

ARK Academies

Trustees' Annual Report and Accounts

31 August 2006

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Trustees' report for the period ended 31st August 2006

Company Number: 5112090
Charity Number 1111608

The trustees are pleased to present their report together with the audited financial statements of the charity for the period ended 31 August 2006

Reference and administrative details

Directors

The directors of the charitable company are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees

The following individuals served as trustees during the year

Paul Dunning
Stanley Fink
Paul Marshall
Ron Beller
Paul Bernstein

All trustees served for the full year and no trustees have resigned or been appointed or since the year end. None had any beneficial interest in the charity or received any remuneration during the year

Managing Director

Lucy Heller

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AE

Bankers

HSBC Private Bank (UK) Limited
78 St James's Street
London
SW1A 1JB

Barclays Bank PLC
1 Churchill Place
London
E14 5HP

Solicitors

Lewis Silkin
12 Gough Square
London EC4A 3DW

Registered Office

15 Adam Street
London
WC2N 6AH
Tel 020 7395 2080
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Trustees' report for the period ended 31st August 2006

Structure, Governance and Management

Governing Document

ARK Academies is a company limited by guarantee governed by its Memorandum and Articles of Association dated 12 July 2006. It is registered as a charity with the Charity Commission.

Organisation

The board of directors, which can have up to 39 members, administers the charity. The board meets at least six times a year.

A Managing Director is appointed by the directors to oversee the day to day operations of the charity. To facilitate effective operations, the Managing Director has delegated authority for operational matters including finance and employment.

The charity changed its name from Absolute Return for Kids (ARK) Education to ARK Academies on 10 July 2006.

The charity also changed its accounting reference date from 30 September to 31 August to bring it in line with the standard school accounting year. As a result of this change these financial statements cover a period of 11 months rather than a full year.

Related Parties

The charity was originally set up as a subsidiary of Absolute Return for Kids (ARK). ARK is registered charity number 1095322.

During the year changes were made to the charity's Memorandum and Articles of Association in line with requirements for organisations receiving funding from the UK Government's Department for Education and Skills (DfES) through the City Academies programme. The changes are designed to ensure that the DfES has ultimate control over the school budget funds it provides to such organisations. As a result of those changes the charity is no longer considered to be a subsidiary of ARK with effect from 1 September 2006.

Objectives and principal activities

ARK Academies was established in 2004 to provide transformational change to failing inner city schools through the UK Government's City Academies programme.

After an accelerated feasibility phase Burlington Danes Academy, the first ARK Academy, opened in September 2006 and it is expected that several others will follow by 2009.

Achievements, performance and future plans

During the year, feasibility studies were undertaken on school projects in Hammersmith, Southwark and Lambeth and preparatory work has continued identifying potential sites for new schools and building relationships with the DfES and Local Education Authority partners.

An accelerated feasibility stage culminated in the first ARK Academy opening in September 2006. Burlington Danes Academy in Hammersmith and Fulham is now educating over 800 11 – 16 year old students, with a sixth form due to open when the buildings are completed in September 2009.

The charity expects to open a further 6 Academies by 2009.

Financial review

During the year under review income increased by nearly 700% to £3,285,696 (2005 £412,258). Of this 74% or £2,417,556 came in the form of grants from ARK (2005 £294,792 or 72%). These

Trustees' report for the period ended 31st August 2006

grants included a grant of £1,500,000 for the sponsorship of the Burlington Danes Academy, and a further grant of £500,000 to cover the charity's core costs

Fee income arising from the charity's involvement in the City Academies programme also increased significantly during the year to £864,297 (2005 117,466) Income in this area is expected to increase in the years ahead as the charity takes on an increasing number of Academies

Expenditure during the year also increased significantly reflecting the scaling up of the charity's operations in preparation for the opening of Burlington Danes

At the year end the charity had established a satisfactory level of reserves of £461,396 on its unrestricted or core fund This includes the amount of £448,792 received in financial years 2003-4 and 2004-5 as working capital grant from its parent

Trustees' responsibilities in relation to the financial statements

The trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the trustees to prepare financial statements that give a true and fair view of the state of affairs of the charity at the end of the financial year and of its surplus or deficit for the financial year In preparing those accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue in business

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the accounts comply with the Companies Act 1985 They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Disclosure of information to the Auditors

The Trustees are not aware of any relevant audit information of which the Charity's auditors are unaware The Trustees also confirm that they have taken all the steps required of Trustees to make themselves aware of any relevant audit information, and establish that the Charity's auditors are aware of that information

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the forthcoming Annual General Meeting

This report was approved by the trustees on 12th June 2007



Paul Dunning
Director

Independent auditors' report

to the members of ARK Academies

We have audited the charitable company's financial statements for the year ended 30 September 2006 which comprise the Statement of Financial Activities (SOFA), the Balance Sheet and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' 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 our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

We read the trustees' report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 judgments made by the trustees 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 30 September 2006 and of its result for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the trustees' report is consistent with the financial statements.



Ernst & Young LLP
Registered Auditor
London



Statement of financial activities

for the 11 months ended 31 August 2006

				<i>Period ended</i>	<i>Year ended</i>
				<i>31 Aug</i>	<i>30 Sep</i>
		<i>Unrestricted</i>	<i>Restricted</i>	<i>Total</i>	<i>2005</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Incoming Resources					
Incoming Resources from generated funds					
Grants	2	500,000	1,917,556	2,417,556	294,792
Investment income	3	3,843	-	3,843	-
Incoming Resources from charitable activities	4	482,473	381,824	864,297	117,466
Total Incoming Resources		986,316	2,299,380	3,285,696	412,258
Resources Expended					
Charitable Activities	6	617,627	468,303	1,085,930	349,699
Governance costs		87,400	-	87,400	4,917
Total resources expended		705,027	468,303	1,173,330	354,616
Net incoming resources	7	281,289	1,831,077	2,112,366	57,642
Total funds brought forward		180,107	-	180,107	122,465
Funds at 31 August 2006		461,396	1,831,077	2,292,473	180,107

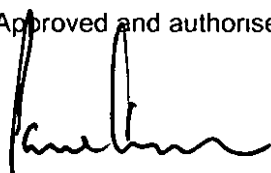
All amounts are in respect of ongoing activities

Balance sheet

at 31 August 2006

	Notes	2006 £	2005 £
Fixed assets			
Tangible fixed assets	8	1,432	-
		<u>1,432</u>	<u>-</u>
Current assets			
Debtors	9	2,033,357	223,107
Cash at bank and in hand		453,092	-
		<u>2,486,449</u>	<u>223,107</u>
Creditors, amounts falling due within one year	10	(195,408)	(43,000)
Net current assets		<u>2,291,041</u>	<u>180,107</u>
Total assets less current liabilities		2,292,473	180,107
Net assets		<u>2,292,473</u>	<u>180,107</u>
Funds			
Unrestricted funds			
General fund		461,396	180,107
Restricted funds		1,831,077	-
Total funds	11	<u>2,292,473</u>	<u>180,107</u>

Approved and authorised for issue by the Board of directors and signed on its behalf by



Paul Dunning
Director

Notes to the accounts

at 31 August 2006

1 Accounting policies

Basis of preparation

The accounts have been prepared in accordance with applicable accounting standards, under the historical cost convention and in accordance with the Statement of Recommended Practice (SORP) – Accounting and Reporting by Charities (revised 2005)

Incoming resources

All income is accounted for on an accruals basis

Fund accounting

Restricted funds are those which are to be used for the specified purpose as laid down by the donor

Unrestricted funds are donations and other income received or generated for the furtherance of the objects of the charity without specified purposes and therefore are available as general funds

All income and expenditure is shown in the Statement of Financial Activities

Resources expended

Direct charitable expenditure comprises expenditure related to the direct furtherance of the charity's objectives. Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with the use of resources

Governance costs are those incurred in connection with the management of the charity's assets, organisational administration and compliance with constitutional and statutory requirements

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost including any incidental expenses of acquisition. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight line basis over their expected useful economic life. The rates of depreciation applied to each class of asset are

Computer equipment	–	50% per annum
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Notes to the accounts

at 31 August 2006

2. Grants

During the year the charity received the following grants

	2006 <i>Unrestricted</i> £	2006 <i>Restricted</i> £	2006 <i>Total</i> £	2005 <i>Total</i> £
Core Costs	500,000	-	500,000	294,792
Sponsorship of Burlington Danes	-	1,500,000	1,500,000	-
Future Leaders	-	225,000	225,000	-
Extended Schools Programme	-	192,556	192,556	-
	<u>500,000</u>	<u>1,917,556</u>	<u>2,417,556</u>	<u>294,792</u>

3. Investment Income

Investment income arises from interest receivable on funds held in an interest bearing bank account

4. Incoming resources from charitable activities

	2006 <i>Total</i>	2005 <i>Total</i>
Feasibility fees relating to Future Leaders programme	381,824	-
Feasibility fees relating to Academies programme	482,473	117,466
	<u>864,297</u>	<u>117,466</u>

5. Allocation of Support

	<i>Charitable Governance</i>		
	<i>Activity</i> £	<i>Costs</i> £	<i>Total</i> £
Parent Company charge for finance & administration support staff	8,250	2,750	11,000
Total	<u>8,250</u>	<u>2,750</u>	<u>11,000</u>

6 Analysis of charitable expenditure

	<i>Activities undertaken directly</i>	<i>Grant funding of activities</i>	<i>Support costs</i>	<i>Total</i>
Academies	609,377	-	8,250	617,627
Future Leaders	401,402	-	-	401,402
Extended Schools Programme	66,901	-	-	66,901
	<u>1,077,680</u>	<u>-</u>	<u>8,250</u>	<u>1,085,930</u>

Notes to the accounts

at 31 August 2006

7. Net movement in funds

This is stated after charging	2006 £	2005 £
Depreciation	1,431	-

Ernst & Young LLP undertake the audit of the charity on a pro bono basis

8 Fixed Assets

	Charity Computer £	Charity Total £
Cost:		
At 1 October 2005	-	-
Additions	2,863	2,863
At 30 September 2006	2,863	2,863
Depreciation:		
At 1 October 2005	-	-
Charge for the year	1,431	1,431
At 30 September 2006	1,431	1,431
Net Book Value:		
At 30 September 2006	1,432	1,432
At 30 September 2005	-	-

9. Debtors

	2006 £	2005 £
Receivable within 1 year		
Fee income & reimbursable expenses due from DfES	372,993	-
Grants due from parent company	1,660,364	223,107
Total	2,033,357	223,107

Notes to the accounts

at 31 August 2006

10. Creditors: amounts falling due within one year

	2006 £	2005 £
Accruals	195,161	43,000
Taxation creditor	247	-
Total	195,408	43,000

11 Analysis of charitable funds

	At 1 Oct 2005 £	Incoming £	Outgoing £	At 30 Sep 2006 £
Restricted Funds				
Future Leaders	-	606,824	401,402	205,422
Extended Schools Programme	-	192,556	66,901	125,655
Burlington Danes Academy Sponsorship	-	1,500,000	-	1,500,000
	-	2,299,380	468,303	1,831,077
Unrestricted Funds				
Core	180,107	986,316	705,027	461,396
	180,107	986,316	705,027	461,396
Total	180,107	3,285,696	1,173,330	2,292,473

The balance on core funds includes the amount of £448,792 received in financial years 2003-4 and 2004-5 as repayable working capital grant from parent charity

Notes to the accounts

at 31 August 2006

12 Staff costs and numbers

	2006 £	2005 £
Salaries and wages	451,955	144,282
Social security costs	54,370	17,473
	<u>506,325</u>	<u>161,755</u>

The average number of staff employed during the period was	<u>7</u>	<u>2</u>
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The number of staff whose emoluments were in excess of £60,000 during the year were as follows

	2006 £	2005 £
£110,000 - £120,000	1	-
£100,000 - £110,000	1	-
£90,000 - £100,000	-	1
£80,000 - £90,000	1	-

13. Directors' remuneration and expenses

The charity did not pay to its trustees any remuneration or reimbursement of expenses during the year

14. Related party transactions

During the year the charity received the following grants from its parent company Absolute Return for Kids (ARK),

- £500,000 to cover the core costs of the charity of which £15,364 was receivable at the year end
- £1,500,000 for the sponsorship of Burlington Danes Academy, all of which was receivable at the year end
- £225,000 for the Future Leaders programme all of which was received during the year
- £192,556, for the Extended School Day Programme of which £145,000 was receivable at the year end

All of the charity's staff during the year were employed by ARK and seconded to the charity which bears the full cost of their employment. The charity also shares its office with, and receives financial and administrative services from its parent company and is charged a reasonable proportion of the costs of providing those services

15 Ultimate parent undertaking

During the year under review the company's immediate and ultimate parent undertaking was Absolute Return for Kids (ARK), a company limited by guarantee, registered in England No

Notes to the accounts

at 31 August 2006

4589451, registered charity No 1095322 For the period under review ARK has included the company within its group accounts, copies of which are available at its registered office, 15 Adam Street, London, WC2N 6AH

During the year changes were made to the company's Memorandum and Articles of Association in line with requirements for organisations receiving funding through the UK Government's Department for Education and Skills (DfES) City Academies programme. The changes are designed to ensure that the DfES has ultimate control over the school budget funds it provides to such organisations. The first of these funds were received by ARK Academies in September 2006. Therefore with effect from 1 September 2006 onwards the company will no longer form part of the ARK group consolidation.