

**Registered number: 08039629 (England and Wales)**

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

**Annual report and financial statements**

**For the year ended 31 August 2018**



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

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**The Dover Federation for the Arts**  
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**Reference and administrative details of the Academy Trust, its trustees and advisers**  
**For the year ended 31 August 2018**

**Advisers (continued)**

**Company secretary**

Ms R S Tolhurst

**Federation Leadership Team**

Mr C J Russell, Chief Executive Officer (resigned 31 August 2018)  
Mr D Meades, Senior Executive Leader and Accounting Officer (from 1 September 2018),  
Principal of Barton Junior School and Shatterlocks Infant and Nursery School  
Mrs S Knight Fotheringham, Principal of White Cliffs Primary College for the Arts and Pebbles Nursery  
Mr L Kane, Principal of Astor College  
Ms L Nunn, Director of Finance  
Ms R S Tolhurst, Director of Operations  
Mrs M O'Dell, Head of School, Barton Junior School (from 15 November 2018)  
Mrs N Biddle, Head of School, Shatterlocks Infant and Nursery School (from 15 November 2018)

**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

**The Dover Federation for the Arts**  
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**Reference and administrative details of the Academy Trust, its members/trustees and advisers**  
**For the year ended 31 August 2018**

**Members**

Mr C J Russell  
Mr J A Peall  
Mrs C A Boxall  
Mr B J Williams  
Mrs C Donovan (resigned 31 August 2018)  
Mrs A Osborne (appointed 1 September 2018)

**Trustees**

Mr C J Russell, Chief Executive Officer (resigned 31 August 2018)  
Mr J A Peall, Chair of Board of Directors (resigned 31 August 2018)  
Mrs C A Boxall, Special Educational Needs Director  
Mr B J Williams, Chair of Board of Trustees/Business Committee  
Mrs C Donovan  
Mrs A Billing  
Mrs U Mills  
Mr S P Paget, Director of Training and Online Safety  
Mrs H K Baacke  
Mr J Horne  
Mr G Cowan (appointed 19 April 2018)  
Mr N Castle (appointed 1 September 2018)

**Company registered number**

08039629

**Company name**

The Dover Federation for the Arts

**Principal and registered office**

Astor College  
Astor Avenue  
Dover  
Kent  
CT17 0AS

**The Dover Federation for the Arts**  
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**Reference and administrative details of the Academy Trust, its trustees and advisers**  
**For the year ended 31 August 2018**

**Advisers (continued)**

**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](http://www.dfamat.com)  
[www.astor-college.co.uk](http://www.astor-college.co.uk)  
[www.bartonjuniorschool.org](http://www.bartonjuniorschool.org)  
[www.whitecliffs-primarycollege.com](http://www.whitecliffs-primarycollege.com)  
[www.shatterlocks.com](http://www.shatterlocks.com)

**The Dover Federation for the Arts**  
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**Trustees' report**  
**For the year ended 31 August 2018**

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements and auditors' report of The Dover Federation for the Arts (the Multi Academy Trust) for the period ended 31 August 2018. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

**Structure, governance and management**

**Constitution**

The Academy Trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum and Articles of Association are the primary governing document of the Academy Trust.

The Trustees of The Dover Federation for the Arts are also the directors of the charitable company for the purpose of company law.

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

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

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

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

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

There was a single Board of Directors consisting of the eleven Directors.

Trustees have responsibility for all the provisions operated by the Multi Academy Trust.

The Board of Directors fulfils the range of functions traditionally undertaken by a governing body and is assisted in carrying out these functions by a range of volunteers and professional advisers which include the members of the Federation Leadership Team.

Local governance is the responsibility of Advisory Boards within each school, chaired by a Director with a membership consisting of parents, staff and community personnel.

The remit of this Board is covered within the Decision Planner based on the External Review of Governance recommendations carried out in September 2015 and further amended in 2016 after an internal governance review. The outcome of an in-depth internal annual governance review this academic year will lead to changes taking place for leadership and governance from 1 September 2018.

The Board of Directors has three committees which oversee various aspects of the business; these are the Business and Personnel Committee and Academy Boards at local governance level. The Strategy Forum is made up of all Chairmen of Academy Boards, The Chairman of the Board of Directors, the CEO and The Clerk to the Board. Its remit is to ensure consistency, compliance and share good practice. The Forum meets three times per year or more often if required.

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**Trustees' report (continued)**  
**For the year ended 31 August 2018**

The Business Committee meet five times per year which includes two meetings for Audit and incorporates the Personnel Committee twice within each academic year.

Academy Boards within each Primary School and Pebbles Nursery school meet three times per academic year and Astor College Academy Board meets 4 times per academic year.

**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 directors' and officers' liability insurance which gives appropriate cover for any liability incurred or legal action brought against them in connection with their acting in their capacity as trustees of the Trust.

**Principal Activities**

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

**Method of recruitment and appointment or election of Trustees**

There are currently five registered Trustees and eleven Directors appointed to the Boards.

Most Trustees and Directors were appointed by virtue of their previous role as governors of The Dover Federation for the Arts. New appointments will be based on personal competence, commitment, integrity, local availability and suitability within the skills set required by schools within the Federation.

**Policies and procedures adopted for the induction and training of Trustees**

New Trustees, Directors and Academy Board Members are inducted into the workings of the Multi Academy Trust and the requirements of the academies as companies and exempt charities. Training courses have been provided for Trustees during the year to allow them to fulfil their duties effectively. Strategy Days and evenings have taken place regularly along with the annual internal governance review.

**Organisational structure**

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

The Board of Directors will confirm the membership and salary scales of the DFA MAT's Leadership team. The Board of Directors determine the salary for the CEO, taking into due account the respective level of responsibilities, recruitment and retention issues, internal differentials throughout the DFA MAT and affordability. Only teaching staff can be paid on the Leadership Scale.

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**Trustees' report (continued)**  
**For the year ended 31 August 2018**

The Personnel Committee will review the outcome of performance management with reference to pay progression salary scales for members of the Leadership team as appropriate within the appropriate requirements of the Teachers' Pay and Conditions Document.

Annual pay progression within the salary scale for a Leadership post is not automatic. The criteria and process for such decisions are set out in the Trust Pay Policy.

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

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

**Arrangements for setting pay and remuneration of key management personnel**

Annual Pay progression is not automatic and is subject to performance management criteria. The pay and remuneration of the senior team is decided by the Board of Directors and CEO.




**The Dover Federation for the Arts**  
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**Trustees' report (continued)**  
**For the year ended 31 August 2018**

**Objectives and Activities**

**Objects and aims**

<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="text-align: center;">  </div> <div style="text-align: center;"> <p><b><u>Governance</u></b></p> <p><b><u>Key Priorities and Action Plan</u></b></p> <p><b><u>2017/18</u></b></p> </div> </div>			
	<b>Objectives</b>	<b>Activities</b>	<b>Outcomes</b>
1.	Continue to build on and review the effectiveness and good practice of the Academy Boards.	<ul style="list-style-type: none"> <li>Chairmen to review in the Strategy Forum.</li> <li>FLT feedback to Chairmen for consideration.</li> <li>Consistent reporting structure monitored by Strategy Forum and FLT</li> <li>Continue Group Strategy Days</li> </ul>	<p>Directors and members achieved awareness through continued training and feedback.</p> <p>Strategy Evenings provided valuable discussion for sharing good practice and implementation of new initiatives.</p>
2.	Academy Boards induction process to be developed.	<ul style="list-style-type: none"> <li>Director for Training and Clerk to Board to carry out training of whole Academy Boards</li> <li>Continue in future on a 1:1 basis as need arises</li> </ul>	<p>Whole governance collective Induction Evening carried out in December 2017.</p> <p>New members invited to induction groups or 1:1s</p>
3.	Directors to hold Academy Boards to account for the delivery of the SDP/SEED	<ul style="list-style-type: none"> <li>Use the Key Priorities for each school/college, SEED and SDP. Scrutinise and identify Key Issues from AB Chairmen's reports</li> <li>Curriculum Scrutiny to ensure the broad and balanced curriculum continues</li> </ul>	<p>In place, ongoing and evidenced in AB minutes and Director Visit reports</p>
4.	To monitor use and impact of Pupil Premium Spending	<ul style="list-style-type: none"> <li>Produce the annual report to reflect actions and spending</li> <li>Publish on website</li> <li>Review impact</li> <li>Standing Item on all AB and Board Agendas</li> </ul>	<p>Reviewed Feb 2018 and July 2018</p> <p>Continual awareness achieved and monitored through ABs and reported per school.</p> <p>Reports published.</p>

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**Trustees' report (continued)**  
**For the year ended 31 August 2018**

5.	To monitor attendance at each school/college. Review impact of strategies for improvement	<ul style="list-style-type: none"> <li>• Report to Academy Boards in detail and include breakdown and context of vulnerable groups</li> <li>• Identify barriers and possible actions</li> </ul>	Ongoing, achieved and monitored through ABs. Strategies have improved attendance.
6.	Raise Director profile and engagement within the Federation community	<ul style="list-style-type: none"> <li>• Directors to attend Federation meetings, training, events, visits.</li> <li>• Clerk to Board to inform of Whole Federation events and Principals to engage with Directors regarding school specific events/visits.</li> <li>• Principals to identify annual calendar of Key Dates which are vital.</li> <li>• Directors log book to be kept in each school</li> </ul>	Ongoing, achieved and monitored through ABs. Documentary evidence of Director engagement in each school log book for Directors. Directors are invited to all events and attendance is high. Continued focus will extend to ensuring staff and student awareness of governance structure in coming year 2018-19.
7.	To ensure succession planning for Governance and Leadership	<ul style="list-style-type: none"> <li>• Prepare scenarios for Directors discussion</li> <li>• Review potential new Directors</li> <li>• Consult on leadership models</li> </ul>	Jan 2018 CEO/Directors/FLT achieved through internal governance and leadership consultation – new model ratified and will be in place by 01/09/18. To be on continual review to ensure success.
9.	Scrutinise Federation funding to effect a balance to meet needs across all schools/colleges	<ul style="list-style-type: none"> <li>• Regular monitoring through Business Committee Meetings</li> <li>• Monthly monitoring by Principals</li> </ul>	Detailed meetings, monitoring and review through Business Committee, Full Board and the FLT. Review of spending and value for money remains a continual focus
10.	Monitor and sustain Staff Development and Welfare	<ul style="list-style-type: none"> <li>• Monitor CPD and PM within each school</li> <li>• Personnel Committee to engage in teaching staff and support staff structures, attendance and progression annually.</li> <li>• Direct resources to represent need</li> </ul>	Ongoing and evidenced through Director Visit Reports, AB minutes and Personnel Committee. Federation wide awareness and training on mental health issues carried out with all staff and Directors and will be a continued focus for 2018-19

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**Trustees' report (continued)**  
**For the year ended 31 August 2018**

**Public benefit**

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

**Going concern**

There is a 5-year budget plan in place which is used as a live planning tool and is updated as funding changes are released and also in respect to staffing changes as they occur.

The statement in relation to the Astor College deficit included in the financial statements clarifies significant ongoing management action to return the College to a surplus position within the agreed period. This has been communicated with the ESFA and is kept under constant review.

All schools are monitored individually, as well as the Trust as a whole. Reporting is received in line with the financial recovery plan and discussed and monitored at Trustees meetings, as well as the monthly review with the Chairman of the Board (in line with the Academies Financial Handbook).

After careful consideration it is the assessment of the Trustees that the Dover Federation for the Arts Multi Academy Trust remains a going concern and will continue to improve in financial position year on year until there is a return to overall surplus position. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

**Key performance indicators**

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

- Academic Achievement, Progress, Attainment, Well-being and Attendance

These are evaluated with regard to the floor targets set by national government as measured by Standard Attainment Tests in the Primary phase and GCSE performance at secondary level, as well as results at A level and other Post 16 qualifications. The details are specified elsewhere in this report.

In addition, levels of progress for students have been monitored and reported (summative) back to Trustees. Separate statistics have been compiled to measure the achievement of vulnerable groups, especially those attracting pupil premium.

- Finance

Key Performance Indicators will be monitored to ensure that all provisions remain within budget and use and deploy resources to secure value for money. Details are dealt with elsewhere in this report.

Particular attention will be paid to exploiting potential sources of external funding to maximise income; reducing the loan from the local authority in line with the agreed schedule of repayments and managing the impact of fluctuations in roll numbers, caused by changing demographics.

- Review of Activities

All of the provisions have performed extremely well over the last year and a brief summary against key indicators is set out below. This increase in performance has been a contributory factor on the budget outturn and we are aware of the need to continue to control the level of expenditure in order to achieve these results.

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**Trustees' report (continued)**  
**For the year ended 31 August 2018**

**Astor College**

In 2018 the College achieved a 10% improvement in the percentage of students achieving an A\*- C grade in English and Maths. The current percentage is 42% for those on roll during years 10 and 11 compared with 32% in 2017. The percentage is likely to increase with the number of remarks identified and each student being 0.6% should the grade improve. Overall 49.4% of all grades at GCSE were a grade 4 or above and many subjects have improved upon the 2017 outcomes at A\*-C and A\*-G. The progress 8 measure is going through adjustments by the DfE so it is not possible to calculate accurately at this stage. The progress 8 outcome will be published around November 2018. In the Sixth Form the percentage of top grades increased to 25% at A\*-B an improvement of 8% over the last 2 years. The average grade remains at a D for A Levels and a Distinction – for the BTEC subjects.

Astor College's results in the summer of 2018 at GCSE and A level have shown significant improvement at the top end and the College is very close to the 40% national threshold for combined Maths and English grades at C or above.

Astor College received an Ofsted inspection in October 2017 which was graded RI. The draft report was challenged by the Leadership Team. Leadership and Governance will be meeting with the DfE for the annual monitoring of the Trust's performance in November 2018. There will also be an HMI monitoring visit to Astor College which is expected during term 2.

**White Cliffs Primary College for the Arts**

**Key Stage 2**

Maths – 72%  
Writing – 76%  
Reading – 56%  
GPS – 68%

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**Key Stage 1**

Maths – 77%  
Writing – 72%  
Reading – 79%

**GLD – Early Years – 80%**

Year 1 Phonics Screening – 84%  
Year 2 Phonic Retakes – 50%

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**Trustees' report (continued)  
For the year ended 31 August 2018**

**Barton Junior School**

Barton Junior School has seen an increase in all areas of results this year. The School also has a rising roll, and this is set to increase with the opening of the new building which is due for completion by September 2019. The School is expecting to receive an Ofsted inspection somewhere between October and February this academic year.

**Key Stage 2**

Expected Standard

Maths – 91%

Writing – 86%

Reading – 91%

GPS – 86%

Exceeding the Expected Standard (Greater Depth)

Maths – 13%

Writing – 22%

Reading – 28%

GPS – 26%

**Shatterlocks Infant School and Nursery**

Shatterlocks Infant and Nursery School, like all Federation schools, has seen an increase in results this year at the end of Key Stage 1. The School is above average in all areas and is successfully closing the gap between pupil premium and non-pupil premium children (this is successfully continued through Barton Junior School). The School received an overwhelmingly positive Ofsted visit in July 2018. The school will receive a full inspection in the next 2 years to establish whether the school is now 'Outstanding'.

GLD – 70%

Year 1 Phonics Screening – 85%

Year 2 Phonic retakes – 96.3%

**Key Stage 1**

Expected Standard

Maths – 87%

Writing – 80%

Reading – 85%

Exceeding the Expected Standard (Greater Depth)

Maths – 22%

Writing – 19%

Reading – 28%

**Pebbles Nursery**

Ofsted Grading 'Outstanding'.

The Dover Federation for the Arts Multi Academy Trust took over the existing PVI provision based at White Cliffs and established Pebbles Nursery as a new PVI provision, owned by the DFA MAT from 15 April 2013. In October 2013 Pebbles had its first Ofsted Inspection and was judged Outstanding which is a tremendous achievement for a preschool provision in its first year of operation under the aegis of the Dover Federation for the Arts Multi Academy Trust. There were 26 children per session in Sept 2018 and 50 children registered with the Nursery.

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**Trustees' report (continued)**  
**For the year ended 31 August 2018**

**The DFA**

The Board of Directors and Federation Leadership Team is committed to raising standards still further and to that end a series of whole staff and departmental training sessions have been undertaken focusing on intervention, alternative curriculum, Pupil Premium, curriculum provision, SEND, Safeguarding, Health and Safety, Mental Health and online safety. The Board of Directors also take part in full day focus visits to every school where a tour and overview is provided. The Board carry out these visits twice per academic year.

In 2017 The Board of Directors decided that Academy Boards should increase their membership to add cross federation staff membership; providing key knowledge and skills benefiting transition and understanding of key needs vital to all through provision. This has been implemented during 2017-18.

In addition to a continuing rise in academic standards, students from the DFA academies were also involved in international musical productions with a production of Cabaret being put on in Dover and New Kent Virginia and a Musical Medley in Siberia.

International links continue to be a strength of the Multi Academy Trust and DFA Schools and students have been actively involved in links with Croatia to produce a photographic exhibition.

The number of students within DFA schools during 2017-2018:

Astor College: 894  
Barton Junior School: 209  
Shatterlocks Infant and Nursery School: 229  
White Cliffs Primary College for the Arts: 282

**White Cliffs Primary College for the Arts**

White Cliffs Primary College for the Arts holds a grading of 'outstanding' from Ofsted. Though the college is in an area of high deprivation, results in National Testing and Assessment have exceeded both floor targets and National Averages in EYFS, Phonics Screening and KS1 SATS. Despite high levels of pupil premium and pupil mobility throughout Key Stage 2, the college still exceeds floor targets for attainment in Writing and Maths. Progress measures for Key Stage 2 are broadly in line with National Expectations. Attainment across the college is showing a significantly improving picture.

The College is a popular choice for parents, with all the children from Pebbles Nursery feeding into main school when they reach statutory school age.

In April 2017, a new building was opened which not only increased the intake to 2 forms of entry but also provided Pebbles, Foundation and KS1 with new facilities, a purpose built kitchen and extension to the existing hall to provide for the high uptake of school meals. An extended play area and a pastoral suite completes the build. Numbers on roll for September 2018 are 309.

**Barton Junior School**

Barton Junior School wave 2 of PSBP rebuild has suffered delays due to District Council Departments and Government Departments staffing changes and incompetent decision making. These issues have been addressed and the build commenced in September 2018 and will be opened in September 2019. The program will provide the school with a state of the art building which will serve the community well for the foreseeable future.

**Shatterlocks Infant and Nursery School**

Shatterlocks was rebuilt 15 years ago and, although still relatively new buildings a maintenance programme is required for the coming years. It has 52 places available in the nursery and 180 in the main school. Educational standards across the school are in line with or exceed national averages.

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**Astor College**

Astor College requires extensive repairs to its main school block roof. The CIF funding bid was refused to meet the cost of these repairs but will be re-submitted in November 2018. Astor also requires urgent investment to its IT provision and a lease of hardware is the most cost-effective way forward. The increase in 6th form has put a strain on the limited computers available for students. The Federation as a whole has reviewed and updated its IT systems, server and network provision.

Astor College and White Cliffs Primary College for the Arts require extensive refurbishment of the heating systems and both schools are likely to qualify for the Salix Loan. The Board of Directors, Principals and Finance Director have considered the alternatives and are sure this is the best way forward to ensure business continuity through the winter months.

The Directors are aware of these needs and are considering all options available to them whilst also bearing in mind the severe shortfall from main government funding.

**Financial review**

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

During the period to 31 August 2018, total income for the DFAMAT, including devolved capital income was £9,030,852 of which £225,656 was unrestricted. The unrestricted income makes provision for the repayment to the ESFA.

Total expenditure for the period to 31 August 2018 was £10,102,542 of which 75% represented employee costs.

These figures indicate a net in year deficit of £1,071,690 of which £130,800 amounts to completion of a Condition Improvement Fund grant carried over from 2016/17 for works completed 2017/18.

The remainder of this in year deficit was as a result of a combination of events during the year. Unforeseen changes in staffing resulted in an overall increase in costs (circa £33,000), additional educational resources, including improvements to ICT provision, were required during the year which saw a significant increase in costs (circa £87,000), DFAMAT support of the NSAE National Students Art Exhibition 2018 following grant not being received (circa £41,500). The remaining in year deficit related to general increases in costs in many areas.

The final position at the end of 2017/18 indicates that restricted revenue funds are in deficit by £3,643,000, unrestricted funds are in deficit by £459,630 and capital funds are in surplus by £26,081,347.

During the financial year 2017/18 the Trust has reviewed structures across all school sites which resulted in decisions which will reduce costs for all areas for 2018/19 and future years. The delay of the National Funding Formula has a significant impact on the Trust 5 year budget plan and once fully implemented will provide accelerated financial recovery to a sustainable surplus position.

At 31 August 2018, the net book value of fixed assets was £26,035,824. The Local Government Pension Scheme (LGPS) liability was £3,643,000 at 31 August 2018.

**Financial risk management objectives and policies**

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

The DFAMAT has prepared a 5-year budget which is kept under review as announcements and updates are provided to the Government position of the National Funding Formula, staffing structures required and student numbers anticipated at each establishment. This enables proactive actions to be taken to ensure a smooth financial recovery.

**The Dover Federation for the Arts**  
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**Trustees' report (continued)**  
**For the year ended 31 August 2018**

**Principal risks and uncertainties**

The DFAMAT has a number of internal control policies including financial, operational and risk management to ensure assets are protected. Highlighted are some common areas of potential risk:

- **Falling Roll:** The area has suffered from falling rolls in the past which has impacted on funding. However, we are experiencing a rising roll across the Federation. Astor has experienced a rise in intake for the second year in a row. A significant rise in 6th Form numbers continues to take place.
- **Capital Expenditure:** continues to be a concern for essential works across the Federation which are not covered by insurance or ESFA grants. This is especially the case for Astor College heating, roof, windows general fabric, White Cliffs heating, toilets and playground, Shatterlocks drainage and roof, Barton Annex refurbishment and the Federation wide IT provision.

There is a risk of reputational damage caused by inadequate understanding of the context of our schools by Ofsted which could lead to unfair outcomes and reports. Reputational damage is also a risk from an event outside the control of Directors. Directors have conducted a review of the principal risks and have implemented measures to mitigate them as far as appropriate by ensuring the DFAMAT is rigorous in delivering high quality education and pastoral care and maintaining and managing key relationships with the Education Skills Funding Agency (ESFA).

**Reserves policy**

Although no minimum level of reserves has been set, Trustees have agreed that the aim is to maintain surplus funds to meet unforeseen expenditures as they arise and to maintain at least one month's payroll provision. They also seek to maintain sufficient funds to support educational priorities and restricted funds where there may be delays between spending and receipt of grants. Ideal reserves would be a figure of approximately £575,000 representing a month's staffing cost for the DFAMAT. At the end of August 2018, cash at bank was £335,660 overall.

**Investment Policy**

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

**Employees and Disabled Persons**

The DFAMAT practices equitable recruitment and promotion procedures for all staff.

**Deficit**

The deficit in Astor College has risen over the last 12 months and currently stands at £682,526 this is an increase from the previous year by a figure of £226,378. When reviewing this increase, we have identified that £126,500 of this amount relates to CIF funding received during 2016/17 which due to the profiling of the project was then spent during 2017/18. The remaining expenditure of £99,878 has been analysed and can be identified due to a number of reasons.

With a view to remove the potential for a similar issue during 2018/19 the following actions have been taken already.

There has been a full review of the curriculum offer for 2018/19 which has resulted in the reductions in staffing in the following subject areas:

- Art & Technology subjects
- ICT & Business subjects



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

**Trustees' report (continued)**  
**For the year ended 31 August 2018**

In addition to these subject areas these further adjustments to staffing have been made:

- SEN department review with reduction in Teaching Assistants
- Support staff who have left at end of year not replaced
- Support staff positions which did require replacement these have been filled by Apprentices to reduce costs and provide benefit of apprenticeships in the community
- Reduction in Leadership staffing structure
- Staff requesting flexible working considered and reviewed individually to be able to support and recognise savings as opportunities arise
- Staff absence managed and controlled. Costs reduced from circa £105,000 to £42,000 in 2017/18

Ongoing review and adjustment to the curriculum timetable to recognise early future staffing requirements so that natural movement in staff can be assessed easily on a needs basis for replacements.

The current curriculum model has been devised so that continuing growth in pupil numbers can be accommodated within current structure. Student numbers continue to increase during all times of the year and future budgets show an improvement in funding received as a result.

The resources budget for all classroom based educational supplies has been strictly controlled during 2017/18 and will continue to be so over the forthcoming years.

During 2017/18 the decision was made that the College could no longer operate a separate Inclusion Centre to enable concentrated education for students at risk of exclusion. Unfortunately, budget constraints mean that this is no longer able to be continued and these students are now supported within the main school system.

As an additional resource to address the diverse needs of students at the College, an arrangement is in place for NUYU Academy to rent a business unit at the site which not only provides some income to the College, but also discounted rates for students attending.

Astor College has in previous years carried out extensive links with International Schools, going forward these projects will benefit from financial support through a mix of fund raising activities and sponsorship. Projects will be assessed on merit.

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

Astor College has extensive use of outside resources to improve and enhance the educational benefit to the students, there is an ongoing programme in place (commencing 2018) whereby all ICT licences will be reviewed and evaluated for educational benefit, those not seen as providing sufficient value will not be renewed, those who are of value will be reviewed to ensure Best Value. As part of this there has been a move to utilise free revision resources rather than continuing subscriptions.

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.

As with all schools the delay of the full implementation of the National Funding Formula continues to provide undue pressure on budgets. As costs continue to rise there are less funds available, putting pressure to be able to provide a balanced curriculum and enabling there to be resources to ensure every student reaches their full potential.

It must also be recognised that Astor College, at conversion to an Academy inherited a deficit from the previous school in the sum of £1,377,839. This was recognised in the form a loan with the Kent County Council which is repaid monthly, payments will be finalised in March 2022.

**The Dover Federation for the Arts**  
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**Trustees' report (continued)**  
**For the year ended 31 August 2018**

**Principal funding**

The Dover Federation for the Arts Multi Academy Trust (DFAMAT) has two main sources of income; the Education Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular academic purposes; and Kent County Council (KCC) in the form of funding for the Early Years Foundation Stage. KCC also provide high needs funding for eligible students. The grants received from the ESFA and KCC during the year ended 31 August 2018, together with associated expenditure are shown as part of the general restricted funds in the Statement of Financial Activities (SOFA).

**Plans for future periods**

**Aim:**

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

**Quality of Provision**

**Aim:**

To ensure the curriculum stays relevant and meets student needs.

**At Astor College:**

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

**At all DFAMAT provisions:**

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

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

All schools/colleges have detailed development plans available on each website.

**Teaching and Learning**

**Aim:**

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

**Student Welfare**

**Aim:**

- To ensure all students have a safe and secure learning environment in which to develop and achieve.
- To maintain a dedicated pastoral support infrastructure where staff know their students and are proactive in supporting them.
- To maintain a zero tolerance of bullying and a behaviour policy and regime which is firm, supportive and maintains high standards of behaviour.
- To continue to implement and improve strategies to ensure the highest possible attendance for all students.

**The Dover Federation for the Arts**  
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**Trustees' report (continued)**  
**For the year ended 31 August 2018**

**Development of the Dover Federation for the Arts Multi Academy Trust**

**Aim:**

- To ensure that all of the existing provisions within the DFAMAT continue to be developed in a way which is in the best interests of their students and to consider opportunities for expanding the DFAMAT in a way which is compatible with the best interests of existing provisions and those which might potentially be assimilated within the DFAMAT.
- To consider the prospect of taking on additional primary schools as academies federated to the DFA, if and when the opportunity arises and subject to a careful evaluation of the circumstances of the particular schools.
- To maintain and continue to develop a range of international links which enable students to benefit from interaction with students from abroad, foreign travel and the chance to participate in international musical productions through securing specific grants, funding and sponsorship.
- To ensure that the DFAMAT continues to work in close and constructive partnership with external agencies, including schools, businesses, voluntary organisations and local and national government to facilitate positive opportunities for students, staff development, attracting external sponsorship and financial, practical and political support for the maintenance and development of the DFAMAT.
- To secure the infrastructure of the Federation IT systems for the future taking into consideration best value.

**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	Number of employees
0%	-
1%-50%	-
51%-99%	-
100%	-

**Percentage of pay bill spent on facility time** £

Total cost of facility time	-
Total pay bill	4,328,074
Percentage of total pay bill spent on facility time	- %

**Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
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**The Dover Federation for the Arts**  
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**Trustees' report (continued)**  
**For the year ended 31 August 2018**

**Disclosure of information to auditors**

Insofar as the Trustees are aware:

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

**Auditors**

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

The Trustees' report was approved by order of the Board of Trustees, as the company directors, on 13 December 2018 and signed on its behalf by:



**Mr B J Williams**

Chairman of The Board of Trustees and Chairman of the Business Committee

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

**Governance Statement**

**Scope of Responsibility**

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

The Board of Directors has delegated the day-to-day responsibility to the Chief Executive Officer (Senior Executive Leader from 1 September 2018), 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 Directors 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 Directors has formally met 4 times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

Director	Meetings attended	Out of a possible
Mr J A Peall, Chairman	4	4
Mr C J Russell	4	4
Mrs C A Boxall	2	4
Mr B J Williams	4	4
Mrs C Donovan	4	4
Mrs A Billing	4	4
Mrs U Mills	4	4
Mr S P Paget	3	4
Mrs H K Baacke	4	4
Mr J Horne	4	4
Mr G Cowan (appointed 19 April 2018)	2	2

**Governance Reviews**

The DFAMAT carried out an in-depth internal review of governance during the past academic year focusing on the impact and effectiveness of governance and succession planning in line with DfE recommendations. The outcome of this review led Directors to implement a consultation period during which future leadership and governance of the DFAMAT was decided for implementation in September 2018. The structure of governance will fall in line with national guidelines from the DfE in that terminology for Members, Trustees and local governance (Academy Boards) will comply (as stated within the revised Decision Planner, Sept 2018) and will ensure discreet accountability between Members and Trustees.

**Leadership Review**

The CEO of the DFAMAT retired on August 31 2018 and as part of the consultation the Board of Directors decided to appoint a Senior Executive Leader to carry out the duties of CEO for a period prior to appointing a CEO in the near future.

Local governance through the Academy Boards was reviewed and monitored through the Strategy Forum. The membership of this forum consisted of Directors who are Chairmen of Academy Boards, the Chairman of the Board of Directors, the CEO and the Clerk to the Board of Directors. The remit of this Forum is to debate and monitor procedures, compliance, consistency, effectiveness and share good practice across the Academy Boards. The Clerk attends to advise on systems and legislative compliance and to ensure decisions made are implemented across the Academy Boards.

**The Dover Federation for the Arts**  
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**Governance Statement (continued)**

**The Board of Directors' Committees**

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

The Personnel Committee meets prior to The Business Committee, once in March and once in the autumn term and its remit is to assess staff progression based on CPD and Performance Management monitoring. Mr B Williams is Chairman of The Personnel Committee.

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
Mr J A Peall	3	5
Mr C J Russell	5	5
Mr B J Williams, Chairman	5	5
Mrs U Mills	5	5
Mr G Cowan (appointed 19 April 2018)	1	1

**Health and Safety Committee**

Citation provide Fire, Health and Safety support across the Federation schools. The Health and Safety Committee consists mainly of the Director of Operations, Principals or Vice Principals and site staff representatives of each school. Mr B Williams carried out a full in-depth Health and Safety annual audit of each school in the Federation in May 2018. The Director of Operations oversees Health and Safety and provides advice on legislative requirements to Principals who consider all works or procedures required along with budgetary constraints and keeping the Board of Directors advised of all significant developments in relation to Health and Safety.

**Review of Value for Money**

As Accounting Officer, the Chief Executive Officer (Senior Executive Leader from 1 September 2018) has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Directors where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- **Ensuring student welfare and raising attainment** – Astor College has bought in programmes such as GCSE Pod, Lexia and Reading recovery to support literacy and home learning. These have been implemented to support low ability students across the curriculum. A need for mental health support has seen a member of staff trained as a mental health first aider to support the on-going concerns raised in this area.
- **Ensuring good value for money with resources being used efficiently and effectively** – wherever possible, bulk purchasing is carried out across the Trust to ensure maximum discounts are received. Monthly monitoring is received by principals monthly and by directors termly. Bids are applied for wherever appropriate.
- **Reviewing contracts for services and operations** – contracts are reviewed annually or on expiry to ensure best value is obtained. Internal and external auditors scrutinise financial procedures and results are fed back to directors termly.

**The Dover Federation for the Arts**  
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**Governance Statement (continued)**

**The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Dover Federation for the Arts for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

The Board of Directors 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 Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

**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 Directors;
- regular reviews by the Business Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Directors 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. In particular the checks carried out in the current period included:

- Banking and cash handling
- Fixed assets
- VAT
- Budget monitoring & management accounts
- Contracts & procurement
- Governance & procedures
- Payroll & recruitment
- Lettings
- Income and expenditure

**The Dover Federation for the Arts**  
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**Governance Statement (continued)**

The Schedule of work was delivered as planned and the following recommendations were made:

- All accounts to have adequate cash for unexpected events and cashflow reviewed regularly. Review reserve accounts to ensure effective use.
- Review value of petty cash held at any one time. Value agreed at £425.
- Raise purchase orders for every purchase and sign/authorise in line with Finance Policy. Finance staff double check signatories on purchase orders.
- Register of Business Interests to be uploaded onto website every time a change is registered.
- Due to recent changes in reporting recommendations any variances require explanation. The Trust implemented this in the May monitoring and will continue to include these narratives going forward.

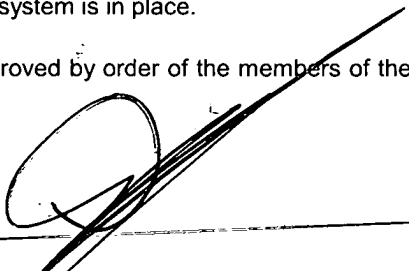
**Review of Effectiveness**

As Accounting Officer, the Chief Executive Officer (Senior Executive Leader from 1 September 2018) 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 auditors;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Directors on 13 December 2018 and signed on their behalf, by:



**Mr B J Williams**  
Chairman of Board of Trustees  
and Chairman of the Business Committee



**Mr D Meades**  
Senior Executive Leader, Accounting Officer



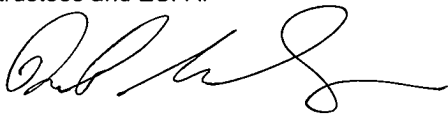
**The Dover Federation for the Arts**  
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**Statement on Regularity, Propriety and Compliance**

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 2017.

I confirm that I and the Academy Trust board of trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2017.

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**  
Senior Executive Leader, Accounting Officer

Date: 13 December 2018

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

**Statement of Trustees' responsibilities**  
**For the year ended 31 August 2018**

The Trustees (who act as Directors of The Dover Federation for the Arts and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued 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 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 Directors on 13 December 2018 and signed on its behalf by:



**Mr B Williams**  
Chairman of Board of Trustees and Chairman of the Business Committee

**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 2018 which comprise the Statement of financial activities incorporating income and expenditure account, 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 2017 to 2018 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 2018 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 2017 to 2018 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**

**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. 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 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.

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

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

**Responsibilities of trustees**

As explained more fully in the Statement of Trustees' responsibilities, 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.

**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**

**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 judgment 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 of 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**

**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  
Date:

*14 December 2018*

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

**Independent reporting accountants' assurance report on regularity to The Dover Federation for the Arts and the Education & 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 2017 to 2018, 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 2017 to 31 August 2018 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 the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Dover Federation for the Arts and the 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 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 issued by the 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 accountants' 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 agreements, including leases, have been made in accordance with the Academies Financial Handbook
- Confirmed that procurement and tendering procedures exist relating to expenditure and have been complied with

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Kreston Reeves LLP*

**Kreston Reeves LLP**  
Reporting Accountant  
Chartered Accountants  
Canterbury

Date: *14 December 2018*



**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 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>Income from:</b>						
Donations and capital grants	2	9,846	-	135,190	145,036	3,671,986
Charitable activities	4	-	8,670,006	-	8,670,006	8,982,479
Other trading activities	3	215,810	-	-	215,810	247,150
<b>Total income</b>		<b>225,656</b>	<b>8,670,006</b>	<b>135,190</b>	<b>9,030,852</b>	<b>12,901,615</b>
<b>Expenditure on:</b>						
Charitable activities		259,387	9,271,028	572,127	10,102,542	10,494,794
<b>Total expenditure</b>	6	<b>259,387</b>	<b>9,271,028</b>	<b>572,127</b>	<b>10,102,542</b>	<b>10,494,794</b>
<b>Net (expenditure) / income before transfers</b>		<b>(33,731)</b>	<b>(601,022)</b>	<b>(436,937)</b>	<b>(1,071,690)</b>	<b>2,406,821</b>
Transfers between Funds	16	(116,202)	110,266	5,936	-	-
<b>Net (expenditure) / income before other recognised gains and losses</b>		<b>(149,933)</b>	<b>(490,756)</b>	<b>(431,001)</b>	<b>(1,071,690)</b>	<b>2,406,821</b>
Actuarial gains on defined benefit pension schemes	20	-	1,160,000	-	1,160,000	1,535,000
<b>Net movement in funds</b>		<b>(149,933)</b>	<b>669,244</b>	<b>(431,001)</b>	<b>88,310</b>	<b>3,941,821</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		(309,697)	(4,312,244)	26,512,348	21,890,407	17,948,586
<b>Total funds carried forward</b>		<b>(459,630)</b>	<b>(3,643,000)</b>	<b>26,081,347</b>	<b>21,978,717</b>	<b>21,890,407</b>

All activities relate to continuing operations.

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

The notes on pages 34 to 59 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 2018**

	Note	£	2018 £	£	2017 £
<b>Fixed assets</b>					
Tangible assets	12		26,035,824		26,338,580
<b>Current assets</b>					
Debtors	13	252,810		397,420	
Cash at bank and in hand		335,660		791,534	
		<u>588,470</u>		<u>1,188,954</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(634,144)</u>		<u>(777,673)</u>	
<b>Net current (liabilities)/assets</b>			<u>(45,674)</u>		<u>411,281</u>
<b>Total assets less current liabilities</b>			<u>25,990,150</u>		<u>26,749,861</u>
<b>Creditors: amounts falling due after more than one year</b>	15		<u>(368,433)</u>		<u>(514,454)</u>
<b>Net assets excluding pension scheme liabilities</b>			<u>25,621,717</u>		<u>26,235,407</u>
Defined benefit pension scheme liability	20		<u>(3,643,000)</u>		<u>(4,345,000)</u>
<b>Net assets including pension scheme liabilities</b>			<u>21,978,717</u>		<u>21,890,407</u>
<b>Funds of the Academy Trust</b>					
<b>Restricted income funds:</b>					
Restricted income funds	16	-		32,756	
Restricted fixed asset funds	16	26,081,347		26,512,348	
Restricted income funds excluding pension liability		<u>26,081,347</u>		<u>26,545,104</u>	
Pension reserve		<u>(3,643,000)</u>		<u>(4,345,000)</u>	
Total restricted income funds			<u>22,438,347</u>		<u>22,200,104</u>
Unrestricted income funds	16		<u>(459,630)</u>		<u>(309,697)</u>
<b>Total funds</b>			<u>21,978,717</u>		<u>21,890,407</u>

The financial statements on pages 31 to 59 were approved by the Trustees, and authorised for issue, on 13 December 2018 and are signed on their behalf, by:

  
**Mr B J Williams**  
Chair of Board of Trustees

The notes on pages 34 to 59 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 2018**

	<b>Note</b>	<b>2018 £</b>	<b>2017 £</b>
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	18	<u>(231,430)</u>	<u>(293,442)</u>
<b>Cash flows from investing activities:</b>			
Interest paid		(5,599)	(5,411)
Purchase of tangible fixed assets		(212,454)	(323,607)
Capital grants from DfE Group		<u>135,190</u>	<u>533,859</u>
<b>Net cash (used in)/provided by investing activities</b>		<u>(82,863)</u>	<u>204,841</u>
<b>Cash flows from financing activities:</b>			
Repayments of borrowings		(141,581)	(141,769)
<b>Net cash used in financing activities</b>		<u>(141,581)</u>	<u>(141,769)</u>
<b>Change in cash and cash equivalents in the year</b>		<u>(455,874)</u>	<u>(230,370)</u>
Cash and cash equivalents brought forward		<u>791,534</u>	<u>1,021,904</u>
<b>Cash and cash equivalents carried forward</b>	19	<u><u>335,660</u></u>	<u><u>791,534</u></u>

The notes on pages 34 to 59 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 2018**

**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 historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Dover Federation for the Arts constitutes a public benefit entity as defined by 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.

There is a 5-year budget plan in place which is used as a live planning tool and is updated as funding changes are released and also in respect to staffing changes as they occur. The statement in relation to the Astor College deficit, included within note 16, clarifies significant ongoing management action to return the College to a surplus position within the agreed period. This has been communicated with the ESFA and is kept under constant review.

All schools are monitored individually, as well as the Trust as a whole. Reporting is received in line with the financial recovery plan and discussed and monitored at Trustees meetings, as well as the monthly review with the Chairman of the Board (in line with the Academies Financial Handbook).

After careful consideration it is the assessment of the Trustees that the Dover Federation for the Arts Multi Academy Trust remains a going concern and will continue to improve in financial position year on year until there is a return to overall surplus position.

**1.3 Fund accounting**

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the Trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

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

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

**Notes to the financial statements**  
**For the year ended 31 August 2018**

**1. Accounting policies (continued)**

**1.4 Income**

All income is recognised once the Academy Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

General Annual Grant is recognised in full in the Statement of Financial Activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Donated fixed assets are measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

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

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

**1.5 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 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.

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

All expenditure is inclusive of irrecoverable VAT.

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

**Notes to the financial statements**  
**For the year ended 31 August 2018**

**1. Accounting policies (continued)**

**1.6 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised 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 incorporating income and expenditure account 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 incorporating income and expenditure account. 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, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on leasehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives 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
Motor vehicles	-	over 5 years straight line
Computer equipment	-	over 3 years straight line

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

**1.7 Operating leases**

Rentals under operating leases are charged 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 Bank.

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

**Notes to the financial statements**  
**For the year ended 31 August 2018**

**1. Accounting policies (continued)**

**1.9 Taxation**

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

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**1.10 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 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 24.

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

**Notes to the financial statements**  
**For the year ended 31 August 2018**

**1. Accounting policies (continued)**

**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 basis 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 13. Prepayments are not financial instruments. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment. 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 costs as detailed in notes 14 and 15. 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 instruments. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment.

**1.15 Pensions**

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments 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. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore 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 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 incorporating income and expenditure account 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.



**The Dover Federation for the Arts**  
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**Notes to the financial statements**  
**For the year ended 31 August 2018**

**1. Accounting policies (continued)**

**1.16 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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. 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 £26,035,824 at the reporting date (see note 12). 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 expected future cash flows and the growth rate used for extrapolation purposes.

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

**Notes to the financial statements**  
**For the year ended 31 August 2018**

**1. Accounting policies (continued)**

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.

*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 20 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.

**2. Income from donations and capital grants**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	2,371	-	-	2,371	1,163
Capital Grants	-	-	135,190	135,190	533,859
Other grants and payments	7,475	-	-	7,475	26,964
Donated fixed assets	-	-	-	-	3,110,000
	<b>9,846</b>	<b>-</b>	<b>135,190</b>	<b>145,036</b>	<b>3,671,986</b>
Total 2017	28,127	-	3,643,859	3,671,986	

**The Dover Federation for the Arts**  
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**Notes to the financial statements**  
**For the year ended 31 August 2018**

**3. Other trading activities**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Income from facilities/services	135,312	-	135,312	169,953
Contributions to visits	38,044	-	38,044	37,029
Other income	42,454	-	42,454	40,168
	<u>215,810</u>	<u>-</u>	<u>215,810</u>	<u>247,150</u>
Total 2017	<u>247,150</u>	<u>-</u>	<u>247,150</u>	

**4. Funding for Academy's educational operations**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	7,325,124	7,325,124	7,588,758
Other DfE/ESFA grants	-	1,038,590	1,038,590	988,533
	<u>-</u>	<u>8,363,714</u>	<u>8,363,714</u>	<u>8,577,291</u>
<b>Other government grants</b>				
Local authority grants	-	306,292	306,292	405,188
	<u>-</u>	<u>306,292</u>	<u>306,292</u>	<u>405,188</u>
Total 2018	<u>-</u>	<u>8,670,006</u>	<u>8,670,006</u>	<u>8,982,479</u>
Total 2017	<u>-</u>	<u>8,982,479</u>	<u>8,982,479</u>	

**The Dover Federation for the Arts**  
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**Notes to the financial statements**  
**For the year ended 31 August 2018**

**5. Charitable activities**

	<b>Total funds 2018 £</b>	<b>Total funds 2017 £</b>
<b>Direct costs - educational operations</b>		
Wages and salaries	3,831,601	3,981,833
National insurance	424,091	421,252
Pension cost	610,058	622,263
Books, stationery & materials	274,662	304,574
Exam fees	102,396	109,239
Other educational supplies & services	200,353	241,397
Staff development & other staff costs	97,420	114,630
Agency staff	42,611	84,638
Bursary payments	19,232	19,972
	<u>5,602,424</u>	<u>5,899,798</u>
<b>Support costs - educational operations</b>		
Wages and salaries	1,874,498	1,753,597
National insurance	113,328	129,132
Pension cost	641,169	695,102
Depreciation	515,210	515,453
FRS102 pension finance cost	109,000	116,000
Maintenance of premises & equipment	51,824	115,042
Cleaning	20,805	25,411
Rates	55,286	51,285
Insurance	45,843	49,041
Computer costs	112,748	111,743
Catering	309,069	303,659
Other occupancy costs	55,544	62,696
Transport costs	19,352	25,892
Security	8,520	11,893
Non-capitalised expenditure	56,917	72,662
Water & sewerage	34,733	47,899
Energy	138,455	129,371
Furniture & equipment	9,407	22,043
Other admin expenses	133,818	202,219
Staff restructuring costs	29,807	15,211
Other loan interest	5,599	5,411
Auditors remuneration	9,840	9,551
Auditors remuneration - non audit	1,500	1,458
Auditors remuneration - other audit costs	7,144	8,156
Internal audit	2,100	2,100
Other professional fees	62,881	37,921
Other supplies & services	75,721	75,048
	<u>4,500,118</u>	<u>4,594,996</u>
	<u><u>10,102,542</u></u>	<u><u>10,494,794</u></u>

**The Dover Federation for the Arts**  
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**Notes to the financial statements**  
**For the year ended 31 August 2018**

**6. Expenditure**

	<b>Staff costs</b> <b>2018</b> <b>£</b>	<b>Premises</b> <b>2018</b> <b>£</b>	<b>Other costs</b> <b>2018</b> <b>£</b>	<b>Total</b> <b>2018</b> <b>£</b>	<b>Total</b> <b>2017</b> <b>£</b>
Direct costs:					
Direct costs	<b>4,908,361</b>	-	<b>694,063</b>	<b>5,602,424</b>	5,899,798
Support costs	<b>2,658,802</b>	<b>309,623</b>	<b>1,531,693</b>	<b>4,500,118</b>	4,594,996
	<b>7,567,163</b>	<b>309,623</b>	<b>2,225,756</b>	<b>10,102,542</b>	10,494,794
Total 2017	<b>7,703,028</b>	<b>380,901</b>	<b>2,410,865</b>	<b>10,494,794</b>	

**7. Net income/(expenditure)**

This is stated after charging:

	<b>2018</b> <b>£</b>	<b>2017</b> <b>£</b>
Depreciation of tangible fixed assets:		
- owned by the charity	<b>515,210</b>	515,453
Auditors' remuneration	<b>9,840</b>	9,551
Auditors' remuneration - non-audit	<b>1,500</b>	1,458
Auditors' remuneration - other audit costs	<b>7,144</b>	8,156
Operating lease rentals	<b>49,147</b>	63,640

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**Notes to the financial statements**  
**For the year ended 31 August 2018**

**8. Staff costs**

**a. Staff costs**

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	5,706,099	5,735,430
Social security costs	537,419	550,384
Operating costs of defined benefit pension schemes	1,251,227	1,317,365
	<u>7,494,745</u>	<u>7,603,179</u>
Agency staff costs	42,611	84,638
Staff restructuring costs	29,807	15,211
	<u><u>7,567,163</u></u>	<u><u>7,703,028</u></u>

Staff restructuring costs comprise:

	2018 £	2017 £
Redundancy payments	23,557	15,211
Severance payments	6,250	-
	<u>29,807</u>	<u>15,211</u>

**b. Non-statutory/non-contractual staff severance payments**

Included in staff restructuring costs are non-statutory severance payments totalling £6,250 (2017: £Nil). This amount comprised of one payment made on 1 November 2017.

**c. Staff numbers**

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

	2018 No.	2017 No.
Teachers	87	95
Administration & support	117	128
Management	15	14
	<u>219</u>	<u>237</u>

**d. Higher paid staff**

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	2	2
In the band £80,001 - £90,000	4	3
In the band £140,001 - £150,000	0	1

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**8. Staff costs (continued)**

Five of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2018, pension contributions for these employees amounted to £58,890 (2017: £62,064). One employee does not participate in a pension scheme.

**e. 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 £563,527 (2017: £607,766), including national insurance contributions of £49,841 (2017: £59,214).

**9. 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 other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2018 £	2017 £
C J Russell (Chief Executive and Trustee)	Remuneration	85,000-90,000	140,000-145,000
S P Paget (Staff Trustee)	Remuneration	50,000-55,000	50,000-55,000
	Pension contributions paid	5,000-10,000	5,000-10,000
H K Baacke (Staff Trustee)	Remuneration	35,000-40,000	35,000-40,000
	Pension contributions paid	5,000-10,000	5,000-10,000

During the year, a Trustee received benefits in kind of £11,109 (2017: £11,485).

During the year ended 31 August 2018, no Trustees received any reimbursement of expenses (2017: £NIL).

Other related party transactions involving the trustees are set out in note 22.

**10. 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. This 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.

**11. Other finance income**

	2018 £	2017 £
Interest income on pension scheme assets	128,000	84,000
Interest on pension scheme liabilities	(237,000)	(200,000)
	<u>(109,000)</u>	<u>(116,000)</u>

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**12. Tangible fixed assets**

	Long Leasehold Land and Buildings £	Furniture and equipment £	Plant and machinery £	Motor vehicles £	Computer equipment £	Total £
<b>Cost</b>						
At 1 September 2017	28,374,608	34,318	21,655	39,410	143,562	28,613,553
Additions	203,720	3,067	1,295	-	4,372	212,454
At 31 August 2018	28,578,328	37,385	22,950	39,410	147,934	28,826,007
<b>Depreciation</b>						
At 1 September 2017	2,131,773	10,845	15,070	24,806	92,479	2,274,973
Charge for the year	467,848	3,739	3,560	7,882	32,181	515,210
At 31 August 2018	2,599,621	14,584	18,630	32,688	124,660	2,790,183
<b>Net book value</b>						
At 31 August 2018	25,978,707	22,801	4,320	6,722	23,274	26,035,824
At 31 August 2017	26,242,835	23,473	6,585	14,604	51,083	26,338,580

Included in land and buildings is leasehold land at valuation of £5,143,750 (2017: £5,143,750) which is not depreciated.

**13. Debtors**

	2018 £	2017 £
Trade debtors	7,859	3,863
VAT recoverable	27,295	31,259
Prepayments and accrued income	217,656	362,298
	<u>252,810</u>	<u>397,420</u>

**14. Creditors: Amounts falling due within one year**

	2018 £	2017 £
Other loans	147,181	142,741
Trade creditors	-	28,289
Other taxation and social security	129,947	130,137
Other creditors	112,844	119,644
Accruals and deferred income	244,172	356,862
	<u>634,144</u>	<u>777,673</u>



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**14. Creditors: Amounts falling due within one year (continued)**

	2018 £	2017 £
<b>Deferred income</b>		
Deferred income at 1 September 2017	75,592	71,886
Resources deferred during the year	76,660	75,592
Amounts released from previous years	(75,592)	(71,886)
	<u>76,660</u>	<u>75,592</u>
Deferred income at 31 August 2018	<u>76,660</u>	<u>75,592</u>

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

**15. Creditors: Amounts falling due after more than one year**

	2018 £	2017 £
Other loans	<u>368,433</u>	<u>514,454</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.

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**Notes to the financial statements**  
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**16. Statement of funds**

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
<b>Unrestricted funds</b>						
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>
<b>Restricted funds</b>						
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>
<b>Restricted fixed asset funds</b>						
Restricted fixed asset fund	26,266,416	-	(476,480)	188,321	-	25,978,257
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>(572,127)</u>	<u>5,936</u>	<u>-</u>	<u>26,081,347</u>
Total restricted funds	<u>22,200,104</u>	<u>8,805,196</u>	<u>(9,843,155)</u>	<u>116,202</u>	<u>1,160,000</u>	<u>22,438,347</u>
Total of funds	<u>21,890,407</u>	<u>9,030,852</u>	<u>(10,102,542)</u>	<u>-</u>	<u>1,160,000</u>	<u>21,978,717</u>

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

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**16. Statement of funds (continued)**

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 2018/2019.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

**Analysis of academies by fund balance**

Fund balances at 31 August 2018 were allocated as follows:

	<b>Total 2018 £</b>	<b>Total 2017 £</b>
Astor College	(682,526)	(456,148)
Barton Junior School	81,778	75,275
White Cliffs Primary College for the Arts	120,892	84,837
Shatterlocks Infant and Nursery School	20,226	19,095
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	(459,630)	(276,941)
Restricted fixed asset fund	26,081,347	26,512,348
Pension reserve	(3,643,000)	(4,345,000)
	<hr/>	<hr/>
Total	<u>21,978,717</u>	<u>21,890,407</u>

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

<b>Name of academy</b>	<b>Amount of deficit £</b>
Astor College	(682,526)

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 an increase to the deficit from £456,148 in the previous year.

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

There has been a full review of the curriculum offer for 2018/19 which has resulted in the reductions in staffing in the following subject areas:

- Art & Technology subjects
- ICT & Business subjects

In addition to these subject areas these further adjustments to staffing have been made:

- SEN department review with reduction in Teaching Assistants
- Support staff who have left at end of year not replaced
- Support staff positions which did require replacement these have been filled by Apprentices to reduce costs and provide benefit of apprenticeships in the community
- Reduction in Leadership staffing structure
- Staff requesting flexible working considered and reviewed individually to be able to support and recognise savings as opportunities arise
- Staff absence managed and controlled. Costs reduced from circa £105,000 to £42,000 in 2017/18

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**16. Statement of funds (continued)**

Ongoing review and adjustment to the curriculum timetable to recognise early future staffing requirements so that natural movement in staff can be assessed easily on a needs basis for replacements.

The current curriculum model has been devised so that continuing growth in pupil numbers can be accommodated within current structure. Student numbers continue to increase during all times of the year and future budgets show an improvement in funding received as a result.

The resources budget for all classroom based educational supplies has been strictly controlled during 2017/18 and will continue to be so over the forthcoming years.

During 2017/18 the decision was made that the College could no longer operate a separate Inclusion Centre to enable concentrated education for students at risk of exclusion. Unfortunately, budget constraints mean that this is no longer able to be continued and these students are now supported within the main school system.

As an additional resource to address the diverse needs of students at the College, an arrangement is in place for NUYU Academy to rent a business unit at the site which not only provides some income to the College, but also discounted rates for students attending.

Astor College has in previous years carried out extensive links with International Schools, going forward these projects will benefit from financial support through a mix of fund raising activities and sponsorship. Projects will be assessed on merit.

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

Astor College has extensive use of outside resources to improve and enhance the educational benefit to the students, there is an ongoing programme in place (commencing 2018) whereby all ICT licences will be reviewed and evaluated for educational benefit, those not seen as providing sufficient value will not be renewed, those who are of value will be reviewed to ensure Best Value. As part of this there has been a move to utilise free revision resources rather than continuing subscriptions.

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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**16. Statement of funds (continued)**

**Statement of funds - prior year**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
<b>General funds</b>						
Unrestricted Revenue Fund	574,980	275,277	(430,594)	(72,165)	-	347,498
Deficit on conversion	(798,964)	-	(5,411)	147,180	-	(657,195)
	<u>(223,984)</u>	<u>275,277</u>	<u>(436,005)</u>	<u>75,015</u>	<u>-</u>	<u>(309,697)</u>
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	7,588,758	(7,482,674)	(106,084)	-	-
Other DfE/ESFA/Local authority grants	129,693	1,393,721	(1,498,000)	7,342	-	32,756
Pension reserve	(5,390,000)	-	(490,000)	-	1,535,000	(4,345,000)
	<u>(5,260,307)</u>	<u>8,982,479</u>	<u>(9,470,674)</u>	<u>(98,742)</u>	<u>1,535,000</u>	<u>(4,312,244)</u>
<b>Restricted fixed asset funds</b>						
Restricted fixed asset fund	23,348,264	-	(472,943)	3,391,095	-	26,266,416
Capital expenditure from GAG	72,162	-	-	-	-	72,162
DfE/ESFA capital grants	12,451	3,643,859	(115,172)	(3,367,368)	-	173,770
	<u>23,432,877</u>	<u>3,643,859</u>	<u>(588,115)</u>	<u>23,727</u>	<u>-</u>	<u>26,512,348</u>
Total restricted funds	<u>18,172,570</u>	<u>12,626,338</u>	<u>(10,058,789)</u>	<u>(75,015)</u>	<u>1,535,000</u>	<u>22,200,104</u>
Total of funds	<u>17,948,586</u>	<u>12,901,615</u>	<u>(10,494,794)</u>	<u>-</u>	<u>1,535,000</u>	<u>21,890,407</u>

**17. Analysis of net assets between funds**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	26,035,824	26,035,824
Current assets	55,980	486,967	45,523	588,470
Creditors due within one year	(147,177)	(486,967)	-	(634,144)
Creditors due in more than one year	(368,433)	-	-	(368,433)
Provisions for liabilities and charges	-	(3,643,000)	-	(3,643,000)
	<u>(459,630)</u>	<u>(3,643,000)</u>	<u>26,081,347</u>	<u>21,978,717</u>

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**16. Statement of funds (continued)**

**Analysis of academies by cost**

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2018 £	Total 2017 £
Astor College	4,036,795	719,267	443,716	591,479	5,791,257	6,066,155
Barton Junior School	696,470	177,542	62,302	173,935	1,110,249	1,109,983
White Cliffs Primary College for the Arts	1,054,175	245,494	39,502	273,165	1,612,336	1,720,631
Shatterlocks Infant and Nursery School	631,452	211,389	51,123	179,526	1,073,490	1,082,572
	<u>6,418,892</u>	<u>1,353,692</u>	<u>596,643</u>	<u>1,218,105</u>	<u>9,587,332</u>	<u>9,979,341</u>

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**17. Analysis of net assets between funds (continued)**

**Analysis of net assets between funds - prior year**

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	2017 £	2017 £	2017 £	2017 £
Tangible fixed assets	-	-	26,338,580	26,338,580
Current assets	347,498	667,688	173,768	1,188,954
Creditors due within one year	(142,741)	(634,932)	-	(777,673)
Creditors due in more than one year	(514,454)	-	-	(514,454)
Provisions for liabilities and charges	-	(4,345,000)	-	(4,345,000)
	<u>(309,697)</u>	<u>(4,312,244)</u>	<u>26,512,348</u>	<u>21,890,407</u>

**18. Reconciliation of net movement in funds to net cash flow from operating activities**

	2018 £	2017 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(1,071,690)	2,406,821
<b>Adjustment for:</b>		
Depreciation charges	515,210	515,453
Interest paid	5,599	5,411
Decrease/(increase) in debtors	144,610	(150,227)
(Decrease)/increase in creditors	(147,969)	82,959
Capital grants from DfE and other capital income	(135,190)	(533,859)
Defined benefit pension scheme cost less contributions payable	347,000	372,000
Defined benefit pension scheme finance cost	111,000	118,000
Tangible fixed assets donated	-	(3,110,000)
<b>Net cash used in operating activities</b>	<u>(231,430)</u>	<u>(293,442)</u>

**19. Analysis of cash and cash equivalents**

	2018 £	2017 £
Cash in hand	335,660	791,534
<b>Total</b>	<u>335,660</u>	<u>791,534</u>

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**20. Pension commitments**

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £112,555 were payable to the schemes at 31 August 2018 (2017 - 119,481) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. 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 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge.
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £610,058 (2017 - £622,263).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website ([www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).



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**20. Pension commitments (continued)**

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £418,000 (2017 - £418,000), of which employer's contributions totalled £322,000 (2017 - £323,000) and employees' contributions totalled £96,000 (2017 - £95,000). The agreed contribution rates for future years are 20% for employers and 5.5% to 12.5% for employees.

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.65 %	2.60 %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %

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

	2018	2017
Retiring today		
Males	23.1	23.0
Females	25.2	25.1
Retiring in 20 years		
Males	25.3	25.2
Females	27.5	27.4

	At 31 August 2018 £	At 31 August 2017 £
<b>Sensitivity analysis</b>		
Discount rate +0.1%	(220,000)	(225,000)
Discount rate -0.1%	226,000	231,000
Mortality assumption - 1 year increase	301,000	302,000
Mortality assumption - 1 year decrease	(291,000)	(292,000)
Salary rate +0.1%	31,000	46,000
Salary rate -0.1%	(31,000)	(46,000)

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**20. Pension commitments (continued)**

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	3,597,000	3,370,000
Gilts	40,000	33,000
Corporate bonds	469,000	461,000
Property	653,000	588,000
Cash and other liquid assets	162,000	152,000
Absolute return fund	357,000	183,000
Total market value of assets	<u>5,278,000</u>	<u>4,787,000</u>

The actual return on scheme assets was £217,000 (2017 - £632,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2018 £	2017 £
Current service cost	(669,000)	(695,000)
Interest income	128,000	84,000
Interest cost	(237,000)	(200,000)
Admin expenses	(2,000)	(2,000)
Total	<u>(780,000)</u>	<u>(813,000)</u>

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

	2018 £	2017 £
Opening defined benefit obligation	9,132,000	8,951,000
Current service cost	669,000	695,000
Interest cost	237,000	200,000
Employee contributions	96,000	95,000
Actuarial gains	(1,071,000)	(950,000)
Benefits paid	(142,000)	141,000
Closing defined benefit obligation	<u>8,921,000</u>	<u>9,132,000</u>

**The Dover Federation for the Arts**  
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**Notes to the financial statements**  
**For the year ended 31 August 2018**

**20. Pension commitments (continued)**

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

	2018 £	2017 £
Opening fair value of scheme assets	4,787,000	3,561,000
Interest income	128,000	84,000
Actuarial gains	89,000	585,000
Employer contributions	322,000	323,000
Employee contributions	96,000	95,000
Benefits paid	(142,000)	141,000
Administration expenses	(2,000)	(2,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	5,278,000	4,787,000
	<hr/> <hr/>	<hr/> <hr/>

**21. Operating lease commitments**

At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
<b>Amounts payable:</b>		
Within 1 year	40,173	48,774
Between 1 and 5 years	5,590	36,255
	<hr/>	<hr/>
Total	45,763	85,029
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**Notes to the financial statements**  
**For the year ended 31 August 2018**

**22. 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:

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 were remunerated £61,784 (2017: £61,068) and £44,543 (2017: £41,128) respectively. Both commenced employment prior to conversion to Academy status and Mrs S Knight-Fotheringham was not part of the decision making process. Both are paid within the normal pay scale for their role and receive no special treatment as a result of their relationship to a member of key management personnel.

During the year Mr T Tolhurst, the son of Ms R S Tolhurst, a member of Key Management Personnel in the current year, was employed by the Academy Trust and was remunerated £30,522 (2017: £29,802). 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.

In the prior year there were a number of additional related party transactions that took place with DYRMS - an academy with military traditions (The Duke of York Royal Military School) - a company in which Mr C J Russell, a member, was a director and Executive Principal. There were no transactions in the current year following Mr C J Russell's retirement from the roles in the prior year.

The following transactions took place in the prior period of account:

- 1) ~~Mr C J Russell, the former Chief Executive-Officer-of-the-Academy Trust,~~ was seconded to The Duke of York's Royal Military School to perform the role of Executive Principal. The income received in the prior period for his secondment was £52,999.
- 2) The Academy Trust provided an Executive Assistant to The Duke of York's Royal Military School. The income received in the prior period for this support was £17,501.
- 3) The Academy Trust incurred other costs on behalf of The Duke of York's Royal Military School. These costs were recharged at cost in the prior year in the sum of £14,090.

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

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**23. 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:

	2018	2017
	£	£
Barton Junior School	70,000	70,000
Shatterlocks Infant & Nursery School	70,000	70,000
White Cliffs Primary College for the Arts	80,000	89,600
	<u>220,000</u>	<u>229,600</u>

**24. 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 2018 the Academy Trust received £27,506 and disbursed £19,232 from the fund.

**25. 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.