

Financial Statements

The Bedford and Kempston Free
School Limited (A company
limited by guarantee)

For the year ended 31 August 2015

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Reference and Administrative Details of the School, its Members/ Governors and Advisers

For the year ended 31 August 2015

Members

B Hamilton
M Barnes
L J Godden
R N Syson

Governors

M Barnes (resigned 24 September 2014)
L J Godden *
D A Hill, Vice Chair of Governors Chair Teaching and Learning Committee
R N Syson *, Chair of Governors
M G Lehair (MA Cantab) *
J Singh
C Coulter
A Green *, Chair of Staffing and Resources Committee
J Morey
A J Briscoe, Chair of Inclusion Committee
E Arden (appointed 17 December 2014)
G Davies (appointed 17 December 2014)
A Sinkinson (resigned 28 September 2015)

* also members of the Staffing and Resources Committee

Company registered number

07337888

Registered office

Cauldwell House
Cauldwell Street
Bedford
MK42 9AD

Accounting Officer

M G Lehair (MA Cantab)

Reference and Administrative Details of the School, its Members/ Governors and Advisers

For the year ended 31 August 2015

Administrative details (continued)

Company secretary

B Edge

Clerk of Governors

K Bonser

Senior management team

M G Lehain (MA Cantab), Principal

J Herron, Deputy Principal (Pastoral)

P Donald, Deputy Principal (Academic)

B Edge, Business Manager

Independent auditor

Grant Thornton UK LLP

Chartered Accountants

Statutory Auditor

300 Pavilion Drive

Northampton Business Park

Northampton

NN4 7YE

Bankers

Barclays Bank Plc

111 High Street

Bedford

MK40 1NJ

Governors' Report

For the year ended 31 August 2015

The Governors (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of The Bedford and Kempston Free School Limited (the School) for the period 1 September 2014 to 31 August 2015. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates as a Free School for pupils aged 11 to 16 serving Bedford and surrounding areas. It has a pupil capacity of 500 and had a roll of 451 in the school census on 1 October 2015.

The Governors confirm that the Annual report and financial statements of the school comply with the current statutory requirements, the requirements of the school's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

Structure, governance and management

Constitution

The School 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 School. The trustees of Bedford and Kempston Free School Limited are also the directors of the charitable company for the purposes of company law. The Charitable Company is known as The Bedford and Kempston Free School Limited.

Details of the Governors who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

Members' liability

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

Governors' indemnities

Subject to the provisions of the Companies Act 2006 every Governor or other officer or auditor of the School shall be indemnified out of the assets of the School against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the School.

Principal activities

The School's object is specifically restricted to the following:

- a) To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

Governors' Report (continued)

For the year ended 31 August 2015

Method of recruitment and appointment or election of Governors

The members of the School shall comprise:

- a) The signatories to the Memorandum of Association
- b) One person appointed by the Secretary of State, in the event that the Secretary of State appoints a person for this purpose
- c) The Chairman of Governors
- d) Any person appointed under Article 16 of the Trusts Article of Association

The members may agree unanimously in writing to appoint such additional Members as they think fit and may unanimously (save that the agreement of the Member(s) to be removed shall not be required) in writing agree to remove any such Member.

The Governing Body of the school shall comprise:

- a) Up to six member appointed Governors
- b) Up to three Governors co-opted by member governors and parent governors
- c) Any number of staff governors, provided that the total number of Governors (including the Principal) who are employees of the Academy Trust does not exceed one third of the total number of Governors.
- d) Up to one LA Governor
- e) A minimum of two Parent Governors
- f) The Principal
- g) Any additional governors appointed by the Secretary of State under certain circumstances.

Governors are appointed for a four year period, except that this time limit does not apply to the Principal. Subject to remaining eligible to be a particular type of Governor, any Governor can be re-appointed or re-elected.

When appointing new Governors, the Board will give consideration to the skills and experience mix of existing Governors to ensure the Board has the necessary skills to contribute fully to the School's development.

Policies and procedures adopted for the induction and training of Governors

The training and induction provided for new Governors will depend upon their existing experience.

Where necessary induction will include training on educational, legal and financial matters. All new Governors will be given the opportunity of a tour of the School, have the chance to meet staff and students and provided with copies of key documents, such as policies, procedures, accounts, budgets, plans and documents they need to undertake their role as a Governor. As there is expected to be a small number of new Directors each year, induction will be carried out informally and will be tailored specifically to the individual.

The Trust subscribes to the Bedford Borough Learning Service and Governors have access to various internal and external training events.

Organisational structure

The Governing Body establishes an overall framework for the governance of the School and determines membership, terms of reference and procedures of the Committees. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Governing Body may from time to time establish working groups to perform specific tasks. They meet once

Governors' Report (continued)

For the year ended 31 August 2015

per term.

There were three committees during 2014 -2015. These were as follows;

Teaching and Learning committee: - this committee meets at least three times during the year and is responsible for monitoring & advising the breadth and depth of the curriculum provision of the school, the quality of this, and the standards achieved – in terms of academic achievement, attendance, inclusion and support.

Staffing and Resources - this committee meets at least three times a year and is responsible for monitoring the schools finances including capital expenditure, human resources and the general operational activities of the school including premises, ICT infrastructure and health and safety. It advises the Full Governing Body on the school's solvency and safeguarding of assets; the school's budget, capital expenditure and debt write offs as well as on all staffing issues and health and safety. They are also involved in the development of the school's strategic plan and development of policies.

Inclusion committee: - this meets at least three times a year and is responsible for all pastoral elements of the school including attendance, special educational needs, pupil premium, behaviour and safeguarding.

The following decisions are reserved for the Governing Body; to consider any change of status or constitution of the School and its committee structure, to appoint or remove the Chairman and/or the Vice Chairman, to appoint the Principal or Clerk to the Governors, to approve the School Improvement Plan and budget.

The Governors are responsible for setting general policy, adopting an annual budget, approving the statutory accounts, monitoring the School by the use of budgets and other data, and making major decisions about the direction of the School, capital expenditure and staff appointments.

The Members and Governors have devolved the responsibility for the day to day management of the School to the Principal and the Senior Leadership Team. The SLT controls the School at an executive level, implementing policies laid down by the Members and Governors and regularly reporting back to them.

During the period The Senior Leadership Team consisted of:

Mark Lechain	Principal
Jane Herron	Deputy Principal (Pastoral)
Paul Donald	Deputy Principal (Academic)
Bridget Edge	Business Manager

The Principal was the School's Accounting Officer for the period.

Risk management

The Governors assess the major risks to which the school is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the School, and its finances. The Governors have implemented systems to assess the risks that the school faces, especially in the operational areas and in relation to the control of finance.

They have introduced operational procedures (e.g. vetting of new staff) and internal financial controls (as per below) in order to minimise risks. Where risks cannot be effectively managed an insurance policy has been put in place.

The School has a robust and effective system of internal financial controls.

Governors' Report (continued)

For the year ended 31 August 2015

Connected organisations, including related party relationships

Owing to the nature of the School's operations and the composition of the board of Governors being drawn from local public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which Members or Governors have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the School's financial regulations and normal procedures.

There are no related parties which either control or significantly influence the decisions and operations of the School. There are no sponsors or formal Parent Teacher Associations associated with the School.

Objectives and Activities

Objects and aims

The School has stated:

"We believe that, given the right circumstances, every child is capable of extraordinary things."

The vision is to create a school that has such circumstances.

The School aims to be distinctive not just in what it does but in how it does it, with a positive, 'can do' culture built around three core values:

- Respect,
- Honesty, and
- High Expectations

At the School, we believe that every student is a unique individual who possesses talents and gifts that can be developed within the right learning environment. The journey may be tough, but we are prepared to work hard for our students – and we will expect them to work hard in return.

Within a learning environment where high expectations in everything from achievement to attendance and behaviour are the status quo, our aim is that students who come to Bedford Free School will exceed expectations and break through any barriers to achieve their full potential.

As a new school, we are not burdened by unhelpful traditions or obstructive cultures. From how meal breaks are managed to the relationships between staff, students and their families, our school is a place where each individual student's needs are at its heart.

Our learning is not geared solely towards exam results, but considers the enrichment and development of our students as a whole. This wider curriculum provides our students with a more fully rounded education which takes into account personal and social development.

The School's aims during the period ending 31st August 2015 are summarised below:

- To raise the standard of educational attainment of all its pupils.
- To provide a broad and balanced curriculum.
- To develop students as more effective learners.
- To continue to develop the school's facilities, to further enhance the opportunities available to students.
- To ensure every child enjoys the same high quality education in terms of resourcing, tuition and care.
- To improve the effectiveness of the school by keeping the curriculum and organisational structure under continual review.
- To provide value for money from the funds expended.

Governors' Report (continued)

For the year ended 31 August 2015

- To maintain close links with the community we serve.
- To comply with all appropriate statutory and curriculum requirements.
- To conduct the school's business in accordance with its core values.

Objectives, strategies and activities

Key objectives were identified by the Governing Body for the year:

- to have at least 475 students on roll
- achieve a financial surplus of 2% or more by year end
- ensure student progress and attainment is at or above expected levels
- student attendance to be at or above 95.0%
- embed and enhance the reputation of the school

Public benefit

The Governors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the School's objectives and aims and in planning future activities for the year. The Governors consider that the School's aims are demonstrably for the public benefit.

Strategic report

Achievements and performance

Achievements and performance

The School's third year of operation was generally very successful. Whilst some of the most stretching targets were missed, student numbers and attendance were still up significantly on 2013-14. The School's first set of GCSE results were below the target set but above national average and placed the school top of the town. English, maths, art, music and history results were particularly strong in terms of A*-C grades, and in terms of progress, the results overall showed that the vast majority of students achieved better than they might have been expected to elsewhere.

As the School's reputation has developed, the number of in-year admissions has grown. This has enabled student numbers to be maintained, even when students move out of the area. Careful management of income and expenditure enabled the school to both fund additional improvements to the site and building and further build its reserves. Significant funding was sought from the Department for Education, and we were successful - £1.5million has been allocated for a rooftop extension on the front of the school building, to be completed in the summer of 2016.

In all year groups, significant proportions of students made well above the expected levels of progress in English and maths and other subjects. The School is also predicting significant rises in GCSE results over the next few summers that are high both in terms of attainment and the progress made by students.

Significant progress has also been made since the School's Ofsted inspection of February 2014. Given the current and predicted performance of students on roll, and the excellent GCSE results of the summer, an improved judgement is anticipated at the next inspection. This will then allow the Trust to consider opportunities to expand its work in the local area.

Overall then, the School goes into the 2015/16 year in an extremely strong position – financially, reputationally and academically. It is very confident that the short- and medium-term outcomes of students will only further enhance

Governors' Report (continued)

For the year ended 31 August 2015

its status into the future, securing it against the tougher financial settlements of the next five years.

Going concern

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

Key financial performance indicators

Most of the Trust's income is obtained from the Education Funding Agency (EFA), part of the Department for Education (DfE), in the form of recurrent grants, the use of which is restricted to specific purposes. The grants received during the period ending 31 August 2015 and the associated expenditure, are shown as restricted funds in the statement of financial activities.

The trust also receives grants and fixed assets and capital funding from the EFA. Such grants are shown in the statement of financial affairs as restricted income in the fixed asset fund.

The school has two key financial objectives, which are to remain financially robust and to remain solvent.

During the period ending 31 August 2015, the total recurrent expenditure of £2,699,376 (2014: £2,380,640) was more than covered by grant funding from EFA and other income sources. At the end of the period the school had an excess of income over expenditure for the period (excluding restricted fixed asset and pension funds) which amounted to £714,170 (2014: £404,032).

On 31 August 2015 the net book value of the fixed assets was £4,583,628 (2014: £4,782,489). The assets were exclusively used for providing education and the associated support services for the School.

Financial review

Financial and risk management objectives and policies

The Governors have assessed the major risks to which the school is exposed, in particular those related to the operations and finances of the school, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

Principal risks and uncertainties

The principal risks the school faces are:

- Financial – Changes in year on year student recruitment, stemming from local demographic trends and with a concomitant effect upon the funding levels of the School; year on year reductions in per capital funding of the students at the School; and the deficit in the Local Government Pension Scheme, possibly leading to an increase in employer contribution rates although these are currently fixed until 2017. Impact of changes in NI contributions from April 2017.
- Student Numbers - failure to recruit sufficient student numbers to ensure sustainability of the school.
- Failures in governance and/or management – the risk here is the potential failure to effectively manage the

Governors' Report (continued)

For the year ended 31 August 2015

schools finances, internal controls, compliance with regulations and legislation, statutory returns etc. To mitigate this risk the governors review the committee structure, terms of reference and internal controls on a regular basis, and have a series of arranged Governor visits, findings from which are reported to the appropriate committees.

- Reputational – the continuing success of the School is dependent on continuing to attract sufficient student numbers by maintaining the highest standards. The school had its first OFSTED inspection in March 2014 and were graded at level 3. The reputational risk suffered has been minimal but in order to mitigate further risk Governors ensure that student's success and achievement are closely monitored and reviewed and that the School is on track to achieve its targets in the 2014-2015 GCSE results. The school is also working hard towards an improved Ofsted grading in the forthcoming inspection.
- Safeguarding and child protection – the Governors continue to ensure the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.
- Staffing – the success of the school is reliant on the quality of its staff and so the governors monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.
- Fraud and mismanagement of funds – The School has appointed a Responsible Officer to carry out checks on the financial systems and records. All finance staff receive training to keep them up to date with financial practice and develop their skills in this area.

As a new school, Bedford Free School has been undertaking a comprehensive assessment of possible risks to the future of the School. The risk assessment will be reviewed by the Full Governing Body during the next academic year. Existing systems are being developed for the ongoing management and mitigation of these risks.

Reserves policy

The Governing Body have examined the School's requirements for reserves in light of the main risks to the organisation. At its meeting in June 2015 it adopted a Reserves Policy which recommends a reserve of 10% of total in year revenue over and above a short term working balance of £150,000.

The Governing Body is in the process of ensuring these reserves are met whilst still maintaining the fabric and operations of the school.

Investments policy

The school does not anticipate holding large cash balances that would be appropriate for investment. An investment policy will be drafted in the future and will reflect the school's financial position at the time.

Governors' Report (continued)

For the year ended 31 August 2015

Plans for future periods

Future developments

During the coming year the school plans to:

- Increase our student body to above 475 students. The ultimate aim is to hit our capacity of 500 students by the start of the next academic year.
- Continue our work to improve the experience and outcomes for all students, with a particular focus on GCSE outcomes next summer, and also ensuring that as far as possible, every single student becomes confident and skilled in their reading, spelling and writing.
- Build a sports hall and multi- activity studio on the roof with funding received from the EPA – anticipated completion date is summer 2016.

Other key objectives include:

- Achieving an OFSTED grade of at least “good with outstanding features”
- Narrowing the gap between students in receipt of Pupil Premium funding, and between boys and girls
- Improving the quality of the School site & building, to improve the student experience.

Equal opportunities policy

The governors recognise that equal opportunities should be an integral part of good practice within the workplace. The School aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled persons

The policy of the School is to support recruitment and retention of students and employees with disabilities. The School does this by adapting the physical environment, by making support resources available and through training and career development.

Governors' Report (continued)

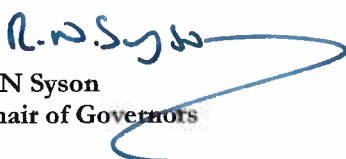
For the year ended 31 August 2015

Disclosure of information to auditor

Each of the persons who are Governors at the time when this Governors' report is approved has confirmed that, insofar as the trustees are aware:

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

This report, incorporating the Strategic report, was approved by order of the board of trustees, as the company directors, on 2 December 2015 and signed on the board's behalf by:


R N Syson
Chair of Governors

Governance Statement

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the 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 and Kempston Free School Limited and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Trustees' responsibilities statement. The board of trustees has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Governor	Meetings attended	Out of a possible
M Barnes	0	0
L J Godden *	2	4
D A Hill, Vice Chair of Governors Chair Teaching and Learning Committee	3	4
R N Syson *, Chair of Governors	4	4
M G Lehain (MA Cantab) *	4	4
J Singh	3	4
C Coulter	0	4
A Green *, Chair of Staffing and Resources Committee	2	4
J Morey	3	4
A J Briscoe, Chair of Inclusion Committee	3	4
E Arden	1	4
G Davies	0	0
A Sinkinson	0	0

Staffing and Resources committee

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
M G Lehain	3	3
N Syson	3	3
L Godden	2	3
A Green	2	3

Review of Value for Money

As accounting officer, the Principal has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and

Governance Statement (continued)

wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available.

Bedford and Kempston Free School Limited is committed to achieving Best Value in all decisions made. We use the principles of Best Value as they apply to securing continuous improvement in this school and will:

- Regularly review the functions of the school, challenging how and why services are provided and setting targets and performance indicators for improvement;
- Consult appropriate stakeholders before major decisions are made; and
- Promote fair competition through quotations and tenders to ensure that goods and services are secured in the most economic, efficient and effective way;
- Ensuring that all Action Plans are budgeted
- Ensure Best Value principles are applied to all quotations and tenders;
- Ensure Governors are fully involved and kept informed of the school's financial position through the Principal and Business Manager's Reports at Governors' meetings.
- Ensure Best Value Principles are applied to the purchase of resources and this process is monitored for effectiveness through both internal and external audit processes.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of school 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 and Kempston Free School Limited for the year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the school is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the school's significant risks, that has been in place for the year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

The school's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Staffing 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.