide education to students within their designated age ranges. In addition, Pebbles Nursery provides childcare for pre-school age children.

The Dover Federation for the Arts
(A company limited by guarantee)

Trustees' report (continued)
For the year ended 31 August 2014

e. Method of recruitment and appointment or election of Trustees

There are currently eleven registered Trustees with no limit on the maximum number who may be appointed.

All of the existing trustees were appointed by virtue of their previous role as governors of The Dover Federation for the Arts. New appointments in the future will be based on personal competence commitment, integrity and local availability.

f. Policies and procedures adopted for the induction and training of Trustees

New Trustees and Directors are inducted into the workings of the Multi Academy Trust and the requirements of the academies as companies and exempt charities. Training courses have been provided for Trustees during the year to allow them to fulfil their duties effectively.

g. Organisational structure

The management structure of the Dover Federation for the Arts Multi Academy Trust consists of the Board of Directors and the Directors' committees and the Federation Leadership Team (FLT). The FLT consists of the Chief Executive, the Principals of the four schools, the Director of Operations and the Director of Finance.

The Board of Directors is responsible for setting the general policy, adopting an annual budget, monitoring performance and making major decisions about the direction of the Multi Academy Trust and the Federation, capital expenditure and senior staff appointments.

The FLT oversees the operation of the educational provisions, provides advice and guidance to the Board of Directors and is responsible for strategic decision making as well as ensuring that the policies agreed by the Board of Directors are implemented. In addition, each of the provisions has its own leadership team which is responsible for the internal organisation and day to day operation of the provision, under the direction of the relevant Principal for each school.

h. Connected organisations, including related party relationships

The academies within the Dover Federation for the Arts Multi Academy Trust (DFAMAT) work closely with the Duke of York's Royal Military School (DYRMS) in Dover, which is an academy with military traditions, sponsored by the Secretary of State for Defence. It is a co-educational secondary boarding school with a role of c. 460. The relationship was established in 2010 when a formal collaborative agreement was signed between Astor College and DYRMS as part of the requirement for DYRMS as a high performing school to support a 'National Challenge' school. Since that time the collaboration has been broadened and strengthened to include all of the other schools within the DFAMAT, providing significant reciprocal benefit to all parties including DYRMS. The Chief Executive of the DFAMAT was appointed Executive Principal of DYRMS in July 2012 and is an ex officio governor of DYRMS as well as ex-officio Trustee and Director of the DFAMAT.

There is no legal or structural link between DYRMS and the DFAMAT but practical collaboration and mutual support exists at all levels including governance, leadership, academic and extra curricular activity.

i. Risk management

The Board of Directors has assessed the major risks to which the Multi Academy Trust is likely to be exposed, in particular those relating to the specific provision of facilities and other operational areas of the Trust and its finances. The Directors have put in place systems to mitigate the identified risks and will continue to review the risks to which the provisions are exposed.

The Dover Federation for the Arts
(A company limited by guarantee)

Trustees' report (continued)
For the year ended 31 August 2014

Objectives and Activities

a. Objects and aims

The principal objects as set out in the Master Funding Agreement are:

- to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools ("the Academies") offering a broad and balanced curriculum and;
- to promote for the benefit of the inhabitants of Dover and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

b. Objectives, strategies and activities

The Multi Academy Trust's objectives are encompassed in its Vision Statement below:

- That all students leaving its provisions have had the opportunity to pursue the best and broadest possible educational experience and are well prepared to move onto the next stage of their education and, achieve the best qualifications, enabling them to go on to higher or further education and work.
- That our pastoral care is second to none, providing support and encouragement to help pupils cope with the particular and sensitivities which may have an adverse impact on their welfare and/or their capacity to learn;
- That our academic staff and nursery staff have a well-grounded, inspirational, innovative and challenging approach to teaching and learning and child care, for which purpose we will recruit and retain teachers and pre-school staff of the highest calibre;
- That we provide a challenging but flexible curriculum which meets the needs of all students;
- Maintain a pragmatic and forward thinking approach, to the changing educational and pastoral needs of pupils and parents;
- That we provide an inspirational and pleasing learning environment that is flexible, exciting, eco-friendly and fit for purpose, affording excellent teaching facilities and supporting of the partnership between students, staff and parents.

The strategies in place to ensure these objectives will be met include ensuring:

- an inclusive close-knit family atmosphere where every student and staff member feels a sense of belonging and ownership;
- the effective inclusion of students from all backgrounds, faiths and cultures;
- a social and pastoral environment which is sensitive to the needs of all our students, inspiring the highest levels of well-being and self-discipline;
- a commitment to students' wider personal development by continuing involvement in extra-curricular education;
- improved outcomes for our students is embedded in everything we do.

The Dover Federation for the Arts
(A company limited by guarantee)

Trustees' report (continued)
For the year ended 31 August 2014

c. Activities for achieving objectives

To this end the activities include:

- tuition and learning opportunities for all pupils to attain appropriate academic qualifications;
- training opportunities for all staff;
- an extensive programme of clubs and activities for all pupils;
- career advisory service at Astor College to help pupils obtain employment or move on to higher education.

d. Public benefit

In setting our objectives and planning our activities the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

Achievements and performance

a. Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

b. Key performance indicators

The key performance indicators on which Trustees will receive regular reports are:

Academic achievement and attainment

- These will be evaluated with regard to the floor targets set by national government as measured by Standard Attainment Tests in the Primary phase and GCSE performance at secondary level, as well as results at A level and other Post 16 qualifications. The details are specified elsewhere in this report.
- In addition, levels of progress for students will be monitored and reported (summatively) back to Trustees. Separate statistics will be compiled to measure the achievement of vulnerable groups, especially those attracting pupil premium.

Finance

- These will be used to ensure that all provisions remain within budget and use and deploy resources to secure value for money. Details are dealt with elsewhere in this report.
- Particular attention will be paid to exploiting potential sources of external funding to maximise income; reducing the loan from the local authority in line with the agreed schedule of repayments and managing the impact of fluctuations in roll numbers, caused by changing demographics.

**The Dover Federation for the Arts
(A company limited by guarantee)**

**Trustees' report (continued)
For the year ended 31 August 2014**

c. Review of activities

All of the provisions have performed extremely well over the last year and a brief summary against key indicators is set out below.

Astor College

In 2014 the college achieved 37% of students achieving 5 A*-C including English and Maths at GCSE and 86.4% of students achieving 5 A*-G. Sixth form students achieved an A level pass rate of 90%. 2 A*-E grades at A Level rose from 78% to 85%.

White Cliffs Primary College for the Arts

Key Stage 2

Maths 91% Level 4+

Writing 91% Level 4+

Reading 86% Level 4+

Key Stage 1

Maths 80% Level 2+ (-EAL 88%)

Writing 77% Level 2+ (-EAL 88%)

Reading 77% Level 2+ (-EAL 88%)

Barton Junior School

Key Stage 2

Maths 91% Level 4+

Writing 91% Level 4+

Reading 87% Level 4+

Shatterlocks Infants School and Nursery

Key Stage 1

Maths 98% Level 2+

Writing 93% Level 2+

Reading 93% Level 2+

Pebbles Nursery

Ofsted Grading 'Outstanding'

The Dover Federation for the Arts Multi Academy Trust took over the existing PVI provision based at White Cliffs and established Pebbles Nursery as a new PVI provision, owned by the DFAMAT from 15 April 2013. In October 2013 Pebbles had its first Ofsted Inspection and was judged Outstanding which is a tremendous achievement for a preschool provision in its first year of operation under the aegis of the Dover Federation for the Arts Multi Academy Trust.

The DFA

The Board of Directors and FLT is committed to raising standards still further and to that end a series of whole staff and departmental training sessions have been undertaken in addition to a programme of lesson observations and follow up work with staff.

In addition to a continuing rise in academic standards students from the DFA academies were also involved in international musical productions with Russian and American students with a production of Chess being put on in Siberia and Dover.

International links continue to be a strength of the Multi Academy Trust and DFA Schools and students have been actively involved in links with Turkey, France, Russia and the USA during the past year.

The Dover Federation for the Arts
(A company limited by guarantee)

Trustees' report (continued)
For the year ended 31 August 2014

In July 2014 the DFA Multi Academy Trust organised the twelfth National Students Art Exhibition in collaboration with the Royal Society of British Artists at the prestigious Mall Galleries in London. Some 850 works of art were submitted from schools nationwide and 435 works were selected for exhibition. The event was the biggest and most successful to date.

The number of students within DFA schools during 2013-2014 was:

Astor College	1024
Barton Junior School	192
White Cliffs Primary College for the Arts	215
Shatterlocks Infants (including 29 in Nursery)	202
Pebbles Nursery	38

The role at White Cliffs Primary College has continued to expand and the academy has clearly experienced a rise in popularity as a result of its Outstanding Ofsted Judgement. In addition, the local authority has identified the need for additional primary school places as the primary age population in Dover continues to rise. Given the location, high performance of White Cliffs and its increasing popularity, KCC has sought and received the agreement of the Board of Directors for White Cliffs to expand from 1 FE (210 places) to 2 FE (420 places) with effect from September 2015 and the School was asked to add another form of entry into Year R in September 2014. The local authority has secured £1.8m of Targeted Capital Funding to finance the expansion. The estimated overall costs nearer to £2.5m; the Local Authority has agreed to fund the difference. Plans are currently being drawn up for the physical expansion of the school on the existing site.

Financial review

As a result of unusual and specific circumstances, Astor College inherited a deficit on conversion and a loan for £1.4m was agreed with KCC with an agreement over ten years from March 2012 with low interest.

During the period to 31 August 2014, total income for the DFAMAT, including devolved capital income, was £9,466,065 (2013: £33,687,223) of which £311,627 (2013: £(640,034)) was unrestricted. The unrestricted income makes provision for the repayment to the EFA of any clawbacks of grants in excess of actual student numbers. In addition the DFAMAT received grants from the Academies Capital Maintenance Fund of £12,000 to carry out projects at White Cliffs Primary College for the Arts.

Total expenditure for the period to 31 August 2014 was £9,578,182 (2013: £11,232,416) of which 71.8% (2013: 70.9%) represented employee costs.

At 31 August 2014, the net book value of fixed assets was £23,904,546 (2013: £24,296,103).

a. Financial and risk management objectives and policies

The financial and cash position of the DFAMAT is monitored carefully on a regular basis, especially in terms of anticipated income and expenditure and numbers on roll.

The Dover Federation for the Arts
(A company limited by guarantee)

Trustees' report (continued)
For the year ended 31 August 2014

b. Principal risks and uncertainties

The DFA MAT has a number of internal control policies including financial, operational and risk management to ensure assets are protected. The risk register has highlighted some areas of potential risk are:

- Falling Roll: The area has suffered from falling rolls in the past which has impacted on funding. However, we are experiencing a rising roll.
- Funding Reform: This may result in further reductions in funding and possible deficits against budget.
- Capital Expenditure: There is the potential for expensive capital works being required which may not be covered by insurance or EFA grants.

There is always a risk regarding damage to the reputation of the DFAMAT which could arise from an adverse Ofsted report or event outside the control of Directors. Directors have conducted a review of the principal risks and have implemented measures to mitigate them as far as appropriate by ensuring the DFAMAT is rigorous in delivering high quality education and pastoral care and maintaining and managing key relationships with the Education Funding Agency (EFA).

c. Reserves policy

Although no minimum level of reserves has been set, Directors endeavour to maintain a surplus in unrestricted general funds to meet unforeseen expenditures as they arise. They also seek to maintain sufficient funds to support educational priorities and restricted funds where there may be delays between spending and receipt of grants.

d. Deficit

The restricted fund at 31 August 2014 is in deficit by £1,544,456 (2013: £1,616,287). This arises from the pension reserve fund which represents the Academy's share of the LGPS fund deficit of £2,162,000 (2013: £2,053,000), calculated in accordance with Financial Reporting Standard (FRS)17 by Barnett Waddingham LLP. Employer contributions are reviewed every three years in consultation with the scheme's administrators, and employer contributions due by the Academy had been fixed for the three years from 1 April 2011. However, these were reduced in April 2014 from 23.1% to 19.8%.

The unrestricted fund at 31 August 2014 is in deficit by £523,354 (2013: £710,901). This arises due to Astor College inheriting an unrestricted deficit from the predecessor school of £1,377,839. The steps being taken to eliminate the deficit are included at note 19.

e. Principal funding

The Dover Federation for the Arts Multi Academy Trust (DFAMAT) has two main sources of income; the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular academic purposes; and Kent County Council (KCC) in the form of funding for the Early Years Foundation Stage. KCC also provide grants for Individually Assigned Resources (IAR) for those children needing additional support. The grants received from the EFA and KCC during the year ended 31 August 2014, together with associated expenditure are shown as part of the general restricted funds in the Statement of Financial Activities (SOFA).

f. Investments policy

The DFAMAT endeavours to optimise investment by earning interest on its bank deposits whilst maintaining instant access to funds.

The Dover Federation for the Arts
(A company limited by guarantee)

Trustees' report (continued)
For the year ended 31 August 2014

Plans for future periods

a. Future developments

Attainment and Achievement

Aim:

To at least meet and eventually exceed all of the floor targets and national expectations as defined by the Government, while continuing to ensure that every child gets the best possible nurture support and encouragement to meet his/her full potential.

Quality of Provision

Aim:

To ensure the curriculum stays relevant and meets student needs.

At Astor College -

- To modify the curriculum to ensure that the menu of subjects for students gives them the best chance of achieving academic results in line with or above national expectations.

At all DFAMAT provisions -

- To identify, nurture and develop potential leaders at all levels, encouraging innovation and developing and enhancing a collegiate approach to leadership, across all provisions.

Teaching and Learning

Aim:

To ensure that all teaching is innovative, relevant and at least Good.

- To monitor and review teaching practice and performance rigorously and consistently ensuring that the needs of all students are being met in the most appropriate way.
- To ensure that staff have access to an appropriate range of high quality continuing professional development opportunities in line with individual and institutional needs.

Student Welfare

Aim:

To ensure all students have a safe and secure learning environment in which to develop and achieve.

- To maintain a dedicated pastoral support infrastructure where staff know their students and are proactive in supporting them.
- To maintain a zero tolerance of bullying and a behaviour policy and regime which is firm, supportive and maintains appropriate standards of behaviour.

**The Dover Federation for the Arts
(A company limited by guarantee)**

**Trustees' report (continued)
For the year ended 31 August 2014**

Development of the Dover Federation for the Arts Multi Academy Trust

Aim:

To ensure that all of the existing provisions within the DFAMAT continue to be developed in a way which is in the best interests of their students and to consider opportunities for expanding the DFAMAT in a way which is compatible with the best interests of existing provisions and those which might potentially be assimilated within the DFAMAT.

- To expand White Cliffs Primary College to a 2 FE primary school by taking in up to 60 students per year, beginning in 2014, as requested by the Local Authority.
- To develop the White Cliffs site and premises to accommodate up to 420 students, in line with plans currently being developed in consultation with the Local Authority.
- To consider the prospect of taking on additional primary schools as academies federated to the DFA, if and when the opportunity arises and subject to a careful evaluation of the circumstances of the particular schools.
- To maintain and continue to develop a range of international links which enable students to benefit from interaction with students from abroad, foreign travel and the chance to participate in international musical productions.
- To ensure that the DFAMAT continues to work in close and constructive partnership with external agencies, including schools, businesses, voluntary organisations and local and national government to facilitate positive opportunities for students, staff development, attracting external sponsorship and financial, practical and political support for the maintenance and development of the DFAMAT.

Disclosure of information to auditors

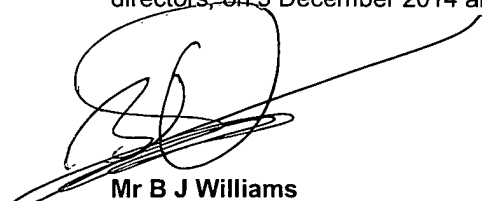
Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Auditors

The auditors, Reeves & Co LLP, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

This report, incorporating the Strategic report, was approved by order of the Board of Trustees, as the company directors, on 3 December 2014 and signed on the board's behalf by:



Mr B J Williams
Chair of The Board of Trustees

The Dover Federation for the Arts
(A company limited by guarantee)

Governance Statement

Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Dover Federation for the Arts and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Trustees' responsibilities statement. The Multi Academy Trust has a Board of Directors which is responsible for the strategic direction of the Trust. The Board of Directors report to Trustees. The Board of Directors has formally met 4 times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

Trustee	Meetings attended	Out of a possible
Mr C J Russell, Chief Executive	4	4
Mr J A Peall, Chairman	4	4
Mrs C A Boxall	2	4
Mr B J Williams, Deciding Officer	3	4
Mrs L Hannent	4	4
Mrs C Donovan	4	4
Mr B Eccles, Responsible Officer	3	4
Mrs A Billing	3	4
Mr G Snellin, Vice Chairman	3	4
Mr J Hood	1	4
Mrs U Mills	3	4

The attendance record for Mr J Hood reflects a number of serious medical issues. Given that these remain unresolved, Mr J Peall is discussing his membership of the Education Committee and the Board of Directors.

Governance reviews

The Multi Academy Trust intends to carry out a review on the impact and effectiveness of the Board of Trustees within the next year so that any conclusions + recommendations will be available to the Board in time to make any proposed changes before September 2015.

The Dover Federation for the Arts
(A company limited by guarantee)

Governance Statement (continued)

The Board of Directors' Committees

The **Business Committee** is a sub-committee of the Board of Directors. Its purpose is to assist the decision making of the Board of Directors, by enabling a more detailed consideration to be given to the best interests of fulfilling the Board of Directors' responsibility to ensure sound management of the Academy Trust's buildings, estates and resources, including proper planning, monitoring and probity. Mr G Snellin is Chairman of the Business Committee.

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
Mr J A Peall	3	3
Mr C J Russell	3	3
Mr B J Williams	3	3
Mr G Snellin, Chairman	3	3
Mr B Eccles	2	3
Mrs L Hannent	3	3

The **Audit Committee** meets prior to The Business Committee and its remit is to assess finances, contracts including proper planning, monitoring and probity. Mr B Williams is Chairman of The Audit Committee.

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
Mr C J Russell	1	1
Mr J A Peall	1	1
Mr B J Williams, Chairman	1	1
Mr G Snellin	1	1
Mr B Eccles	1	1

Health and Safety Committee

Following advice from professional advisors, Ellis Whittam, a separate Health and Safety Committee will be established from September 2014. It will consist mainly of staff representatives of each school but with Director representation and Chaired by The Director of Operations. The remit of the committee will be to ensure all Health and Safety advise and legislative requirements are acted upon in a timely and effective manner and that the Board of Directors is advised of all significant developments in relation to Health and Safety.

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 ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Dover Federation for the Arts for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Dover Federation for the Arts
(A company limited by guarantee)

Governance Statement (continued)

The Risk and Control Framework

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Mr B Eccles, a Director, as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a quarterly basis, the RO reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The RO has delivered his schedule of work as planned. No issues arose from the reports issued by the RO during the financial period to 31 August 2014.

Review of Effectiveness

As Accounting Officer, the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

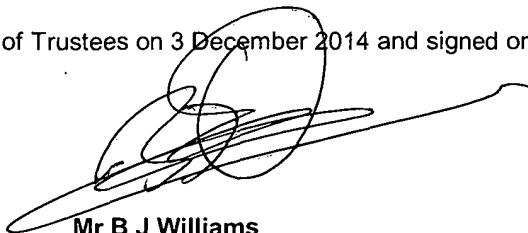
- the work of the Responsible Officer;
- the work of the external auditors;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 3 December 2014 and signed on its behalf, by:



Mr C J Russell, Chief Executive
Accounting Officer



Mr B J Williams
Chair of Trustees

The Dover Federation for the Arts
(A company limited by guarantee)

Statement on Regularity, Propriety and Compliance

As Accounting Officer of The Dover Federation for the Arts I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2013).

I confirm that I and the Academy Trust 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 (2013).

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

A handwritten signature in black ink, appearing to be 'C J Russell', with a long, wavy horizontal line extending from the end of the signature.

Mr C J Russell, Chief Executive
Accounting Officer

Date: 3 December 2014

The Dover Federation for the Arts
(A company limited by guarantee)

Trustees' responsibilities statement
For the year ended 31 August 2014

The Trustees (who act as governors of The Dover Federation for the Arts and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report (including the Strategic report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare 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:

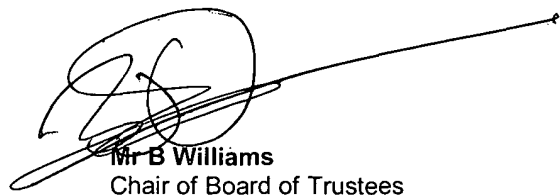
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 grants received from EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 3 December 2014 and signed on its behalf by:



Mr B Williams
Chair of Board of Trustees

The Dover Federation for the Arts
(A company limited by guarantee)

Independent auditors' report to the Members of The Dover Federation for the Arts

We have audited the financial statements of The Dover Federation for the Arts for the year ended 31 August 2014 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

This report is made solely to the Academy Trust'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 Academy Trust's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the Academy Trust 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.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2014 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

The Dover Federation for the Arts
(A company limited by guarantee)

Independent auditors' report to the Members of The Dover Federation for the Arts

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Reeves & Co LLP

Peter Manser FCA DChA (Senior statutory auditor)
for and on behalf of
Reeves & Co LLP
Statutory Auditor
Chartered Accountants
Canterbury
4 December 2014

The Dover Federation for the Arts
(A company limited by guarantee)

Independent reporting accountants' assurance report on regularity to The Dover Federation for the Arts and the Education Funding Agency

In accordance with the terms of our engagement letter dated 17 September 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Dover Federation for the Arts during the year 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of The Dover Federation for the Arts's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Dover Federation for the Arts's funding agreement with the Secretary of State for Education dated 1 June 2012, and the Academies Financial Handbook extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The Dover Federation for the Arts
(A company limited by guarantee)

Independent reporting accountants' assurance report on regularity to The Dover Federation for the Arts and the Education Funding Agency (continued)

Work undertaken

The work undertaken to draw to our conclusion includes:

- Reviewed the evidence used to support the Accounting Officer's sign off of the regularity statement
- Reviewed expenditure against specific terms of grant funding within the funding agreement
- Ensured that grants have been applied for the purposes intended
- Confirmed that internal control procedures exist relating to expenditure incurred of cash and credit cards
- Confirmed items claimed on cash and credit cards are not for personal benefit
- Reviewed expenditure and considered whether any supplies are from related parties
- Reviewed minutes of Governing Body minutes for declaration of interests
- Considered whether other income activities are permitted within the Academy Trust's charitable objects
- Considered if borrowing agreements, including leases, have been made in accordance with the Academies Financial Handbook
- Confirmed that procurement and tendering procedures exist relating to expenditure and have been complied with

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reeves & Co LLP

Peter Manser FCA DChA

Reeves & Co LLP

Chartered Accountants
Canterbury

4 December 2014

The Dover Federation for the Arts
(A company limited by guarantee)

Statement of financial activities
(incorporating income and expenditure account and statement of total recognised gains and losses)
For the year ended 31 August 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Incoming resources						
Incoming resources from generated funds:						
Transfer from Local Authority on conversion	2	-	-	-	-	22,260,861
Other voluntary income	2	7,380	-	-	7,380	37,008
Activities for generating funds	3	302,458	-	-	302,458	267,529
Investment income	4	1,789	-	-	1,789	1,908
Incoming resources from charitable activities	5	-	9,090,908	63,530	9,154,438	11,119,917
Total incoming resources		311,627	9,090,908	63,530	9,466,065	33,687,223
Resources expended						
Charitable activities	7	259,310	8,808,739	451,926	9,519,975	11,163,573
Governance costs	9	-	58,207	-	58,207	68,843
Total resources expended	6	259,310	8,866,946	451,926	9,578,182	11,232,416
Net incoming / (outgoing) resources before transfers		52,317	223,962	(388,396)	(112,117)	22,454,807
Transfers between Funds	19	135,230	(147,131)	11,901	-	-
Net income / (expenditure) for the year		187,547	76,831	(376,495)	(112,117)	22,454,807
Actuarial losses on defined benefit pension schemes		-	(5,000)	-	(5,000)	(481,000)
Net movement in funds for the year		187,547	71,831	(376,495)	(117,117)	21,973,807
Total funds at 1 September 2013		(710,901)	(1,616,287)	24,300,995	21,973,807	-
Total funds at 31 August 2014		(523,354)	(1,544,456)	23,924,500	21,856,690	21,973,807

All activities relate to continuing operations.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in Statement of Financial Activities.

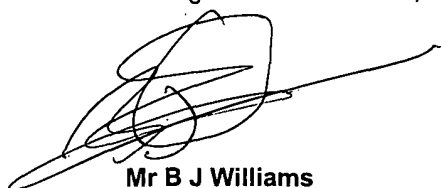
The notes on pages 24 to 46 form part of these financial statements.

The Dover Federation for the Arts
(A company limited by guarantee)
Registered number: 08039629

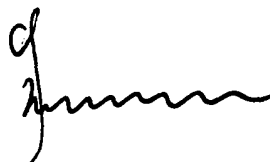
Balance sheet
As at 31 August 2014

	Note	£	2014 £	£	2013 £
Fixed assets					
Tangible assets	15		23,904,546		24,296,103
Current assets					
Debtors	16	324,577		320,802	
Cash at bank and in hand		1,426,482		1,154,175	
		<u>1,751,059</u>		<u>1,474,977</u>	
Creditors: amounts falling due within one year	17	(699,536)		(669,832)	
Net current assets			<u>1,051,523</u>		<u>805,145</u>
Total assets less current liabilities			<u>24,956,069</u>		<u>25,101,248</u>
Creditors: amounts falling due after more than one year	18		<u>(937,379)</u>		<u>(1,074,441)</u>
Net assets excluding pension scheme liability			<u>24,018,690</u>		<u>24,026,807</u>
Defined benefit pension scheme liability	24		<u>(2,162,000)</u>		<u>(2,053,000)</u>
Net assets including pension scheme liability			<u><u>21,856,690</u></u>		<u><u>21,973,807</u></u>
Funds of the academy					
Restricted funds:					
Restricted funds	19	617,544		436,713	
Restricted fixed asset funds	19	23,924,500		24,300,995	
		<u>24,542,044</u>		<u>24,737,708</u>	
Restricted funds excluding pension liability					
Pension reserve		<u>(2,162,000)</u>		<u>(2,053,000)</u>	
Total restricted funds			<u>22,380,044</u>		<u>22,684,708</u>
Unrestricted funds	19		<u>(523,354)</u>		<u>(710,901)</u>
Total funds			<u><u>21,856,690</u></u>		<u><u>21,973,807</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 3 December 2014 and are signed on their behalf, by:



Mr B J Williams
Chair of Board of Trustees



Mr C J Russell, Chief Executive
Accounting Officer

The notes on pages 24 to 46 form part of these financial statements.

The Dover Federation for the Arts
(A company limited by guarantee)

Cash flow statement
For the year ended 31 August 2014

		Year ended 31 August 2014 £	Period ended 31 August 2013 £
	Note		
Net cash flow from operating activities	21	371,869	(592,911)
Returns on investments and servicing of finance	22	(9,692)	(14,368)
Capital expenditure and financial investment	22	45,829	119,954
Cash transferred on conversion to an academy trust		-	431,360
Cash inflow/(outflow) before financing		408,006	(55,965)
Financing	22	(135,699)	1,210,140
Increase in cash in the year		272,307	1,154,175

Reconciliation of net cash flow to movement in net (debt)/funds
For the year ended 31 August 2014

	Year ended 31 August 2014 £	Period ended 31 August 2013 £
Increase in cash in the year	272,307	1,154,175
Cash outflow from decrease in debt and lease financing	135,699	(1,210,140)
Movement in net (debt)/funds in the year	408,006	(55,965)
Net debt at 1 September 2013	(55,965)	-
Net funds/(debt) at 31 August 2014	352,041	(55,965)

The notes on pages 24 to 46 form part of these financial statements.

The Dover Federation for the Arts
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2014

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006.

1.2 Going concern

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

1.3 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 and include grants from the Department for Education.

Investment income, gains and losses are allocated to the appropriate fund.

The Dover Federation for the Arts
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2014

1. Accounting policies (continued)

1.4 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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

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

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

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

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

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

1.5 Resources expended

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

Charitable activities are costs incurred in the Academy Trust's educational operations.

Governance costs include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

All resources expended are inclusive of irrecoverable VAT.

The Dover Federation for the Arts
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2014

1. Accounting policies (continued)

1.6 Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

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.

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Long Leasehold Buildings	-	over 50 years straight line
Plant and machinery	-	over 5 years straight line
Motor vehicles	-	over 5 years straight line
Furniture and equipment	-	over 10 years straight line
Computer equipment	-	over 3 years straight line

1.7 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.8 Taxation

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

The Dover Federation for the Arts
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2014

1. Accounting policies (continued)

1.9 Pensions

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ("SERPS"), and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 24, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

2. Voluntary income

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Transfer from Local Authority on conversion	-	-	-	22,260,861
Donations	-	-	-	1,159
Other grants and payments	7,380	-	7,380	35,849
Subtotal	7,380	-	7,380	37,008
Voluntary income	7,380	-	7,380	22,297,869

The Dover Federation for the Arts
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2014

3. Activities for generating funds

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Income from facilities/services	216,583	-	216,583	175,668
Contributions to visits	44,480	-	44,480	44,202
General fees & charges	-	-	-	6,765
Other income	41,395	-	41,395	40,244
Other insurance claims	-	-	-	650
	<u>302,458</u>	<u>-</u>	<u>302,458</u>	<u>267,529</u>

4. Investment income

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Interest received	1,789	-	1,789	1,908
	<u>1,789</u>	<u>-</u>	<u>1,789</u>	<u>1,908</u>

5. Funding for Academy's educational operations

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
DfE/EFA revenue grants				
General Annual Grant (GAG)	-	7,884,712	7,884,712	9,852,966
Start up grants	-	-	-	100,000
Other DfE/EFA grants	-	953,064	953,064	669,461
Capital grants	-	63,530	63,530	165,370
	<u>-</u>	<u>8,901,306</u>	<u>8,901,306</u>	<u>10,787,797</u>
Other government grants				
Local authority grants	-	253,132	253,132	332,120
	<u>-</u>	<u>253,132</u>	<u>253,132</u>	<u>332,120</u>
	<u>-</u>	<u>9,154,438</u>	<u>9,154,438</u>	<u>11,119,917</u>

The Dover Federation for the Arts
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2014

6. Resources expended

	Staff costs	Non Pay	Expenditure	Total	Total
	2014	Depreciation	Other costs	2014	2013
	£	2014	2014	£	£
		£	£		
Direct costs	4,747,639	-	869,572	5,617,211	6,463,253
Support costs	2,138,936	409,258	1,354,570	3,902,764	4,685,567
Charitable activities	6,886,575	409,258	2,224,142	9,519,975	11,148,820
Governance	-	-	58,207	58,207	68,843
	6,886,575	409,258	2,282,349	9,578,182	11,217,663

The Dover Federation for the Arts
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2014

7. Charitable activities

	Total funds 2014 £	Total funds 2013 £
Direct costs - educational operations		
Wages and salaries	3,836,660	4,512,257
National insurance	333,700	398,392
Pension cost	518,986	605,663
Books, stationary & materials	372,555	444,375
Exam fees	81,554	112,183
Other educational supplies & services	246,293	224,175
Staff development & other staff costs	143,784	117,247
Fees for external edu audit	2,375	1,907
Agency staff	58,293	47,054
	<hr/> 5,594,200	<hr/> 6,463,253
Support costs - educational operations		
Wages and salaries	1,727,451	1,996,933
National insurance	87,140	108,415
Pension cost	324,345	294,925
Depreciation	409,258	506,653
FRS17 pension finance cost (note 14)	80,000	84,000
Books, stationary & materials	176,183	119,749
Cleaning	22,080	17,939
Rates	49,452	40,858
Insurance	91,013	107,150
Computer costs	124,074	187,060
Catering	241,704	274,884
Other occupancy costs	70,526	43,553
Transport costs	40,406	65,302
Security	12,153	10,417
Repairs and maintenance	42,668	152,629
Water & sewerage	43,843	55,625
Energy	121,500	164,639
Furniture & equipment	17,847	9,112
Other admin expenses	144,691	339,945
Staff restructuring costs	-	7,362
Other loan interest	11,481	16,276
Other supplies & services	64,949	82,141
	<hr/> 3,902,764	<hr/> 4,685,567
	<hr/> 9,496,964	<hr/> 11,148,820

The Dover Federation for the Arts
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2014

8. Grants to individuals

	Number	Total 2014 £	Number	Total 2013 £
Bursaries	<u>29</u>	<u>23,011</u>	<u>24</u>	<u>14,753</u>

9. Governance costs

	Total funds 2014 £	Total funds 2013 £
Auditors' remuneration	8,250	7,750
Auditors' remuneration - non audit	3,113	6,588
Auditors' remuneration - other audit costs	5,610	5,500
Other professional fees	41,234	49,005
	<u>58,207</u>	<u>68,843</u>

10. Net incoming / (outgoing) resources

This is stated after charging:

	Year ended 31 August 2014 £	Period ended 31 August 2013 £
Depreciation of tangible fixed assets:		
- owned by the charity	409,258	506,653
Auditors' remuneration	8,250	7,750
Auditors' remuneration - non-audit	3,113	6,588
Auditor's remuneration - other audit costs	5,610	5,500
Operating lease rentals:		
- other operating leases	<u>69,864</u>	<u>82,721</u>

The Dover Federation for the Arts
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2014

11. Staff

a. Staff costs

Staff costs were as follows:

	Year ended 31 August 2014 £	Period ended 31 August 2013 £
Wages and salaries	5,564,111	6,509,190
Social security costs	420,840	506,807
Other pension costs (Note 24)	843,331	900,588
	<hr/>	<hr/>
Supply teacher costs	6,828,282	7,916,585
	58,293	47,054
	<hr/>	<hr/>
	6,886,575	7,963,639
	<hr/>	<hr/>

b. Staff numbers

The average number of persons employed by the Academy Trust during the year expressed as full time equivalents was as follows:

	Year ended 31 August 2014 No.	Period ended 31 August 2013 No.
Teachers	102	85
Administration & support	70	75
Management	15	15
	<hr/>	<hr/>
	187	175
	<hr/>	<hr/>

c. Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	Year ended 31 August 2014 No.	Period ended 31 August 2013 No.
In the band £60,001 - £70,000	2	2
In the band £70,001 - £80,000	3	1
In the band £80,001 - £90,000	1	1
In the band £130,001 - £140,000	0	1
In the band £150,001 - £160,000	1	0
	<hr/>	<hr/>
	7	5
	<hr/>	<hr/>

The Dover Federation for the Arts
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2014

11. Staff (continued)

Four of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2014, pension contributions for these employees amounted to £42,172 (2013: £37,941). One the above above employers participated in the Local Government Pension Scheme, pension contributions amounted to £13,134 (2013: £NIL).

12. Trustees' remuneration and expenses

The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, from the Academy Trust in respect of their role as Trustees. The value of Trustees' remuneration fell within the following bands:

	Year ended 31 August 2014 £	Period ended 31 August 2013 £
C J Russell, Chief Executive and Trustee	150,000-155,000	175,000-180,000

During the year, a Trustee received benefits in kind of £10,614 (2013 - £11,574).

During the year, no Trustees received any reimbursement of expenses (2013 - £NIL).

Other related party transactions involving the trustees are set out in note 26.

13. 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 business. The insurance provides cover up to £9,041,733 on any one claim and the cost for the year ended 31 August 2014 was £1,951 (2013 - £2,113). The cost of this insurance is included in the total insurance cost.

14. Other finance income

	Year ended 31 August 2014 £	Period ended 31 August 2013 £
Expected return on pension scheme assets	87,000	58,000
Interest on pension scheme liabilities	(167,000)	(142,000)
	<u>(80,000)</u>	<u>(84,000)</u>

The Dover Federation for the Arts
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2014

15. Tangible fixed assets

	Long Leasehold Land and Buildings £	Plant and machinery £	Motor vehicles £	Furniture and equipment £	Computer equipment £	Total £
Cost						
At 1 September 2013	24,757,340	5,148	-	6,004	34,264	24,802,756
Additions	-	8,944	5,800	-	2,957	17,701
At 31 August 2014	24,757,340	14,092	5,800	6,004	37,221	24,820,457
Depreciation						
At 1 September 2013	490,339	1,287	-	751	14,276	506,653
Charge for the year	392,272	2,819	1,160	600	12,407	409,258
At 31 August 2014	882,611	4,106	1,160	1,351	26,683	915,911
Net book value						
At 31 August 2014	23,874,729	9,986	4,640	4,653	10,538	23,904,546
At 31 August 2013	24,267,001	3,861	-	5,253	19,988	24,296,103

Included in land and buildings is leasehold land at valuation of £5,143,750 (2013: £5,143,750) which is not depreciated.

The land and buildings were valued on an existing use basis on 1 June 2012 by a qualified RICS surveyor at DVS Property Specialists to be £24,757,340.

16. Debtors

	2014 £	2013 £
Trade debtors	17,591	60,006
VAT recoverable	66,574	22,124
Prepayments and accrued income	240,412	238,672
	<u>324,577</u>	<u>320,802</u>

The Dover Federation for the Arts
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2014

17. Creditors:
Amounts falling due within one year

	2014	2013
	£	£
Other loans	137,062	135,699
Trade creditors	154,855	102,290
Other taxation and social security	127,769	244,554
Other creditors	152,603	99,409
Accruals and deferred income	127,247	87,880
	<u>699,536</u>	<u>669,832</u>

Deferred income

	£
Deferred income at 1 September 2013	1,800
Resources deferred during the year	46,671
Amounts released from previous years	<u>(1,800)</u>
Deferred income at 31 August 2014	<u>46,671</u>

The deferred income above relates to money received in advance of the year to which it relates from the EFA in relation to building works, from Duke of York's Royal Military School, and staff fund money received.

18. Creditors:
Amounts falling due after more than one year

	2014	2013
	£	£
Other loans	<u>937,379</u>	<u>1,074,441</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2014	2013
	£	£
Repayable by instalments	<u>375,248</u>	<u>517,901</u>

Other loans include a long term loan from Kent County Council repayable by monthly instalments attracting interest at a rate of 1.0% per annum. The loan was inherited from the predecessor school upon conversion to the Academy Trust.

The Dover Federation for the Arts
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2014

19. Statement of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
Unrestricted Revenue Fund	499,239	311,627	(247,829)	(11,950)	-	551,087
Deficit on conversion	(1,210,140)	-	(11,481)	147,180	-	(1,074,441)
	<u>(710,901)</u>	<u>311,627</u>	<u>(259,310)</u>	<u>135,230</u>	<u>-</u>	<u>(523,354)</u>
Restricted funds						
General Annual Grant (GAG)	158,700	7,884,712	(7,307,724)	(454,124)	-	281,564
Other DfE/EFA grants	278,013	1,206,196	(1,147,222)	(1,007)	-	335,980
Pension reserve	(2,053,000)	-	(412,000)	308,000	(5,000)	(2,162,000)
	<u>(1,616,287)</u>	<u>9,090,908</u>	<u>(8,866,946)</u>	<u>(147,131)</u>	<u>(5,000)</u>	<u>(1,544,456)</u>
Restricted fixed asset funds						
Restricted fixed asset fund	24,267,001	-	(392,272)	-	-	23,874,729
DfE/EFA capital grants	17,193	63,530	(59,654)	7,750	-	28,819
Capital expenditure from GAG	16,801	-	-	4,151	-	20,952
	<u>24,300,995</u>	<u>63,530</u>	<u>(451,926)</u>	<u>11,901</u>	<u>-</u>	<u>23,924,500</u>
Total restricted funds	<u>22,684,708</u>	<u>9,154,438</u>	<u>(9,318,872)</u>	<u>(135,230)</u>	<u>(5,000)</u>	<u>22,380,044</u>
Total of funds	<u>21,973,807</u>	<u>9,466,065</u>	<u>(9,578,182)</u>	<u>-</u>	<u>(5,000)</u>	<u>21,856,690</u>

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

GAG represents funds to be used to cover the normal running costs of the academy.

Other DfE/EFA grants represents grants provided for specific purposes, such as pupil premium which is used to support disadvantaged pupils and assist them in decreasing the attainment gap between them and their peers.

The Restricted fixed asset fund represents the leasehold land and buildings which were donated upon conversion to academy status including depreciation to the balance sheet date.

The Dover Federation for the Arts
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2014

19. Statement of funds (continued)

DfE/EFA capital grants fund is to provide the academy with its own capital money to address improvements to buildings and other facilities. The balance on the fund represents the value of fixed assets purchased in the financial year including depreciation to the balance sheet date and unspent capital grant money to be spent in the first school term of 2014/2015.

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

Analysis of academies by fund balance

Fund balances at 31 August 2014 were allocated as follows:

	Total £
Astor College	(227,874)
Barton Junior School	93,177
White Cliffs Primary College for the Arts	99,512
Shatterlocks Infant and Nursery School	129,375
	<hr/>
Total before fixed asset fund and pension reserve	94,190
Restricted fixed asset fund	23,924,500
Pension reserve	(2,162,000)
	<hr/>
Total	21,856,690
	<hr/>

The following academy is carrying a net deficit on its portion of the funds as follows:

Name of academy	Amount of deficit £
Astor College	(227,874)

This deficit has arisen due to Astor College inheriting a deficit of £1,377,839 from the predecessor school.

The Academy Trust is taking the following action to return the academy to surplus:

Since conversion to an academy, when reviewing the fund balances overall, Astor College has reduced the deficit inherited by 83.5% by maximising its unrestricted income streams. The actual deficit transferred across by way of a loan and is being repaid over 10 years from GAG funding with interest charged as per note 18. Astor College expects to return to an overall fund balances surplus position by 31 August 2015.

The Dover Federation for the Arts
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2014

19. Statement of funds (continued)

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs (excluding depre- ciation) £	Total £
Astor College	3,817,885	865,795	566,938	740,263	5,990,881
Barton Junior School	567,156	150,331	51,136	162,294	930,917
White Cliffs Primary College for the Arts	679,543	178,748	60,847	256,439	1,175,577
Shatterlocks Infant and Nursery School	686,570	164,331	46,867	173,781	1,071,549
	<u>5,751,154</u>	<u>1,359,205</u>	<u>725,788</u>	<u>1,332,777</u>	<u>9,168,924</u>

Summary of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	(710,901)	311,627	(259,310)	135,230	-	(523,354)
Restricted funds	(1,616,287)	9,090,908	(8,866,946)	(147,131)	(5,000)	(1,544,456)
Restricted fixed asset funds	24,300,995	63,530	(451,926)	11,901	-	23,924,500
	<u>21,973,807</u>	<u>9,466,065</u>	<u>(9,578,182)</u>	<u>-</u>	<u>(5,000)</u>	<u>21,856,690</u>

20. Analysis of net assets between funds

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	-	23,904,546	23,904,546	24,296,103
Current assets	551,087	1,180,018	19,954	1,751,059	1,474,977
Creditors due within one year	(137,062)	(562,474)	-	(699,536)	(669,832)
Creditors due in more than one year	(937,379)	-	-	(937,379)	(1,074,441)
Provisions for liabilities and charges	-	(2,162,000)	-	(2,162,000)	(2,053,000)
	<u>(523,354)</u>	<u>(1,544,456)</u>	<u>23,924,500</u>	<u>21,856,690</u>	<u>21,973,807</u>

The Dover Federation for the Arts
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2014

21. Net cash flow from operations

	Year ended 31 August 2014 £	Period ended 31 August 2013 £
Net incoming resources before revaluations	(112,117)	22,454,807
Returns on investments and servicing of finance	9,692	14,368
Tangible assets inherited on conversion	-	(24,757,340)
Defined benefit pension scheme liability inherited on conversion	-	1,550,000
Depreciation of tangible fixed assets	409,258	506,653
Capital grants from DfE	(63,530)	(165,370)
Increase in debtors	(3,775)	(320,802)
Increase in creditors	28,341	534,133
FRS 17 adjustments	104,000	22,000
Cash transferred on conversion to an academy trust	-	(431,360)
Net cash inflow/(outflow) from operations	371,869	(592,911)

22. Analysis of cash flows for headings netted in cash flow statement

	Year ended 31 August 2014 £	Period ended 31 August 2013 £
Returns on investments and servicing of finance		
Interest received	1,789	1,908
Interest paid	(11,481)	(16,276)
Net cash outflow from returns on investments and servicing of finance	(9,692)	(14,368)
	Year ended 31 August 2014 £	Period ended 31 August 2013 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(17,701)	(45,416)
Capital grants from DfE	63,530	165,370
Net cash inflow capital expenditure	45,829	119,954

The Dover Federation for the Arts
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2014

22. Analysis of cash flows for headings netted in cash flow statement (continued)

	Year ended 31 August 2014 £	Period ended 31 August 2013 £
Financing		
Loan inherited on conversion	-	1,377,839
Repayment of loans	(135,699)	(167,699)
Net cash (outflow)/inflow from financing	(135,699)	1,210,140

23. Analysis of changes in net (debt)/funds

	1 September 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	1,154,175	272,307	-	1,426,482
Debt:				
Debts due within one year	(135,699)	(1,363)	-	(137,062)
Debts falling due after more than one year	(1,074,441)	137,062	-	(937,379)
Net (debt)/funds	(55,965)	408,006	-	352,041

The Dover Federation for the Arts
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2014

24. Pension commitments

The Academy Trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Kent County Council. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2010.

Contributions amounting to £105,757 were payable to the schemes at 31 August 2014 (2013 - 99,409) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

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

The Dover Federation for the Arts
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2014

24. Pension commitments (continued)

Teachers' Pension Scheme Changes

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

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

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

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £391,000, of which employer's contributions totalled £308,000 and employees' contributions totalled £83,000. The agreed contribution rates for future years are 19.8% for employers and 5.5% to 12.5% for employees.

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 Dover Federation for the Arts
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2014

24. Pension commitments (continued)

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

	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £
Equities	6.70	1,548,000	6.60	931,000
Gilts	3.00	28,000	3.50	-
Other bonds	3.60	267,000	4.40	156,000
Property	5.90	231,000	4.60	103,000
Cash	2.90	96,000	0.50	52,000
Target return portfolio	5.90	98,000	5.00	52,000
Total market value of assets		2,268,000		1,294,000
Present value of scheme liabilities		(4,430,000)		(3,347,000)
(Deficit)/surplus in the scheme		(2,162,000)		(2,053,000)

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period.

The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The amounts recognised in the Balance sheet are as follows:

	Year ended 31 August 2014 £	Period ended 31 August 2013 £
Present value of funded obligations	(4,430,000)	(3,347,000)
Fair value of scheme assets	2,268,000	1,294,000
Net liability	(2,162,000)	(2,053,000)

The Dover Federation for the Arts
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2014

24. Pension commitments (continued)

The amounts recognised in the Statement of Financial Activities are as follows:

	Year ended 31 August 2014 £	Period ended 31 August 2013 £
Current service cost	(332,000)	(302,000)
Interest on obligation	(167,000)	(142,000)
Expected return on scheme assets	87,000	58,000
Total	(412,000)	(386,000)
 Actual return on scheme assets	 67,000	 170,000

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

	Year ended 31 August 2014 £	Period ended 31 August 2013 £
Opening defined benefit obligation	3,347,000	-
Current service cost	332,000	302,000
Interest cost	167,000	142,000
Contributions by scheme participants	83,000	94,000
Actuarial Losses	540,000	596,000
Benefits paid	(39,000)	-
Inherited defined benefit obligation from predecessor school	-	2,213,000
Closing defined benefit obligation	4,430,000	3,347,000

Movements in the fair value of the Academy Trust's share of scheme assets:

	Year ended 31 August 2014 £	Period ended 31 August 2013 £
Opening fair value of scheme assets	1,294,000	-
Expected return on assets	87,000	58,000
Actuarial gains and (losses)	535,000	115,000
Contributions by employer	308,000	364,000
Contributions by employees	83,000	94,000
Benefits paid	(39,000)	-
Inherited fair value of scheme assets from predecessor school	-	663,000
	2,268,000	1,294,000

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £486,000 loss (2013 - £481,000 loss).

The Academy Trust expects to contribute £276,000 to its Defined benefit pension scheme in 2015.

The Dover Federation for the Arts
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2014

24. Pension commitments (continued)

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2014	2013
Equities	69.00 %	72.00 %
Gilts	1.00 %	- %
Other bonds	12.00 %	12.00 %
Property	10.00 %	8.00 %
Cash	4.00 %	4.00 %
Target return portfolio	4.00 %	4.00 %

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2014	2013
Discount rate for scheme liabilities	4.00 %	4.70 %
Rate of increase in salaries	4.50 %	5.10 %
Rate of increase for pensions in payment / inflation	2.70 %	2.90 %
Inflation assumption (CPI)	2.70 %	2.90 %
Inflation assumption (RPI)	3.50 %	3.70 %

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

	2014	2013
Retiring today		
Males	22.7	20.1
Females	25.1	24.1
Retiring in 20 years		
Males	24.9	22.1
Females	27.4	26.0

The Academy has not disclosed the restated corresponding amounts for the previous three accounting periods as the Governors are of the opinion that the cost implications of obtaining the actuarial reports for each year outweigh the benefits to a user of the financial statements.

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2014 £	2013 £
Defined benefit obligation	(4,430,000)	(3,347,000)
Scheme assets	2,268,000	1,294,000
Deficit	(2,162,000)	(2,053,000)
Experience adjustments on scheme liabilities	(325,000)	-
Experience adjustments on scheme assets	535,000	115,000

The Dover Federation for the Arts
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2014

25. Operating lease commitments

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

	2014 £	2013 £
Expiry date:		
Within 1 year	21,070	1,369
Between 2 and 5 years	<u>36,688</u>	<u>40,523</u>

26. Related party transactions

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

The following related party transactions took place in the period of account with:

DYRMS - an academy with military traditions - a company in which Mr C J Russell, a trustee, is a director and Executive Principal.

1) Mr C J Russell, the Chief Executive of the Academy Trust, was seconded to The Duke of York Royal Military School to perform the role of Executive Principal. The income received in the period for his secondment was £96,000 (2013: £105,000).

2) The Academy Trust seconded some of its teaching staff to The Duke of York Royal Military School last year and income received for these secondments in the period to 31 August 2013 was £5,550. No such transactions took place in this accounting period.

3) The Academy Trust provided administrative support to The Duke of York Royal Military School. The income received in the period for this support was £27,996 (2013: £30,987).

4) The Academy Trust incurred other costs on behalf of The Duke of York Royal Military School. These costs were recharged at cost in the sum of £20,897 (2013: £14,589).

5) At the year end, there is an amount of £44 (2013: £4,526) due to the Academy Trust from The Duke of York Royal Military School.

The Academy Trust received income at arms' length in accordance with its financial regulations. In entering into transactions, the Academy Trust has complied with the requirements of the EFA's Academies Financial Handbook.

27. Controlling party

The Academy Trust is run by the management team on a day to day basis. Strategic decisions are made by the Board of Trustees. There is no ultimate controlling party.

The Dover Federation for the Arts
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2014

28. Central services

Astor College (the lead school within the Multi-Academy Trust) has provided the following central services to its academies during the year:

- Leadership
- Financial and Payroll services
- Personnel and Administration services
- Operational and ICT support, including licences and professional fees

Astor College charged for these services on the following basis:

Dependent on the total number of staff at each establishment (for Personnel and Payroll services), according to the staffing hours assigned to each establishment or, in the case of leadership and general services, an equal percentage across the Multi-Academy Trust.

The actual amounts charged during the year were as follows:

	Year ended 31 August 2014 £
Barton Junior School	81,349
Shatterlocks Infant & Nursery School	95,506
White Cliffs Primary College for the Arts	99,236
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Total	276,091
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