

Company Registration No 06969741 (England and Wales)

THE BEDFORD ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
GOVERNORS REPORT AND ACCOUNTS
FOR THE PERIOD ENDED 31 AUGUST 2012

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THE BEDFORD ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
LEGAL AND ADMINISTRATIVE INFORMATION

Governors (Trustees)

Mr D K Brownridge
Mrs S Clark
Mrs G L Cocozza
Ms N L Keeler
Mr M Weeden
Mrs C Smith
Mrs C Highams
Mr A Wildman
Mrs M Palmer
Mrs R Guynn
Ms E Lowe
Ms T Kundi
Mr C Bailey

Senior managers

Mrs C Smith (Principal)

Company number

06969741

Registered office

Mile Road
Bedford
Bedfordshire
Mk42 9TR

Auditors

Baxter & Co
Lynwood House
Crofton Road
Orpington
Kent BR6 8QE

Bankers

Co-Operative Bank PLC
City Office Branch
80 Cornhill
London
C3V 3NY

Solicitors

Eversheds LLP
Kett House
Station Road
Cambridge
Cambridgeshire
CB1 2JY

THE BEDFORD ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
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THE BEDFORD ACADEMY

(A COMPANY LIMITED BY GUARANTEE)

GOVERNORS REPORT

FOR THE PERIOD ENDED 31 AUGUST 2012

The Governors (Trustees) present their report and accounts for the period ended 31 August 2012

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charitable company's Memorandum and Articles of Association, the Companies Act 2006 and the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005

Structure, Governance and Management

The charitable company is a company limited by guarantee incorporated on 22 July 2009

The Governors (Trustees), who are also the directors for the purpose of company law, and who served during the period were

Mr D K Brownridge

Mrs S Clark

Mrs G L Coccozza

Mrs L C Hockey

(Resigned 8 March 2012)

Ms N L Keeler

Mr M Weeden

Mrs C Smith

Mrs C Highams

Ms S Nasir

(Resigned 14 June 2012)

Mr A Wildman

Mrs M Palmer

(Appointed 12 July 2012)

Mrs R Guynn

Ms T Kundi

Mr C Bailey

(Appointed 13 December 2011)

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The governors act as the trustees for the charitable activities of The Bedford Academy and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as The Bedford Academy.

Details of the governors who served throughout the year are noted above.

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.

**THE BEDFORD ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
GOVERNORS REPORT (CONTINUED)**

FOR THE PERIOD ENDED 31 AUGUST 2012

Principal Activities

The principal object and activity of the charitable company is to advance for the public benefit, education in the UK, in particular by establishing and operating The Bedford Academy to provide education initially for students aged 13 to 18, becoming an 11 to 18 school in a few years

Method of Recruitment and Appointment or Election of Governors

The articles of association require the charitable company to appoint at least three governors and no more than fifteen governors to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Academy

In accordance with the Articles, the Academy Trust shall have the following governors,

The Sponsors

- The Bedford Charity and Bedford College Further Education Corporation may appoint themselves as governors

4 individuals appointed by each Sponsor

- Mr M Weeden
- Mrs G Coccoza
- Mrs L Hockey
- Mrs C Highams
- Mr D Brownridge
- Mr A Wildman
- Mrs N Keeler
- Mrs S Clark

1 LA governors (if the LA, choose to appoint)

1 Parent Governor

- Mrs R Guynn

1 Staff Governor

- Ms H Kundi

The Principal

- Mrs C Smith

Up to 2 co-opted governors

- Ms S Nasir

The Secretary of State may also appoint governors in certain circumstances

The governors are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation

Governors (other than the Sponsors and the Principal) serve for four years and are eligible for re-election

The governors who were in office at 31 August 2012 and served throughout the period (unless otherwise stated) are listed on page 1

**THE BEDFORD ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
GOVERNORS REPORT (CONTINUED)**

FOR THE PERIOD ENDED 31 AUGUST 2012

Policies and Procedures Adopted for the Induction and Training of Governors

Four full Governing Body meetings were held last year in addition to sub committee meetings

Governors received training provided by SSAT on,

- 'To Outstanding and Beyond'
- Safeguarding responsibilities

New Governors meet with the Chair of Governors and Principal and tour the school

They receive the Governor's Handbook, receive previous minutes and details of the Academy's policies

Organisational Structure

The Governors - are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments

The Academy Management Team comprises the Principal, Director of finance & Operations plus 5 Assistant Principals

Connected organisations - The Bedford Charity (The Harpur Trust) and Bedford College Further Education Corporation are sponsors of The Bedford Academy

Risk Management

The governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The governors have implemented a number of systems and policies to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the following statement

Connected Organisations, including Related Party Relationships

Bedford College Further Education Corporation is a sponsor of the Academy and is a provider of education for students aged 14 to 19. Some students from The Bedford Academy attend Bedford College for vocational education courses along with students from other local schools. The Bedford Academy pays the same rate per student as other local schools for this education provision.

Objectives and Activities

Objects and Aims

The principal object and activity of the charitable company is to advance for the public benefit, education in the UK, in particular by establishing and operating The Bedford Academy to provide education initially for students aged 13 to 18, becoming an 11 to 18 school in September 2014

THE BEDFORD ACADEMY

(A COMPANY LIMITED BY GUARANTEE)

GOVERNORS REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

Objectives, Strategies and Activities (including public benefit)

The main objectives of the Academy during the year ended 31st August 2012 were to

- raise standards of teaching and learning across the Academy and achieve a high quality learning experience for every student
- improve the effectiveness of the Academy by continually reviewing the curriculum and the structure within the organisation
- plan and prepare for the transition to the new academy building in November 2012
- continue the trend of increasing academic results at both key stage 4 and 5
- build upon the links established with the local and the wider community
- to provide value for money for all expenditure

Public Benefit

The Governors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing and setting the Academy's objectives and aims. The trustees consider that the Academy's aims are demonstrably for the public benefit.

Achievements and Performance

Academic Standards

Students at Bedford Academy celebrated another set of A Level and GCSE results which, for the second year running, showed improvement on the previous year.

The Academy was particularly proud of the 6th form results this year with a 39 percentage point increase over the 2011 results. 64 per cent of final year students achieved at least one top grade A*, A or equivalent in their A-Levels, and more than half achieved three A-Levels at grades A* to C or equivalent. These excellent exam results were a credit to our students and teachers who have all worked extremely hard and diligently to achieve grades which do them all proud. 89 % of students went on to university with all securing the future pathway of their choice.

At GCSE the Academy continued its upwards trend with another 'best ever' year and a three percentage point increase in students achieving five GCSEs at grades A*- C including English and Maths. In Maths, students scored a massive 26 percentage point increase over last year in passes grade A*- C with two thirds of students achieving these grades, reaching national averages for the first time. The Academy team is particularly proud of this achievement in a core subject.

The Academy set out two years ago to become a school of opportunity putting especial emphasis on Science and related subjects. This year's results show the Academy is well on track to achieving this with continuing increases in these subjects.

Attendance

Bedford Academy's attendance rate for the past school year has increased to 94.7 per cent - well above national averages and a massive improvement over last year. Students with 100 per cent attendance has increased by 10 per cent. We have worked very hard to achieve this impressive figure as persistent absenteeism is disruptive for all students and greatly disadvantages the individual. Bedford Academy is clearly a place where students are happy to be.

International School Status

THE BEDFORD ACADEMY

(A COMPANY LIMITED BY GUARANTEE)

GOVERNORS REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

Bedford Academy has been awarded the British Council's prestigious International School Award in recognition of its work to bring the world into the classroom. The International School Award is a badge of honour for schools that do outstanding work in international education, such as through links with partner schools overseas.

This is a fantastic achievement to reach over the course of two years. This year staff travelled to Kenya for ten days to Bedford Academy's partner school Bishop Okiring on Mount Elgon near to the border with Uganda where they delivered lessons to the Bishop Okiring students. The lessons focused on citizenship and explored with the students what citizenship actually means and what an ideal global citizen would be.

Many of the students at Bishop Okiring school excel at athletics because of the rural setting in which they live, and one of the school's former students competed for Kenya in the Olympic games. The partnership developed through the BBC World Olympic Dreams and World Class project, where UK schools twin with schools around the globe as part of the educational legacy for the 2012 Olympics.

Performing Arts

There have been some significant changes to the way music is taught in the Academy over this year. We have been utilising new technology purchased as part of the IT investment ready for our new building. iPods have been used in lessons for coursework and students have been using the Garage Band App and have achieved impressive grades for their performances.

The Academy showcased a gym and dance event at the end of the school year. Performances included solo and group music pieces, dance exhibitions and gymnastics displays. Students displayed their skills with pride and demonstrated the excellent work the Academy has been doing to build confidence and to encourage students to widen their extra-curricular interests.

Sporting Success

A student at Bedford Academy, was awarded the Sky Living for Sport Student of the Year Award. The aim of the Academy's project was to increase participants' attainment and achievement, and improve their confidence in their own abilities. The project was designed around American Football, a true team sport. The Academy felt it was important to get the students out of their comfort zone and develop their skills level in a new sport.

National Schools Sports Week was a sporting celebration for schools across Britain inspired by the Olympic and Paralympic Games. Bedford Academy's students and staff took full advantage of this with many activities at the school. Year 9 students participated in an Olympic Challenge Day. The students were put through their paces in specially selected Olympic sports: High Jump, Sprint, Javelin, Discus, Triple and Long Jump and Rowing - with students' best scores contributing towards points for the Village Cup! Young Leaders from across the older year groups assisted by measuring, supporting and organising students throughout the sessions giving them the opportunity to develop valuable skills in leadership and team working. The sporting challenge also made its way onto the curriculum and throughout the week students participated in a range of activities from Rounders, Short Tennis, Softball, and a Triathlon themed lesson. GCSE students undertook a 1.5km run, 3km bike and a 500m row competing against one another.

New Academy Building

**THE BEDFORD ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
GOVERNORS REPORT (CONTINUED)**

FOR THE PERIOD ENDED 31 AUGUST 2012

This has been the year that we have watched our new building take shape. At first sight, what impresses most about the new Bedford Academy building is its sheer scale. But once inside the feeling of scale miraculously disappears because the building is designed around a central hub which, even prior to completion, conveys a feeling of friendly inclusivity. It has been quite a feat to make a building that will eventually accommodate some 1400 students feel so warm and welcoming and at the same time professional. This has been the result of intensive preplanning and very clever design. The building, which incorporates superb science, technology, sports and performing arts facilities will play an important part in the Academy's determination to transform the opportunities for students in our local community.

Going Concern

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

Key Financial Performance Indicators

No key financial performance indicators have been set by the Governors, beyond the requirement that the financial position should remain sufficient to fund future needs. The principal performance measures are non-financial, these are largely educational and pastoral.

Financial Review

Most of the Academy's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2012 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy held fund balances at 31 August 2012 of £3,227k comprising £1,310k of general restricted funds, a capital fund balance of £1,398k, a fixed asset fund of £243k, an endowment fund of £500k, a pension fund deficit balance of £287k representing the Academy's share of the LGPS deficit, and £63k of unrestricted funds.

Financial and Risk Management Objectives and Policies

Governors keep spendable reserves under constant review to ensure they have sufficient income to run the Academy on an efficient basis without affecting the quality of teaching and learning. This, along with regular review of future plans to ensure their affordability, ensures that any financial risk is managed effectively.

Principal Risks and Uncertainties

The governors have considered the principal risks and uncertainties that the Academy may be exposed to. Policies and controls have been designed to minimise risks and the losses associated with those risks. Where significant financial risk still remains, they have ensured they have adequate insurance cover.

**THE BEDFORD ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
GOVERNORS REPORT (CONTINUED)**

FOR THE PERIOD ENDED 31 AUGUST 2012

Reserves Policy

The governors review the reserve levels of the Academy regularly. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The governors have determined that the appropriate level of free reserves should be equivalent to 4 weeks expenditure, approximately £459k. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

Investment Policy

There are no investments held beyond cash deposits retained with the major UK clearing banks.

Equal Opportunities

Bedford Academy encourages, celebrates and values the diversity of all our community. We actively promote the principle of equality for all. We aim to ensure that everyone within our community is treated fairly, with respect and dignity. We seek to eliminate any form of inequality, bullying or discrimination. We are proud to announce that Bedford Academy has been recognised as an Equality Champion, the first school in Bedfordshire to achieve this status. This has been awarded following the external assessment of a portfolio of evidence collected from the last two years.

Plans for the Future

The Bedford Academy moved into its new premises in November 2012. The building cost £22.5m and was procured by the LA and The Bedford Academy leases the building under a 125 year lease. From January 2013 the academy will commence its development of opening up its facilities for use by the local community as part of the sponsors vision for the Academy to be a community hub.

As part of the move to the new building there is a £2m investment in IT facilities. The focus for the next year will be on professional development for staff to deploy the resources effectively within teaching and to develop the IT solution to improve communication with students and parents of the Academy.

Planning is now underway for the move from 3 to 2 tier education to extend the age range to 11 to 18 in September 2014.

**THE BEDFORD ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
GOVERNORS REPORT (CONTINUED)**

FOR THE PERIOD ENDED 31 AUGUST 2012

Statement of Governors Responsibilities

The Governors (Trustees), who are also the directors of The Bedford Academy for the purpose of company law, are responsible for preparing the Governors Report and the accounts in accordance with applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and the Annual Accounts Requirements issued by the Young People's Learning Agency

Company law requires the Governors (Trustees) to prepare accounts for each financial period which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period

In preparing these accounts, the Governors (Trustees) are required to

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

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

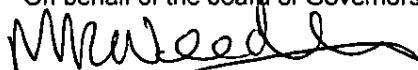
The Governors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the YPLA / DfE have been applied for the purposes intended

In accordance with company law, as the company's directors, we certify that:

- So far as we are aware, there is no relevant audit information of which the company's auditors are unaware, and
- The Governors have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

A resolution proposing that Baxter & Co be reappointed as auditors of the company will be put to the members

On behalf of the board of Governors (Trustees)



Mr M Weeden

Chair of Governors

Dated 13 December 2012

THE BEDFORD ACADEMY

(A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT

FOR THE PERIOD ENDED 31 AUGUST 2012

Scope of Responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that The Bedford Academy 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 Governing Body has delegated the day-to-day responsibility to Mrs C Smith, the Principal, as Accounting Officer for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Bedford Academy and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors Responsibilities. The Governing Body has formally met 4 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Meetings Attended	Out of a Possible
Mr D K Brownridge	4	4
Mrs S Clark	3	4
Mrs G L Coccozza	4	4
Mrs L C Hockey	3	3
Ms N L Keeler	3	4
Mr M Weeden	3	4
Mrs C Smith	4	4
Mrs C Highams	4	4
Ms S Nasir	1	3
Mr A Wildman	2	4
Mrs M Palmer	1	1
Mrs R Guynn	4	4
Ms T Kundi	4	4

The Finance and Resources Committee is a sub-committee of the main Governing Body. Its purpose is to assist and support the Governing Body, ensuring sound oversight is exercised over the management of the Academy's finances and resources. Attendance at meetings in the year was as follows:

Governor	Meetings Attended	Out of a Possible
Mr D K Brownridge	3	3
Mrs L C Hockey	1	2
Mr M Weeden	3	3
Mrs C Smith	3	3
Mr A Wildman	2	3
Mr C Bailey	3	3

**THE BEDFORD ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
GOVERNANCE STATEMENT (CONTINUED)**

FOR THE PERIOD ENDED 31 AUGUST 2012

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 the Academy's 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 Bedford Academy for the period ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Governing Body has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the period ended 31 August 2012 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The Risk and Control Framework

The Academy'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 Governing Body,
- Regular reviews by the Finance and Resources 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 Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed D K Brownridge, a Governor, as Responsible Officer 'RO' assisted by Baxter and Co. The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a regular basis, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

The Governing Body are satisfied that the RO function has been fully delivered in line with the EFA's requirements. No material control issues have been notified to Governors as a result of the RO's work.

Review of Effectiveness

The Accounting Officer Mrs C Smith, has the responsibility for reviewing the effectiveness of the system of internal control.

**THE BEDFORD ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
GOVERNANCE STATEMENT (CONTINUED)**

FOR THE PERIOD ENDED 31 AUGUST 2012

During the period ended 31 August 2012 the review has been informed by

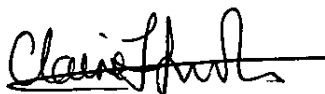
- The work of the Responsible Officer,
- The work of the External Auditor,
- The financial management and governance self assessment process,
- The work of the Executive Managers within the Academy who have responsibility for the development and maintenance of the internal control framework

The Accounting Officer has advised the Finance and Resources Committee of the implications of the result of their review of the system of internal control. A plan to address weaknesses and ensure continuous improvement of the system is in place.

On behalf of the board of Governors (Trustees)



Mr M Weeden
Chair of Governors
Dated 13 December 2012



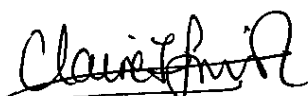
Mrs C Smith
Accounting Officer
Dated 13 December 2012

**THE BEDFORD ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE PERIOD ENDED 31 AUGUST 2012**

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

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

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



Mrs C Smith
Accounting Officer
Dated 13 December 2012

**THE BEDFORD ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE BEDFORD ACADEMY**

We have audited the accounts of The Bedford Academy for the period ended 31 August 2012 set out on pages 17 to 42. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2011/12 issued by the EFA.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Governors (Trustees) and auditors

As explained more fully in the statement of Governors' responsibilities, the Governors (Trustees), who are also the directors of The Bedford Academy for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We are also responsible for expressing an opinion on whether grants made by the DfE/EFA have been applied for the purposes intended.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Governors (Trustees), and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Governors Annual Report to identify material inconsistencies with the audited accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on accounts

In our opinion the accounts

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2012 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Annual Accounts Direction 2011/12 issued by the EFA, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters

In our opinion grants made by the DfE/EFA have been applied for the purposes intended.

Opinion on other matter prescribed by the Companies Act 2006

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

**THE BEDFORD ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF THE BEDFORD ACADEMY**

Matters on which we are required to report by exception

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

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

**D J Walsh FCCA (Senior Statutory Auditor)
for and on behalf of Baxter & Co**

Chartered Certified Accountants

Statutory Auditor

Lynwood House
Crofton Road
Orpington
Kent BR6 8QE

Dated 14 December 2012

THE BEDFORD ACADEMY

(A COMPANY LIMITED BY GUARANTEE)

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

In accordance with the terms of our engagement letter dated 1 November 2012 and further to the requirements of the Education Funding Agency 'EFA' as included in the Academies Accounts Direction 2011/12, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Bedford Academy during the period ended 31 August 2012 have been applied to the purpose identified by Parliament and the financial transactions conform to the authorities which govern them

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

Respective Responsibilities of The Bedford Academy's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of The Bedford Academy's funding agreement with the Secretary of State for Education and the Academies Financial Handbook as published by the DfES in 2006, for ensuring that expenditure disbursed and income received is applied for the purpose 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 2011/12. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period ended 31 August 2012 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 2011/12 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust's income and expenditure. We have included in our examination testing of a sample of

- Payments to staff,
- Payments to suppliers and other third parties,
- Grant and other income streams

We have reviewed the most recent Financial Management and Governance Evaluation self assessment return prepared by the Academy and made enquires of the Accounting Officer thereon. We have reviewed minutes and other evidence made available to us, relevant to our consideration of regularity

**THE BEDFORD ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON
REGULARITY TO THE BEDFORD ACADEMY AND THE EDUCATION FUNDING
AGENCY (CONTINUED)**

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period ended 31 August 2012 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them

Baxter & Co

Chartered Certified Accountants

Lynwood House
Crofton Road
Orpington
Kent BR6 8QE

Dated 14 December 2012

THE BEDFORD ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE PERIOD ENDED 31 AUGUST 2012

	Notes	Unrestricted funds £'000	Restricted funds £'000	Fixed Asset fund £'000	Endowment funds £'000	Total 2012 £'000	Total 2011 £'000
Incoming Resources							
<i>Generated Funds</i>							
- Voluntary Income	3	11	12	-	-	23	52
- Activities for Generating Funds	4	7	-	-	-	7	3
- Investment Income	5	12	-	-	-	12	4
<i>Charitable Activities</i>							
- Educational Operations	6	-	7,870	-	-	7,870	6,631
Total Incoming Resources		30	7,882	-	-	7,912	6,690
Resources Expended							
<i>Costs of generating funds</i>							
- Costs of generating Voluntary Income	7	-	-	-	-	-	10
- Costs of Activities for generating funds	7	-	7	-	-	7	44
<i>Charitable Activities</i>							
- Educational Operations	8	7	5,653	14	-	5,674	5,699
<i>Governance Costs</i>	9	-	39	-	-	39	62
<i>Other Resources Expended</i>							
- Transfers on conversion	7	-	-	-	-	-	296
- LGPS Pension Finance Costs	7/18	-	9	-	-	9	11
Total Resources Expended	7	7	5,708	14	-	5,729	6,122
Net Incoming/(Outgoing) Resources before Transfers		23	2,174	(14)	-	2,183	568
Gross transfers between funds	16	-	(223)	223	-	-	-
Net Incoming/(Outgoing) Resources before Other Recognised Gains and Losses		23	1,951	209	-	2,183	568
Other recognised gains and losses							
Actuarial Gains/(Losses) on Defined Benefit Pension Scheme	18	-	(113)	-	-	(113)	89
Net movement in funds		23	1,838	209	-	2,070	657
Fund balances at 1 September 2011		40	583	34	500	1,157	500
Fund balances at 31 August 2012		63	2,421	243	500	3,227	1,157

THE BEDFORD ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
SUMMARY INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD ENDED 31 AUGUST 2012

	Year ended 31 August 2012 £'000	Year ended 31 August 2011 £'000
Income		
General Annual Grant (GAG)	4,793	6,135
Other DfE / EFA Grants	1,324	103
Other Government Grants	29	273
Capital Income	1,581	40
Other Income	185	139
Total Income	7,912	6,690
Expenditure		
General Annual Grant (GAG) related expenditure	4,729	5,396
Other DfE / EFA Grants related expenditure	830	88
Other Government Grant related expenditure	19	243
Other Expenditure	(25)	288
Expenditure Funded from Other Income	162	99
Depreciation	14	8
Total Expenditure	5,729	6,122
Excess of Income over Expenditure	2,183	568

The summary income and expenditure account is derived from the statement of financial activities on page 17 which, together with the notes on pages 21 to 42, provides full information on the movements during the period on all funds of the charity

All of the Academy's activities derive from acquisitions in the current financial period

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES


Net Income/(Expenditure) for the period	2,183	568
Actuarial Gains/(Losses) on Defined Benefit Pension Scheme	(113)	89
Total Recognised Gains and Losses for the period	2,070	657

THE BEDFORD ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
BALANCE SHEET

AS AT 31 AUGUST 2012

		2012	2011
	Notes	£'000	£'000
Fixed assets			
Tangible assets	12	243	34
Current assets			
Stocks	13	5	-
Debtors	14	144	150
Cash at bank and in hand		3,847	1,540
		<u>3,996</u>	<u>1,690</u>
Creditors amounts falling due within one year	15	<u>(725)</u>	<u>(368)</u>
Net current assets		3,271	1,322
Total assets less current liabilities		3,514	1,356
Defined benefit pension liability	18	<u>(287)</u>	<u>(199)</u>
Net assets		3,227	1,157
Funds			
Restricted Funds	16		
General Annual Grant (GAG) Fund		73	697
Other DfE / EFA Grant Fund		1,197	15
Other Government Grant Fund		40	30
Capital Fund		1,398	40
Fixed Asset Fund		243	34
Endowment Fund		500	500
LGPS Fund		(287)	(199)
Unrestricted Funds	16		
Other Income Fund		63	40
		<u>3,227</u>	<u>1,157</u>

The accounts were approved by the Governors, and authorised for issue on 13 December 2012


 Mr M Weeden
 Chair of Governors

Company
Registration
No 06969741

THE BEDFORD ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31 AUGUST 2012

		Year ended 31 August 2012 £'000	Year ended 31 August 2011 £'000
	Notes		
Net cash inflow from operating activities	19	937	883
Cash transferred on conversion	3	-	-
Returns on investments and servicing of finance			
Investment income	12	4	
Net cash inflow from returns on investments and servicing of finance		12	4
Capital expenditure and financial investments			
Payments to acquire tangible fixed assets	(223)	(42)	
Capital Grants	15	40	
Other Capital Income	1,566	-	
Net cashflow from capital activities		1,358	(2)
Increase in cash	20	2,307	885

All of the Academy's activities derive from acquisitions in the current financial period

THE BEDFORD ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED 31 AUGUST 2012

1 Accounting policies

1.1 Basis of preparation

The financial statements are prepared under the historic cost convention and in accordance with applicable accounting standards and the Charities SORP 2005

The Standard Format for the financial statements as required by the Companies Act 2006 has been adapted to provide more appropriate information which complies with the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in March 2005 ('Charities SORP 2005') and the Academies Accounts Direction issued by the EFA

1.2 Going Concern

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

1.3 Incoming resources

Grants Receivable

Grants are included in the statements of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet

Donations

Donations are included in the statement of financial activities on a cash received basis or on an accruals basis where they are assured with reasonable certainty and are receivable at the balance sheet date

Donated Services and Gifts in Kind

The value of donated services and gifts in kind provided to the company is recognised in the statement of financial activities as incoming resources and resources expended at their estimated value to the company in the period in which they are receivable, and where the benefit is both quantifiable and material

Interest Receivable

Interest receivable is included within the statement of financial activities on a receivable basis

Other Income

Income is included in the statement of financial activities on a cash received basis or on an accruals basis where the receipt is assured with reasonable certainty and is receivable at the balance sheet date

1.4 Resources expended

Resources expended are recognised in the period in which they are incurred and include irrecoverable VAT. They have been classified under headings that aggregate all costs relating to that activity

THE BEDFORD ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

1 Accounting Policies

(continued)

Allocation of Costs

In accordance with the Charities SORP, expenditure has been analysed between the cost of generating funds, the company's charitable activities and governance. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned. Central staff costs are allocated on the basis of time spent on each activity and depreciation charges on the basis of the proportion of the assets' use which is utilised by each activity.

Costs of Generating Funds

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

Charitable Activities

These are costs incurred on the Academy's educational operations.

Governance Costs

Governance costs include the costs attributable to the company's compliance with constitutional and statutory requirements, including audit, strategic management and governors' meetings and reimbursed expenses. Such costs include both direct and allocated support costs.

Fund Accounting

General funds represent those resources which may be used towards meeting any of the objects of the company at the discretion of the directors.

Restricted funds comprise grants from the DfE / EFA and other donors which are to be used for specific purposes as explained in note 16.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation.

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and are depreciated over their expected useful economic life. The related grants are credited to an appropriate restricted fund in the statement of financial activities and carried forward in the balance sheet.

Depreciation is charged in the statement of financial activities at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

ICT / Computer equipment	3 years (Straight Line)
Fixtures, fittings & equipment	3 years (Straight Line)
Motor vehicles	5 years (Straight Line)

1.6 Leasing and hire purchase commitments

Resources expended are recognised in the period in which they are incurred and include irrecoverable VAT. They have been classified under headings that aggregate all costs relating to that activity.

THE BEDFORD ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

1 Accounting Policies

(continued)

1.7 Stock and work in progress

Stock is valued at the lower of cost and net realisable value

1.8 Pensions

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy. More details of the schemes are given in note 18.

Teachers' Pension Scheme

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 in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 18, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

Local Government Pension Scheme

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

Further details are set out in note 18 to the financial statements.

1.9 Taxation

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

THE BEDFORD ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2012

2	General Annual Grant (GAG)	2012	2011
		£'000	£'000
a	Results and Carry Forward for the period (2011, including Start Up funding)		
	GAG brought forward from previous period	9	-
	GAG allocation for current period	4,793	6,135
	Total GAG available to spend	4,802	6,135
	Recurrent expenditure from GAG	(4,729)	(5,396)
	Fixed Assets purchased from GAG	-	(42)
	GAG Carried Forward to Next Year (2011, £9k GAG, £688k Start Up)	73	697
	Maximum permitted GAG carry forward at end of current period (12% of allocation for current period)	(866)	(736)
	GAG to surrender to DfE / EFA (12% rule breached if result is positive)	(793)	(39)
		<i>no breach</i>	<i>no breach</i>
b	Use of GAG Brought Forward from previous period for recurrent purposes (Of the amount Carried Forward each year, a maximum of 2% of GAG can be used for recurrent purposes. Any balance, up to a maximum of 12%, can only be used for capital purposes)		
	Recurrent expenditure from GAG in current period	4,729	5,396
	GAG allocation for current period	(4,793)	(6,135)
	GAG allocation for previous period x 2%	(123)	-
	GAG Brought Forward from previous period in excess of 2%, used on recurrent expenditure in current period (2% rule breached if result is positive)	(187)	(739)
		<i>no breach</i>	<i>no breach</i>

THE BEDFORD ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

3 Voluntary Income

	Unrestricted funds £'000	Restricted funds £'000	Total 2012 £'000	Total 2011 £'000
Voluntary Fund	-	12	12	10
Other Income	11	-	11	42
	<u>11</u>	<u>12</u>	<u>23</u>	<u>52</u>

4 Activities for Generating Funds

	Unrestricted funds £'000	Total 2012 £'000	Total 2011 £'000
Lettings	7	7	3
	<u>7</u>	<u>7</u>	<u>3</u>

5 Investment Income

	Unrestricted funds £'000	Total 2012 £'000	Total 2011 £'000
Bank Interest	12	12	4
	<u>12</u>	<u>12</u>	<u>4</u>

THE BEDFORD ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2012

6 Funding for Academy's Educational Operations

	Restricted funds £'000	Total 2012 £'000	Total 2011 £'000
General Annual Grant (GAG) (2011; including Start Up funding of £1,403k)	4,793	4,793	6,135
Other DfE / EFA Grants			
National Challenge Support Grant	-	-	-
Other Grants	114	114	103
YPLA Start Up Grant A	258	258	-
YPLA Start Up Grant B	952	952	-
Other Government Grants			
LA Standards Fund Grant	-	-	48
LA SEN Funding	-	-	17
LA Standards Grant	-	-	164
Sixth Form Funding	-	-	12
Other Government Grants	29	29	32
Capital Grants			
Devolved Formula Capital Grant	15	15	40
Other Capital Grants	1,566	1,566	-
Other Income			
Income from Catering	137	137	54
Other Income	6	6	26
	7,870	7,870	6,631

THE BEDFORD ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

7 Total resources expended

	Staff costs £'000	Depreciation £'000	Other costs £'000	Total 2012 £'000	Total 2011 £'000
Costs of Generating Voluntary Income	-	-	-	-	10
Costs of Activities for Generating Funds	-	-	7	7	44
Academy's Educational Operations					
Direct Costs	3,084	11	572	3,667	3,886
Allocated Support Costs	1,131	3	873	2,007	1,813
	4,215	14	1,445	5,674	5,699
Governance costs	-	-	39	39	62
Other					
LGPS Deficit Inherited on Conversion	-	-	-	-	296
LGPS Pension Finance Cost	-	-	9	9	11
	-	-	9	9	307
	4,215	14	1,500	5,729	6,122

Details of fees payable to Auditors are set out in note 9 (Governance Costs)

THE BEDFORD ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

8 Charitable Activities - Academy's Educational Operations

	Unrestricted funds £'000	Restricted funds £'000	Fixed Asset fund £'000	Total 2012 £'000	Total 2011 £'000
Direct Costs					
Teaching and Educational Support	-	3,084	-	3,084	3,439
Depreciation	-	-	11	11	8
Educational Supplies and Services	-	369	-	369	269
Examination Fees	-	105	-	105	84
Educational Consultancy	-	38	-	38	-
School Trips and Activities	-	26	-	26	8
Staff Development	-	34	-	34	78
Other Direct Costs	-	-	-	-	-
	-	3,656	11	3,667	3,886
Allocated Support Costs					
Support Staff Costs	-	1,165	-	1,165	646
LGPS Staff Costs	-	(34)	-	(34)	(19)
Depreciation	-	-	3	3	-
Maintenance of Premises	-	25	-	25	84
Furniture and Equipment	-	4	-	4	40
Cleaning	-	9	-	9	13
Water	-	13	-	13	9
Fuel	-	76	-	76	126
Rates	-	12	-	12	15
Insurance	-	32	-	32	33
Security	-	1	-	1	2
Sports Centre Costs	-	438	-	438	485
Transport	-	5	-	5	3
Administrative Costs	7	56	-	63	72
Catering	-	87	-	87	73
Bank Interest & Charges	-	1	-	1	1
Technology Costs	-	94	-	94	210
Other Support Costs	-	13	-	13	20
	7	1,997	3	2,007	1,813
Total	7	5,653	14	5,674	5,699

THE BEDFORD ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

9 Governance costs	Restricted funds £'000	Total 2012 £'000	Total 2011 £'000
Legal and Professional Fees payable to Auditors	27	27	47
Audit Fees	7	7	9
Other Fees	4	4	5
Governor Training	1	1	1
	<u>39</u>	<u>39</u>	<u>62</u>

THE BEDFORD ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

10 Staff Costs

Number of employees

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

	2012	2011
	Number	Number
Teachers	48	46
Administrative & Support	60	52
Management	7	8
	<u>115</u>	<u>106</u>

Employment costs

	2012	2011
	£'000	£'000
Wages and salaries	2,579	3,265
Social security costs	411	184
Other pension costs	838	294
	<u>3,828</u>	<u>3,743</u>
Agency Supply and Other Salary Related Costs	387	323
	<u>4,215</u>	<u>4,066</u>

Other Staff costs includes compromise payments totalling £64,000 (2011 £62,000)

The number of employees whose annual remuneration was £60,000 or more was

	2012	2011
	Number	Number
£60,000 - £70,000	1	1
£70,001 - £80,000	-	1
£100,001 - £110,000	1	1

Of the employees whose emoluments exceed £60,000 p a participated in either the Teachers' Pension Scheme or the Local Government Pension Scheme During the period, pension contributions for these staff amounted to £29,755 (2011 £40,350)

THE BEDFORD ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

11 Governors (Trustees)

Governors' Remuneration and Expenses

The Principal and staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, from the Academy in respect of their role as Governors. The value of Governors' remuneration during the period covered by these accounts was as follows:

C Smith (Principal)	£102,300
T Kundi (Staff Governor)	£35,000 - £40,000

During the year ended 31 August 2011, C Smith remuneration was £102,300.

During the period ended 31 August 2012 and the prior year ended 31/08/2011, no travel and subsistence expenses were reimbursed to Governors.

Governors' and Officers' Insurance

In accordance with normal commercial practice the company purchased insurance to protect trustees, governors and officers from claims arising from negligent acts, error or omissions occurring whilst on company business. Cover of up to £2,000,000 on any one claim was purchased, the cost of which is £1,006 (2011: £1,006).

12 Tangible fixed assets

	ICT / Computer equipment £'000	Fixtures, fittings & equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation				
At 1 September 2011	19	-	23	42
Additions	210	13	-	223
At 31 August 2012	229	13	23	265
Depreciation				
At 1 September 2011	3	-	5	8
Charge for the period	7	2	5	14
At 31 August 2012	10	2	10	22
Net book value				
At 31 August 2012	219	11	13	243
At 31 August 2011	16	-	18	34

THE BEDFORD ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

12 Tangible fixed assets **(continued)**

At 31 August 2012 the Academy occupied its land and buildings under a short term lease, dated 12 August 2011, between the Academy and Bedford Borough Council. A £22,500,000 new building was constructed on the existing site. The building has been procured by Bedford Borough Council and the Academy occupies the new building under the terms of a 125 year lease with Bedford Borough Council from November 2012.

13 Stocks	2012	2011
	£'000	£'000
Catering Stock	5	-
	<u>5</u>	<u>-</u>

14 Debtors	2012	2011
	£'000	£'000
Trade debtors	9	26
Other debtors	102	124
Prepayments and accrued income	33	-
	<u>144</u>	<u>150</u>

15 Creditors amounts falling due within one year	2012	2011
	£'000	£'000
Trade creditors	273	76
Taxes and social security costs	82	82
Other creditors	277	155
Accruals	93	55
	<u>725</u>	<u>368</u>

THE BEDFORD ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2012

16 Funds

	Movement in funds				
	Balance at 1 September 2011 £'000	Incoming resources £'000	Resources expended £'000	Gains, Losses and Transfers £'000	Balance at 31 August 2012 £'000
General Annual Grant	9	4,793	(4,729)	-	73
Other DfE / EFA Grants	703	1,324	(830)	-	1,197
Other Government Grants	30	29	(19)	-	40
Other Income	-	155	(155)	-	-
Restricted General Funds	742	6,301	(5,733)	-	1,310
DfE / EFA Capital Grant	40	1,581	-	(223)	1,398
Restricted Capital Fund	40	1,581	-	(223)	1,398
Restricted Fixed Asset Fund	34	-	(14)	223	243
Restricted LGPS Fund	(199)	-	25	(113)	(287)
Restricted Endowment Fund	500	-	-	-	500
Total Restricted Funds	1,117	7,882	(5,722)	(113)	3,164
Total Unrestricted Funds	40	30	(7)	-	63
Total Funds	1,157	7,912	(5,729)	(113)	3,227

The Restricted General Funds are used to fund the operating costs of the Academy. The company is allowed to carry forward up to 12% of the current (GAG). Of the carried forward amount, up to 2% can be used for general purposes at the discretion of the company, but any balance over 2% must be used for capital purposes.

The Other DfE / EFA balance of £1,197k and Other Government Grant balance of £40k represents the unspent balance of start-up funding amounting to £1,184k and other unspent balances of £53k.

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NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

16 Funds

(continued)

The Restricted Capital Fund is set aside to fund future capital purchases (see capital commitment note 23)

The Restricted Fixed Asset Fund is not available for spending as it represents the net book value of fixed assets transferred from the predecessor school and subsequent additions thereto. Future depreciation will be charged against this fund.

The LGPS Fund represents the Academy's share of the LGPS Pension Fund deficit.

The Academy maintains and controls The Bedford Academy Endowment Fund whose purpose is to hold for the benefit of the Academy sponsorship income received from The Bedford Charity (The Harpur Trust) and Bedford College Further Education Corporation. Under the terms of a Deed of Gift and Declaration of Trust dated 15 January 2010, each sponsor will contribute £1,000,000 to the Academy which cannot be spent but which can be used to generate investment income. The investment income is available to be spent at the discretion of the governors.

17 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted funds £'000	Fixed Asset Fund £'000	Endowment funds £'000	Total Funds £'000
Fund balances at 31 August 2012 are represented by					
Tangible fixed assets	-	-	243	-	243
Current assets	63	3,433	-	500	3,996
Creditors' amounts falling due within one year	-	(725)	-	-	(725)
Defined benefit pension liability	-	(287)	-	-	(287)
	<u>63</u>	<u>2,421</u>	<u>243</u>	<u>500</u>	<u>3,227</u>

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NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

18 Pension and other post-retirement benefit commitments

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

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

Contributions amounting to £nil (2011 £49,495) were payable to the scheme at 31 August and are included within creditors

Teachers' Pension Scheme

The TPS is a statutory, contributory, defined benefit scheme The regulations under which the TPS operates are the Teachers' Pension Regulations 2010

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases) From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return

The Government Actuary ("GA"), using normal actuarial principles, conducts formal actuarial reviews of the TPS The aim of the reviews is to specify the level of future contributions

The contribution rate paid into the TPS is assessed in two parts First, a standard contribution rate ("SCR") is determined This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions The total contribution rate payable is the sum of the SCR and the supplementary contribution rate

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004 The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings The rate of real earnings growth is assumed to be 1.5% The assumed gross rate of return is 6.5%

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NOTES TO THE ACCOUNTS (CONTINUED)

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18 Pension and other post-retirement benefit commitments

(continued)

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced - effective for the first time for the 2008 valuation - a 14% cap on employer contributions payable.

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2012 was £213,000, of which employer's contributions totalled £166,000 and employees' contributions totalled £47,000. The agreed contribution rates for future years are 21.9% for employers and a range between 5.5% and 7.5% for employees according to salary levels.

Information regarding the element included in the employer's contribution rate, so as to eliminate the pension fund deficit over a period of time, is not disclosed as this information was not available to the company.

The major assumptions used by the actuary were

	2012	2011
	%	%
Rate of increase in salaries	4.50	4.90
RPI Increases	2.90	-
CPI Increases	1.90	-
Rate of increase in pensions in payment	2.20	2.60
Discount rate	4.10	5.40

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18 Pension and other post-retirement benefit commitments

(continued)

Sensitivity Analysis

	Assets at 31 August 12 £'000	Liabilities at 31 August 12 £'000	(Deficit)/Surplus At 31 August 12 £'000
Central	899	(1,186)	(287)
Sensitivity 1			
-0.5% in real discount rate	899	(1,309)	(410)
Sensitivity 2			
+0.5% in salary increase rate	899	(1,225)	(326)
Sensitivity 3			
+0.5% in pension increase rate	899	(1,268)	(369)
Sensitivity 4			
+1 yr addition to Members' life expectancy	899	(1,222)	(323)

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

	2012 Years	2011 Years
Retiring today		
Males	22	22
Females	23	23
Retiring in 20 years		
Males	24	24
Females	26	26

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NOTES TO THE ACCOUNTS (CONTINUED)
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18 Pension and other post-retirement benefit commitments

(continued)

The values of the assets in the scheme are as follows:

	2012 %	2012 £'000	2011 %	2011 £'000
Equities	52.00	467	51.00	321
Bonds	17.00	153	26.00	164
Property	9.00	81	10.00	63
Other assets	22.00	198	13.00	82
		<u>899</u>		<u>630</u>
Total market value of assets		899		630
Present value of scheme liabilities		(1,186)		(829)
		<u>(287)</u>		<u>(199)</u>
Net pension liability		(287)		(199)

The Expected rate of return on Scheme assets is 4.4%

Analysis of the amounts recognised in the statement of financial activities

	2012 £'000	2011 £'000
Employer Service Cost	(132)	(131)
Deficit Inherited at 01 September 2010	-	(296)
Employers Contribution	166	150
	<u>34</u>	<u>(277)</u>
Total operating charge	34	(277)

Analysis of the amount shown as other finance expenditure.

	2012 £'000	2011 £'000
Expected Return on Employee Share of Scheme Assets	41	28
Interest on Pension Liabilities	(50)	(39)
	<u>(9)</u>	<u>(11)</u>
Net surplus/(deficit)	(9)	(11)

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NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

18 Pension and other post-retirement benefit commitments **(continued)**

Analysis of amount recognised in the statement of total recognised gains and losses

	2012	2011
	£'000	£'000
Actuarial Gains/(Losses) on Assets	15	1
Actuarial Gains/(Losses) on Liabilities	(128)	88
	<u>(113)</u>	<u>89</u>
Actuarial Gain/(Loss) recognised in the statement of total recognised gains and losses	<u>(113)</u>	<u>89</u>

Movement in Surplus/(Deficit) during the period:

	2012	2011
	£'000	£'000
Deficit in scheme at 01 September 2011	(199)	-
Operating charge	34	(277)
Other finance income	(9)	(11)
Actuarial losses	(113)	89
	<u>(287)</u>	<u>(199)</u>
Deficit in scheme at 31 August 2012	<u>(287)</u>	<u>(199)</u>

Movements in the Present Value of Defined Benefit Obligations were as follows:

	2012	2011
	£'000	£'000
Opening Defined Benefit Obligations	(829)	-
Interest Cost	(50)	(39)
Actuarial (Losses) Gains	(128)	88
Contributions by Scheme Participants	(47)	(43)
Other Movements	(132)	(835)
	<u>(1,186)</u>	<u>(829)</u>

Included within Other Movements is £Nil (2011 704,000) in relation to obligations inherited by the Academy, and £132,000 (2011 £131,000) of service costs

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NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

18 Pension and other post-retirement benefit commitments

(continued)

Movements in the Fair Value of Academy's share of scheme assets

	2012	2011
	£'000	£'000
Opening fair value of Scheme Assets	630	-
Actuarial Gains (Losses)	15	1
Contributions by Employer including unfunded	166	150
Contributions by Scheme Participants	47	43
Other Movements	41	436
	<u>899</u>	<u>630</u>

Included within Other Movements is £Nil (2011 £408,000) of assets inherited by the Academy, and £41,000 (2011 £28,000) relating to expected return on plan assets

Defined benefit (continued)

History of experience gains and losses

	2012	2011	2010	2009	2008
	£'000	£'000	£'000	£'000	£'000
Present value of defined benefit obligations	(1,186)	(829)	-	-	-
Fair value of share of scheme assets	899	630	-	-	-
	<u>(287)</u>	<u>(199)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Experience adjustment on scheme liabilities	-	-	-	-	-
Percentage of liabilities	-	-	-	-	-
Experience adjustment on scheme assets	15	1	-	-	-
Percentage of assets	1 67%	0 16%	-	-	-

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FOR THE PERIOD ENDED 31 AUGUST 2012

19 Net cash outflow from operating activities	2012	2011
	£'000	£'000
Reconciliation to changes in resources		
Changes in resources before revaluations	2,183	568
Investment income	(12)	(4)
Depreciation of tangible fixed assets	14	8
Increase/(decrease) in stocks	(5)	-
Decrease/(increase) in debtors	6	(15)
Increase in creditors	357	78
Capital Income	(1,581)	(40)
FRS17 Deficit Inherited on Conversion	-	296
Other FRS17 Charges	(25)	(8)
	<u>937</u>	<u>883</u>

20 Reconciliation of net cash flow to movement in net funds	2012	2011
	£'000	£'000
Increase in cash	2,307	885
Net funds at 1 September 2011	<u>1,540</u>	<u>655</u>
Net funds at 31 August 2012	<u>3,847</u>	<u>1,540</u>

21 Analysis of net cash balances	At 1	Cash flow	Non-cash	At 31 August
	September		changes	2012
	2011			
	£'000	£'000	£'000	£'000
Cash at bank and in hand	1,540	2,307	-	3,847
	<u>1,540</u>	<u>2,307</u>	<u>-</u>	<u>3,847</u>

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22 Commitments under operating leases

At 31 August 2012 the company had annual commitments under non-cancellable operating leases as follows

	2012	2011
	£'000	£'000
Expiry date		
Within one year	<u>1</u>	<u>-</u>

23 Capital commitments

	2012	2011
	£'000	£'000

At 31 August 2012 the company had capital commitments as follows

Expenditure contracted for but not provided in the accounts	<u>1,879</u>	<u>2,088</u>
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The company has committed to a contract to provide and install ICT equipment to the new building. The project was completed in October 2012. The future cost of the project is £2,088,000 and this will be funded by a grant from Partnership for Schools of the same amount. Expenditure incurred in relation to this contract up to 31 August 2012 amounted to £208,800 leaving a capital commitment at the balance sheet date of £1,879,200.

24 Related parties

In accordance with a Deed of Gift and Declaration of Trust dated 15 January 2010, the Academy is to receive £2,000,000 from its sponsors, The Bedford Charity (The Harpur Trust) and Bedford College Further Education Corporation, each contributing £1,000,000. During the year the Academy received £Nil (2011 Nil) from its sponsors with the remaining £1,500,000 to be received before 14 January 2015.

During the year, the Academy purchased services from Bedford College Further Education Corporation of £59,179 (2011 £77,650). A balance of £421 (2011 £Nil) was outstanding as at 31 August.

25 Members' Liability

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