

Company Registration No. 06969741 (England and Wales)

THE BEDFORD ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

GOVERNORS' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2013

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THE BEDFORD ACADEMY

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THE BEDFORD ACADEMY

REFERENCE AND ADMINISTRATIVE DETAILS

Governors

Mr M Weeden (Chairman) *
Mr D Brownridge
Mrs C Smith (Principal) *
Mrs S Clark
Mrs G Cocozza (Resigned 30 September 2013)
Ms N Keeler
Mrs C Highams
Mr A Wildman *
Mrs M Palmer
Mrs R Guynn (Resigned 11 July 2013)
Ms E Lowe (Appointed 12 October 2012) *
Ms H Kundi (Resigned 13 June 2013)
Mr C Baily
Mr J Boys (Appointed 8 October 2013)
Mrs R Sparkes (Appointed 8 October 2013)

* Members of the Finance and Resources Committee

Senior managers

Mrs C Smith	- Principal
Mrs J Lombardo	- Director of Finance & Operations
Mr G Lewis	- Vice Principal - appointed 01 September 2013
Mr S McGregor	- Vice Principal - appointed 01 September 2013

Company registration number

06969741 (England and Wales)

Registered office

Mile Road
Bedford
Bedfordshire
MK42 9TR
United Kingdom

Independent auditor

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

Bankers

Co-Operative Bank PLC
City Office Branch
80 Cornhill
London
EC3V 3NJ

THE BEDFORD ACADEMY

REFERENCE AND ADMINISTRATIVE DETAILS

Solicitors

Eversheds LLP
Kett House
Station Road
Cambridge
Cambridgeshire
CB1 2JY

THE BEDFORD ACADEMY

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2013

The Governors present their annual report together with the accounts and independent auditor's reports of the charitable company for the period 1 September 2012 to 31 August 2013

Structure, governance and management

Constitution

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

The trustees of The Bedford Academy are also the directors of the charitable company for the purposes of company law and they are the governors of the Academy.

The charitable company is known as The Bedford Academy.

Details of the trustees who served during the year are included in the Reference and Administrative Details included at the front of these accounts.

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 or within one year of they ceased to be a member.

Principal activities

The principal activity of the company is the operation of a state-funded Academy, The Bedford Academy, providing a state education for students aged 13 to 18.

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 Harpur Trust and Bedford College Further Education Corporation (The Sponsors) may appoint themselves as governors
- 4 individuals appointed by each Sponsor
- 1 LA Governor (if the LA choose to appoint)
- 1 Parent Governor
- 1 Staff Governor
- The Principal
- Up to 2 Co-opted governors

The Secretary of State may also appoint governors in certain circumstances.

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 31st August 2013 and served throughout the period (unless otherwise stated) are listed on page 1.

THE BEDFORD ACADEMY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

Policies and procedures adopted for the induction and training of Governors

The training and induction provided for new governors will depend on their existing experience. Where necessary, induction will provide training in charity, educational, legal and financial matters. All governors are provided with the information needed (including the Governors Handbook, policies, minutes, budgets,) to undertake their role as governors.

Governors received training on the following matters during the course of this year -

- Spiritual, Moral, Social and cultural education
- Parent engagement
- Learning & Teaching
- Inclusion and behaviour
- Literacy development strategies

Organisational structure

The board of governors, the majority of whom are non-executive, comprises those persons appointed under the Articles of Association. The board meets at least three times a year and has two sub committees,

- Finance & Resources Committee
- Students and Standards Committee

The Finance & Resources Committee also fulfils the functions of an Audit Committee.

Both committees are formally constituted with terms of reference and comprise appropriately qualified and experienced members.

Governors delegate specific responsibilities to its committees, the activities of which are reported to and discussed at full Governing Body Meetings.

Day to day management of the company is undertaken by the Principal, supported by the Management Team.

The Principal is the Accounting Officer and the Director of Finance & Operations is the Principal Finance Officer.

Risk management

The governors have assessed the major risks to which the company is exposed, in particular those relating to academic performance/finances/child welfare. The governors have implemented a number of systems to assess risks that the company faces, and have developed policies and procedures to mitigate those risks. Where significant financial risk still remains they have ensured they have adequate insurance cover. The company has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

Connected organisations and 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 of the company is the advancement of education in the United Kingdom. It achieves this object principally through the operation of The Bedford Academy, the aim being to provide the highest possible standard of education and pastoral care, maximising the life-chances of its students.

THE BEDFORD ACADEMY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

Objectives, strategies and activities

The main objectives during the year were,

- to continue to raise achievement and attainment - to secure 3 levels progress in line with or above national averages for all students and to increase the proportion of students gaining 4 levels of progress
- to establish the highest standards of learning and teaching - with at least 85% good or better teaching
- to develop inclusive individual support and to ensure the Academy's behaviour for learning is at least good and that attendance levels overall reach 95%
- to establish a strong partnership with parents / carers and our local community
- to provide a modern, forward looking and exciting curriculum for our students
- to ensure the Academy is inspirationally led and effectively managed
- to provide an improved learning environment for our students and in particular to ensure that the transition to the new premises and new IT system was managed with the minimum disruption to students learning

Public benefit

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

Achievements and performance

Achievements in the year

Students' Achievement

Our primary focus continues to be on raising achievement for all our students. Initiatives throughout this year to support this aim have included detailed tracking of every student supported by a programme of academic mentoring. Our summer 2012 examination results saw some outstanding individual student achievements. The overall results showed a further increase on previous results although we were a little disappointed that the rate of improvement was below our aim for the year.

Ofsted Inspection visit

The Academy received its first Ofsted inspection at the end of the academic year. The Academy was judged to be good overall with outstanding leadership. The Ofsted report highlighted that many of the strategic aims and objectives that the Academy had set for the year had been achieved including -

- teaching is usually good and often outstanding and supported the statistics held within the Academy that showed the strategic aim for the year in terms of teaching standard had been met
- behaviour for learning - students'impeccable behaviour and positive attitudes to learning were striking features of the academy and contributed well to their good achievement
- the marked increase in attendance at parents'evenings reflects the Academy's success in positively engaging parents and carers
- The curriculum is well structured to meet the needs and aspirations of the students and the extended curriculum is very impressive with a wide range and variety of extension and enrichment activities provided each day
- Leadership - leadership and management are outstanding. The academy is building a very strong leadership team, including governors, which shares the high aspirations for its students

New Facilities opened to students

Our brand new £22.5m building was opened to students on 5th November 2012. This followed years of planning by our sponsors, The Harpur Trust and Bedford College, along with the Academy team. The building is purpose designed to support the village based structure of the Academy with four wings each accommodating a learning village and the top floor dedicated to Science and Technology, the Academy specialism. The building incorporates superb sporting facilities and extensive ICT rich teaching and performance facilities. The transition was smooth and students now benefit from an excellent IT rich learning environment which supports their achievement and helps to raise their aspirations. The Academy facilities are also hired to the local community with a variety of community groups now on site during evenings and weekends.

THE BEDFORD ACADEMY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

Sporting Achievements

Bedford Academy won the Sporting school of the Year at the Bedfordshire Sports Awards and one of our students won the Sky Sports 'Living for Sport' National student of the Year award. Six students from the Academy travelled to Paris to take part in a secret photo-shoot with David Beckham and this was later followed by David paying a visit to the Academy and spending time with some of our students.

Student Enrichment Programme

The academy continues to offer an extensive enrichment programme to all its students including after-school activities, visiting speakers and educational trips. This year a group of students had the opportunity to visit the world famous CERN, the European Organisation for Nuclear Research in Geneva. Our budding scientists had a great time visiting the site of the recent experiment that sought to discover the origins of the universe and reveal the basic constituents of matter.

Key performance indicators

The Governors approved a budget incorporating the following key financial performance indicators -

Staff costs as a % of GAG should not exceed 85%. Actual staff costs % for the year was 83.5%.

Revenue budget should result in a small surplus to enhance the carry forward balance to fund the additional costs anticipated as the Academy moves to a secondary school from September 2014. Actual revenue surplus achieved for the year was £253k.

Going concern

After making appropriate enquiries, the board of governors 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 Statement of Accounting Policies.

Financial review

At 31st August 2013 the net book value of fixed assets was £1,363k (2012 £243k) and details are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The academy held fund balances at 31 August 2013 of £3,520k (2012 £3,227k) comprising a fixed asset fund of £1,681k (2012 £1,641k), a deficit on the FRS 17 LGPS fund of £(269k), (2012 £(287k)), an endowment fund of £500k (2012 £500k), restricted general funds of £1,510k (2012 £1,310k) and an unrestricted fund of £98k (2012 £63k).

The fixed asset fund comprises two elements, the first being unavailable for spending, representing as it does the net book value of fixed assets already acquired of £1,363k (2012 £243k). The second element is available for spending on specific capital projects, representing the unspent balance of capital grants of £318k (2012 £1,398k).

The pension fund deficit is due to be repaid over the long term, in accordance with advice given by scheme actuaries. Note 17 to the accounts gives further analysis of the funds held at 31 August 2013.

THE BEDFORD ACADEMY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

Principal risks and uncertainties

The principal financial risk faced by the company is that on-going pressure on funding results in a risk that deficits may be experienced. The budgeting and reporting process, including scrutiny by the governors of actual financial performance, mitigates the risk.

As the nature of the financial instruments dealt with by the company is relatively simple (bank balances, debtors and "trade" creditors), governors consider the associated risk in this area to be minimal.

The risk resulting from the company's share of the LGPS deficit is managed by following the advice of the scheme's actuaries, specifically as regards the level of contributions payable, ensuring that annual budgets are drawn up to reflect the actuary's advice.

Financial and risk management objectives and policies

Most of the company's income is obtained from the DfE (via the Education Funding Agency) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2013 and the associated expenditure are shown as restricted funds in the statement of financial activities.

Reserves policy

The principal policy on reserves is that accumulation of unspent GAG balances should not breach any limits thereon set out in the Funding agreement. The level of reserves should never be in deficit.

Each year the Governors review the resource requirements and grant and other income that is forecast for the coming year and an annual budget is formulated and approved.

Investment policy and powers

There are no investments held beyond cash deposits retained with the major UK clearing banks. Speculative investments are not permitted.

Plans for the future

The principal task facing the company over the coming year is to secure student achievement that is outstanding.

More specifically, to support this aim over the next twelve months we plan to,

- carry out a review of the curriculum reviewing current pathways and syllabi
- develop student progress as a primary tracking measure across all subjects
- develop intervention plans that motivate and skills all students for exams and shares revision techniques with parents / carers
- develop further strategies to enable pupil premium students to become more secure in their achievements
- develop a comprehensive programme of careers advice, information and guidance
- continue to raise standards of teaching to be 90% good and 30% outstanding
- develop the concept of students' character as a means to build social skills, responsibility and 'world readiness'

In addition, over the next twelve months we will prepare detailed plans for our transition from an upper school to a secondary school. Specifically we will

- prepare a curriculum plan for the two new year groups - 7 & 8
- ensure a staffing recruitment plan is executed ready for September 2014
- develop strategies for student recruitment and a comprehensive transition programme

Finally we will plan for building works to change the use of the caretakers bungalow to an extension of the Academy facilities for students.

Funds held as custodian trustee

No funds are held on behalf of others.

THE BEDFORD ACADEMY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

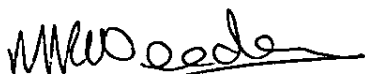
Auditor

In so far as the Governors are aware

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

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

Approved by order of the Board of Governors on 17/12/13 and signed on its behalf by



Mr M Weeden
Chair of Governors

THE BEDFORD ACADEMY

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2013

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 Board of Governors 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 Board of Governors 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 Board of Governors has formally met 3 times during the year. Attendance during the year at meetings of the Board of Governors was as follows:

Governors	Meetings attended	Out of possible
Mr M Weeden (Chairman)	1	3
Mr D Brownridge	3	3
Mrs C Smith (Principal)	3	3
Mrs S Clark	0	3
Mrs G Cocozza (Resigned 30 September 2013)	2	3
Ms N Keeler	1	3
Mrs C Highams	3	3
Mr A Wildman	1	3
Mrs M Palmer	3	3
Mrs R Guynn (Resigned 11 July 2013)	1	3
Ms E Lowe (Appointed 12 October 2012)	2	3
Ms H Kundi (Resigned 13 June 2013)	0	3
Mr C Baily	3	3
Mr J Boys (Appointed 8 October 2013)	0	0
Mrs R Sparkes (Appointed 8 October 2013)	0	0

There have been no key changes in the composition of the board during the year. New appointments and resignations are listed on page one of Trustees report.

There have been no significant governance challenges during the year. At the inspection that took place in July 2013 Ofsted commented that leadership and management which includes governors was outstanding. They stated that governors are well informed and use their detailed knowledge to provide suitable support and challenge, as necessary.

THE BEDFORD ACADEMY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

The Finance and Resources Committee is a sub-committee of the main Board of Governors. Its purpose is to assist and support the Governing Board, ensuring sound oversight is exercised over the management of the Academy's finances and resources.

Attendance at meetings in the year was as follows:

Governors	Meetings attended	Out of possible
Mr M Weeden (Chairman)	1	3
Mrs C Smith (Principal)	3	3
Mr A Wildman	3	3
Ms E Lowe (Appointed 12 October 2012)	3	3

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Bedford Academy for the period 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The board of Governors 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 Governors 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 period 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of Governors.

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 Governors,
- 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 BEDFORD ACADEMY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed David Brownridge as Responsible Officer. The Responsible Officer's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. These checks are carried out by Baxter & Co and reports on findings are submitted direct to the Responsible Officer. On a termly basis, the Responsible Officer reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustee's financial responsibilities.

A summary of the key Responsible Officer findings and actions implemented/planned in response thereto are given below:-

- there is no formal approved supplier listing in place. This has now been implemented.
- Receipts or invoices should always be obtained and attached to credit card statements. This has now been implemented as recommended.

The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a regular basis, the RO reports to the Board of Governors on the operation of the systems of control and on the discharge of the financial responsibilities of the Board of Governors. Governors were satisfied that the RO has delivered their schedule of work as planned.


Review of effectiveness

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

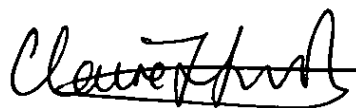
- the work of the Responsible Officer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the Board of Governors on 17/12/13 and signed on its behalf by



Mr M Weeden
Chair of Governors



Mrs C Smith
Accounting Officer

THE BEDFORD ACADEMY

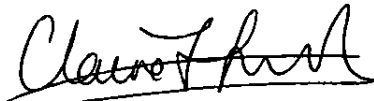
STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2013

As accounting officer of The Bedford Academy I have considered my responsibility to notify the Academy Trust Board of Governors and the Education Funding Agency of material irregularity, impropriety and non-compliance with Education Funding Agency terms and conditions of funding, under the funding agreement in place between the Academy Trust 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 Academy Trust's Board of Governors 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.

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

Approved on 17/12/13 and signed by



Mrs C Smith
Accounting Officer

THE BEDFORD ACADEMY

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors (who act as trustees for The Bedford Academy and are also the directors of The Bedford Academy for the purposes of company law) are responsible for preparing the Governors' Report and the accounts in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

Company law requires the Governors to prepare accounts for each financial year. Under company law the Governors must not approve the accounts 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 accounts, the Governors are required to

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

The Governors 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 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 that grants received from the EFA/DfE have been applied for the purposes intended.

The Governors 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the Board of Governors on 17/12/13 and signed on its behalf by



Mr M Weedén
Chair of Governors

THE BEDFORD ACADEMY

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE BEDFORD ACADEMY

We have audited the accounts of The Bedford Academy for the year ended 31 August 2013 set out on pages 18 to 40. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Governors and auditors

As explained more fully in the Governors' Responsibilities Statement set out on page 13, the Governors, 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.

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 charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Governors, 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 2013 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 in accordance with the requirements of the Companies Act 2006, and

have been prepared in accordance with the Academies Accounts Direction 2013 issued by the EFA.

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

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 Governors' 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 20 December 2013

THE BEDFORD ACADEMY

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

In accordance with the terms of our engagement letter dated 01 November 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, 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 1 September 2012 to 31 August 2013 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 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 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 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 auditor

The accounting officer is responsible, under the requirements of The Bedford Academy's funding agreement with the Secretary of State for Education dated 15 January 2010 and the Academies Financial Handbook, extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2013 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.

The work undertaken to draw to our conclusion includes

- Review of payments to staff,
- Review of payments to suppliers and other third parties,
- Review of grant and other income streams,
- Discussions with finance staff,
- Consideration of academy responses to a regularity questionnaire we provided and consideration of matters arising there from

THE BEDFORD ACADEMY

INDEPENDENT REPORTING AUDITOR'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 1 September 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them

**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 20 December 2013

THE BEDFORD ACADEMY

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2013

		Unrestricted funds £'000	Restricted funds £'000	Fixed Asset fund £'000	Endowment funds £'000	Total 2013 £'000	Total 2012 £'000
Incoming resources	Notes						
<i>Generated funds</i>							
- Voluntary income	3	60	80	-	-	140	23
- Activities for generating funds	4	201	-	-	-	201	144
- Investment income	5	18	-	-	-	18	12
<i>Charitable Activities</i>							
- Educational operations	6	-	5,964	537	-	6,501	7,733
Total incoming resources		<u>279</u>	<u>6,044</u>	<u>537</u>	<u>-</u>	<u>6,860</u>	<u>7,912</u>
Resources expended							
<i>Generating funds</i>							
- Activities for generating funds	7	2	11	-	-	13	7
<i>Charitable activities</i>							
- Educational operations	8	242	5,798	497	-	6,537	5,683
Governance costs	9	-	41	-	-	41	39
Total resources expended	7	<u>244</u>	<u>5,850</u>	<u>497</u>	<u>-</u>	<u>6,591</u>	<u>5,729</u>
Net incoming / (outgoing) resources		35	194	40	-	269	2,183
Gross transfers between funds		-	-	-	-	-	-
Net income/(expenditure) for the year		35	194	40	-	269	2,183
Other recognised gains and losses							
Actuarial gains/(losses)	19	-	24	-	-	24	(113)
Net movement in funds		35	218	40	-	293	2,070
Fund balances at 1 September 2012		63	1,023	1,641	500	3,227	1,157
Fund balances at 31 August 2013		<u>98</u>	<u>1,241</u>	<u>1,681</u>	<u>500</u>	<u>3,520</u>	<u>3,227</u>

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006. A statement of total recognised gains and losses is not required as all gains and losses are included in the statement of financial activities.

All of the academy's activities derive from continuing operations during the two financial periods above.

THE BEDFORD ACADEMY

BALANCE SHEET

AS AT 31 AUGUST 2013

		2013	2012
	Notes	£'000	£'000
Fixed assets			
Tangible assets	12	1,363	243
Current assets			
Stocks	13	5	5
Debtors	14	291	144
Cash at bank and in hand		2,737	3,847
		<u>3,033</u>	<u>3,996</u>
Creditors amounts falling due within one year	15	(607)	(725)
Net current assets		2,426	3,271
Total assets less current liabilities		3,789	3,514
Defined benefit pension liability	19	(269)	(287)
Net assets		<u>3,520</u>	<u>3,227</u>
Funds of the Academy Trust:			
Restricted income funds	17		
- Fixed asset funds		1,681	1,641
- General funds		1,510	1,310
- Pension reserve		(269)	(287)
- Endowment funds		500	500
Total restricted funds		3,422	3,164
Unrestricted funds	17	98	63
Total funds		<u>3,520</u>	<u>3,227</u>

The accounts were approved by order of the Board of Governors and authorised for issue on 17/12/13



Mr M Weeden
Chairman

Company Number 06969741

THE BEDFORD ACADEMY

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2013

	Notes	2013 £'000	2012 £'000
Net cash inflow/(outflow) from operating activities	20	(49)	937
Returns on investments and servicing of finance			
Investment income	18	12	
Net cash inflow/(outflow) from returns on investments and servicing of finance		18	12
		(31)	949
Capital expenditure and financial investments			
Capital grants received	537	1,581	
Payments to acquire tangible fixed assets	(1,616)	(223)	
Net cash flow from capital activities		(1,079)	1,358
Increase/(decrease) in cash	21	(1,110)	2,307

THE BEDFORD ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2013

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

1.2 Going concern

The Governors assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the 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

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

Grants receivable

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Donations

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

Other income

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

Donated services and gifts in kind

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

1.4 Resources expended

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

THE BEDFORD ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013

1 Accounting policies

(Continued)

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 Trust's educational operations

Governance costs

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

All resources expended are inclusive of irrecoverable VAT

1.5 Tangible fixed assets and depreciation

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

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

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset over its expected useful life, as follows:

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

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.7 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

1.8 Taxation

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

THE BEDFORD ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

1 Accounting policies

(Continued)

1.9 Pensions benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the Academy Trust.

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 Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 19, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions are 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 Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

1 10 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 Governors.

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency/Department for Education and other donors.

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the Academy Trust was subject to limits at 31 August 2013 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Academy Trust has not exceeded these limits during the year ended 31 August 2013.

THE BEDFORD ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013

3 Voluntary income

	Unrestricted funds £'000	Restricted funds £'000	Total 2013 £'000	Total 2012 £'000
Voluntary Fund Income	15	-	15	12
Other Income	45	80	125	11
	<u>60</u>	<u>80</u>	<u>140</u>	<u>23</u>

4 Activities for generating funds

	Unrestricted funds £'000	Restricted funds £'000	Total 2013 £'000	Total 2012 £'000
Hire of facilities	28	-	28	7
Catering income	167	-	167	137
Other income	6	-	6	-
	<u>201</u>	<u>-</u>	<u>201</u>	<u>144</u>

5 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2013 £'000	Total 2012 £'000
Short term deposits	18	-	18	12

THE BEDFORD ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

6 Funding for the Academy Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2013 £'000	Total 2012 £'000
DfE / EFA grants				
General annual grant (GAG)	-	5,213	5,213	4,793
Start up grants	-	458	458	1,210
Capital grants	-	15	15	15
Other DfE / EFA grants	-	198	198	114
	<u>-</u>	<u>5,884</u>	<u>5,884</u>	<u>6,132</u>
Other government grants				
Local authority grants	-	522	522	1,566
Other grants	-	81	81	29
	<u>-</u>	<u>603</u>	<u>603</u>	<u>1,595</u>
Other funds				
Other incoming resources	-	14	14	6
	<u>-</u>	<u>14</u>	<u>14</u>	<u>6</u>
Total funding	<u>-</u>	<u>6,501</u>	<u>6,501</u>	<u>7,733</u>

7 Resources expended

	Staff costs £'000	Premises £'000	Other costs £'000	Total 2013 £'000	Total 2012 £'000
Academy's educational operations					
- Direct costs	3,056	397	725	4,178	3,667
- Allocated support costs	1,299	369	691	2,359	2,016
	<u>4,355</u>	<u>766</u>	<u>1,416</u>	<u>6,537</u>	<u>5,683</u>
Other expenditure					
Costs of activities for generating funds	-	-	13	13	7
Governance costs	-	-	41	41	39
	<u>-</u>	<u>-</u>	<u>54</u>	<u>54</u>	<u>46</u>
Total expenditure	<u>4,355</u>	<u>766</u>	<u>1,470</u>	<u>6,591</u>	<u>5,729</u>

THE BEDFORD ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

7 Resources expended		(Continued)		
Incoming/outgoing resources for the year include:		2013	2012	
		£'000	£'000	
Fees payable to auditor				
- Audit		15	7	
- Other services		11	4	
		<u> </u>	<u> </u>	
8 Charitable activities - the Academy Trust's educational operations				
	Unrestricted funds £'000	Restricted funds £'000	Total 2013 £'000	Total 2012 £'000
Direct costs				
Teaching and educational support staff costs	-	3,056	3,056	3,084
Depreciation	-	397	397	11
Educational supplies and services	-	510	510	369
Examination fees	-	129	129	105
Staff development	-	46	46	34
Educational consultancy	-	21	21	38
Other direct costs	9	10	19	26
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	9	4,169	4,178	3,667
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Allocated support costs				
Support staff costs	136	1,163	1,299	1,131
Depreciation	-	100	100	3
Technology costs	-	26	26	94
Maintenance of premises and equipment	-	269	269	29
Cleaning	-	8	8	9
Energy costs	-	155	155	76
Rent and rates	-	58	58	25
Insurance	-	45	45	32
Security and transport	-	21	21	6
Catering	97	13	110	87
Interest and finance costs	-	8	8	9
Other support costs	-	260	260	515
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	233	2,126	2,359	2,016
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total costs	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	242	6,295	6,537	5,683
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

THE BEDFORD ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

9 Governance costs

	Unrestricted funds £'000	Restricted funds £'000	Total 2013 £'000	Total 2012 £'000
Legal and professional fees	-	14	14	27
Auditor's remuneration				
- Audit of financial statements	-	15	15	7
- Other non-audit costs	-	11	11	4
Support staff costs	-	1	1	1
	-	41	41	39

Audit fees include costs incurred because the Academy was selected as part of the EFA pilot scheme to prepare audited accounts for the year ended 31 March 2013. This additional expenditure was funded by the EFA.

10 Staff costs

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

	2013 Number	2012 Number
Teachers	54	48
Administration and support	67	60
Management	7	7
	128	115

Costs included within the accounts:

	2013 £'000	2012 £'000
Wages and salaries	3,491	3,177
Social security costs	274	252
Other pension costs	468	399
	4,233	3,828
Supply teacher costs	122	387
Total staff costs	4,355	4,215

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

	2013 Number	2012 Number
£60,000 - £70,000	-	1
£100,001 - £110,000	1	1

THE BEDFORD ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013

10 Staff costs

(Continued)

Of the employees above, the number participating in pension schemes and the employers' contributions paid on their behalf were as follows

		2013	2012
Teachers' Pension Scheme	Numbers	1	3
	£'000	14	35
Local Government Pension Scheme	Numbers	-	-
	£'000	-	-

11 Governors' remuneration and expenses

The Principal and other 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 trust in respect of their role as Governors. During the year, no travel and subsistence payments were reimbursed to Governors.

The value of Governors' remuneration was as follows

C Smith (Principal) £100,000- £105,000 (2012 £100,000- £105,000)
T Kindu (Staff Governor) £40,000- £45,000 (2012 £35,000 - £40,000)

Other related party transactions involving the Governors are set out within the related parties note

Governors' and officers' insurance

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £2,000,000 (2012 £2,000,000) on any one claim and the cost for the year ended 31 August 2013 was £1,006 (2012 £1,006).

THE BEDFORD ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

12 Tangible fixed assets

	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 September 2012	229	13	23	265
Additions	1,530	60	26	1,616
At 31 August 2013	1,759	73	49	1,881
Depreciation				
At 1 September 2012	10	2	10	22
Charge for the year	470	18	8	496
At 31 August 2013	480	20	18	518
Net book value				
At 31 August 2013	1,279	53	31	1,363
At 31 August 2012	219	11	13	243

During 2012/13 the Academy moved into its new buildings constructed on the site of the predecessor school. The Academy currently occupies its land and buildings under a short term lease, dated 12 August 2011, between the Academy and Bedford Borough Council. It is expected that a long term lease of 125 years will be put into place in the near future, at which time a valuation will be conducted and leasehold land and buildings included as a fixed asset.

13 Stocks

2013
£'000

2012
£'000

Catering Stock

5

5

14 Debtors

2013
£'000

2012
£'000

Trade debtors

13

9

VAT recoverable

31

64

Other debtors

143

38

Prepayments and accrued income

104

33

291

144

THE BEDFORD ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013

15	Creditors: amounts falling due within one year	2013	2012
		£'000	£'000
	Trade creditors	196	273
	Taxes and social security costs	87	82
	Other creditors	251	277
	Accruals	69	93
	Deferred income	4	-
		<u>607</u>	<u>725</u>
16	Deferred income	2013	2012
		£'000	£'000
	Deferred income is included within		
	Creditors due within one year	4	-
		<u>4</u>	<u>-</u>
	Total deferred income at 1 September 2012	-	-
	Amounts credited to the statement of financial activities	-	-
	Amounts deferred in the year	4	-
		<u>4</u>	<u>-</u>
	Total deferred income at 31 August 2013	4	-
		<u>4</u>	<u>-</u>

THE BEDFORD ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

17 Funds

	Balance at 1 September 2012 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses and transfers £'000	Balance at 31 August 2013 £'000
Restricted general funds					
General Annual Grant	73	5,213	(5,174)	-	112
Start up grants	1,184	458	(297)	-	1,345
Other DfE / EFA grants	13	198	(198)	-	13
Other government grants	40	81	(81)	-	40
Other restricted funds	-	94	(94)	-	-
	<u>1,310</u>	<u>6,044</u>	<u>(5,844)</u>	<u>-</u>	<u>1,510</u>
Funds excluding pensions					
Pension reserve	(287)	-	(6)	24	(269)
	<u>1,023</u>	<u>6,044</u>	<u>(5,850)</u>	<u>24</u>	<u>1,241</u>
Restricted fixed asset funds					
DfE / EFA capital grants	1,641	537	(497)	-	1,681
	<u>1,641</u>	<u>537</u>	<u>(497)</u>	<u>-</u>	<u>1,681</u>
Restricted endowment fund	500	-	-	-	500
	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>
Total restricted funds	<u>3,164</u>	<u>6,581</u>	<u>(6,347)</u>	<u>24</u>	<u>3,422</u>
Unrestricted funds					
General funds	63	279	(244)	-	98
	<u>63</u>	<u>279</u>	<u>(244)</u>	<u>-</u>	<u>98</u>
Total funds	<u>3,227</u>	<u>6,860</u>	<u>(6,591)</u>	<u>24</u>	<u>3,520</u>

THE BEDFORD ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

17 Funds

(Continued)

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

The Restricted General Funds are used to fund the general operating costs of the Academy

Under the funding agreement with the Secretary of State, the Academy Trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2013. Note 2 discloses whether the limit was exceeded.

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

The Restricted Fixed Asset Fund represents investment in fixed assets, net of related depreciation. Unspent capital grants are also held in this fund and their use is restricted to the capital projects for which the grant was paid.

Unrestricted Funds represent balances held at period end that can be applied at the discretion of the Governors, to support any of the Academy's charitable purposes.

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 the 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 can be used to generate investment income. The investment income is available to be spent at the discretion of the governors.

18 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted funds £'000	Fixed asset funds £'000	Endowment funds £'000	Total funds £'000
Fund balances at 31 August 2013 are represented by:					
Tangible fixed assets	-	-	1,363	-	1,363
Current assets	98	2,117	318	500	3,033
Creditors amounts falling due within one year	-	(607)	-	-	(607)
Defined benefit pension liability	-	(269)	-	-	(269)
	<u>98</u>	<u>1,241</u>	<u>1,681</u>	<u>500</u>	<u>3,520</u>

THE BEDFORD ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

19 Pensions and similar obligations

The Academy Trust's employees belong to two principal pension schemes the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by 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 related to the period ended 31 March 2004 and of the LGPS 31 March 2010

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract Teachers and lecturers are able to opt out of the TPS

The Teachers' Pension Scheme budgeting and valuation account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament 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 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, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts First, a standard contribution rate ('SCR') was 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 review, 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

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The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, 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.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

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

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

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

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

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19 Pensions and similar obligations

(Continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 21.9% for employers and a range between 5.5% and 7.5% for employees. The estimated value of employer contributions for the forthcoming year is £147k.

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.

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.

	2013 £'000	2012 £'000
Employer's contributions	180	166
Employees' contributions	50	47
Total contributions	<u>230</u>	<u>213</u>

Principal actuarial assumptions

	2013 %	2012 %
Rate of increase in salaries	5.10	4.50
Rate of increase for pensions in payment	2.80	2.20
Discount rate for scheme liabilities	4.60	4.10
RPI Increases	3.70	2.90
CPI Increases	<u>2.90</u>	<u>1.90</u>

Sensitivity Analysis

Scheme liabilities have been valued at £1,499k (2012: £1,186k). The measurement of these liabilities would change in the event that key assumptions underlying their valuation changed.

If the discount rate were to decrease by 0.5%, liabilities would be measured at £1,664k (2012: £1,309k).

If the salaries rate were to increase by 0.5%, liabilities would be measured at £1,568k (2012: £1,225k).

If the pension rate were to increase by 0.5%, liabilities would be measured at £1,544k (2012: £1,268k).

If the mortality rate were to increase by a year, liabilities would be measured at £1,499k (2012: £1,222k).

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19 Pensions and similar obligations

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

	2013 Years	2012 Years
Retiring today		
- Males	22	22
- Females	23	23
Retiring in 20 years		
- Males	24	24
- Females	26	26

The academy's share of the assets and liabilities in the scheme and the expected rates of return were

	2013 Expected return %	2013 Fair value £'000	2012 Expected return %	2012 Fair value £'000
Equities	6.60	861	5.50	467
Bonds	4.00	234	3.50	153
Property	4.70	98	3.70	81
Other assets	3.60	37	2.80	198
Total market value of assets		1,230		899
Present value of scheme liabilities - funded		(1,499)		(1,186)
Net pension asset / (liability)		(269)		(287)

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

The expected return on assets is taken from the actuary's proprietary asset model (HRAM), an economic scenario generator which uses probability distributions to project a range of possible outcomes for the future behaviour of asset returns and economic variables

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19 Pensions and similar obligations

(Continued)

Operating costs and income recognised in the statement of financial activities

	2013 £'000	2012 £'000
Financial expenditure/(income)		
Expected return on pension scheme assets	(45)	(41)
Interest on pension liabilities	53	50
	<u>8</u>	<u>9</u>
Other expenditure/(income)		
Current service cost	178	132
Past service cost	-	-
	<u>178</u>	<u>132</u>
Total operating charge/(income)	<u>186</u>	<u>141</u>

Actuarial gains and losses recognised in the statement of financial activities

	2013 £'000	2012 £'000
Actuarial (gains)/losses on assets actual return less expected	(56)	(15)
Experience (gains)/losses on liabilities	-	-
(Gains)/losses arising from changes in assumptions	32	128
	<u>(24)</u>	<u>113</u>
Total (gains)/losses	<u>(24)</u>	<u>113</u>
Cumulative (gains)/losses to date	<u>-</u>	<u>24</u>

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

	2013 £'000	2012 £'000
Opening defined benefit obligations	(1,186)	(829)
Current service cost	(178)	(132)
Interest cost	(53)	(50)
Contributions by employees	(50)	(47)
Actuarial gains/(losses)	(32)	(128)
	<u>(1,499)</u>	<u>(1,186)</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013

19 Pensions and similar obligations

(Continued)

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

	2013 £'000	2012 £'000
Opening fair value of scheme assets	899	630
Expected return on assets	45	41
Actuarial gains/(losses)	56	15
Contributions by employers	180	166
Contributions by employees	50	47
	<u>1,230</u>	<u>899</u>

History of experience gains and losses:

	2013 £'000	2012 £'000
Present value of defined benefit obligations	(1,499)	(1,186)
Fair value of share of scheme assets	<u>1,230</u>	<u>899</u>
Surplus / (deficit)	<u>(269)</u>	<u>(287)</u>
Experience adjustment on scheme liabilities	-	-
Experience adjustment on scheme assets	<u>56</u>	<u>15</u>

20 Reconciliation of net income to net cash inflow/(outflow) from operating activities

	2013 £'000	2012 £'000
Net income	269	2,183
Capital grants and similar income	(537)	(1,581)
Investment income	(18)	(12)
FRS17 pension costs less contributions payable	(2)	(34)
FRS17 pension finance income	8	9
Depreciation of tangible fixed assets	497	14
(Increase)/decrease in stocks	-	(5)
(Increase)/decrease in debtors	(147)	6
Increase/(decrease) in creditors	<u>(119)</u>	<u>357</u>
Net cash inflow/(outflow) from operating activities	<u>(49)</u>	<u>937</u>

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21	Reconciliation of net cash flow to movement in net funds	2013	2012
		£'000	£'000
	Increase/(decrease) in cash	(1,110)	3,847
	Net funds at 1 September 2012	3,847	-
		<u> </u>	<u> </u>
	Net funds at 31 August 2013	<u>2,737</u>	<u>3,847</u>

22	Analysis of net funds	At 1	Cash flows	Non-cash	At 31 August
		September		changes	2013
		2012			
		£'000	£'000	£'000	£'000
	Cash at bank and in hand	3,847	(1,110)	-	2,737
		<u> </u>	<u> </u>	<u> </u>	<u> </u>

23 Commitments under operating leases

At 31 August 2013 the Academy Trust had annual commitments under non-cancellable operating leases as follows

	2013	2012
	£'000	£'000
Expiry date		
- Within one year	-	1
	<u> </u>	<u> </u>

24 Capital commitments

	2013	2012
	£'000	£'000

At 31 August 2013 the company had capital commitments as follows

Expenditure contracted for but not provided in the accounts	351	1,879
	<u> </u>	<u> </u>

During the year ended 31 August 2012 the company had committed to a contract to provide and install ICT equipment to the new building. The future cost of the project at 1 September 2012 was £1,879,200. Expenditure relating to this project during the year ended 31 August 2013 amounted to £1,528,447 leaving a capital commitment at 31 August 2013 of £350,753.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013

25 Related parties

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

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

In accordance with the Deed of Gift and Declaration of Trust dated 15 January 2010, the Academy is to receive £2,000,000 from its sponsors. The Harpur Trust and Bedford College Further Education Corporation, each contributing £1,000,000. During the year the Academy received £nil, (2012: £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 £50,622 (2012: £59,179). A balance of £nil (2012: £nil) was outstanding at 31 August.

Donation income of £80k was receivable from The Harpur Trust. At the balance sheet date £80k was receivable from The Harpur Trust.

26 Members' liability

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