

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 2014

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THE BEDFORD ACADEMY

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THE BEDFORD ACADEMY

REFERENCE AND ADMINISTRATIVE DETAILS

Governors

Mr M Weeden (Chairman) *
Mrs C Smith (Principal) *
Mr D Brownridge (RO) (Resigned 17 December 2013) *
Mr H Patel (RO) (Appointed 10 December 2013) *
Ms N Keeler
Mrs C Highams
Mr A Wildman *
Mrs M Palmer
Ms E Lowe *
Mr J Boys (Appointed 8 October 2013)
Mrs S Clark
Mr C Baily
Ms P Jones (Appointed 26 June 2014 and resigned 13 November 2014)
Miss E Orr (Appointed 1 July 2014)
Mr I Pryce (Appointed 26 June 2014 and resigned 13 November 2014)
Mrs R Sparkes (Appointed 8 October 2013 and resigned 13 February 2014)
Mrs C Coccozza (Resigned 30 September 2013)

* members of the Finance and Resources Committee

Members

The Bedford Charity (The Harpur Trust)
Bedford College Further Education Corporation

Senior management team

- Principal	Mrs C Smith
- Director of Finance & Operations	Mrs J Lombardo - Resigned 08 August 2014
- Vice Principal	Mr G Lewis - Appointed 01 September 2013
- Vice Principal	Mr S McGregor - Appointed 01 September 2013
- Director of Operations	Mrs L Archer - Appointed 11 August 2014
- Director of Finance	Miss A Bealey - Appointed 01 September 2014

Company Secretary

C Smith

Company registration number

06969741 (England and Wales)

Registered office

Mile Road
Bedford
Bedfordshire
MK42 9TR
United Kingdom

THE BEDFORD ACADEMY

REFERENCE AND ADMINISTRATIVE DETAILS

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
Solicitors	Eversheds LLP Kett House Station Road Cambridge Cambridgeshire CB1 2JY

THE BEDFORD ACADEMY

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2014

The Governors present their annual report together with the accounts and independent auditor's report of the charitable company for the period 01 September 2013 to 31 August 2014. The annual report serves the purposes of both a Governors' report, and a directors' report under company law.

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 governors 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 when 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. It has a pupil capacity of 960 and had a roll of 742 in the census on 13th October 2013. Bedford Academy is preparing to become a secondary school from September 2014 when it will provide state education for students aged 11 to 18 and have a capacity of 1440 students.

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 2014 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 2014

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:-

- Use of data and curriculum development
- Learning & Teaching
- Careers Education
- Inclusion and behaviour (including development of student Character)
- Literacy and numeracy 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 is the Principal Finance Officer.

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.

Objectives, strategies and activities

The main objectives during the year were;

- To continue to raise achievement to enable students to achieve closer to national averages and reach national progress targets in maths and English.
- To Continue to improve standards of Teaching & Learning to ensure that lessons were 90% good or better; 30% outstanding
- To continue to raise student attendance to 95% whilst ensuring that persistent absence declines.
- To ensure the Academy is prepared to become a secondary school in 2014, taking year 7 and 8 for the first time in terms of staffing, transition for students, resources and learning, student support and parental engagement.

THE BEDFORD ACADEMY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

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 targeted intervention. Our summer 2014 examination results saw some outstanding individual student achievements with our first student being admitted to Cambridge University. The overall results showed a further increase on previous results and an improvement against the national and local trends. Results in English were particularly pleasing with student achievement and progress reaching national averages for the first time. Results in maths remained the same as the previous year which was disappointing.

Ofsted Inspection visit

The Academy received its Ofsted inspection in July 2013. 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 good 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 Academy met its strategic target of 95% attendance and a decline in persistent absence.
- 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 and management are outstanding. The academy is building a very strong leadership team, including governors, which shares the high aspirations for its students.

Transition to Year 7 & 8

Student numbers in year 7 and year 8 were pleasing and above expectations, particularly in year 7. Systems, resources and lessons are in place and operational for these year groups. The Academy has implemented a new assessment system for Key Stage 3 and shared this effectively with staff, parents and students. A high proportion of parents agree that they are happy with the transition process.

THE BEDFORD ACADEMY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Key performance indicators

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

Staff costs as a % of GAG should not exceed 81%. Actual staff cost % for the year was 91%. This was due to a lower level of GAG income than budgeted and also increased staffing costs arising due to the early recruitment of staff for the change over from an upper school to a secondary school in September 2014. This was funded through start-up funding brought forward.

The Revenue budget should show a surplus of £94k. The final actual revenue deficit was £269k. This was due in part to lower than predicted numbers involved in the Futsal project. We had expected to host approximately 20 learners on site to deliver a Level 3 Sport qualification in partnership with VLUK, who would be responsible for delivering an elite Football programme. This course was withdrawn in September 2013 as VLUK had not recruited learners to it. A decision was made to withdraw from the partnership with VLUK at the end of the Academic year following this issue. However, EFA funding guidance published in Spring 2014 would have made it impossible for us to continue working with them due to the recruitment of learners outside of our normal geographic catchment as well as capacity to develop the necessary Quality Assurance processes. There was also a claw-back of funding due to lower than expected Year 9 numbers: we had 183 on roll for the October census, but had forecast 220.

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 2014 the net book value of fixed assets was £845k (2013:£1,363k) 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 2014 of £2,317k (2013:£3,520k) comprising a fixed asset fund of £1,129k (2013:£1,681k), a deficit on the FRS 17 LGPS fund of £(578k), (2013:£(269k)), an endowment fund of £500k (2013: £500k), restricted general funds of £1,178k (2013:£1,510k) and an unrestricted fund of £88k (2013:£98k).

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 £845k (2013:£1,363k). The second element is available for spending on specific capital projects, representing the unspent balance of capital grants of £284k (2013: £318k).

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 2014.

THE BEDFORD ACADEMY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Principal risks and uncertainties

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.

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 2014 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

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

Plans for the future

To secure outstanding achievement for students by:

- To provide an effective curriculum that meets the needs of our students, providing support, challenge and aspiration.
- To develop effective intervention systems that remove barriers to learning, maximising achievement.
- To continue to raise standards of teaching in order to improve student learning and progress in lessons to be 100% good and 40% outstanding
- To ensure that student behaviour supports learning and student progress.
- To ensure outstanding leadership at all levels throughout the Academy.

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 2014

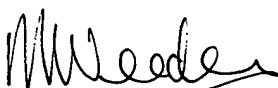
Auditor

Insofar 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.

Governors' report, incorporating a strategic report, approved by order of the Board of Governors, as the company directors, on 20 November 2014 and signed on the Board's behalf by:



Mr M Weeden

Chair of Governors

THE BEDFORD ACADEMY

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2014

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 5 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)	4	5
Mrs C Smith (Principal)	5	5
Mr D Brownridge (RO) (Resigned 17 December 2013)	2	2
Mr H Patel (RO) (Appointed 10 December 2013)	2	4
Ms N Keeler	4	5
Mrs C Highams	5	5
Mr A Wildman	4	5
Mrs M Palmer	3	5
Ms E Lowe	3	5
Mr J Boys (Appointed 8 October 2013)	3	5
Mrs S Clark	4	5
Mr C Baily	5	5
Ms P Jones (Appointed 26 June 2014 and resigned 13 November 2014)	1	2
Miss E Orr (Appointed 1 July 2014)	1	2
Mr I Pryce (Appointed 26 June 2014 and resigned 13 November 2014)	0	2
Mrs R Sparkes (Appointed 8 October 2013 and resigned 13 February 2014)	2	3
Mrs C Cocozza (Resigned 30 September 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 the Governors' 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 next external review of governance is intended to be in two years time.

THE BEDFORD ACADEMY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

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)	3	3
Mrs C Smith (Principal)	3	3
Mr D Brownridge (RO) (Resigned 17 December 2013)	1	1
Mr H Patel (RO) (Appointed 10 December 2013)	2	2
Mr A Wildman	3	3
Ms E Lowe	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 01 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of 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 on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 01 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of 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 2014

The Board of Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the governors appointed David Brownridge as Responsible Officer and Hanif Patel as his successor as he left the board. 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 governors on the operation of the systems of control and on the discharge of the board of governors' financial responsibilities.

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

- Pay increases arising from progression in the pay spine are not recorded on personnel files. Any adjustments above these expected increases are separately authorised and noted on the personnel file.
- Consideration is given to introducing dual authorisation for making BACS payments. The BACS run is authorised by two signatories before the payment is actioned electronically.
- The Academy does not have a Gifts and Hospitality policy in place. A policy will be drafted in the Autumn term 2014
- The academy does not have any procedures recorded regarding consultancy services provided by members of the Senior Leadership Team. Financial Procedures Manual to be updated to include this.

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 members of the Board of Governors on 20 November 2014 and signed on its behalf by:



Mr M Weeden
Chair of Governors



Mrs C Smith
Accounting Officer

THE BEDFORD ACADEMY

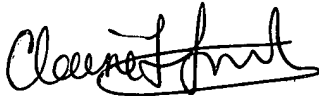
STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2014

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 the 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. If any instances are identified after the date of this statement, these will be notified to the board of governors and EFA.

Approved on 20 November 2014 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 20 November 2014 and signed on its behalf by:



Mr M Weeden
Chairman

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 2014 set out on pages 18 to 39. 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 2014 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on 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 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2014 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.

David John Walsh FCCA (Senior Statutory Auditor)
Baxter & Co

Chartered Certified Accountants
Statutory Auditor
Lynwood House
Crofton Road
Orpington
Kent
BR6 8QE

Dated: 19 December 2014

THE BEDFORD ACADEMY

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 01 November 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014, 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 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The 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 accountant

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 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2014 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 the record maintained by the Accounting Officer of the oversight they have exercised;
- Consideration of the work of the Responsible Officer.

THE BEDFORD ACADEMY

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 1 September 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

David John Walsh FCCA
For and on behalf of Baxter & Co
Reporting Accountant
Lynwood House
Crofton Road
Orpington
Kent
BR6 8QE

Dated: 19 December 2014

THE BEDFORD ACADEMY

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2014

		Unrestricted funds £'000	Restricted funds £'000	Fixed Asset fund £'000	Endowment funds £'000	Total 2014 £'000	Total 2013 £'000
Incoming resources	Notes						
<i>Generated funds</i>							
- Voluntary income	3	33	29	-	-	62	140
- Activities for generating funds	4	321	-	-	-	321	201
- Investment income	5	11	-	-	-	11	18
<i>Charitable Activities</i>							
- Educational operations	6	-	5,562	16	-	5,578	6,501
Total incoming resources		<u>365</u>	<u>5,591</u>	<u>16</u>	<u>-</u>	<u>5,972</u>	<u>6,860</u>
Resources expended							
<i>Generating funds</i>							
- Activities for generating funds	7	8	52	-	-	60	13
<i>Charitable activities</i>							
- Educational operations	8	367	5,797	625	-	6,789	6,537
Governance costs	9	-	39	-	-	39	41
Total resources expended	7	<u>375</u>	<u>5,888</u>	<u>625</u>	<u>-</u>	<u>6,888</u>	<u>6,591</u>
Net incoming / (outgoing) resources		(10)	(297)	(609)	-	(916)	269
Gross transfers between funds		-	(57)	57	-	-	-
Net income/(expenditure) for the year		(10)	(354)	(552)	-	(916)	269
Other recognised gains and losses							
Actuarial gains/(losses)	19	-	(287)	-	-	(287)	24
Net movement in funds		(10)	(641)	(552)	-	(1,203)	293
Fund balances at 1 September 2013		<u>98</u>	<u>1,241</u>	<u>1,681</u>	<u>500</u>	<u>3,520</u>	<u>3,227</u>
Fund balances at 31 August 2014		<u>88</u>	<u>600</u>	<u>1,129</u>	<u>500</u>	<u>2,317</u>	<u>3,520</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 2014

		2014	2013
	Notes	£'000	£'000
Fixed assets			
Tangible assets	12	845	1,363
Current assets			
Stocks	13	12	5
Debtors	14	250	291
Cash at bank and in hand		2,448	2,737
		2,710	3,033
Creditors: amounts falling due within one year	15	(660)	(607)
Net current assets		2,050	2,426
Total assets less current liabilities		2,895	3,789
Defined benefit pension liability	19	(578)	(269)
Net assets		2,317	3,520
Funds of the Academy Trust:			
Restricted income funds	17		
- Fixed asset funds		1,129	1,681
- General funds		1,178	1,510
- Pension reserve		(578)	(269)
- Endowment funds		500	500
Total restricted funds		2,229	3,422
Unrestricted funds	17	88	98
Total funds		2,317	3,520

The accounts were approved by order of the Board of Governors and authorised for issue on 20 November 2014.



Mr M. Weeden
Chairman

Company Number 06969741

THE BEDFORD ACADEMY

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2014

	Notes	2014 £'000	2013 £'000
Net cash inflow/(outflow) from operating activities	20	(210)	(49)
Returns on investments and servicing of finance			
Investment income	11	18	
Net cash inflow/(outflow) from returns on investments and servicing of finance		11	18
		(199)	(31)
Capital expenditure and financial investments			
Capital grants received	16	537	
Payments to acquire tangible fixed assets	(106)	(1,616)	
Net cash flow from capital activities		(90)	(1,079)
Increase/(decrease) in cash	21	(289)	(1,110)

THE BEDFORD ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

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 2014

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 per item (or less if they form part of a larger purchase or project where the total cost exceeds £10,000) are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and 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 2014

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 2014 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 2014.

THE BEDFORD ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

3 Voluntary income

	Unrestricted funds £'000	Restricted funds £'000	Total 2014 £'000	Total 2013 £'000
Voluntary Fund income	23	-	23	15
Other Income	10	29	39	125
	<u>33</u>	<u>29</u>	<u>62</u>	<u>140</u>

4 Activities for generating funds

	Unrestricted funds £'000	Restricted funds £'000	Total 2014 £'000	Total 2013 £'000
Hire of facilities	116	-	116	28
Catering income	197	-	197	167
Other income	8	-	8	6
	<u>321</u>	<u>-</u>	<u>321</u>	<u>201</u>

5 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2014 £'000	Total 2013 £'000
Short term deposits	11	-	11	18

THE BEDFORD ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

6 Funding for the Academy Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2014 £'000	Total 2013 £'000
DfE / EFA grants				
General annual grant (GAG)	-	4,834	4,834	5,213
Start up grants	-	425	425	458
Capital grants	-	16	16	15
Other DfE / EFA grants	-	257	257	198
	<u>-</u>	<u>5,532</u>	<u>5,532</u>	<u>5,884</u>
Other government grants				
Local authority grants	-	-	-	522
Other grants	-	46	46	81
	<u>-</u>	<u>46</u>	<u>46</u>	<u>603</u>
Other funds				
Other incoming resources	-	-	-	14
	<u>-</u>	<u>-</u>	<u>-</u>	<u>14</u>
Total funding	<u>-</u>	<u>5,578</u>	<u>5,578</u>	<u>6,501</u>

7 Resources expended

	Staff costs £'000	Premises & equipment £'000	Other costs £'000	Total 2014 £'000	Total 2013 £'000
Academy's educational operations					
- Direct costs	3,750	501	843	5,094	4,723
- Allocated support costs	799	186	710	1,695	1,814
	<u>4,549</u>	<u>687</u>	<u>1,553</u>	<u>6,789</u>	<u>6,537</u>
Other expenditure					
Costs of activities for generating funds	-	-	60	60	13
Governance costs	-	-	39	39	41
	<u>-</u>	<u>-</u>	<u>99</u>	<u>99</u>	<u>54</u>
Total expenditure	<u>4,549</u>	<u>687</u>	<u>1,652</u>	<u>6,888</u>	<u>6,591</u>

THE BEDFORD ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

7 Resources expended (Continued)

Incoming/outgoing resources for the year include:	2014 £'000	2013 £'000
Fees payable to auditor		
- Audit	9	15
- Other services	14	11
	<u> </u>	<u> </u>

8 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2014 £'000	Total 2013 £'000
Direct costs				
Teaching and educational support staff costs	-	3,750	3,750	3,601
Depreciation	-	501	501	397
Educational supplies and services	-	634	634	510
Examination fees	-	126	126	129
Staff development	-	44	44	46
Educational consultancy	-	15	15	21
Other direct costs	24	-	24	19
	<u>24</u>	<u> </u>	<u>5,094</u>	<u>4,723</u>
Allocated support costs				
Support staff costs	183	616	799	754
Depreciation	-	124	124	100
Technology costs	-	56	56	56
Recruitment and support	-	131	131	63
Maintenance of premises and equipment	-	62	62	239
Cleaning	-	13	13	8
Energy costs	37	111	148	155
Rent and rates	-	72	72	58
Insurance	-	47	47	45
Security and transport	-	16	16	21
Catering	120	9	129	110
Interest and finance costs	-	(3)	(3)	8
Other support costs	3	98	101	197
	<u>343</u>	<u>1,352</u>	<u>1,695</u>	<u>1,814</u>
Total costs	<u>367</u>	<u>6,422</u>	<u>6,789</u>	<u>6,537</u>

THE BEDFORD ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

9 Governance costs

	Unrestricted funds £'000	Restricted funds £'000	Total 2014 £'000	Total 2013 £'000
Legal and professional fees	-	16	16	14
Auditor's remuneration				
- Audit of financial statements	-	9	9	15
- Other non-audit costs	-	14	14	11
Support staff costs	-	-	-	1
	<u>-</u>	<u>39</u>	<u>39</u>	<u>41</u>

In the year ended 31 August 2013 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:

	2014 Number	2013 Number
Teachers	53	54
Administration and support	64	67
Management	9	7
	<u>126</u>	<u>128</u>
Costs included within the accounts:	2014 £'000	2013 £'000
Wages and salaries	3,642	3,491
Social security costs	283	274
Other pension costs	511	468
	<u>4,436</u>	<u>4,233</u>
Supply staff costs	113	122
Total staff costs	<u>4,549</u>	<u>4,355</u>

THE BEDFORD ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

10 Staff costs

(Continued)

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

	2014 Number	2013 Number
£60,000 - £70,000	3	-
£100,001 - £110,000	1	1
	<u> </u>	<u> </u>

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

		2014	2013
Teachers' Pension Scheme	Numbers	3	1
	£'000	33	14
		<u> </u>	<u> </u>
Local Government Pension Scheme	Numbers	1	-
	£'000	13	-
		<u> </u>	<u> </u>

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): £105,000- £110,000 (2013: £100,000- £105,000)
T Kindu (Staff Governor): Not appointed (2013: £40,000 - £45,000)
R Sparkes (Staff Governor - Oct 2013 to Feb 2014): £5,000 - £10,000 (2013: Not appointed)
E Orr (Staff Governor - from July 2014): £5,000 - £10,000 (2013: Not appointed)

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 (2013: £2,000,000) on any one claim and the cost for the year ended 31 August 2014 was £906 (2013: £1,006).

THE BEDFORD ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

12 Tangible fixed assets

	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 September 2013	1,760	73	49	1,882
Additions	51	34	21	106
	<u>1,811</u>	<u>107</u>	<u>70</u>	<u>1,988</u>
At 31 August 2014				
Depreciation				
At 1 September 2013	481	20	18	519
Charge for the year	584	28	12	624
	<u>1,065</u>	<u>48</u>	<u>30</u>	<u>1,143</u>
At 31 August 2014				
Net book value				
At 31 August 2014	<u>746</u>	<u>59</u>	<u>40</u>	<u>845</u>
At 31 August 2013	<u>1,279</u>	<u>53</u>	<u>31</u>	<u>1,363</u>

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

2014
£'000

2013
£'000

Catering Stock

12

5

14 Debtors

2014
£'000

2013
£'000

Trade debtors

1

13

VAT recoverable

72

31

Other debtors

76

143

Prepayments and accrued income

101

104

250

291

THE BEDFORD ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

15	Creditors: amounts falling due within one year	2014	2013
		£'000	£'000
	Trade creditors	191	196
	Taxes and social security costs	88	87
	Other creditors	262	251
	Accruals	100	69
	Deferred income	19	4
		<u>660</u>	<u>607</u>
16	Deferred income	2014	2013
		£'000	£'000
	Deferred income is included within:		
	Creditors due within one year	<u>19</u>	<u>4</u>
	Total deferred income at 1 September 2013	4	-
	Amounts credited to the statement of financial activities	(4)	-
	Amounts deferred in the year	<u>19</u>	<u>4</u>
	Total deferred income at 31 August 2014	<u>19</u>	<u>4</u>

THE BEDFORD ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

17 Funds

	Balance at 1 September 2013	Incoming resources	Resources expended	Gains, losses and transfers	Balance at 31 August 2014
	£'000	£'000	£'000	£'000	£'000
Restricted general funds					
General Annual Grant	112	4,834	(4,456)	(21)	469
Start up grants	1,345	425	(1,092)	(36)	642
Other DfE / EFA grants	13	257	(244)	-	26
Other government grants	40	46	(45)	-	41
Other restricted funds	-	29	(29)	-	-
	<u>1,510</u>	<u>5,591</u>	<u>(5,866)</u>	<u>(57)</u>	<u>1,178</u>
Funds excluding pensions	1,510	5,591	(5,866)	(57)	1,178
Pension reserve	(269)	-	(22)	(287)	(578)
	<u>1,241</u>	<u>5,591</u>	<u>(5,888)</u>	<u>(344)</u>	<u>600</u>
Restricted fixed asset funds					
DfE / EFA capital grants	1,681	16	(619)	-	1,078
Capital expenditure from GAG or other funds	-	-	(6)	57	51
	<u>1,681</u>	<u>16</u>	<u>(625)</u>	<u>57</u>	<u>1,129</u>
Restricted endowment fund	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>
Total restricted funds	<u>3,422</u>	<u>5,607</u>	<u>(6,513)</u>	<u>(287)</u>	<u>2,229</u>
Unrestricted funds					
General funds	<u>98</u>	<u>365</u>	<u>(375)</u>	<u>-</u>	<u>88</u>
Total funds	<u>3,520</u>	<u>5,972</u>	<u>(6,888)</u>	<u>(287)</u>	<u>2,317</u>

THE BEDFORD ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

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 2014. 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 the net book value of fixed assets (£845k), plus the unspent element of capital funds (£284k). When fixed assets are purchased the fund is increased and depreciation charges reduce the fund.

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 2014 are represented by:					
Tangible fixed assets	-	-	845	-	845
Current assets	748	1,178	284	500	2,710
Creditors: amounts falling due within one year	(660)	-	-	-	(660)
Defined benefit pension liability	-	(578)	-	-	(578)
	<u>88</u>	<u>600</u>	<u>1,129</u>	<u>500</u>	<u>2,317</u>

THE BEDFORD ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

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 2014 and of the LGPS 31 March 2013.

Contributions amounting to £68,444 (2013: £nil) were payable to the schemes at 31 August 2014 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

A copy of the valuation report and supporting documentation is on the 'Teachers Pensions website' <<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>>

THE BEDFORD ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

19 Pensions and similar obligations

(Continued)

Teachers' Pension Scheme changes

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

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

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

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 23.5 per cent for employers and 5.5% to 7.5% per cent for employees. The estimated value of employer contributions for the forthcoming year is £171k.

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 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.

THE BEDFORD ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

19 Pensions and similar obligations

(Continued)

	2014 £'000	2013 £'000
Employer's contributions	182	180
Employees' contributions	55	50
Total contributions	<u>237</u>	<u>230</u>

Principal actuarial assumptions

	2014 %	2013 %
Rate of increase in salaries	3.40	5.10
Rate of increase for pensions in payment	2.60	2.80
Discount rate for scheme liabilities	3.70	4.60
Expected Return on Assets	<u>5.40</u>	<u>5.90</u>

Sensitivity Analysis

Scheme liabilities have been valued at £1,987k (2013: £1,499k). 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 £2,236k (2013: £1,664k)

If the salaries rate were to increase by 0.5%, liabilities would be measured at £2,078k (2013: £1,568k)

If the pension rate were to increase by 0.5%, liabilities would be measured at £2,128k (2013: £1,544k)

If the mortality rate were to increase by a year, liabilities would be measured at £2,047k (2013: £1,499k)

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

	2014 Years	2013 Years
Retiring today		
- Males	22	22
- Females	24	23
Retiring in 20 years		
- Males	24	24
- Females	<u>27</u>	<u>26</u>

THE BEDFORD ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

19 Pensions and similar obligations

(Continued)

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

	2014 Expected return %	2014 Fair value £'000	2013 Expected return %	2013 Fair value £'000
Equities	6.30%	972	6.60%	861
Bonds	3.30%	268	4.00%	234
Property	4.50%	127	4.70%	98
Other assets	3.30%	42	3.6%	37
Total market value of assets		1,409		1,230
Present value of scheme liabilities - funded		(1,987)		(1,499)
Net pension asset / (liability)		(578)		(269)

The expected return on assets is based on the long term future expected investment return for each asset class. A narrative description is required of the basis used to determine the overall expected rate of return on the major categories of scheme 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.

Operating costs and income recognised in the statement of financial activities

	2014 £'000	2013 £'000
Financial expenditure/(income)		
Expected return on pension scheme assets	(77)	(45)
Interest on pension liabilities	74	53
	(3)	8
Other expenditure/(income)		
Current service cost	207	178
Past service cost	-	-
	207	178
Total operating charge/(income)	204	186

THE BEDFORD ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

19 Pensions and similar obligations

(Continued)

Actuarial gains and losses recognised in the statement of financial activities

	2014 £'000	2013 £'000
Actuarial (gains)/losses on assets: actual return less expected	88	(56)
Experience (gains)/losses on liabilities	55	-
(Gains)/losses arising from changes in assumptions	144	32
	<u>287</u>	<u>(24)</u>
Total (gains)/losses	<u>287</u>	<u>(24)</u>
Cumulative (gains)/losses to date	<u>287</u>	<u>-</u>

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

	2014 £'000	2013 £'000
Opening defined benefit obligations	(1,499)	(1,186)
Current service cost	(207)	(178)
Interest cost	(74)	(53)
Contributions by employees	(55)	(50)
Actuarial gains/(losses)	(199)	(32)
Benefits paid	47	-
	<u>(1,987)</u>	<u>(1,499)</u>

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

	2014 £'000	2013 £'000
Opening fair value of scheme assets	1,230	899
Expected return on assets	77	45
Actuarial gains/(losses)	(88)	56
Contributions by employers	182	180
Contributions by employees	55	50
Benefits paid	(47)	-
	<u>1,409</u>	<u>1,230</u>

THE BEDFORD ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

19 Pensions and similar obligations

(Continued)

History of experience gains and losses:

	2014 £'000	2013 £'000	2012 £'000
Present value of defined benefit obligations	(1,987)	(1,499)	(1,186)
Fair value of share of scheme assets	1,409	1,230	899
Surplus / (deficit)	<u>(578)</u>	<u>(269)</u>	<u>(287)</u>
Experience adjustment on scheme liabilities	(55)	-	-
Experience adjustment on scheme assets	<u>(88)</u>	<u>56</u>	<u>15</u>

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

	2014 £'000	2013 £'000
Net income	(916)	269
Capital grants and similar income	(16)	(537)
Investment income	(11)	(18)
FRS17 pension costs less contributions payable	25	(2)
FRS17 pension finance income	(3)	8
Depreciation of tangible fixed assets	625	497
(Increase)/decrease in stocks	(7)	-
(Increase)/decrease in debtors	41	(147)
Increase/(decrease) in creditors	52	(119)
Net cash inflow/(outflow) from operating activities	<u>(210)</u>	<u>(49)</u>

21 Reconciliation of net cash flow to movement in net funds

	2014 £'000	2013 £'000
Increase/(decrease) in cash	(289)	(1,110)
Net funds at 1 September 2013	2,737	3,847
Net funds at 31 August 2014	<u>2,448</u>	<u>2,737</u>

THE BEDFORD ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

22 Analysis of net funds

	At 1 September 2013 £'000	Cash flows £'000	Non-cash changes £'000	At 31 August 2014 £'000
Cash at bank and in hand	2,737	(289)	-	2,448

23 Capital commitments

	2014 £'000	2013 £'000
At 31 August 2014 the company had capital commitments as follows:		
Expenditure contracted for but not provided in the accounts	-	351

24 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, (2013: £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 £37,691 (2013: £50,622) and received income of £1,220. No balances were outstanding at the year end.

A contribution towards the cost of uniforms of £19k was receivable from The Harpur Trust and is included in income. At the balance sheet date the £19k is included in debtors.

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 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.