

Company Registration Number: 08039629 (England & Wales)

The Dover Federation for the Arts

(A company limited by guarantee)

Annual report and financial statements

for the year ended 31 August 2019



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

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Reference and administrative details

Members

Mr C J Russell (resigned 18 July 2019)
Mr J A Peall
Mrs C A Boxall
Mr B J Williams
Mr G Cowan (appointed 2 September 2019)
Mrs A Osborne (appointed 1 September 2018, resigned 6 November 2019)

Trustees

Ms K Weaver (appointed 26 September 2019)
Mrs A Billing (resigned 3 October 2019)
Mr J Horne (resigned 1 May 2019)
Mr G Cowan (resigned 29 July 2019)
Mrs U Mills
Mr N Castle (appointed 1 September 2018)
Mr R Davies (appointed 10 July 2019)
Mrs C Donovan, Vice Chair
Mr S P Paget (resigned 31 December 2018)
Mrs H K Baacke (resigned 31 December 2018)
Mr B J Williams, Chair of Trustees
Mrs C A Boxall

Company registered number

08039629

Company name

The Dover Federation for the Arts

Principal and registered office

Astor College
Astor Avenue
Dover
Kent
CT17 0AS

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Reference and administrative details (continued)
for the year ended 31 August 2019

Company secretary

Ms R S Tolhurst

Chief executive officer

Mr D Meades

Federation Leadership Team

Mrs R Tolhurst, Company Secretary

Mr D Meades, Chief Executive and Accounting Officer (from 1 September 2018)

Mrs S Knight Fotheringham, Principal of White Cliffs Primary College for the Arts and Pebbles Nursery

Mr L Kane, Principal of Astor College

Mr M Willis, Director of Finance

Mrs M O'Dell, Head of School, Barton Junior School

Mrs N Biddle, Head of School, Shatterlocks Infant and Nursery School

Independent auditors

Kreston Reeves LLP

Statutory Auditor

Chartered Accountants

37 St Margaret's Street

Canterbury

Kent

CT1 2TU

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

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Reference and administrative details (continued)
for the year ended 31 August 2019

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.dfamat.com
www.astor-college.co.uk
www.bartonjuniorschool.org
www.whitecliffs-primarycollege.com
www.shatterlocks.com

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Trustees' report
for the year ended 31 August 2019

The trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Dover Federation for the Arts Multi-Academy Trust operates as:

- Astor College for pupils aged 11 to 19
- Barton Junior School for pupils aged 7 to 11
- Shatterlocks Infant and Nursery School for pupils aged 3 to 7
- White Cliffs Primary College for the Arts for pupils aged 4 to 11
- Pebbles Nursery for pupils aged 2 to 5

Each academy's capacity and roll at census on October 2019:

Academy	Capacity	Roll
Astor College	1190	819
Barton Junior School	240	214
Shatterlocks Infant and Nursery School	180 + Nursery	192
White Cliffs Primary College for the Arts	390	309
	Headcount	2 year old Funding
Pebbles Nursery	30	17

Structure, Governance and Management

Constitution

The 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 academy trust. The trustees of The Dover Federation for the Arts Multi Academy Trust are also the directors of the charitable company for the purposes of company law.

Details of the trustees who served during the year, and at the date these accounts are approved are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

Subject to the provisions of the Companies Act 2006, the Trust maintains trustees' and officers' liability insurance through the Risk Protection Arrangement (RPA) with the DfE. The RPA provides appropriate cover for any liability incurred or legal action brought against them in connection with acting in their capacity as trustees of the Trust.

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Trustees' report (continued)
for the year ended 31 August 2019

Method of Recruitment and Appointment or Election of Trustees

The Board of Trustees currently consists of 8 Trustees. 5 Trustees were appointed by the members and 3 co-opted by the Trustees. All appointments and removal of trustees and local governors are made on a majority resolution. An ongoing phased recruitment for governance began in September 2018 and focused on key areas identified in a skills audit and the Entrust self-evaluation tool. The second phase of recruitment will address succession planning. Governance recruitment agents, Academy Ambassadors and Inspiring Governance are utilised along with community and business recruits.

Local Governance is carried out by Academy Boards. Members are appointed by Trustees or co-opted by Academy Boards. Senior leaders and key personnel attend as advisors when required. All Academy Boards retain a majority of independent members including two parent members.

Policies and Procedures Adopted for the Induction and Training of Trustees

Prior to proposal for recruitment to any governance role tours, introductions and interviews take place to ensure a candidate understands the trust's ethos, vision and purpose. The trust also ensures candidates understand the roles, responsibilities and commitments of governance. Those recruited to governance are provided with an Induction Programme relevant to their role. Alongside the Trust's 1:1 specific induction, various programmes are available for new members in governance roles including but not restricted to: Entrust, NGA, Optimus and bespoke training all of which are provided to inform governance on the local or national education agenda. Each new governance recruit is appointed a mentor from the board for their first year. Continual training for all involved in governance takes the form of afternoon workshops, evening training and strategy days. Governance training for the academic year 2018-2019 included:

- Entrust Finance
- Safeguarding (inc. online)
- HR & Safer Recruitment
- Self-Evaluation and reflection on personal effectiveness
- Skills Audits
- Ofsted framework
- Risk awareness and management
- Schemes of Delegation
- Mental Health Training
- THRIVE initiative

The Board of Trustees carry out internal reviews annually and have agreed for an external review in the next academic year 2020-21.

Organisational Structure

Accountability, responsibility and delegation for Trustees, CEO, Local Academy Boards and Principals/Heads of Schools is set out in the Schemes of Delegation. (www.dfamat.com) This scheme of delegation has been implemented for the academic year 2019-20 and is under continual review to ensure its effectiveness.

The Board of Trustees delegate responsibilities to the Personnel Committee, the Finance and Audit Committee, the CEO, who is also the Accounting Officer, Academy Boards and Leadership.

The Executive Leadership Team consists of the Chief Executive Officer, the Principals, Heads of School, and the Company Secretary.

Arrangements for setting pay and remuneration of key management personnel

The scheme of delegation sets out the decision-making responsibilities for setting pay and remuneration for leadership, management and staff. This process incorporates performance management, benchmarking and compliance to current stipulated restrictions from the ESFA. Annual Pay progression is not automatic and is subject to performance management criteria.

The pay and remuneration of the executive leadership team is decided by the Board of Trustees and CEO.

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Trustees' report (continued)
for the year ended 31 August 2019

The pay and remuneration of the CEO is decided by the Board of Trustees.

Key management personnel include:

Trustees and:

D Meades	CEO
S Knight Fotheringham	Principal
L Kane	Principal
M O'Dell	Head of School
N Biddle	Head of School
R Tolhurst	Company Secretary
M Willis	CFO

The Personnel Committee will review the outcome of performance management for all other staff with reference to pay progression salary scales as appropriate within the requirements of the Teachers' Pay and Conditions Document. The Trust Pay Policy is reviewed annually to bring the Trust in line with County pay scales and pay awards.

Related Parties and other Connected Charities and Organisations

All those involved in governance and leadership disclose personal related details via the related party questionnaires submitted to auditors each year. Full disclosure provides transparency and ensures any conflict of interest is recognised and considered. No procurement process requiring disclosure or reporting at any level has taken place in this reporting period.

Auditors analyse revised and signed RPQs from all Trustees and Advisors at each annual audit.

Objectives and Activities

The objects of the Dover Federation for the Arts Multi Academy Trust are;

a) 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;

b) 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.

Aims

As a family of schools, the Trust works collaboratively to celebrate and nurture the uniqueness of all pupils. Through outstanding leadership, pastoral care, academic challenge and inspirational teaching all children are enabled to flourish, succeed and make a positive contribution to the communities they serve, creating strong citizens now and for the future.

Objectives, Strategies and Activities

Trustees objectives are to ensure the charity's resources are used for the charitable purpose and that the charity complies with the law and its governing document i.e. The Articles of Association.

Trustees take reasonable care in their work to ensure the trust is managed efficiently and effectively, taking professional advice when material or reputational risks may arise.

Trustees act responsibly in protecting the charity's assets and ensuring they are used for the benefit of the charity.

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Trustees' report (continued)
for the year ended 31 August 2019

As required by the Funding Agreement, Trustees must ensure the trust is solvent and keeps appropriate financial records.

We aim to make sure that every pupil achieves the very best they can. Through working with senior leaders, teachers and the wider staff we aim to raise achievement through providing an innovative curriculum, increased attendance and providing opportunities for personal growth and development.

The academies work together and with other schools both locally and nationally to share resources and experiences. This ensures that pupils and staff enjoy a wide range of learning experiences.

Achievements and Performance

All schools performed well this academic year and a brief summary against key indicators is set out below. This increase in performance has been a contributory factor on the budget outturn and we are aware of the need to be mindful of the depth of cuts still required but to also ensure the Trust sustain and improve these results across the schools.

Astor College

Attainment 8	35.28 (33.4 2018)
English (4+)	61% (56% 2018)
Maths (4+)	48% (44% 2018)
English & Maths (5+)	16% (6% 2018)
English & Maths (4+)	40% (35% 2018)
All Grades A*-C	49% (48% 2018)
All Grades A*-B	17% (17% 2018)

Post 16 Results Analysis 2019

Academic Average	22.96 D+
Applied General Average	33.14 Dist.
Percentage 1 Pass	98%
Percentage 2 Passes	94%
A* - A percentage	12%
A* - B percentage	23%
A* - C percentage	46%

Astor College continues to respond to the challenge of buildings and maintenance. Trustees are aware of these issues; which were evident to them on their annual Trust tour. The executive leadership team are tasked with continued applications for CIF bids and to work with consultants to address these issues which Trustees have prioritised in their Risk Register.

CIF funding for emergency work for Astor College took place on the roof of the main school block during the year and continues until January 2019.

The 2019-20 CIF application round has just opened and the college is preparing a bid for replacement windows, highlighted as a priority by the condition survey and SRMA in his report.

Safeguarding and security remain a priority – phased installation and upgrading of fire doors and security barriers/gates was agreed, utilising the additional funding provided by the DfE.

The college continues to offer a broad range of subjects across KS4 and 5 enabling students to personalise pathways that will enable them to leave the college with the skills, knowledge and academic attainment necessary to support their next steps. The uptake for sixth form courses remains consistent and the Level 2 offer of an employability programme is popular. In 2018-19 the students wishing to attend university was 14 with 12 currently at the university of their choice. The 2 who did not leave for university are currently at Astor following the GAP programme we offer to year 14 students.

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Trustees' report (continued)
for the year ended 31 August 2019

Over the past 12 months the college has achieved several accolades. These include being appointed the regional hub for the Teacher Development Trust, the Bronze Award from the Carnegie Centre of Excellence for Mental Health in Schools, the appointment of the Principal to represent Kent on the Careers and Enterprise Company executive group and being recognised as the lead school in the DDS partnership for Teaching, Learning and Development.

Astor staff embrace the continual professional development opportunities provided and this enables the college to work closely with the only research school in the South East to enhance the pedagogical researched informed practice that underpins all the college offers in terms of teaching and learning.

The work undertaken on research informed practice has led to staff from Astor sitting on committees for The Charter College, The Parliamentary Review Group, CESET, Careers and Enterprise Company and Kent County Council. Numerous staff have also been invited to speak at conferences at district, regional and national level to share the research undertaken and the impact it has.

The College development points this year include:

- To continue to embed and pursue high standards of research informed teaching
- To use systems effectively to inform teaching, interventions and other strategies leading to improved barriers to learning
- Develop students' understanding of and engagement with challenge
- To continue to support students, staff and the wider community with diverse aspects of their personal development
- To continue to strive for improvements in attendance and engagement of hard to reach families.

Barton Junior School

The academic year for Barton Junior School has been eventful. The ESFA have carried out a complete rebuild whilst business continued at the same time. The project was successful, and the children moved into their new school building only three days later than planned. Further refurbishment is required of remaining facilities and is the next project for the school to address. It is hoped that the development will not only provide much needed hall space for Barton Junior School but additional capacity for lettings and community use.

A new Head of School, Mrs M O'Dell, was appointed in September 2018.

The Academy Board merged with Shatterlocks Infant and Nursery School Board.

Results are in line or above national averages.

	READING	WRITING	MATHS	GPS
Expected Standard	74	85	74	79
Greater Depth	15	13	9	15

The school development points for this year include:

- To ensure the most able pupils are challenged consistently to attain the higher standards in reading and mathematics;
- The academy board continues to refine its skills for holding senior leaders to account in raising standards further.

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Trustees' report (continued)
for the year ended 31 August 2019

Next Steps from Ofsted Report – December 2018 'Good':

- most able pupils are challenged consistently to attain the higher standards in reading and mathematics;
- the academy board continues to refine its skills for holding senior leaders to account to raise standards further.

Shatterlocks Infant and Nursery School

Shatterlocks Infant and Nursery School have had a very successful year. A new Head of School, Mrs N Biddle, was appointed in September 2018. Ofsted carried out an inspection in June 2019 and the school achieved an 'Outstanding' judgement.

Staffing levels continue to be a concern in light of the higher than expected intake of children with high levels of need. Lack of initial funding has added additional strain on staff.

Percentage of children achieving GLD 80%
Phonics 84%

YEAR TWO	READING	WRITING	MATHS
Expected Standard	83	79	87
Greater Depth	28	21	30

The school development points for this year include:

- To ensure members of the newly restructured academy board improve their understanding of how to support and challenge leaders at all levels;
- To further refine the development of pupils' skills, knowledge and understanding across subjects other than English and mathematics.
- To raise standards and outcomes in reading for all pupils through more rigorous focus on individual, guided and shared reading
- Develop outside learning in the grounds of the School, building on knowledge gained through work with Forest Schools
- Embed whole school 'Thrive' approach with all staff to raise pupil well-being further through further training

White Cliffs Primary College for the Arts

White Cliffs is in an expansion programme to two forms of entry in all year groups. The target year group is currently in Year 5 which means that the programme will reach completion in September 2020. The College was inspected by Ofsted in January 2019 and achieved a 'Good' judgement.

The College has continued to reduce staffing levels by neither expanding nor replacing those who leave. This has put huge pressure on existing staff, particularly with the increased intake of those vulnerable children and those with SEND. The College also battles with maintaining the old buildings which are requiring urgent repairs and maintenance of considerable cost.

Percentage of children achieving GLD 76%
Phonics 81%

YEAR TWO	READING	WRITING	MATHS
Expected Standard	78	76	79
Greater Depth	14	0	9

YEAR SIX	READING	WRITING	MATHS	GPS
Expected Standard	69	76	90	86
Greater Depth	24	10	34	28

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Trustees' report (continued)
for the year ended 31 August 2019

The College development points for this year include:

- strengthen the quality of teaching by ensuring that it is consistently as good as the best in the school;
- pupils' learning is challenged and extended more fully across all areas of the curriculum, particularly for the most able, so pupils reliably reach the standards of which they are capable;
- further develop a shared vision for the curriculum so that it successfully develops pupils' knowledge, skills and understanding across all subjects.

Pebbles Nursery

Pebbles Nursery is situated in a purpose-built area within White Cliffs Primary College for the Arts. It is solely funded through the childcare voucher system, Free for 2 funding and from parental top-up fees. The Nursery is registered with Ofsted and is inspected under the Early Years Inspection Framework (September 2019). Pebbles is financially self-sufficient and does not draw on the White Cliffs GAG. Pebbles Nursery is owned and managed by the Trust. The Principal of White Cliffs Primary College for the Arts is the Nominated Person.

The day to day running of Pebbles is the responsibility of the Nursery Manager, supported by a Deputy Manager and a team of practitioners. The education is led by a qualified and experienced teacher. Pebbles offers 26 places per session. It is well regarded within the local community. Parents register their children for places well in advance of their eligibility.

Pebbles was last inspected by Ofsted in September 2013 and graded Outstanding. It is due for reinspection under the new OIF.

Public Benefit

As a family of schools, the primary purpose of The Dover Federation for the Arts Multi Academy Trust is to work collaboratively in celebrating and nurturing the uniqueness of all pupils. Through outstanding leadership, pastoral care, academic challenge and inspirational teaching all children can flourish, succeed and make a positive contribution to the communities they serve, creating strong citizens now and for the future.

The employability pathway at Astor College has led to all students who undertake this course leaving for an apprenticeship at its conclusion. This programme has also enabled the college to forge stronger and more sustainable links with businesses in the community which is supporting the extensive careers programme offered to all students.

Community engagement across the trust schools included 'The Big Dig' development of an outdoor learning classroom and sensory garden at White Cliffs Primary College for the Arts. White Cliffs and Barton Junior School have co-led with Affinity water the 'River Dour Project' which is a community based educational preservation project.

Shatterlocks Infant and Nursery School have partnered with the local Charles Lister Court residential supportive housing for the elderly. The children visit and perform musical items for the residents. This link benefits both the elderly and the children.

All primary schools are working with work experience students, apprenticeships, student teachers and offer placements for NVQ training.

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Trustees' report (continued)
for the year ended 31 August 2019

Strategic Report

Key Performance Indicators

Ofsted

The outcomes of this year's Ofsted inspections are:

- Barton Junior School	Good (December 2018)
- Shatterlocks Infant and Nursery	Outstanding (June 2019)
- White Cliffs Primary College for the Arts	Good (January 2019)
- Astor College	Inspection due (RI December 2018)
- Pebbles Nursery	'Outstanding' (Inspection due)

Principal Risks and Uncertainties

Trustees have been involved in training and seminars to increase the boards consistency and effectiveness in the use of risk management strategies. The internal auditors, Williams Giles, attended a whole board meeting to assess the Risk Management and Awareness Procedures and to consider the Risk Registers with Trustees to focus the internal audit reports for the next academic year. Auditors recognised the Trustees awareness of risks through mitigation strategies already in place.

The principal risks and uncertainties facing the Trust are:

- Sustaining the 3-year plan to return the Trust to a surplus position whilst maintaining the quality, standards and further attainment in all academies.
- Retaining high quality staff on reduced budgets and under restructuring restrictions.
- Rising costs of grounds and buildings maintenance, energy and services.
- Continuing rise in results at Astor College
- The declining condition of some of the Trust buildings
- Increase in numbers of children with high levels of need against a backdrop of insufficient funding and specialist provision

The Trust has worked closely with an SRMA and the ESFA and an achievable three-year recovery forecast has been agreed. This plan included structuring reforms including:

- Restructuring of leadership at White Cliffs Primary College and Astor College
- Reduction in staffing at all primaries
- Reduction in expenditure on non-staffing costs across the Trust but particular at Astor

Trustees also recognise emerging risks such as: Brexit causing potential supply delays and access issues around Dover school. Mitigation of this risk included trust wide strategies for staffing schools, alternative transport routes and liaising with suppliers to ensure contingency plans could be agreed. The CEO also joined with Lord Agnew on the government working party to identify and reduce risk and impact for schools.

Financial Review

Most of the Trust's income is obtained from the DfE, the use of which is restricted to specific purposes.

During the period to 31 August 2019, total for the DFMAT, including devolved capital income was £9,419,986 of which £260,308 was unrestricted.

Total expenditure for the period to 31 August 2019 was £10,265,595 of which 70% represented employee costs.

These figures indicate a net in year deficit of £845,609 which includes depreciation charges of £889,403. Therefore operationally DFMAT made an in year surplus of £43,794.

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Trustees' report (continued)
for the year ended 31 August 2019

The restricted fund (excluding restricted fixed asset funds) at 31 August 2019 is in deficit by £5,028,000. This arises from the pension reserve fund which represents DFMAT's share of the LGPS fund deficit of £5,028,000 calculated in accordance with Financial Reporting Standard (FRS) 102 by Barnett Waddingham LLP. Employer contributions are reviewed every three years in consultation with the scheme's administrators and employer contributions due by the Trust have been fixed for the three years from 1 April 2017.

Unrestricted funds are in deficit by £359,831. The deficit includes a loan from KCC which was inherited on conversion and the remaining loan balance at year end is £373,975.

The Trust also has £180,992 of free capital reserves which includes £84,442 of CIF funding for roof replacement works at Astor College.

The Trust experienced quite significant changes from September 2018 when leadership and governance structures were revised. A new CEO was appointed after the previous CEO of 30 years retired. Along with these changes the Trustees were clear that the Director of Finance and Business be released from employment and an independent financial consultant was employed. During this time of adjustment, leadership and governance were able to re-focus priorities and stimulate clarity through training, review and creating the collegiate accountability required to strengthen the Trust's position.

Trustees, with the support of leadership took bold steps in reviewing budgets and spending. With the invaluable support of the ESFA and an SRMA, a three-year plan brings the Trust back into surplus and a healthy position by 2022. In the short time this plan has been in place, the impact of agreed strategies has already made a huge difference.

The Trust central services continue to be strengthened; the appointment of a Director of Business and Resources aims to boost capacity to the Trust's income generation and efficiency drive.

A KCC loan was taken out prior to academisation and the CEO is engaged in negotiations with KCC regarding adjustments advised by the ESFA. Currently, the loan payments run until 2022:

31/08/19	£373,975
31/08/20	£226,795
31/08/21	£79,615
31/08/22	£Nil

After detailed benchmarking, analysis and valuable engagement with the SRMA, Trustees are committed to the agreed three-year plan. Trustees had already requested an in-depth review of all contracts, ensuring only operational lease agreements were in place. Streamlining of individual school contracts into one trust wide contract has taken place over the past two years and continues to achieve savings and efficiencies. A review of insurance arrangements took place, along with a decision to reduce, over time, a higher than average number of TLR payments at Astor College. Any performing and visual arts projects will take place only in the UK and not internationally for the foreseeable future unless fundraising or project bids are successful in meeting the costs. Analysis of staffing ratios and class sizes will lead to changes going forwards, but this will also entail further staff reductions and cuts to resources and streamlining of the curriculum offer. The outcome of this review and three-year plan will ensure financial stability, improved income generation, expansion of central services, priority buildings and maintenance programme, succession planning and potential for strategic future growth.

Going Concern

After making appropriate enquiries, the board of trustees are confident 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. Trustees are cautious, as funding has not risen in line with costs and reserves are diminished, however, adhering to the plan agreed will enable the Trust's overall financial position to stabilise and rebuild reserves.

The Trustees took immediate action after reviewing the benchmarking and recommendations from the School Resource Management Advisor (SRMA). The three-year plan will build on this action and return the Trust to a surplus budget by 2022.

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Trustees' report (continued)
for the year ended 31 August 2019

In working towards financial efficiency, the Trust will need to make further cuts in resourcing and staffing. Trustees are confident that the Trust's financial security will be achieved through these actions but are mindful for the need to also focus on continually raising attainment levels.

Therefore, the Board of Trustees has adequate resources to continue its objects. 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.

Reserves Policy

Academies are expected to create reserves from their annual capital funding. However, as there is now minimal funding in the way of devolved formula capital grant from the ESFA, this creates little opportunity to achieve a surplus. The Trust will therefore continue to bid for any Priority Building or Condition Improvement Funding available, based on capital projects identified in the School/College Improvement Plans. The level of reserve will be reviewed and set on an annual basis as part of the budget setting plan.

When considering an appropriate level of reserves, the trustees consider:

- the risk of unforeseen emergency or other unexpected need for funds
- covering unforeseen day-to-day operational costs, for example employing temporary staff to cover a long-term sick absence
- a fall in a source of income, such as lettings
- planned commitments, or designations, that cannot be met by future income alone, for example plans for a major capital project
- the need to fund potential deficits in a cash budget, for example money may need to be spent before a funding grant is received

The Trustees use the financial risks identified to determine the amount of reserves the academy aims to hold.

Investment Policy

The Trustees consider the best use for any reserves is for re-investment into the Trust at the current time.

Fundraising

The Trustees statement regarding fundraising:

- We will not accept funding from organisations or businesses that go against the Trust's core values including but not restricted to: alcohol or tobacco companies, pay day loan companies or from companies using child labour, modern day slavery or who do not promote healthy eating or living.
- All decisions based on ethical protocols will be made by the Principal and the Academy Boards for each individual school/college.
- We will accept donations from individual donors, if the donations do not come with conditions or expectations, we are not happy to uphold
- Any fundraising initiatives must be authorised by the Principal at the school/college prior to commencing organisation.
- Fundraising teams, whether staff, students or parents must liaise with the Finance Department and adhere to the strict protocol for handling, recording and storage of funds.

Accounting Arrangements

Funds raised will be kept separately from the main school/college funds. Spending will be monitored separately for each project, and income and expenditure for each will be reported to the Principal and Accounting Officer. An annual account of all trust fundraising will be presented to the Board of Trustees as part of the Accounting Officer's report. A breakdown of how the funds have been used will be provided to the organisations that provided them, on request.

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Trustees' report (continued)
for the year ended 31 August 2019

Plans for Future Periods

The last 12 months have been a period of huge change for the Trust. The appointment of a new CEO has proved highly beneficial and has strategically changed the direction of the work we do. All four academies received an Ofsted visit in the last academic year and the reports have been highly positive. Standards at Astor College and White Cliffs Primary College has seen considerable improvement whilst the high standards at Barton and Shatterlocks are sustained.

The Trust is looking to rebrand with an aim to raise the Trust's profile and attract all students and families in the local area by focusing on high aspirations and all aspects of the wider curriculum. This is particularly important given that 42% of local children go to the Grammar schools. The introduction of the 'Grammar Stream' at Astor College in 2014 has been highly successful in attracting the higher achieving children who want a grammar school education in a non-selective setting.

Two academies in the trust have requested name changes to better reflect the quality and type of education they provide. This proposal will form part of the business plan for re-branding.

The Trust has a proven track record in school improvement. Therefore, we are seeking to expand the number of primary schools within the Trust in order to share our expertise in raising attainment.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the year

-

Full-time equivalent employee number

-

Percentage of time spent on facility time

Percentage of time

No. of employees

0%

-

1% - 50%

-

51% - 99%

-

100%

-

Percentage of pay bill spent on facility time

£

Total cost of facility time

-

Total pay bill

6,998,751

Percentage of total pay bill spent on facility time

0%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours

0%

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

Trustees' report (continued)
for the year ended 31 August 2019

Disclosure of information to auditors

Insofar as the trustees are aware:

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

Auditor

The auditor, Kreston Reeves LLP, have indicated their willingness to continue in office.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 9 December 2019 and signed on its behalf by:



Mr B J Williams
Chairman of The Board of Trustees

The Dover Federation for the Arts
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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 Officer, 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 Statement of Trustees' responsibilities. The Board of Trustees has formally met 8 times during the year.

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

Trustee	Meetings attended	Out of a possible
Mr B J Williams, Chair	8	8
Mrs C Donovan, Vice Chair	8	8
Mrs C A Boxall	7	8
Mrs U Mills	8	8
Mr N Castle (appointed 25 September 2018)	8	8
Mrs A Billing (resigned 3 October 2019)	3	8
Mr J Horne (resigned 1 May 2019)	6	6
Mr R Davies (appointed 10 July 2019)	1	1
Mrs H K Baacke (resigned 31 December 2018)	2	2
Mr S P Paget (resigned 31 December 2018)	2	2
Ms K Weaver (appointed 26 September 2019)	0	0
Mr G Cowan (resigned 29 July 2019)	2	8

During the past academic year, the guidance from the RSC and ESFA led two staff Trustees to resign. We also had two trustees who were struggling to make it to the full board meetings as the number held per year rose significantly. They both resigned from the Board of Trustees but are however still involved, one as a Member and the other out the Primary Hub Academy Board.

Recruitment is a key priority and taking the form of a phased programme.

No separate Finance and Audit Committee existed for 2018-19 due to the Board of Trustees covering this remit until, in July 2019 when it was recognised that the Finance and Audit Committee should be reinstated. The Board of Trustees held 8 meetings in 2018-19, of which 4 covered pre audit, post audit, budgets and monitoring. However, for the 2019-20 academic year the newly appointed Finance and Audit Committee have 5 scheduled meetings, the Personnel Committee 2, and the Board of Trustees have 4 meetings booked in.

Governance Reviews

The Board of Trustees have carried out a full internal review over the last academic year 2018 – 2019. All those involved reflected on the self-evaluation programme linked with an audit of skills. It was recognised that recruitment in key areas was required and these appointments were made after using governance recruitment sites. Also, after receiving guidance from the RSC and ESFA, the two staff Trustees resigned their posts on the board. Although this was a great loss, both are still available as advisors should their expertise be required.

The Dover Federation for the Arts
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Governance Statement (continued)

Governance (continued)

The second area highlighted through the review was an urgent need for succession planning. Therefore, we are currently undergoing the next phase of recruiting experienced MAT Trustees especially with experience in chairing, finance, legal, marketing, HR and Health and Safety. Although many existing trustees have a broad grasp of these skills, we must recruit Trustees with current specialist knowledge.

Another area of focus was to establish clarity and consistency across governance of the trust as a whole. The remit of clerking and the Company Secretary role has developed and grown immensely; therefore, Trustees have assessed the current workload of the Company Secretary to ensure the role can offer the capacity for effective trust wide governance support. The Company Secretary has also carried out external exams in Academy Governance.

Trustees and leadership are mindful of the need for succession planning in key central services provided by the Trust Central Team and this will form a future focus to ensure the Trust is able to provide the support through expansion plans.

Trustees plan to appoint an external review of governance from September 2020. The reviewing body have already been approached.

The **Personnel Committee** is a sub-committee of the main board of trustees. Its purpose is:

- To approve procedure for recruitment and appointment of staff.
- To consider applications from staff for secondments or leave of absence.
- To oversee the process leading to staff reductions.
- To follow established procedure when advertising, selecting and appointing new members of staff through the implementation of the Safer Recruitment Policy.
- To monitor the Trust Single Central Database.
- To make recommendations on personnel related expenditure to the Board of Trustees.
- To keep under review staff work/life balance, working conditions and well-being, including the monitoring of absence.
- To draft and recommend for adoption the procedures for dealing with staff discipline and grievances procedures.
- To establish and review a Performance Management/Appraisal Policy for all staff.
- To establish and review the Pay Policy for all staff.

Additional responsibilities which are delegated by the Trustees as set out in the Trust Schemes of Delegation reviewed each academic year. A copy is on the Trust's website.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mrs U Mills, Chairman	2	2
Mrs C Donovan	2	2
Mr G Cowan	1	2
Mr B J Williams	1	2
Mr D Meades	2	2

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

Governance Statement (continued)

Review of value for money

As Accounting Officer of The Dover Federation for the Arts Multi Academy Trust the CEO is responsible and accountable for ensuring that the trust delivers good value in the use of public resources. In carrying out these duties the CEO is aware of the guide to academy value for money statements published by the Education Skills Funding Agency and understanding that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

Set out below is how the CEO ensured that the trust's use of its resources has provided good value for money during the academic year.

Improving Educational Results

The Trust has ensured that resources have been directed where they were most needed and most effective in meeting educational requirements, for example:

- Flexible support staff movement across schools to meet demands of unfunded high needs provision
- Specialist staff supporting identified needs across the trust
- Shared initiatives to accelerate the progress of identified groups of pupils
- Professional development and performance management focused to wider needs of the trust through development plans
- Raised awareness of mental health and wellbeing through whole staff training, qualified in-house trainer, qualified mental health support staff and training for parents.
- Further development of internal behaviour strategies to promote inclusion and engagement
- Consolidation of contracts to offer single efficient trust wide provision
- Further development of central services

The effectiveness of these strategies can be seen in improved pupil outcomes, staff observations and preparations for delivering the curriculum and meeting the new requirements for the Ofsted framework.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Trust for the period 1 September 2018 to 31 August 2019 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 on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and 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 benchmarking by the Chairman, CEO, CFO and Principals of reports which indicate financial performance against the forecasts and of major purchase plans, capital works, expenditure programmes and development/improvements plans
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties as set out in the schemes of delegation and finance policies
- identification and management of risks by Trustees who instruct the internal auditor with Responsible Officer delegated duty

The board of Trustees has considered the need for a specific internal audit function and has decided to appoint Williams Giles as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems.

Three reports are presented to the Board of Trustees per academic year and these are carried out by the auditor. These reports are submitted through the Finance and Audit Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The areas of internal control reported on in 2018-19 were:

Visit One

Fixed Assets/Inventory
Banking & Cash Handling
Income
Core Financial Area: Expenditure

Visit Two

Governance & Procedures
Payroll & Recruitment
Voluntary Fund & School Journey

Visit Three

Contracts & Procurement
Academy Meals
Financial Monitoring & Reporting
Lettings and Income Generation

The Dover Federation for the Arts
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Governance Statement (continued)

Review of effectiveness

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

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

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

Approved by order of the members of the Board of Trustees on 9 December 2019 and signed on their behalf by:

Mr B J Williams
Chairman of Board of Trustees

Mr D Meades
Accounting Officer

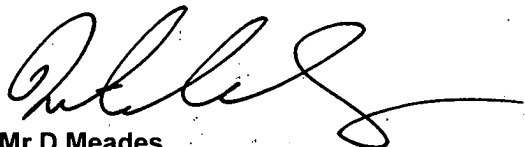
The Dover Federation for the Arts
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Statement on Regularity, Propriety and Compliance

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 & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Academy Trust board of Trustees are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2018.

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



Mr D Meades
Accounting Officer
Date: 9 December 2019

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

Statement of Trustees' responsibilities
for the year ended 31 August 2019

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Academies Accounts Direction published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare 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 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of Trustees on 9 December 2019 and signed on its behalf by:



Mr B J Williams
Chairman of Board of Trustees

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

Independent auditors' Report on the financial statements to the Members of The Dover Federation for the Arts

Opinion

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

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 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Independent auditors' Report on the financial statements to the Members of The Dover Federation for the Arts (continued)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Other information includes the Reference and administrative details, the Trustees' report including the Strategic report, and the Governance statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

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

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

Independent auditors' Report on the financial statements to the Members of The Dover Federation for the Arts (continued)

Responsibilities of trustees

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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy Trust or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Academy Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the Academy Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Independent auditors' Report on the financial statements to the Members of The Dover Federation for the Arts (continued)

Use of our report

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 opinions we have formed.

Kreston Reeves LLP /

Peter Manser FCA DChA (Senior statutory auditor)
for and on behalf of

Kreston Reeves LLP
Statutory Auditor
Chartered Accountants
Canterbury

12 December 2019

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

Independent Reporting Accountant's Assurance Report on Regularity to The Dover Federation for the Arts and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 31 August 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Dover Federation for the Arts during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Dover Federation for the Arts and the ESFA 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 ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Dover Federation for the Arts and ESFA, 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 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

Independent Reporting Accountant's Assurance Report on Regularity to The Dover Federation for the Arts and the Education & Skills 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
- Reviewed 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 Board of Directors for declaration of interests
- Considered whether other income activities are permitted within the Academy Trust's charitable objects
- Considered if borrowing arrangements, 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
- Considered if the Trust's governance arrangements and composition are in-line with the Academies Financial Handbook 2018

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Kreston Reeves LLP

Reporting Accountant
Chartered Accountants
Canterbury

Date: 12 December 2019

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

Statement of financial activities (incorporating income and expenditure account)
for the year ended 31 August 2019

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	As restated Total funds 2018 £
Income from:						
Donations and capital grants	3	24,456	-	380,036	404,492	145,036
Charitable activities	4	-	8,771,012	-	8,771,012	8,670,006
Other trading activities	5	235,810	-	8,630	244,440	215,810
Investments	6	42	-	-	42	-
Total income		260,308	8,771,012	388,666	9,419,986	9,030,852
Expenditure on:						
Charitable activities		76,561	9,299,631	889,403	10,265,595	10,452,541
Total expenditure	7	76,561	9,299,631	889,403	10,265,595	10,452,541
Net (expenditure)		183,747	(528,619)	(500,737)	(845,609)	(1,421,689)
Transfers between funds	20	(83,948)	80,619	3,329	-	-
Net movement in funds before other recognised gains/(losses)		99,799	(448,000)	(497,408)	(845,609)	(1,421,689)
Other recognised gains / (losses):						
Actuarial (losses)/gains on defined benefit pension schemes	27	-	(937,000)	-	(937,000)	1,160,000
Net movement in funds		99,799	(1,385,000)	(497,408)	(1,782,609)	(261,689)
Reconciliation of funds:						
Total funds brought forward		(459,630)	(3,643,000)	25,731,348	21,628,718	21,890,407
Net movement in funds		99,799	(1,385,000)	(497,408)	(1,782,609)	(261,689)
Total funds carried forward		(359,831)	(5,028,000)	25,233,940	19,846,109	21,628,718

All activities relate to continuing operations.

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 32 to 61 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 2019

	Note	2019 £	As restated 2018 £
Fixed assets			
Tangible assets	15	25,052,949	25,685,825
Current assets			
Debtors	16	293,148	252,810
Cash at bank and in hand		724,258	335,660
		<u>1,017,406</u>	<u>588,470</u>
Creditors: amounts falling due within one year	17	(969,451)	(634,144)
Net current assets / liabilities		<u>47,955</u>	<u>(45,674)</u>
Total assets less current liabilities		<u>25,100,904</u>	<u>25,640,151</u>
Creditors: amounts falling due after more than one year	18	(226,795)	(368,433)
Net assets excluding pension liability		<u>24,874,109</u>	<u>25,271,718</u>
Defined benefit pension scheme liability	27	(5,028,000)	(3,643,000)
Total net assets		<u><u>19,846,109</u></u>	<u><u>21,628,718</u></u>
Funds of the Academy Trust			
Restricted funds:			
Fixed asset funds	20	25,233,940	25,731,348
Restricted funds excluding pension asset	20	25,233,940	25,731,348
Pension reserve	20	(5,028,000)	(3,643,000)
Total restricted funds	20	<u>20,205,940</u>	<u>22,088,348</u>
Unrestricted income funds	20	<u>(359,831)</u>	<u>(459,630)</u>
Total funds		<u><u>19,846,109</u></u>	<u><u>21,628,718</u></u>

The financial statements on pages 29 to 61 were approved by the Trustees, and authorised for issue on 09 December 2019 and are signed on their behalf, by:

Mr B J Williams
Chair of Trustees

The notes on pages 32 to 61 form part of these financial statements.

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

Statement of cash flows
for the year ended 31 August 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	22	412,268	(231,430)
Cash flows from investing activities	24	117,969	(82,863)
Cash flows from financing activities	23	(141,639)	(141,581)
Cash and cash equivalents at the beginning of the year		335,660	791,534
Cash and cash equivalents at the end of the year	25	724,258	335,660

The notes on pages 32 to 61 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 2019

1. Accounting policies

The Dover Federation for the Arts is a charitable company limited by guarantee and an exempt charity incorporated in England and Wales. The registered office is Astor College, Astor Avenue, Dover, Kent, CT17 0AS. The principal activity of the Academy Trust is to provide education for pupils that satisfies the requirements of the Education Act 2002.

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation of financial statements

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Dover Federation for the Arts meets the definition of a public benefit entity under FRS 102.

The Academy Trust's functional and presentational currency is Pounds Sterling.

The Academy Trust's financial statements are presented to the nearest £.

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 at least one year from the date of authorisation for issue of the financial statements.

As stated in the trustee's report, a robust recovery plan submitted by the SRMA and agreed with the ESFA has been adopted by the Trustees. Trustees and Leadership are committed to carrying out the recommendations. Vigorous monitoring takes place with monthly reports sent to the ESFA. The 3-year plan returns the Trust to a healthy overall surplus position.

Moving forward, with clarity, transparency and collaboration with the ESFA, the Dover Federation for the Arts Multi Academy Trust remains confident as a going concern.

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 the funders where the asset acquired or created is held for a specific purpose.

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

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Notes to the financial statements
for the year ended 31 August 2019

1. Accounting policies (continued)

1.4 Income

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

- **Grants**

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

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

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

- **Donations**

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

- **Other income**

Other income, including the hire of facilities, is recognised in the year it is receivable and to the extent the Academy Trust has provided the goods or services.

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

Notes to the financial statements
for the year ended 31 August 2019

1. Accounting policies (continued)

1.6 Tangible fixed assets

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

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

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

Depreciation is provided on the following bases:

Long leasehold buildings	- over 50 years straight line
Furniture and fixtures	- over 10 years straight line
Plant and equipment	- over 5 years straight line
Computer equipment	- over 3 years straight line
Motor vehicles	- over 5 years straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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

1.7 Operating leases

Rentals paid under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

1.8 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy Trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.9 Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 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.

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Notes to the financial statements
for the year ended 31 August 2019

1. Accounting policies (continued)

1.10 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.11 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.12 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within the interest payable and similar charges.

1.13 Agency arrangements

The Academy Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are not excluded from the Statement of financial activities as the Trust does have control over the charitable application of the funds. The Academy Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of financial activities. The funds received and paid and any balances held are disclosed in note 30.

1.14 Financial instruments

The Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy Trust and their measurement bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 17 and 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Notes to the financial statements
for the year ended 31 August 2019

1. Accounting policies (continued)

1.15 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.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

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Notes to the financial statements
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2. Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

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

Multi-employer defined benefit pension scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Tangible fixed assets

The Academy Trust has recognised tangible fixed assets with a carrying value of £25,052,949 at the reporting date (see note 15). These assets are stated at their cost less provision for depreciation and impairment. The Academy Trust's accounting policy sets out the approach to calculating depreciation for immaterial assets acquired. For material assets such as land and buildings, the Academy Trust determines at acquisition reliable estimates for the useful life of the asset, its residual value and decommissioning costs. These estimates are based upon such factors as the expected use of the acquired asset and market conditions. At subsequent reporting dates the directors consider whether there are any factors such as technological advancements or changes in market conditions that indicate a need to reconsider the estimates used.

Where there are indicators that the carrying value of tangible assets may be impaired the Academy Trust undertakes tests to determine the recoverable amount of assets. These tests require estimates of the fair value of assets less cost to sell and of their value in use. Wherever possible the estimate of the fair value of assets is based upon observable market prices less incremental cost for disposing of the asset. The value in use calculation is based upon a discounted cash flow model, based upon the Academy Trust's forecasts for the foreseeable future which do not include any restructuring activities that the Academy Trust is not yet committed to or significant future investments that will enhance the asset's performance. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as expected future cash flows and the growth rate used for extrapolation purposes.

Critical areas of judgement:

Lease commitments

The Academy Trust has entered into a range of lease commitments in respect of plant and equipment. The classification of these leases as either financial or operating leases requires the Trustees to consider whether the terms and conditions of each lease are such that the Academy Trust has acquired the risks and rewards associated with the ownership of the underlying assets.

Notes to the financial statements
for the year ended 31 August 2019

2. Critical accounting estimates and areas of judgement (continued)

Multi-employer defined benefit pension scheme

Certain employees participate in a multi-employer defined benefit pension scheme with other Academy Trusts in the region. In the judgement of the Trustees, the Academy Trust does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets. Therefore the scheme is accounted for as a defined contribution scheme, see note 27 for further details.

Going concern

In the judgement of the Trustees, it is appropriate to prepare the financial statements in accordance with the going concern basis of accounting. See note 1.2 for further details.

3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	24,456	-	24,456	2,371
Capital grants	-	380,036	380,036	135,190
Other grants and payments	-	-	-	7,475
	<u>24,456</u>	<u>380,036</u>	<u>404,492</u>	<u>145,036</u>
Total 2018	<u>9,846</u>	<u>135,190</u>	<u>145,036</u>	

4. Funding for the Academy Trust's direct costs

	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants			
General Annual Grant (GAG)	7,234,399	7,234,399	7,325,124
Other DfE / ESFA grants	1,071,670	1,071,670	1,038,590
	<u>8,306,069</u>	<u>8,306,069</u>	<u>8,363,714</u>
Other government grants			
Local authority grants	464,943	464,943	306,292
	<u>8,771,012</u>	<u>8,771,012</u>	<u>8,670,006</u>

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Notes to the financial statements
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5. Income from other trading activities

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from facilities / services	28,502	-	28,502	135,312
Contributions to visits	30,145	-	30,145	38,044
Catering income	88,126	-	88,126	-
Other income	89,037	8,630	97,667	42,454
	<u>235,810</u>	<u>8,630</u>	<u>244,440</u>	<u>215,810</u>
Total 2018	<u>215,810</u>	<u>-</u>	<u>215,810</u>	

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £
Bank interest receivable	<u>42</u>	<u>42</u>

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	As restated Total 2018 £
Direct costs	5,112,803	-	638,401	5,751,204	5,602,424
Support costs	2,123,682	469,223	1,921,486	4,514,391	4,850,117
	<u>7,236,485</u>	<u>469,223</u>	<u>2,559,887</u>	<u>10,265,595</u>	<u>10,452,541</u>
Total 2018 as restated	<u>7,567,163</u>	<u>309,623</u>	<u>2,575,755</u>	<u>10,452,541</u>	

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Notes to the financial statements
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8. Analysis of expenditure by activities

	Direct costs 2019 £	Support costs 2019 £	Total funds 2019 £	As restated Total funds 2018 £
Educational operations	5,751,204	4,514,391	10,265,595	10,452,541
	<u>5,751,204</u>	<u>4,514,391</u>	<u>10,265,595</u>	
Total 2018 as restated	5,602,424	4,850,117	10,452,541	
	<u>5,602,424</u>	<u>4,850,117</u>	<u>10,452,541</u>	

Analysis of direct costs

	Total funds 2019 £	Total funds 2018 £
Staff costs	5,017,378	4,865,750
Books, stationery & materials	218,579	274,662
Exam fees	95,570	102,396
Other educational supplies & services	211,517	200,353
Staff development & other staff costs	98,779	97,420
Agency staff	95,425	42,611
Bursary payments	13,956	19,232
	<u>5,751,204</u>	<u>5,602,424</u>

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Notes to the financial statements
for the year ended 31 August 2019

8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2019 £	As restated Total funds 2018 £
FRS 102 pension finance cost	92,000	109,000
Staff costs	2,062,212	2,628,995
Depreciation	889,403	865,209
Maintenance of premises & equipment	87,252	51,824
Cleaning	148,672	20,805
Rates	55,464	55,286
Insurance	42,757	45,843
Computer costs	214,913	112,748
Internal audit	3,430	2,100
Catering	316,868	309,069
Other occupancy costs	31,108	55,544
Transport costs	6,500	19,352
Security	5,044	8,520
Non-capitalised expenditure	-	56,917
Water & sewerage	39,734	34,733
Energy	153,985	138,455
Furniture & equipment	9,798	9,407
Other admin expenses	142,915	133,818
Staff restructuring costs	61,470	29,807
Other loan interest	5,540	5,599
Auditors remuneration	10,500	9,840
Auditors remuneration - non audit	1,688	1,500
Auditors remuneration - other audit costs	7,400	7,144
Other professional fees	125,739	62,881
Other supplies & services	-	75,721
	4,514,391	4,850,117

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Notes to the financial statements
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9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £	As restated 2018 £
Operating lease rentals	80,763	49,147
Depreciation of tangible fixed assets	889,403	865,209
Fees paid to auditors for:		
- audit	10,500	9,840
- other services	9,650	8,644
	<u>10,500</u>	<u>9,840</u>
	<u>9,650</u>	<u>8,644</u>

10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	5,338,152	5,706,099
Social security costs	520,591	537,419
Pension costs	1,220,847	1,251,227
	<u>7,079,590</u>	<u>7,494,745</u>
Agency staff costs	95,425	42,611
Staff restructuring costs	61,470	29,807
	<u>7,236,485</u>	<u>7,567,163</u>

Staff restructuring costs comprise:

	2019 £	2018 £
Redundancy payments	42,840	23,557
Severance payments	18,630	6,250
	<u>61,470</u>	<u>29,807</u>

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Notes to the financial statements
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10. Staff costs (continued)

b. Staff numbers

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

	2019 No.	2018 No.
Teachers	95	87
Administration & support	110	117
Management	6	15
	<u>211</u>	<u>219</u>

c. Higher paid staff

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	2	2
In the band £80,001 - £90,000	2	4
In the band £90,001 - £100,000	1	-

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2019, pension contributions for these employees amounted to £55,605 (2018: £58,890).

d. Key management personnel

The key management personnel of the Academy Trust comprise the trustees and senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was 630,343 (2018: £563,527), including national insurance contributions of £57,881 (2018: £49,841).

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Notes to the financial statements
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11. Central services

The 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

The Academy Trust charges 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:

	2019 £	2018 £
Barton Junior School	58,708	70,000
Shatterlocks Infant & Nursery School	26,042	70,000
White Cliffs Primary College for the Arts	61,042	80,000
Total	145,792	220,000

12. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2019 £	2018 £
C J Russell (Chief Executive and Trustee) (resigned 31 August 2018)	Remuneration	Nil	85,000 - 90,000
S P Paget (Staff Trustee) (resigned 31 December 2018)	Remuneration	15,000 - 20,000	50,000 - 55,000
	Pension contributions paid	0 - 5,000	5,000 - 10,000
H K Baacke (Staff Trustee) (resigned 31 December 2018)	Remuneration	10,000 - 15,000	35,000 - 40,000
	Pension contributions paid	0 - 5,000	5,000 - 10,000

During the year, a Trustee received benefits in kind of £NIL (2018 - £11,109)

During the year ended 31 August 2019, no Trustee expenses have been incurred (2018 - £NIL).

Other related party transactions involving the trustees are set out in note 29.

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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 £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

14. Other finance income

	2019 £	2018 £
Interest income on pension scheme assets	143,000	128,000
Interest on pension scheme liabilities	(235,000)	(237,000)
	<u>(92,000)</u>	<u>(109,000)</u>

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**Notes to the financial statements
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15. Tangible fixed assets

	As restated Long-term leasehold property £	Assets under construction £	Furniture and equipment £	Plant and machinery £	Computer equipment £	Motor vehicles £	Total £
Cost or valuation							
At 1 September 2018	28,578,328	-	37,385	22,950	147,934	39,410	28,826,007
Additions	15,458	177,986	30,775	-	32,308	-	256,527
Disposals	-	-	-	-	(43,529)	-	(43,529)
At 31 August 2019	28,593,786	177,986	68,160	22,950	136,713	39,410	29,039,005
Depreciation							
At 1 September 2018	2,949,620	-	14,584	18,630	124,660	32,688	3,140,182
Charge for the year	848,299	-	4,624	1,771	27,987	6,722	889,403
On disposals	-	-	-	-	(43,529)	-	(43,529)
At 31 August 2019	3,797,919	-	19,208	20,401	109,118	39,410	3,986,056
Net book value							
At 31 August 2019	24,795,867	177,986	48,952	2,549	27,595	-	25,052,949
At 31 August 2018 (as restated)	25,628,708	-	22,801	4,320	23,274	6,722	25,685,825

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Notes to the financial statements
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15. Tangible fixed assets (continued)

Included in land and buildings is leasehold land at valuation of £5,143,750 (2018: £5,143,750) which is not depreciated.

16. Debtors

	2019 £	2018 £
Trade debtors	7,311	7,859
Prepayments and accrued income	208,985	217,656
VAT recoverable	76,852	27,295
	<u>293,148</u>	<u>252,810</u>

17. Creditors: Amounts falling due within one year

	2019 £	2018 £
Other loans	147,180	147,181
Trade creditors	377,129	-
Other taxation and social security	128,123	129,947
Other creditors	112,434	112,844
Accruals and deferred income	204,585	244,172
	<u>969,451</u>	<u>634,144</u>

	2019 £	2018 £
Deferred Income		
Deferred income at 1 September 2018	76,660	75,592
Resources deferred during the year	138,925	76,660
Amounts released from previous periods	(76,660)	(75,592)
Deferred income as at 31 August 2019	<u>138,925</u>	<u>76,660</u>

The deferred income above relates to money received in advance of the 2019/20 year to which it relates from the ESFA in relation to Universal Infant Free School Meals, Rates Relief, from students in respect of future trips and staff fund money received.

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Notes to the financial statements
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18. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Other loans	<u>226,795</u>	<u>368,433</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.

19. Prior year adjustment

The 2018 figures have been restated as a result of the Barton Junior School building being demolished in the 2019/20 financial period thus reducing the useful economic life of the asset to nil at the time of the demolition. The decision to demolish the building was taken in September 2017 and thus the useful economic life was reduced at this point.

The accelerated depreciation charge relating to the year ended 31 August 2018 amounts to £349,999. Accordingly, a prior year adjustment reducing the net book value of Tangible Fixed Assets and Restricted Fixed Asset Funds by £349,999 has been made.

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Notes to the financial statements
for the year ended 31 August 2019

20. Statement of funds

	As restated Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
Unrestricted revenue fund	55,984	260,308	(71,021)	(231,127)	-	14,144
Deficit on conversion	(515,614)	-	(5,540)	147,179	-	(373,975)
	<u>(459,630)</u>	<u>260,308</u>	<u>(76,561)</u>	<u>(83,948)</u>	<u>-</u>	<u>(359,831)</u>
Restricted general funds						
General Annual Grant (GAG)	-	7,234,399	(7,315,018)	80,619	-	-
Other DfE / ESFA / Local Authority grants	-	1,536,613	(1,536,613)	-	-	-
Pension reserve	(3,643,000)	-	(448,000)	-	(937,000)	(5,028,000)
	<u>(3,643,000)</u>	<u>8,771,012</u>	<u>(9,299,631)</u>	<u>80,619</u>	<u>(937,000)</u>	<u>(5,028,000)</u>
Restricted fixed asset funds						
Restricted fixed asset fund	25,628,258	-	(889,403)	256,526	-	24,995,381
Capital expenditure from GAG	57,567	-	-	-	-	57,567
DfE / ESFA capital grants	45,523	380,036	-	(244,567)	-	180,992
Private sector capital sponsorship	-	8,630	-	(8,630)	-	-
	<u>25,731,348</u>	<u>388,666</u>	<u>(889,403)</u>	<u>3,329</u>	<u>-</u>	<u>25,233,940</u>
Total Restricted funds	<u>22,088,348</u>	<u>9,159,678</u>	<u>(10,189,034)</u>	<u>83,948</u>	<u>(937,000)</u>	<u>20,205,940</u>
Total funds	<u>21,628,718</u>	<u>9,419,986</u>	<u>(10,265,595)</u>	<u>-</u>	<u>(937,000)</u>	<u>19,846,109</u>

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Notes to the financial statements
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20. Statement of funds (continued)

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

Unrestricted funds are applied to the general work of the Academy Trust to support activities inside and outside the curriculum.

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

Other DfE / ESFA 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 and Capital expenditure from GAG represents the leasehold land and buildings which were donated upon conversion to academy status including depreciation to the balance sheet date plus other assets which have been purchased to date.

DfE / ESFA capital grants fund is to provide the Academy Trust with its own capital money to address improvements to buildings and other facilities. The balance on the fund represents unspent capital grant money to be spent in the first school term of 2019/2020.

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

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £	As restated 2018 £
Astor College	(678,505)	(682,526)
Barton Junior School	96,685	81,778
White Cliffs Primary College for the Arts	189,987	120,892
Shatterlocks Infant and Nursery School	32,002	20,226
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	(359,831)	(459,630)
Restricted fixed asset fund	25,233,940	25,731,348
Pension reserve	(5,028,000)	(3,643,000)
	<hr/>	<hr/>
Total	19,846,109	21,628,718
	<hr/>	<hr/>

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

	Deficit £
Astor College	(678,505)
	<hr/>

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Notes to the financial statements
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20. Statement of funds (continued)

The deficit originally arose due to Astor College inheriting a deficit of £1,377,839 from the predecessor school. There is currently a loan in place to Kent County Council with monthly repayments due to be finalised in March 2022. Current year results have resulted in a decrease to the deficit from £682,526 in the previous year.

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

- A full review of the curriculum offer and services at the academy for 2020/21 which will result in further reductions in staffing at all levels.
- Analysis of benchmarking of ratios for class sizes a reduction of existing TLR payments and a future hold on additional payments.
- No automatic replacements for staff leavers
- Fixed term contracts for new staff
- Shared staffing across the Trust where appropriate

The resources budget for all classroom based educational supplies were strictly controlled during 2018/19 and will continue to be so over the forthcoming years with the curriculum budget for 2019/20 reduced by 70%.

Trustees unanimously agreed that no further international trips or collaboration will take place unless paid through income generation or fundraising therefore being cost neutral.

Expenditure is continually reviewed to ensure all costs attributed can be linked to the educational benefit of the students at the academy, other projects to be either self-funded or available after receipt of small grants for that specific purpose.

The Trust Central Services continue to evaluate the provision of facilities to all schools thereby providing best value. Staff costs were reduced by contracting out the cleaning for all schools. Further reductions are hoped for through a current tendering process for the catering contract due to commence in the spring of 2020.

In recognition that the majority of income received by Astor College is in fact GAG funding there will be a continued focus to increase income generation from other funding streams. Areas of current note are both local and national small grants, lettings and fundraising for specific projects and to enable some extra-curricular events to continue.

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Notes to the financial statements
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20. Statement of funds (continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2019 £	Total 2018 £
Astor College	3,711,268	937,022	384,246	766,844	5,799,380	5,791,257
Barton Junior School	595,639	100,098	57,879	199,739	953,355	1,110,249
White Cliffs Primary College for the Arts	1,093,962	139,376	42,335	312,073	1,587,746	1,612,336
Shatterlocks Infant and Nursery School	682,857	110,478	34,333	208,043	1,035,711	1,073,490
Academy Trust	6,083,726	1,286,974	518,793	1,486,699	9,376,192	9,587,332

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Notes to the financial statements
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20. Statement of funds (continued)

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

	Balance at 1 September 2017 £	Income £	As restated Expenditure £	Transfers in/out £	Gains/ (Losses) £	As restated Balance at 31 August 2018 £
Unrestricted funds						
Unrestricted revenue fund	347,498	225,656	(253,788)	(263,382)	-	55,984
Deficit on conversion	(657,195)	-	(5,599)	147,180	-	(515,614)
	<u>(309,697)</u>	<u>225,656</u>	<u>(259,387)</u>	<u>(116,202)</u>	<u>-</u>	<u>(459,630)</u>
Restricted general funds						
General Annual Grant (GAG)	-	7,325,125	(7,435,391)	110,266	-	-
Other DfE / ESFA / Local Authority grants	32,756	1,344,881	(1,377,637)	-	-	-
Pension reserve	(4,345,000)	-	(458,000)	-	1,160,000	(3,643,000)
	<u>(4,312,244)</u>	<u>8,670,006</u>	<u>(9,271,028)</u>	<u>110,266</u>	<u>1,160,000</u>	<u>(3,643,000)</u>
Restricted fixed asset funds						
Restricted fixed asset fund	26,266,416	-	(826,479)	188,321	-	25,628,258
Capital expenditure from GAG	72,162	-	-	(14,595)	-	57,567
DfE / ESFA capital grants	173,770	135,190	(95,647)	(167,790)	-	45,523
	<u>26,512,348</u>	<u>135,190</u>	<u>(922,126)</u>	<u>5,936</u>	<u>-</u>	<u>25,731,348</u>
Total Restricted funds	<u>22,200,104</u>	<u>8,805,196</u>	<u>(10,193,154)</u>	<u>116,202</u>	<u>1,160,000</u>	<u>22,088,348</u>
Total funds	<u>21,890,407</u>	<u>9,030,852</u>	<u>(10,452,541)</u>	<u>-</u>	<u>1,160,000</u>	<u>21,628,718</u>

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Notes to the financial statements
for the year ended 31 August 2019

21. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	25,052,949	25,052,949
Current assets	12,532	823,883	180,991	1,017,406
Creditors due within one year	(145,568)	(823,883)	-	(969,451)
Creditors due in more than one year	(226,795)	-	-	(226,795)
Provisions for liabilities and charges	-	(5,028,000)	-	(5,028,000)
Total	(359,831)	(5,028,000)	25,233,940	19,846,109

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	As restated Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	25,685,825	25,685,825
Current assets	55,980	486,967	45,523	588,470
Creditors due within one year	(147,178)	(486,967)	-	(634,145)
Creditors due in more than one year	(368,433)	-	-	(368,433)
Provisions for liabilities and charges	-	(3,643,000)	-	(3,643,000)
Total	(459,631)	(3,643,000)	25,731,348	21,628,717

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Notes to the financial statements
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22. Reconciliation of net expenditure to net cash flow from operating activities

	2019 £	As restated 2018 £
Net expenditure for the year (as per Statement of financial activities)	(845,609)	(1,421,689)
Adjustments for:		
Depreciation	889,403	865,209
Capital grants from DfE and other capital income	(380,036)	(135,190)
Defined benefit pension scheme cost less contributions payable	354,000	347,000
Defined benefit pension scheme finance cost	94,000	111,000
(Increase)/decrease in debtors	(65,567)	144,610
Increase/(decrease) in creditors	360,537	(147,969)
Interest paid	5,540	5,599
Net cash provided by/(used in) operating activities	412,268	(231,430)

23. Cash flows from financing activities

	2019 £	2018 £
Repayments of borrowing	(141,639)	(141,581)
Net cash used in financing activities	(141,639)	(141,581)

24. Cash flows from investing activities

	2019 £	2018 £
Interest paid	(5,540)	(5,599)
Purchase of tangible fixed assets	(256,527)	(212,454)
Capital grants from DfE Group	380,036	135,190
Net cash provided by/(used in) investing activities	117,969	(82,863)

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Notes to the financial statements
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25. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	724,258	335,660
Total cash and cash equivalents	724,258	335,660

26. Capital commitments

	2019 £	2018 £
Contracted for but not provided in these financial statements	267,635	-

27. Pension commitments

The Academy Trust's employees belong to two principal pension schemes: the Teachers' 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 multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2016.

Contributions amounting to £107,970 were payable to the schemes at 31 August 2019 (2018 - £112,555) and are included within creditors.

Teachers' Pension Scheme

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

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

Notes to the financial statements
for the year ended 31 August 2019

27. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from 1 September 2019 (this includes the administration levy of 0.08%).

The employer's pension costs paid to TPS in the year amounted to £593,485 (2018 - £610,058).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £378,000 (2018 - £418,000), of which employer's contributions totalled £291,000 (2018 - £322,000) and employees' contributions totalled £87,000 (2018 - £96,000). The agreed contribution rates for future years are 20.0 per cent for employers and 5.5 - 12.5 per cent 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.

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27. Pension commitments (continued)

Principal actuarial assumptions

	2019 %	2018 %
Rate of increase in salaries	3.70	3.80
Rate of increase for pensions in payment/inflation	2.20	2.30
Discount rate for scheme liabilities	1.90	2.65

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

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	22.1	23.1
Females	24.0	25.2
<i>Retiring in 20 years</i>		
Males	23.7	25.3
Females	25.8	27.5

Sensitivity analysis

	2019 £000	2018 £000
Discount rate +0.1%	(267,000)	(220,000)
Discount rate -0.1%	275,000	226,000
Mortality assumption - 1 year increase	382,000	301,000
Mortality assumption - 1 year decrease	(368,000)	(291,000)
CPI rate +0.1%	36,000	31,000
CPI rate -0.1%	(36,000)	(31,000)

The Academy Trust's share of the assets in the scheme was:

	2019 £	2018 £
Equities	3,909,000	3,597,000
Gilts	41,000	40,000
Corporate bonds	517,000	469,000
Property	669,000	653,000
Cash and other liquid assets	153,000	162,000
Absolute return fund	445,000	357,000
Total market value of assets	5,734,000	5,278,000

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27. Pension commitments (continued)

The actual return on scheme assets was £243,000 (2018: £217,000).

The amounts recognised in the Statement of financial activities are as follows:

	2019 £	2018 £
Current service cost	(645,000)	(669,000)
Interest income	143,000	128,000
Interest cost	(235,000)	(237,000)
Administrative expenses	(2,000)	(2,000)
Total amount recognised in the Statement of financial activities	(739,000)	(780,000)

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

	2019 £	2018 £
At 1 September	8,921,000	9,132,000
Current service cost	529,000	669,000
Interest cost	235,000	237,000
Employee contributions	87,000	96,000
Actuarial losses/(gains)	1,037,000	(1,071,000)
Benefits paid	(163,000)	(142,000)
Past service costs	116,000	-
At 31 August	10,762,000	8,921,000

The valuation allows for the estimated impact of the recent McCloud judgement as a past service cost. The estimated impact on the total liabilities as at 31 August 2019 is £116,000 (or 1.1% as a percent of total liabilities).

Changes in the fair value of the Academy Trust's share of scheme assets were as follows:

	2019 £	2018 £
At 1 September	5,278,000	4,787,000
Interest income	143,000	128,000
Actuarial gains	100,000	89,000
Employer contributions	291,000	322,000
Employee contributions	87,000	96,000
Benefits paid	(163,000)	(142,000)
Administration expenses	(2,000)	(2,000)
At 31 August	5,734,000	5,278,000

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28. Operating lease commitments

At 31 August 2019 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	59,115	40,173
Later than 1 year and not later than 5 years	76,380	5,590
	<u>135,495</u>	<u>45,763</u>

29. 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 financial period:

Expenditure Related Party Transactions

During the year Mr A Fotheringham and Ms A Knight, the husband and daughter of Mrs S Knight-Fotheringham, a member of Key Management Personnel, were employed by the Academy Trust and the cost of their employment was £62,842 (2018: £61,784) and £31,700 (2018: £44,543) respectively. Both commenced employment prior to conversion to Academy status and Mrs S Knight-Fotheringham was not part of the decision making process. They are paid within the normal pay scale for their roles and receive no special treatment as a result of their relationship to a member of the Key Management Personnel.

During the year Mr T Tolhurst, the son of Ms R S Tolhurst, a member of the Key Management Personnel in the current year, was employed by the Academy Trust and the cost of their employment was £33,054 (2018: £30,522). Ms R S Tolhurst was not part of the decision making process. Mr T Tolhurst is paid within the normal pay scale for his role and receives no special treatment as a result of his relationship to a member of Key Management Personnel.

During the year H Castle, the wife of Mr N Castle, a trustee, was employed by the Academy Trust and the cost of their employment was £60,709. She commenced employment prior to conversion to Academy status and Mr N Castle was not part of the decision making process. H Castle is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a member of the Trust Board.

During the year S Davies, the wife of Mr R Davies, a trustee, was employed by the Academy Trust and the cost of their employment was £19,893. She commenced employment prior to Mr R Davies appointment as a Trustee and Mr R Davies was not part of the decision making process. S Davies is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a member of the Trust Board.

30. Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2019 the Academy Trust received £25,245 (2018: £27,506) and disbursed £13,956 (2018: £19,232) from the fund.

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31. 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.