

## **ARK Academies**

### **Consolidated report and financial statements**

31 August 2009

Company limited by guarantee  
registration number 5112090 (England  
and Wales)

Charity registration number 1111608

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The following pages do not form part of the statutory financial statements:

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## Reference and administrative information

<b>Directors</b>	Paul Dunning Stanley Fink Paul Marshall Ron Beller Paul Bernstein Anthony Williams
<b>Secretary</b>	Simon Pink
<b>Senior Management</b>	Lucy Heller (Managing Director)
<b>Registered office</b>	15 Adam Street London WC2N 6AH
<b>Company registration number</b>	5112090 (England and Wales)
<b>Charity registration number</b>	1111608
<b>Auditors</b>	Buzzacott LLP 12 New Fetter Lane London EC4A 1AG
<b>Bankers</b>	HSBC Private Bank (UK) Ltd 78 St James's Street London SW1A 1JB  Barclays Bank plc 1 Churchill Place London E14 5HP
<b>Solicitors</b>	Lewis Silkin 12 Gough Square London EC4A 3DW

## **REPORT OF THE DIRECTORS**

The directors of ARK Academies present their report and the audited financial statements of ARK Academies (the company) for the year to 31 August 2009 and its subsidiary company ARK Academies Projects Limited, together 'the group'.

The report has been prepared in accordance with Part VI of the Charities Act 1993 and it is also the report of the directors for the purposes of the Companies Act 2006.

The financial statements have been prepared in accordance with the accounting policies set out on pages 15 to 17 and comply with the company's memorandum and articles of association, applicable laws and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 ('SORP 2005').

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Constitution and principal activities**

ARK Academies is a company limited by guarantee and a registered charity. The company's memorandum and articles of association are its primary governing documents.

The principal activity of the company is to provide excellent inner city schools through the Academies programme.

### **Members**

The members of the company are the principal sponsor, Absolute Return for Kids (ARK), and an individual nominated by the Secretary of State for Children, Schools and Families.

Each member of the company is liable to contribute a maximum of £10 to the company's assets if it should be wound up while he or she is a member or within one year after he or she ceases to be a member, for payment of the company's debts and liabilities arising before he or she ceases to be a member.

### **Directors and trustees**

The articles of association require the appointment of at least three directors. The directors of the company are also trustees of the charity. The directors delegate a number of functions to the local governing body ("LGB") of each academy.

The majority of directors are normally appointed by Absolute Return for Kids (ARK). In addition, the LGB chairs are represented on the board.

The term of office for ARK-appointed directors is four years. A director may be re-appointed or re-elected for two further consecutive periods of office.

## Directors' report Year to 31 August 2009

The following directors were in office at 31 August 2009 and served throughout the year

<b>Director</b>	<b>Appointed/Resigned</b>
Paul Dunning	
Stanley Fink	
Paul Marshall	
Ron Beller	
Paul Bernstein	
Anthony Williams	

During the year under review the Directors held seven meetings.

### **Subsidiary company**

ARK Academies Projects Limited was incorporated in 2002 as ARK Trading Ltd, a trading subsidiary of ARK. In July 2007, it became a wholly-owned trading subsidiary of ARK Academies and its name was changed to ARK Academies Projects Ltd.

### **Management**

The Directors delegate the day to day responsibility of the running of the company to its managing director, Lucy Heller.

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Directors' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the incoming resources and application of resources, including the income and expenditure, of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Each of the directors confirm that

- ◆ so far as they are aware, there is no relevant audit information of which the company's auditors are unaware; and
- ◆ they have taken all the steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the charity and financial information included on the company's website. Legislation in the United Kingdom governing preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### **Risk management**

The directors are responsible for identifying risks faced by the company, establishing procedures to mitigate these risks, and ensuring that employees are aware of these procedures and of the implications of failing to implement them. They are satisfied that these procedures are consistent with guidelines issued by the Charity Commission.

#### **Statement on the system of internal finance control**

As directors, we acknowledge that we have overall responsibility for ensuring that each of our academies has an effective and appropriate system of control, financial and otherwise. We are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of individual academies and enable us to ensure the financial statements comply with the Companies Act. We also acknowledge responsibility for safeguarding the assets of each academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:-

- Each academy is operating efficiently and effectively;
- Its assets are safeguarded against unauthorised use or disposition;
- The proper records are maintained and financial information used within each academy or for publication is reliable;
- Each academy complies with relevant laws and regulations.

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body;

## Directors' report Year to 31 August 2009

- regular reviews by the Finance, Staffing and Premises committee (or Governing Body where not in operation yet) 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.

In addition, the governors have considered the guidance for directors of public listed companies contained within the Turnbull Report. They believe that although it is not mandatory for ARK Academies it should, as a publicly funded body, adopt these guidelines as best practice. Accordingly they have:

- set policies on internal controls which cover the following:
  - the type of risks ARK Academies faces;
  - the level of risks which they regard as acceptable;
  - the likelihood of the risks materialising;
  - the organisation's ability to reduce the incidence and impact on each academy's operations of risks that do materialise;
  - the costs of operating particular controls relative to the benefits obtained;
- clarified the responsibility of the Management Team to implement ARK Academies' policies and to identify and evaluate risks for the directors' and governors' consideration;
- explained to employees that they have responsibility for internal control as part of their accountability for achieving objectives;
- embedded the control system in each academy's operations so that it becomes part of the culture of the academy;
- developed systems to respond quickly to evolving risks arising from factors within each academy and to changes in the external environment; and
- included procedures for reporting failings immediately to appropriate levels of management and the governors together with details of corrective action being undertaken.

The directors have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the governors have appointed a Responsible Officer (RO) for each of their academies. The RO is a senior member of the central ARK Academies Finance Team, as agreed with the DCSF. The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a termly basis, the RO reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

These arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

#### **OBJECTIVES AND PRINCIPAL ACTIVITIES**

ARK Academies was set up to develop a network of academies providing high quality education in disadvantaged areas. Its aim is to help all the students it serves to achieve at a level which enables them to progress into higher education or to pursue the career of their choice.

#### **Public benefit**

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

#### **ACHIEVEMENTS AND PERFORMANCE**

Burlington Danes Academy opened in September 2006 in Shepherds Bush, West London and is educating some 800 11-16 year old students, with a sixth form due to open in September 2009.

Walworth Academy opened in Southwark in September 2007 with a pupil roll of 1,000. At the same time King Solomon Academy opened in Westminster with an initial intake of 40 reception pupils. The secondary school element of King Solomon Academy will open in September 2009.

In September 2008 ARK Academies opened three new academies in Brixton, Wembley and Elephant and Castle. Globe Academy is an all through academy for 3-18 year olds replacing the previous primary and secondary school on the site. Evelyn Grace Academy is a new secondary academy - the first in Brixton - which admitted its first 180 Year 7 pupils in September. Ark Academy in Wembley will be an all through academy for 3-18 year olds. It opened its primary school in September 2008 with its first 60 reception pupils. Between them the three schools will provide places for some 4,600 pupils when fully subscribed.

#### **PLANS FOR FUTURE PERIODS**

ARK Academies aims to have twelve Academies open by 2012, educating 10,000 pupils.

September 2009 saw two further ARK Academies opening.



St Alban's Academy opened in place of St Alban's CE Specialist Engineering College in Highgate, Birmingham. St Alban's Academy will be a four-form entry secondary school plus a sixth form with 200 places. It has mathematics and engineering as specialist subject areas.

Charter Academy replaced St Luke's CE School, in Portsmouth. The academy will grow into a four-form entry secondary school plus a sixth form with approximately 200 places. It has mathematics as a specialist subject area and music/performing arts.

The only other formal project at the moment is for a brand new academy in the London Borough of Redbridge. This will be called the Isaac Newton Academy and is scheduled to open in 2012.

## **FINANCIAL REVIEW**

### **Financial report for the year**

Due to the dictates of charity accounting, expenditure on fixed assets does not feature in the Statement of Financial Activities (SOFA), except to the extent of the depreciation charge (which is not levied on the buildings until complete). This results in a seeming 'profit' of £46.9m before actuarial movement on pensions. This is misleading if taken to represent the underlying financial position of ARK Academies. The vast majority of the funds represented by this surplus have already been expended on the capital programme and therefore the more realistic surplus in year is the £4m as detailed below. The majority of these funds are also budgeted to be spent in future periods.

Most of the company's income comes from the Department for Children, Schools and Families (DCSF) in the form of recurrent grants for particular purposes. These grants and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The company also receives grants for fixed assets from the DCSF. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), these grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2009, total expenditure of £34m was more than covered by grant funding from the DCSF and other income. The excess of income over expenditure for the year (excluding restricted fixed asset funds and before transfers and the pension scheme actuarial movement) was £4m.

At 31 August 2009 the net book value of fixed assets was £60.7m. £60.3m of this total relates to construction work on four academies, all (bar one building at Burlington Danes) of which were incomplete at the year end, but will come into use over the coming two years.

## **Directors' report** Year to 31 August 2009

### **Reserves policy**

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects, and the nature of reserves. This applies particularly to the funds earmarked for future capital projects. The level of reserves will be kept under review by the directors.

### **Financial position**

ARK Academies held fund balances at 31 August 2009 of £68.7m, comprising £67.4m of restricted funds and £1.3m of unrestricted general funds. The restricted funds include a pension reserve deficit of £2.0m.

Approved by the directors and signed on their behalf by:

Paul Dunning

Director

Approved by the directors on:

## Independent Auditors' Report

### **Report of the independent auditors to the members of ARK Academies**

We have audited the financial statements of the company and Group for the year ended 31 August 2009, which comprise the Consolidated Statement of Financial Activities, the Consolidated Income and Expenditure Account, the Consolidated Statement of Total Recognised Gains and Losses, the company and Group Balance Sheets, the Consolidated Cash Flow Statement, and the related notes. These financial statements have been prepared under accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 495 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' (who act as trustees for the charitable activities of ARK Academies) responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you in our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006. We also report to you whether, in our opinion, the information given in the directors' Report is consistent with those financial statements.

In addition we report to you if, in our opinion, the company has not kept adequate accounting records, if the company's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of directors' remuneration specified by law are not made.

We read other information contained in the directors' Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

## Independent Auditors' Report

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion:

- ◆ the financial statements give a true and fair view of the state of the company's and Group's affairs as at 31 August 2009 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- ◆ the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ the financial statements have been prepared in accordance with the Companies Act 2006;
- ◆ the financial statements have been prepared in accordance with the Financial Reporting and Annual Accounts Requirements issued by the Department for Children, Schools and Families in respect of the relevant financial year;
- ◆ proper accounting records have been kept by the company throughout the financial year;
- ◆ grants made by the Department for Children, Schools and Families have been applied for the purposes intended; and
- ◆ the information given in the directors' Report is consistent with the financial statements.

Avnish Savjani, Senior Statutory Auditor  
for and on behalf of Buzzacott LLP, Statutory Auditor  
12 New Fetter Lane  
London EC4A 1AG

## Consolidated statement of financial activities Year to 31 August 2009

	Notes	General fund £'000	Restricted funds			2009	2008
			DCSF £'000	Other £'000	Fixed assets £'000	Total Funds £'000	Total Funds £'000
<b>Incoming resources</b>							
Income from generated funds							
. Voluntary income	2	2,639	0	157	0	2,796	1,588
. Activities for generating funds	3	67	0	0	0	67	98
. Interest receivable		89	0	0	0	89	170
Income from activities							
. Funding for ARK Academies educational operations	4	0	30,732	1,160	43,735	75,627	36,007
. Project management grants	5	0	672	0	0	672	1,065
Other incoming resources		1,779	0	0	0	1,779	332
<b>Total incoming resources</b>		<b>4,574</b>	<b>31,404</b>	<b>1,317</b>	<b>43,735</b>	<b>81,030</b>	<b>39,260</b>
<b>Resources expended</b>							
Charitable activities							
. ARK Academies' educational operations	6	3,232	26,605	762	417	31,016	16,715
. Development costs	7	885	2,004	0	0	2,889	2,994
Governance costs	8	174	21	0	0	195	185
<b>Total resources expended</b>		<b>4,291</b>	<b>28,630</b>	<b>762</b>	<b>417</b>	<b>34,100</b>	<b>19,894</b>
<b>Net incoming resources before other recognised gains and losses</b>		<b>283</b>	<b>2,774</b>	<b>555</b>	<b>43,318</b>	<b>46,930</b>	<b>19,366</b>
<b>Other recognised gains and losses</b>							
Brought forward defined benefit pension scheme liability	16	0	82	0	0	82	-130
Actuarial gains on defined benefit pension schemes	16	0	-1,566	0	0	-1,566	-114
<b>Net movement in funds</b>		<b>283</b>	<b>1,290</b>	<b>555</b>	<b>43,318</b>	<b>45,446</b>	<b>19,122</b>
<b>Fund balances brought forward at 1 September 2008</b>		<b>1,012</b>	<b>1,759</b>	<b>52</b>	<b>20,396</b>	<b>23,219</b>	<b>4,097</b>
<b>Fund balances carried forward at 31 August 2009</b>		<b>1,295</b>	<b>3,049</b>	<b>607</b>	<b>63,714</b>	<b>68,665</b>	<b>23,219</b>

All of the company's activities derived from continuing operations. There is no difference between the net movement in funds stated above and the historical cost equivalent.

## Consolidated income and expenditure account Year to 31 August 2009

	Notes	2009 £'000	2008 £'000
<b>Income</b>			
General Annual Grant (GAG)	1	23,043	12,547
Other DCSF revenue grants	4	7,689	4,004
DCSF capital grants	4	40,735	18,274
ARK capital grants	4	3,000	0
DCSF project management grants	5	672	1,065
Other grants	4	1,160	1,182
Private sponsorship and donations	2	2,796	1,588
Interest receivable		89	170
Other income		1,846	430
<b>Total income</b>		<b>81,030</b>	<b>39,260</b>
<b>Expenditure</b>			
General Annual Grant (GAG) related expenditure	1	22,945	12,661
Other grant expenditure		10,738	6,996
Depreciation	10	417	237
<b>Total expenditure</b>		<b>34,100</b>	<b>19,894</b>
<b>Excess of income over expenditure</b>		<b>46,930</b>	<b>19,366</b>

Other DCSF revenue grant income includes £2,087,000 of start-up grants allocated to future periods.

## Consolidated statement of total recognised gains and losses Year to 31 August 2009

	Notes	2009 £'000	2,008 £'000
Excess of income over expenditure		46,930	19,366
Actuarial gains (losses) on defined benefit pension schemes	16	-1,566	-114
<b>Total recognised gains and losses for the year</b>		<b>45,364</b>	<b>19,252</b>
Pension scheme asset brought forward at 1 September 2008	16	82	-130
<b>Total recognised gains and losses since last report</b>		<b>45,446</b>	<b>19,122</b>
<b>Net movement to (from) funds</b>			
Restricted funds		45,163	18,843
Unrestricted general fund		283	279
		<b>45,446</b>	<b>19,122</b>

The income and expenditure account and statement of total recognised gains and losses are derived from the statement of financial activities on page 11 which, together with notes to the financial statements on pages 18 to 30, provides full information on the net movements during the year on all funds of the company.

All of the company's activities derived from continuing operations during the above two financial periods.

## Balance Sheet August 2009

	Notes	2009		2008	
		Group	Academies	Group	Academies
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	10	60,739	60,739	17,100	17,100
Investments	11	0	0	0	0
		<u>60,739</u>	<u>60,739</u>	<u>17,100</u>	<u>17,100</u>
<b>Current assets</b>					
Debtors	12	18,600	18,435	19,481	19,722
Cash at bank and in hand		11,206	10,330	5,229	4,225
		<u>29,806</u>	<u>28,765</u>	<u>24,710</u>	<u>23,947</u>
<b>Creditors:</b> amounts falling due within one year	13	-19,883	-18,842	-18,110	-17,347
<b>Net current assets</b>		<u>9,923</u>	<u>9,923</u>	<u>6,600</u>	<u>6,600</u>
<b>Net assets excluding pension liability</b>		<u>70,662</u>	<u>70,662</u>	<u>23,700</u>	<u>23,700</u>
Pension scheme liability	16	-1,997	-1,997	-481	-481
<b>Net assets including pension liability</b>		<u>68,665</u>	<u>68,665</u>	<u>23,219</u>	<u>23,219</u>
<b>Represented by:</b>					
<b>Funds and reserves</b>					
<b>Income funds:</b>					
Restricted funds	14				
. Fixed assets		63,714	63,714	20,396	20,396
. DCSF revenue funding		5,046	5,046	2,240	2,240
. Pension reserve		-1,997	-1,997	-481	-481
. Other restricted funds		607	607	52	52
		<u>67,370</u>	<u>67,370</u>	<u>22,207</u>	<u>22,207</u>
Unrestricted funds					
. General fund		1,295	1,295	1,012	1,012
		<u>68,665</u>	<u>68,665</u>	<u>23,219</u>	<u>23,219</u>

Approved by the directors and signed on their behalf by:

Director

Approved on:

## Consolidated cash flow statement 31 August 2009

	Notes	2009 £000	2008 £000
<b>Net cash inflow from operating activities</b>	(a)	<b>49,944</b>	19,948
<b>Returns on investments and servicing of finance</b>			
Interest received		89	170
<b>Capital expenditure and financial investment</b>			
Purchase of fixed assets	10	(44,056)	(16,247)
<b>Increase in cash</b>		<b><u>5,977</u></b>	<b><u>3,871</u></b>

### a) Reconciliation of net incoming resources to net cash inflow from operating activities.

	2009 £000	2008 £000
Net incoming resources	46,930	19,366
Pension costs less contributions payable	(1,484)	44
Depreciation	417	237
Interest received	(88)	(170)
(Increase)/Decrease in debtors	881	(10,489)
Increase/(Decrease) in creditors	3,288	10,960
Net cash inflow from operating activities	<b><u>49,944</u></b>	<b><u>19,948</u></b>

### b) Analysis of changes in net debt

#### Company

	At 1 September 2008 £'000	Cash flows £'000	At 31 August 2009 £'000
Cash at bank and in hand	4,225	6,105	10,330

#### Group

	At 1 September 2008 £'000	Cash flows £'000	At 31 August 2009 £'000
Cash at bank and in hand	5,229	5,977	11,206



## Accounting Policies

### Format of financial statements

The standard format for the financial statements as required by the Part 15 Chapter 4 of the Companies Act 2006 has been adapted to provide more appropriate information which complies with the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in March 2005 ('Charities SORP 2005') and reflects the activities of the company.

### Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the requirements of the Companies Act 2006. Applicable accounting standards and the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) have been followed in these financial statements.

### Basis of consolidation

The consolidated statement of financial activities and group balance sheet consolidate the financial statements of the company and those of its subsidiary made up at the balance sheet date.

No separate statement of financial activities has been presented for ARK Academies alone, as permitted by section 408 of the Companies Act 2006 and paragraph 397 of SORP 2005.

### Incoming resources

#### *Grants receivable*

Grants are included in the statement of financial activities on an accruals basis. The balance of income received for specific purposes but not matched to relevant expenditure during the year is shown in the restricted income fund on the balance sheet. For grants provided to fund fixed assets, this includes the net book value of assets acquired.

#### *Sponsorship*

Sponsorship provided to the company is recognised in the statement of financial activities in the period in which it is receivable.

#### *Interest receivable*

Interest receivable is included within the statement of financial activities on an accruals basis.

### Resources expended and the basis of apportioning costs

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

#### *Allocation of costs*

In accordance with the Charities SORP, expenditure has been analysed between the company's activities and governance. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned.

#### *Governance costs*

Governance costs include the costs attributable to the company's compliance with constitutional and statutory requirements, including audit, strategic management and directors' meetings and reimbursed expenses.

## Accounting Policies

### Tangible fixed assets

All assets costing more than £2,000 (2007/08 £500) and with an expected useful life exceeding one year are capitalised.

Depreciation is charged on a straight line basis beginning in the year in which the asset is brought into use at the following annual rates:

- ◆ Furniture and fittings                      25% p.a.
- ◆ Computer equipment                        50% p.a.
- ◆ Motor vehicles                                25% p.a.
- ◆ Buildings                                        2% p.a.

Where fixed assets have been acquired with the aid of specific grants, they are included in the balance sheet at cost and are 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). The depreciation on such assets is charged in the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

The change in capitalisation threshold has resulted in a small amount of accelerated depreciation on those assets that were capitalised in previous years and no longer meet the revised criteria. Since the majority of these assets were IT equipment depreciated over two years the increased charge to the SOFA was negligible.

### Investments

The company's share holding in its wholly owned subsidiary is included in the company's balance sheet at the cost of the share capital owned. There is no readily available market value and the cost of valuation exceeds the benefit derived.

### Fund accounting

The unrestricted general fund represents monies which may be applied for any purpose within the company's objects.

Restricted funds are grants from the DCSF and other donors which are to be used for specific purposes.

### Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

### Taxation

ARK Academies is a registered charity and accordingly is exempt from taxation on its activities which fall within the scope of section 505(1) of the Taxes Act 1988 and section 256 of the Taxation of Chargeable Gains Act 1992. The cost of irrecoverable VAT incurred has been included in the statement of financial activities

## Accounting Policies

### Pensions

Some company staff are members of one of two multi-employer defined benefit pension schemes. More details of the schemes are given in note 16.

#### Defined Benefit Schemes

##### *Teachers' Pension Scheme*

Full-time and part-time teaching staff employed under a contract of service are eligible to contribute to the Teachers' Pension Scheme (TPS). The TPS, a statutory, contributory, final salary scheme is administered by Capita Teachers' Pensions on behalf of the Department for Children, Schools and Families. As the company is unable to identify its share of the underlying (notional) assets and liabilities of the scheme, the company has taken advantage of the exemption in Financial Reporting Standard (FRS) 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The pension costs for the scheme represent the contributions payable by the company in the year.

##### *Local Government Pension Scheme*

Non teaching members of staff at individual ARK academies are offered membership of the Local Government Pension Scheme (LGPS), which is managed by the relevant local authority. The LGPS is a defined benefit pension scheme and is able to identify the company's share of assets and liabilities and requirements of the FRS 17, Retirement Benefits, have been followed.

The company's share of the LGPS assets are measured at fair value at each balance sheet date. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset or liability on the balance sheet. Any movement in the asset or liability between balance sheet dates is reflected in the statement of financial activities.

**1 General Annual Grant (GAG)**

	Burlington Danes Academy £'000	Walworth Academy £'000	King Solomon Academy £'000	Globe Academy £'000	Evelyn Grace Academy £'000	Ark Academy £'000	Total 2009 £'000	Total 2008 £'000
<b>Results and carry forward for the year</b>								
GAG brought forward from previous year	0	0	0	0	0	0	0	112
GAG allocation for current year								
. School budget share	4,380	5,502	465	5,128	1,121	602	17,198	9,329
. Local authority hold back	658	658	85	665	96	17	2,179	1,114
. School standards grant	236	335	90	408	244	69	1,382	775
. Specialist school grant	110	121	0	85	23	0	339	241
. Insurance	158	119	87	63	16	6	449	289
. VAT Grant	251	268	49	318	124	63	1,073	510
. Teachers' threshold	0	151	0	157	0	8	316	126
. School meals grant	13	18	2	16	3	1	53	23
. Other GAG	17	20	2	10	4	1	54	140
	5,823	7,192	780	6,850	1,631	767	23,043	12,547
Total GAG available to spend	5,823	7,192	780	6,850	1,631	767	23,043	12,661
Recurrent expenditure from GAG	-5,823	-7,192	-780	-6,850	-1,631	-669	-22,945	-12,661
Fixed assets purchased from GAG	0	0	0	0	0	-9	-9	0
<b>GAG carried forward to next year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>89</b>	<b>89</b>	<b>0</b>
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	-699	-863	-94	-822	-196	-92		-1,519
<b>GAG to surrender to DCSF</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Notes to the financial statements 31 August 2009

### 2 Voluntary income

	Unrestricted funds £'000	Restricted funds £'000	2009 Total funds £'000	2008 Total funds £'000
Sponsorship of core costs by ARK	2,639	0	2,639	1,588
Donations	0	157	157	0
	<b>2,639</b>	<b>157</b>	<b>2,796</b>	<b>1,588</b>

### 3 Activities for generating funds

	Unrestricted funds £'000	Restricted funds £'000	2009 Total funds £'000	2008 Total funds £'000
Lettings income	67	0	67	98

### 4 Funding for ARK Academies' educational operations

	Unrestricted funds £'000	Restricted funds £'000	2009 Total funds £'000	2008 Total funds £'000
DCSF capital grant				
. Devolved Formula Capital allocations	0	585	585	231
. Academy main building grants	0	40,150	40,150	18,043
ARK main building grant	0	3,000	3,000	0
	<b>0</b>	<b>43,735</b>	<b>43,735</b>	<b>18,274</b>
DCSF revenue grants				
. General Annual Grant (GAG)	0	23,043	23,043	12,547
. Start Up A	0	2,432	2,432	1,265
. Start Up B	0	3,210	3,210	707
. DCSF Lead in and implementation income	0	707	707	1,507
. Other DCSF grants	0	0	0	86
. School Standards fund (DCSF)	0	1,340	1,340	439
	<b>0</b>	<b>30,732</b>	<b>30,732</b>	<b>16,551</b>
Other grants				
. School Standards fund (Local Authorities)	0	550	550	942
. Extended Schools Programme	0	550	550	135
. Institute of Engineering	0	60	60	84
. Computers for Schools	0	0	0	21
	<b>0</b>	<b>1,160</b>	<b>1,160</b>	<b>1,182</b>
	<b>0</b>	<b>75,627</b>	<b>75,627</b>	<b>36,007</b>

## Notes to the financial statements 31 August 2009

### 5 Project management grants

	Unrestricted funds £'000	Restricted funds £'000	2009 Total funds £'000	2008 Total funds £'000
Academies programme	0	672	672	1,065
	<u>0</u>	<u>672</u>	<u>672</u>	<u>1,065</u>

### 6 ARK Academies educational operations

	Unrestricted funds £'000	Restricted funds £'000	2009 Total funds £'000	2008 Total funds £'000
<b>Direct costs</b>				
Staff costs	99	14,724	14,823	8,107
Educational supplies	83	1,003	1,086	430
Depreciation	0	417	417	237
Exam fees	0	194	194	137
Transport	0	182	182	51
Other pupil support costs	0	389	389	71
	<u>182</u>	<u>16,909</u>	<u>17,091</u>	<u>9,033</u>
Extended schools programme	0	769	769	301
	<u>0</u>	<u>769</u>	<u>769</u>	<u>301</u>
<b>Educational support costs</b>				
Staff costs	351	7,215	7,566	4,143
Recruitment and other staff costs	329	354	683	762
Catering contract	0	808	808	370
Printing and stationery	32	110	142	47
Office overheads	19	148	167	131
Heat and light	0	418	418	192
Premises (including buildings insurance)	1,847	462	2,309	1,324
Technology costs	442	460	902	355
Other insurance costs	15	77	92	23
Finance costs	6	34	40	20
Miscellaneous expenses	9	20	29	14
	<u>3,050</u>	<u>10,106</u>	<u>13,156</u>	<u>7,381</u>
	<u>3,232</u>	<u>27,784</u>	<u>31,016</u>	<u>16,715</u>

## Notes to the financial statements 31 August 2009

### 7 Development costs

	Unrestricted funds £'000	Restricted funds £'000	2009 Total funds £'000	2008 Total funds £'000
Staff costs	0	744	744	1,223
Project implementation	0	214	214	240
Education consultants	74	629	703	194
Set up and launch costs	608	0	608	1,058
Staff training and induction	101	187	288	174
Building costs	14	112	126	46
Research and marketing	88	102	190	57
Miscellaneous expenses	0	16	16	2
	<b>885</b>	<b>2,004</b>	<b>2,889</b>	<b>2,994</b>

### 8 Governance costs

	Unrestricted funds £'000	Restricted funds £'000	2009 Total funds £'000	2008 Total funds £'000
Legal and other professional fees	114	18	132	69
Audit and accountancy	50	3	53	30
Governor training	1	0	1	0
Miscellaneous expenses	9	0	9	86
	<b>174</b>	<b>21</b>	<b>195</b>	<b>185</b>

### 9 Staff costs

Staff costs during the period were as follows:

	Unrestricted funds £'000	Restricted funds £'000	2009 Total funds £'000	2008 Total funds £'000
Wages and salaries	223	18,513	18,736	10,940
Social security costs	225	1,363	1,588	860
Pension contributions	2	1,846	1,848	1,019
	<b>450</b>	<b>21,722</b>	<b>22,172</b>	<b>12,819</b>
Supply staff costs	0	961	961	655
	<b>450</b>	<b>22,683</b>	<b>23,133</b>	<b>13,474</b>

**Notes to the financial statements** 31 August 2009

**9 Staff costs** (continued)

The number of full time equivalent employees during the period who earned over £60,000 in the year (including benefits) was as follows:

	<b>2009</b>	2008
£60,000 - £70,000	<b>22</b>	14
£70,001 - £80,000	<b>7</b>	5
£80,001 - £90,000	<b>5</b>	1
£90,001-£100,000	<b>2</b>	4
£100,001 - £110,000	<b>1</b>	4
£110,001 - £120,000	<b>2</b>	1
£120,001 - £130,000	<b>2</b>	0
£130,001- £140,000	<b>2</b>	0
£140,001 - £150,000	<b>0</b>	1
£240,001 - £250,000	<b>0</b>	1
	<b>43</b>	31

The average number of persons employed by the company during the year ended 31 August 2009 was as follows:

	<b>2009</b>	2008
<b>Activities</b>		
Teachers	<b>258</b>	146
Education and other support staff	<b>208</b>	92
Projects and management	<b>39</b>	30
	<b>505</b>	268



## Notes to the financial statements 31 August 2009

### 10 Tangible fixed assets

#### Group and Company

	Assets under construction	Land and buildings	Furniture, fittings & equipment	Motor Vehicles	Computer equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 1 September 2008	16,716	165	215	0	334	17,430
Additions	43,570	169	175	89	53	44,056
Transfers	-6,950	6,950	0	0	0	0
At 31 August 2009	<u>53,336</u>	<u>7,284</u>	<u>390</u>	<u>89</u>	<u>387</u>	<u>61,486</u>
<b>Depreciation</b>						
At 1 September 2008	0	3	74	0	253	330
Charge for year	0	175	105	22	115	417
At 31 August 2009	<u>0</u>	<u>178</u>	<u>179</u>	<u>22</u>	<u>368</u>	<u>747</u>
<b>Net book values</b>						
At 31 August 2009	53,336	7,106	211	67	19	60,739
At 31 August 2008	16,716	162	141	0	81	17,100
			<b>Total</b>			
			<b>£'000</b>			
DCSF			56,873			
Private sponsorship			4,613			
Costs of fixed assets at 31 August 2009			<u>61,486</u>			
Less: Accumulated depreciation			<u>-747</u>			
Net book value at fixed assets at 31 August 2009			<u>60,739</u>			
Tangible fixed assets have been funded from the following sources:			<b>Total</b>			
			<b>£'000</b>			
DCSF			56,224			
Private sponsorship			4,515			
			<u>60,739</u>			

The land on which the individual academies are sited is leased at peppercorn rents. No value has been placed on this land in the financial statements due to the restrictive covenants in the leases.

Construction of the various new academy buildings has been contracted to ARK Academies Projects Limited, a wholly owned subsidiary of ARK Academies. These projects will reach completion within the next two years.

## Notes to the financial statements 31 August 2009

### 11 Investments

The issued share capital of ARK Academies Projects Limited was transferred to the company on 3 July 2007 and ARK Academies Projects Limited began trading on that date.

The following is a summary of the financial statements of ARK Academies Projects Limited for the year ending 31 August 2009, which have been included in the consolidated financial statements.

	2009 £'000	2008 £'000
Turnover	44,058	932
Cost of sales	-43,187	-923
Gross profit	<u>871</u>	<u>9</u>
Administrative expenses	-3	0
Retained profit before charitable donation under Gift Aid at 31 August 2009	<u>868</u>	<u>9</u>
Charitable donation under Gift Aid	-868	-9
Retained profit after charitable donation after Gift Aid at 31 August 2009	<u>0</u>	<u>0</u>
Called up share capital	<u>0</u>	<u>0</u>
Net assets at 31 August 2009	<u>0</u>	<u>0</u>

The £1 issued share capital equalled the net assets of the company at 31 August 2009.

### 12 Debtors

	Group 2009 £'000	Academies 2009 £'000	Group 2008 £'000	Academies 2008 £'000
Trade debtors	1,878	1,878	511	511
Amounts due from DCSF	1,562	1,562	4,905	4,905
Amounts due from ARK	12,828	12,828	12,503	12,503
Other debtors	158	158	129	378
Prepayments and accrued income	226	226	248	248
Amounts owed by subsidiary	0	1,119	0	617
VAT recoverable	1,948	664	1,185	560
	<u>18,600</u>	<u>18,435</u>	<u>19,481</u>	<u>19,722</u>

## Notes to the financial statements 31 August 2009

### 13 Creditors: amounts falling due within one year

	Group 2009 £'000	Academies 2009 £'000	Group 2008 £'000	Academies 2008 £'000
Trade creditors	6,420	937	2,337	688
Taxation and social security	601	561	393	393
Accruals	1,522	1,522	3,041	3,927
Deferred income	11,064	11,064	12,029	12,029
Other creditors	197	197	310	310
Amounts owed to subsidiary	0	4,482	0	0
Amounts owed to ARK	79	79	0	0
	<b>19,883</b>	<b>18,842</b>	<b>18,110</b>	<b>17,347</b>

Of the deferred income total, £8.5m relates to sponsor contributions to the development of Evelyn Grace and Globe Academies and for the establishment of an endowment fund for Walworth and Ark Academies plus further future academies as yet to be finalised.

### 14 Restricted funds

The income funds of the company include restricted funds comprising the following unexpended balances of grants for specific purposes:

	At 1 September 2008 £'000	Incoming resources £'000	Outgoing resources, transfers & other gains & losses £'000	At 31 August 2009 £'000
Group and Company	£'000	£'000	£'000	£'000
<b>DCSF revenue grant fund</b>				
. General Annual Grant (GAG)	0	23,043	-22,945	98
. Start Up A	1,642	2,432	-1,203	2,871
. Start Up B	508	3,210	-2,453	1,265
. Other DCSF	90	2,047	-1,325	812
. DCSF project management grants	0	672	-672	0
	2,240	31,404	-28,598	5,046
Pension reserve	-481	0	-1,516	-1,997
	1,759	31,404	-30,114	3,049
<b>Other</b>				
Local Authority Grants	0	551	-541	10
Computers for schools	0	0	0	0
Engineering	0	60	-60	0
Extended schools programme	52	550	-161	441
Other donations	0	156	0	156
	52	1,317	-762	607
<b>Fixed asset fund</b>				
. DCSF Fixed Assets Fund	16,600	40,056	-432	56,224
. ARK Sponsorship Fixed Assets Fund	500	0	4,015	4,515
. DCSF Capital Grant Fund	2,296	679	0	2,975
. ARK Sponsorship Fund	1,000	3,000	-4,000	0
	20,396	43,735	-417	63,714
<b>Total restricted funds</b>	<b>22,207</b>	<b>76,456</b>	<b>-31,293</b>	<b>67,370</b>

## Notes to the financial statements 31 August 2009

### 14 Restricted funds (continued)

Transfers between funds relate to the purchase of fixed assets from revenue grants and donations. The purposes for which the funds are to be applied are as follows:

#### *DCSF revenue grant fund and other restricted funds*

These grants relate to the company's development and operational activities.

#### *Fixed asset fund*

These grants relate to funding received from DCSF and sponsorship from Absolute Return for Kids (ARK) to carry out capital works.

#### *Pension Reserve*

The pension reserve relates to the five open academies share of the deficit of the Local Government Pension Schemes overseen by their respective Local Authorities.

### 15 Analysis of net assets between funds

Group	Restricted funds					Total 2009 £'000
	General fund £'000	DCSF £'000	Other £'000	Fixed asset fund		
				Public funds £'000	Private funds £'000	
<b>Fund balances at</b>						
<b>31 August 2009 are represented by</b>						
Tangible fixed assets	0	0	0	56,224	4,515	<b>60,739</b>
Current assets	1,295	16,429	607	2,975	8,500	<b>29,806</b>
Creditors: amounts falling due within one year	0	-11,383	0	0	-8,500	<b>-19,883</b>
Pension scheme liability	0	-1,997	0	0	0	<b>-1,997</b>
<b>Total net assets</b>	<b>1,295</b>	<b>3,049</b>	<b>607</b>	<b>59,199</b>	<b>4,515</b>	<b>68,665</b>

### 16 Pension commitments

Retirement benefits for employees are provided by two independently administered schemes, which are funded by contributions from the employers and employees.

#### a) Teachers

Teaching staff are members of the Teachers' Pension Scheme.

## INTRODUCTION

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997, as amended. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers or lecturers and from 1 January 2007 automatic too for teachers or lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

## THE TEACHERS' PENSION ACCOUNT

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

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

## VALUATION OF THE TEACHERS' PENSION SCHEME

Not less than every four years, with a supporting interim valuation in between, the Government Actuary (GA), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

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

## Notes to the financial statements 31 August 2009

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%. The 2006 interim actuarial review, published in June 2007, did not recommend any changes to the SCR and concluded, as at 31 March 2006, and using the above assumptions, that the Scheme's total liabilities amounted to £176,600 millions.

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the standard contribution rate has been 19.75% plus a supplementary contribution rate of 0.75% (to balance assets and liabilities as required by the regulations within 15 years); a total contribution rate of 20.5%. This translates into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost sharing agreement has also introduced – effective for the first time with effect from the 2008 valuation - a 14% cap on employer contributions payable.

A copy of the GA's 2004 valuation report and 2006 interim valuation report can be found on the TeacherNet website at: [www.teachernet.gov.uk/pensions](http://www.teachernet.gov.uk/pensions)

### b) Non-teachers

#### FRS 17

The Local Government Pension Scheme is a multi employer funded defined-benefit scheme, with the assets held in separate trustee-administered funds of which the charitable company is currently part of five different funds. The agreed contribution rates for the year ended 31 August 2009 were between 13.5% and 14.1% for employers and between 6.0% and 6.4% for employees.

The funds that the charitable company is part of are: London Borough of Hammersmith and Fulham Pension Fund (Burlington Danes); City of Westminster Pension Fund (King Solomon); London Borough of Southwark Pension Fund (Walworth and Globe); London Borough of Lambeth Pension Fund (Evelyn Grace) and London Borough of Brent (Ark). Data has not been collected from Lambeth and Brent due to the small size of current operations. These will be included in future years as the academies grow.

In order to assess the actuarial value of the company's assets and liabilities as at 31 August 2009, the actuaries have rolled forward the actuarial value of the assets and liabilities at 1 September 2008 for Globe (Southwark), 1 September 2007 for Walworth (Southwark) and King Solomon (Westminster) and at 31 March 2007 for Burlington Dames (Hammersmith and Fulham).

The major assumptions used on average by the actuary were:

	2009	2008
	%	%
Rate of increase in salaries	5.1	5.5
Rate of increase in pension payments	3.6	4
Discount rate	5.2	6.4
Inflation assumptions	3.6	4

The current mortality assumptions included sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 averaged across the three funds are:

	At 31 August 2009
<b>Retiring today</b>	
Males	21.2
Females	23.8
<b>Retiring in 20 years</b>	
Males	23.5
Females	25.9

The estimated share of the assets in the schemes attributable to the company and the average expected rates of return across the schemes were:

	Expected return at 31 August 2009	Value at 31 August 2009	Expected return at 31 August 2008	Value at 31 August 2008
	%	£'000	%	£'000
Equities	7.4	2,097	7.6	1,192
Bonds	4.0	377	4.6	369
Corporate Govt Bonds	5.3	380	6.4	86
Property	6.4	327	6.6	216
Cash	1.3	68	5	17
Other		0	5.7	16
<b>Total market value of assets</b>		<b>3,249</b>		<b>1,896</b>
Present value of scheme liabilities		-5,246		-2,376
<b>Deficit in scheme</b>		<b>-1,997</b>		<b>-480</b>

## Notes to the financial statements 31 August 2009

	Year ended 31 August 2009 £'000	Year ended 31 August 2008 £'000
<b>Analysis of the amount charged to the statement of financial activities</b>		
Service cost	425	250
Past service cost	0	2
Total operating charge	<u>425</u>	<u>252</u>
<b>Analysis of net return on pension scheme</b>		
Expected return on pension scheme assets	203	109
Interest on pension liabilities	-229	-120
Net return	<u>-26</u>	<u>-11</u>
<b>Amount recognised in the statement of total recognised gains and losses (STRGL)</b>		
Actual return less expected return on pension scheme assets	-1,566	-91
Experience gains and losses arising on the scheme liabilities	0	0
Changes in financial assumptions underlying the present value of the scheme liabilities	0	-23
Actuarial gain recognised in the STRGL	<u>-1,566</u>	<u>-114</u>
<b>Movement in deficit during the year</b>		
Deficit at 1 September 2008	-481	-323
Brought forward pension scheme asset	82	
Change in asset valuation	0	-6
Current service cost	-425	-250
Past service cost	0	-2
Employer contributions	419	225
Net return on assets	-26	-11
Actuarial gain	-1,566	-114
Deficit at 31 August 2009	<u>-1,997</u>	<u>-481</u>
	Year ended 31 August 2009 £'000	Year ended 31 August 2008 £'000
<b>History of experience gains and losses</b>		
Difference between the expected and actual return on assets	-1,566	-91
Value of assets	3,249	1,896
<b>Percentage of assets</b>	<b>-48.18%</b>	<b>-4.7%</b>
Experience gains on liabilities	0	0
Present value of liabilities	0	0
<b>Percentage of the present value of liabilities</b>	<b>0</b>	<b>0</b>
Actuarial gains recognised in STRGL	-1,566	-114
Present value of liabilities	1,997	481
<b>Percentage of the present value of liabilities</b>	<b>-78.4%</b>	<b>23.8%</b>

## Notes to the financial statements 31 August 2009

### 17 Lease commitments

At 31 August 2009, the company had annual commitments under non-cancellable operating leases as follows:

	<b>2009</b>	2008
	<b>£'000</b>	£'000
Expiring in under one year	<b>50</b>	5
Expiring within two to five years	<b>196</b>	96
Expiring after five years	<b>2</b>	0

### 18 Related Party Transactions

The schools operated by ARK Academies are sponsored by Absolute Return for Kids (ARK), which is also the principal member of ARK Academies. ARK is also a charitable company and has four directors in common with ARK Academies.

During the year, ARK Academies recorded £2.639m sponsorship from ARK.

ARK Academies central team shares offices with ARK. All central ARK Academies staff were on the ARK payroll and recharged to ARK Academies based on time spent on ARK Academies business. ARK has also made payments on behalf of ARK Academies including rent, service charges, general office overheads and consultancy costs. Where costs have been apportioned between ARK and ARK Academies, this has been done on the basis of actual usage where possible, and otherwise in proportion to the number of desk spaces occupied by each company's staff.

The amounts recharged by ARK to ARK Academies during the year were:

	2008/09	2007/08
	£000	£000
Staff costs	87	98
Rent and service charges	219	167
Other costs	35	16

ARK has a charitable subsidiary, ARK Schools, which carries out educational work in the UK, principally in relation to provision of extended school programmes at the schools operated by ARK Academies. ARK Schools staff are also now paid through the ARK Academies payroll and the relevant costs are recharged to ARK Schools.

ARK Schools staff are paid through the ARK Academies payroll and the relevant costs are recharged to ARK Schools.

The amounts donated and recharged by ARK Academies to ARK Schools during the year were:

	2008/09	2007/08
	£000	£000
Grants to ARK Schools	0	0
Salaries recharged	496	342

## Notes to the financial statements 31 August 2009

### 19 Directors' remuneration

No director received any remuneration in respect of their services as a director or trustee during the year (2008 – £nil) or any reimbursement of out of pocket expenses (2008 - £nil).

No director had any beneficial interest in any contract with the company.

### 20 Taxation

ARK Academies is a registered charity and therefore is not liable to income tax or corporation tax on income from charitable activities, as it falls within the exemptions available to registered charities.

### 21 Capital commitments

At 31 August 2009 the group had the following capital commitments:

	<b>2009</b>	2008 (Restated)
	<b>£m</b>	£m
Contracted	71.1	40.1
Committed but not contracted	0	89.6
	<b>71.1</b>	<b>129.7</b>



## Detailed Income and Expenditure Accounts

### BURLINGTON DANES ACADEMY DETAILED INCOME AND EXPENDITURE ACCOUNT Year ended 31 August 2009.

This page does not form part of the statutory accounts

	2009 GAG £'000	2009 Other DCSF £'000	2009 Other £'000	2009 Total £'000	2008 Total £'000
<b>INCOME</b>					
General Annual Grant	5,823	0	0	5,823	5,460
DCSF Start Up Grants	0	53	0	53	190
Other DCSF Grants	0	505	0	505	282
Other Government Grants	0	0	69	69	474
DCSF Capital Grants	0	179	0	179	100
Lettings Income	0	0	29	29	78
Other Income	0	0	581	581	188
<b>TOTAL INCOME</b>	<b>5,823</b>	<b>737</b>	<b>679</b>	<b>7,239</b>	<b>6,772</b>
<b>EXPENDITURE</b>					
<b>Educational Operations Expenditure</b>					
<b>Direct costs</b>					
Staff costs	2,534	848	321	3,703	3,482
Educational supplies	370	0	0	370	207
Depreciation	0	0	90	90	124
Exam fees	42	0	0	42	77
Transport	34	0	0	34	11
Other pupil support costs	40	0	0	40	8
Extended schools programme	0	0	128	128	157
	<b>3,020</b>	<b>848</b>	<b>539</b>	<b>4,407</b>	<b>4,066</b>
<b>Educational support costs</b>					
Staff costs	1,390	0	0	1,390	1,342
Recruitment and other staff costs	80	0	0	80	180
Catering contract	175	0	0	175	164
Printing and stationery	4	0	0	4	0
Office overheads	33	0	0	33	54
Heat and light	111	0	0	111	92
Premises (including buildings insurance)	314	179	0	493	568
Technology costs	41	0	0	41	50
Other insurance costs	1	0	0	1	0
Finance costs	15	0	0	15	17
ARK Support Costs	362	0	0	362	427
Miscellaneous expenses	5	0	0	5	0
	<b>2,531</b>	<b>179</b>	<b>0</b>	<b>2,710</b>	<b>2,894</b>
<b>Development Expenditure</b>					
Staff costs	0	0	0	0	0
Project implementation	0	0	0	0	0
Education consultants	10	0	0	10	80
Set up and launch costs	0	0	0	0	0
Staff training and induction	73	0	0	73	23
Building costs	0	0	0	0	46
Research and marketing	24	0	0	24	24
Miscellaneous expenses	2	0	0	2	0
	<b>109</b>	<b>0</b>	<b>0</b>	<b>109</b>	<b>173</b>
<b>Governance costs</b>					
Legal and other professional fees	3	0	0	3	0
Audit and accountancy	0	0	0	0	0
Governor training	0	0	0	0	0
Staff costs	0	0	0	0	0
Pension Scheme Losses	160	0	0	160	53
Miscellaneous expenses	0	0	0	0	0
	<b>163</b>	<b>0</b>	<b>0</b>	<b>163</b>	<b>53</b>
<b>TOTAL EXPENDITURE</b>	<b>5,823</b>	<b>1,027</b>	<b>539</b>	<b>7,389</b>	<b>7,186</b>
<b>Excess of Income over Expenditure</b>	<b>0</b>	<b>-290</b>	<b>140</b>	<b>-150</b>	<b>-414</b>

The negative balance on 'Other DCSF Funds' is met by brought forward start up funding.

## Detailed Income and Expenditure Accounts

### WALWORTH ACADEMY DETAILED INCOME AND EXPENDITURE ACCOUNT Year ended 31 August 2009.

This page does not form part of the statutory accounts

	2009 GAG £'000	2009 Other DCSF £'000	2009 Other £'000	2009 Total £'000	2008 Total £'000
<b>INCOME</b>					
General Annual Grant	7,192	0	0	7,192	6,645
DCSF Start Up Grants	0	203	0	203	1,149
Other DCSF Grants	0	556	0	556	235
Other Government Grants	0	0	3	3	454
DCSF Capital Grants	0	170	0	170	124
Lettings Income	0	0	15	15	19
Other Income	0	0	399	399	220
<b>TOTAL INCOME</b>	<b>7,192</b>	<b>929</b>	<b>417</b>	<b>8,538</b>	<b>8,846</b>
<b>EXPENDITURE</b>					
<b>Educational Operations Expenditure</b>					
<b>Direct costs</b>					
Staff costs	3,001	929	266	4,196	4,202
Educational supplies	135	0	0	135	131
Depreciation	0	0	75	75	69
Exam fees	91	0	0	91	60
Transport	34	0	0	34	37
Other pupil support costs	38	0	0	38	63
Extended schools programme	270	0	0	270	129
	<b>3,569</b>	<b>929</b>	<b>341</b>	<b>4,839</b>	<b>4,691</b>
<b>Educational support costs</b>					
Staff costs	1,605	0	0	1,605	1,410
Recruitment and other staff costs	51	0	0	51	38
Catering contract	194	0	0	194	188
Printing and stationery	23	0	0	23	15
Office overheads	49	0	0	49	45
Heat and light	120	0	0	120	83
Premises (including buildings insurance)	410	0	0	410	438
Technology costs	84	0	0	84	32
Other insurance costs	0	0	0	0	16
Finance costs	16	0	0	16	1
ARK Support Costs	362	0	0	362	330
Miscellaneous expenses	4	0	0	4	9
	<b>2,918</b>	<b>0</b>	<b>0</b>	<b>2,918</b>	<b>2,605</b>
<b>Development Expenditure</b>					
Staff costs	0	0	0	0	0
Project implementation	0	0	0	0	0
Education consultants	3	0	0	3	2
Set up and launch costs	0	0	0	0	0
Staff training and induction	14	0	0	14	13
Building costs	0	0	0	0	0
Research and marketing	5	0	0	5	2
Miscellaneous expenses	0	0	0	0	0
	<b>22</b>	<b>0</b>	<b>0</b>	<b>22</b>	<b>17</b>
<b>Governance costs</b>					
Legal and other professional fees	0	0	0	0	0
Audit and accountancy	0	0	0	0	0
Governor training	0	0	0	0	0
Staff costs	0	0	0	0	0
Pension Scheme Losses	683	0	0	683	184
Miscellaneous expenses	0	0	0	0	0
	<b>683</b>	<b>0</b>	<b>0</b>	<b>683</b>	<b>184</b>
<b>TOTAL EXPENDITURE</b>	<b>7,192</b>	<b>929</b>	<b>341</b>	<b>8,462</b>	<b>7,497</b>
<b>Excess of Income over Expenditure</b>	<b>0</b>	<b>0</b>	<b>76</b>	<b>76</b>	<b>1,349</b>

## Detailed Income and Expenditure Accounts

### KING SOLOMON ACADEMY DETAILED INCOME AND EXPENDITURE ACCOUNT Year ended 31 August 2009.

This page does not form part of the statutory accounts

	2009 GAG £'000	2009 Other DCSF £'000	2009 Other £'000	2009 Total £'000	2008 Total £'000
<b>INCOME</b>					
General Annual Grant	780	0	0	780	442
DCSF Start Up Grants	0	635	0	635	634
Other DCSF Grants	0	12	0	12	8
Other Government Grants	0	0	0	0	14
DCSF Capital Grants	0	42	0	42	8
Lettings Income	0	0	0	0	0
Other Income	0	0	88	88	38
<b>TOTAL INCOME</b>	<b>780</b>	<b>689</b>	<b>88</b>	<b>1,557</b>	<b>1,144</b>
<b>EXPENDITURE</b>					
<b>Educational Operations Expenditure</b>					
<b>Direct costs</b>					
Staff costs	119	373	0	492	245
Educational supplies	44	0	0	44	91
Depreciation	0	0	8	8	9
Exam fees	0	0	0	0	0
Transport	9	0	0	9	2
Other pupil support costs	20	0	0	20	0
Extended schools programme	32	0	0	32	15
	<b>224</b>	<b>373</b>	<b>8</b>	<b>605</b>	<b>362</b>
<b>Educational support costs</b>					
Staff costs	241	0	0	241	113
Recruitment and other staff costs	38	0	0	38	18
Catering contract	39	0	0	39	18
Printing and stationery	9	0	0	9	4
Office overheads	5	0	0	5	6
Heat and light	9	0	0	9	18
Premises (including buildings insurance)	36	42	0	78	108
Technology costs	11	0	0	11	11
Other insurance costs	56	0	0	56	0
Finance costs	2	0	0	2	0
ARK Support Costs	47	0	0	47	52
Miscellaneous expenses	2	0	0	2	0
	<b>495</b>	<b>42</b>	<b>0</b>	<b>537</b>	<b>348</b>
<b>Development Expenditure</b>					
Staff costs	0	0	0	0	0
Project implementation	0	0	0	0	1
Education consultants	2	0	0	2	0
Set up and launch costs	0	0	0	0	0
Staff training and induction	5	0	0	5	8
Building costs	0	0	0	0	0
Research and marketing	9	0	0	9	1
Miscellaneous expenses	1	0	0	1	0
	<b>17</b>	<b>0</b>	<b>0</b>	<b>17</b>	<b>10</b>
<b>Governance costs</b>					
Legal and other professional fees	14	0	0	14	0
Audit and accountancy	0	0	0	0	0
Governor training	0	0	0	0	0
Staff costs	0	0	0	0	0
Pension Scheme Losses	30	0	0	30	7
Miscellaneous expenses	0	0	0	0	0
	<b>44</b>	<b>0</b>	<b>0</b>	<b>44</b>	<b>7</b>
<b>TOTAL EXPENDITURE</b>	<b>780</b>	<b>415</b>	<b>8</b>	<b>1,203</b>	<b>727</b>
<b>Excess of Income over Expenditure</b>	<b>0</b>	<b>274</b>	<b>80</b>	<b>354</b>	<b>417</b>

Income includes £317,000 of start-up grants allocated to future periods.

## Detailed Income and Expenditure Accounts

### GLOBE ACADEMY

#### DETAILED INCOME AND EXPENDITURE ACCOUNT

Year ended 31 August 2009.

This page does not form part of the statutory accounts

	2009 GAG £'000	2009 Other DCSF £'000	2009 Other £'000	2009 Total £'000	2008 Total £'000
<b>INCOME</b>					
General Annual Grant	6,850	0	0	6,850	0
DCSF Start Up Grants	0	1,849	0	1,849	0
Other DCSF Grants	0	205	0	205	0
Other Government Grants	0	0	469	469	0
DCSF Capital Grants	0	93	0	93	0
Lettings Income	0	0	24	24	0
Other Income	0	0	358	358	0
<b>TOTAL INCOME</b>	<b>6,850</b>	<b>2,147</b>	<b>851</b>	<b>9,848</b>	<b>0</b>
<b>EXPENDITURE</b>					
<b>Educational Operations Expenditure</b>					
<b>Direct costs</b>					
Staff costs	1,360	2,054	1,500	4,914	0
Educational supplies	185	0	0	185	0
Depreciation	0	2	36	38	0
Exam fees	61	0	0	61	0
Transport	44	0	0	44	0
Other pupil support costs	219	0	0	219	0
Extended schools programme	167	0	0	167	0
	<b>2,036</b>	<b>2,056</b>	<b>1,536</b>	<b>5,628</b>	<b>0</b>
<b>Educational support costs</b>					
Staff costs	2,158	0	0	2,158	0
Recruitment and other staff costs	100	0	0	100	0
Catering contract	206	0	0	206	0
Printing and stationery	53	0	0	53	0
Office overheads	42	0	0	42	0
Heat and light	149	0	0	149	0
Premises (including buildings insurance)	476	91	0	567	0
Technology costs	251	0	0	251	0
Other insurance costs	13	0	0	13	0
Finance costs	1	0	0	1	0
ARK Support Costs	366	0	0	366	0
Miscellaneous expenses	5	0	0	5	0
	<b>3,820</b>	<b>91</b>	<b>0</b>	<b>3,911</b>	<b>0</b>
<b>Development Expenditure</b>					
Staff costs	0	0	0	0	0
Project implementation	7	0	0	7	0
Education consultants	107	0	0	107	0
Set up and launch costs	0	0	0	0	0
Staff training and induction	50	0	0	50	0
Building costs	97	0	0	97	0
Research and marketing	30	0	0	30	0
Miscellaneous expenses	10	0	0	10	0
	<b>301</b>	<b>0</b>	<b>0</b>	<b>301</b>	<b>0</b>
<b>Governance costs</b>					
Legal and other professional fees	0	0	0	0	0
Audit and accountancy	0	0	0	0	0
Governor training	0	0	0	0	0
Staff costs	0	0	0	0	0
Pension Scheme Losses	693	0	0	693	0
Miscellaneous expenses	0	0	0	0	0
	<b>693</b>	<b>0</b>	<b>0</b>	<b>693</b>	<b>0</b>
<b>TOTAL EXPENDITURE</b>	<b>6,850</b>	<b>2,147</b>	<b>1,536</b>	<b>10,533</b>	<b>0</b>
<b>Excess of Income over Expenditure</b>	<b>0</b>	<b>0</b>	<b>-685</b>	<b>-685</b>	<b>0</b>

The overall underlying deficit, net of the pensions liability will be cleared in 2009/10 and is underwritten by ARK Academies.

## Detailed Income and Expenditure Accounts

### EVELYN GRACE ACADEMY DETAILED INCOME AND EXPENDITURE ACCOUNT Year ended 31 August 2009.

This page does not form part of the statutory accounts

	2009 GAG £'000	2009 Other DCSF £'000	2009 Other £'000	2009 Total £'000	2008 Total £'000
<b>INCOME</b>					
General Annual Grant	1,631	0	0	1,631	0
DCSF Start Up Grants	0	1,737	0	1,737	0
Other DCSF Grants	0	44	0	44	0
Other Government Grants	0	0	10	10	0
DCSF Capital Grants	0	61	0	61	0
Lettings Income	0	0	0	0	0
Other Income	0	0	238	238	0
<b>TOTAL INCOME</b>	<b>1,631</b>	<b>1,842</b>	<b>248</b>	<b>3,721</b>	<b>0</b>
<b>EXPENDITURE</b>					
<b>Educational Operations Expenditure</b>					
<b>Direct costs</b>					
Staff costs	15	1,177	71	1,263	0
Educational supplies	179	0	79	258	0
Depreciation	0	0	21	21	0
Exam fees	0	0	0	0	0
Transport	60	0	0	60	0
Other pupil support costs	68	0	0	68	0
Extended schools programme	139	0	33	172	0
	<b>461</b>	<b>1,177</b>	<b>204</b>	<b>1,842</b>	<b>0</b>
<b>Educational support costs</b>					
Staff costs	435	0	0	435	0
Recruitment and other staff costs	72	0	0	72	0
Catering contract	173	0	0	173	0
Printing and stationery	17	0	0	17	0
Office overheads	13	0	0	13	0
Heat and light	24	0	0	24	0
Premises (including buildings insurance)	234	101	0	335	0
Technology costs	65	0	0	65	0
Other insurance costs	0	0	0	0	0
Finance costs	0	0	0	0	0
ARK Support Costs	53	0	0	53	0
Miscellaneous expenses	2	0	0	2	0
	<b>1,088</b>	<b>101</b>	<b>0</b>	<b>1,189</b>	<b>0</b>
<b>Development Expenditure</b>					
Staff costs	0	0	0	0	0
Project implementation	0	0	0	0	0
Education consultants	1	0	0	1	0
Set up and launch costs	0	0	0	0	0
Staff training and induction	42	0	0	42	0
Building costs	15	0	0	15	0
Research and marketing	23	0	0	23	0
Miscellaneous expenses	1	0	0	1	0
	<b>82</b>	<b>0</b>	<b>0</b>	<b>82</b>	<b>0</b>
<b>Governance costs</b>					
Legal and other professional fees	0	0	0	0	0
Audit and accountancy	0	0	0	0	0
Governor training	0	0	0	0	0
Staff costs	0	0	0	0	0
Pension Scheme Losses	0	0	0	0	0
Miscellaneous expenses	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL EXPENDITURE</b>	<b>1,631</b>	<b>1,278</b>	<b>204</b>	<b>3,113</b>	<b>0</b>
<b>Excess of Income over Expenditure</b>	<b>0</b>	<b>564</b>	<b>44</b>	<b>608</b>	<b>0</b>

Income includes £605,000 of start-up grants allocated to future periods.

## Detailed Income and Expenditure Accounts

### ARK ACADEMY

#### DETAILED INCOME AND EXPENDITURE ACCOUNT

Year ended 31 August 2009.

This page does not form part of the statutory accounts

	2009 GAG £'000	2009 Other DCSF £'000	2009 Other £'000	2009 Total £'000	2008 Total £'000
<b>INCOME</b>					
General Annual Grant	767	0	0	767	0
DCSF Start Up Grants	0	1,165	0	1,165	0
Other DCSF Grants	0	17	0	17	0
Other Government Grants	0	0	0	0	0
DCSF Capital Grants	0	39	0	39	0
Lettings Income	0	0	0	0	0
Other Income	0	0	31	31	0
<b>TOTAL INCOME</b>	<b>767</b>	<b>1,221</b>	<b>31</b>	<b>2,019</b>	<b>0</b>
<b>EXPENDITURE</b>					
<b>Educational Operations Expenditure</b>					
<b>Direct costs</b>					
Staff costs	157	0	0	157	0
Educational supplies	90	0	0	90	0
Depreciation	0	0	2	2	0
Exam fees	0	0	0	0	0
Transport	1	0	0	1	0
Other pupil support costs	4	0	0	4	0
Extended schools programme	0	0	0	0	0
	<u>252</u>	<u>0</u>	<u>2</u>	<u>254</u>	<u>0</u>
<b>Educational support costs</b>					
Staff costs	188	0	0	188	0
Recruitment and other staff costs	13	0	0	13	0
Catering contract	21	0	0	21	0
Printing and stationery	6	0	0	6	0
Office overheads	5	0	0	5	0
Heat and light	5	0	0	5	0
Premises (including buildings insurance)	135	0	0	135	0
Technology costs	9	0	0	9	0
Other insurance costs	6	0	0	6	0
Finance costs	0	0	0	0	0
ARK Support Costs	9	0	0	9	0
Miscellaneous expenses	4	0	0	4	0
	<u>401</u>	<u>0</u>	<u>0</u>	<u>401</u>	<u>0</u>
<b>Development Expenditure</b>					
Staff costs	0	0	0	0	0
Project implementation	0	0	0	0	0
Education consultants	0	0	0	0	0
Set up and launch costs	0	0	0	0	0
Staff training and induction	4	0	0	4	0
Building costs	0	0	0	0	0
Research and marketing	12	0	0	12	0
Miscellaneous expenses	0	0	0	0	0
	<u>16</u>	<u>0</u>	<u>0</u>	<u>16</u>	<u>0</u>
<b>Governance costs</b>					
Legal and other professional fees	0	0	0	0	0
Audit and accountancy	0	0	0	0	0
Governor training	0	0	0	0	0
Staff costs	0	0	0	0	0
Pension Scheme Losses	0	0	0	0	0
Miscellaneous expenses	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL EXPENDITURE</b>	<b>669</b>	<b>0</b>	<b>2</b>	<b>671</b>	<b>0</b>
<b>Excess of Income over Expenditure</b>	<b>98</b>	<b>1,221</b>	<b>29</b>	<b>1,348</b>	<b>0</b>

Income includes £1,165,000 of start-up grants allocated to future periods.

## Detailed Income and Expenditure Accounts