



Absolute Return for Kids (ARK)

Annual Report and Accounts

For the year ended 31 August 2024

Company limited by guarantee registration number: 04589451

Charity registration number: 1095322

Contents

Legal, reference and administrative details.....	1
Trustees' Report including Strategic Report.....	2
Statement of Trustees' Responsibilities	17
Independent auditor's report	19
Consolidated Statement of Financial Activities (including income and expenditure account)	24
Charity Statement of Financial Activities (including income and expenditure account).....	26
Consolidated Balance Sheet.....	27
Charity Balance Sheet	28
Consolidated Statement of Cash Flows	29
Notes to the Accounts	31

Legal, reference and administrative details

Absolute Return for Kids (ARK) (referred to throughout as 'Ark', or 'the charity') is a company limited by guarantee, registered in England and Wales, number 04589451, and is a UK registered charity, number 1095322.

Directors	<p>The directors of the charity are its trustees for the purposes of charity law and the members of the company limited by guarantee. Throughout this report, they are collectively referred to as the trustees. The following individuals served as trustees during the year:</p> <p>Ian Wace (Chairman) Anthony Clake Lord Fink Sir Paul Marshall</p> <p>None had any beneficial interest in the charity and remuneration of trustees is neither paid by the charity nor permitted under its Articles of Association.</p>
Company Secretary	Kathryn Godfrey
Senior Management	<p>Lucy Heller, Chief Executive Katie Oliver, Director of Ark Ventures Jacqueline Russell, Chief Operating Officer Laurie Grist, Director of Projects Rosemary Dixon, Director of Strategy</p>
Registered Office	<p>1EdCity EdCity Walk London, W12 7TF</p>
Auditor	<p>Buzzacott Audit LLP 130 Wood Street London, EC2V 6DL</p>
Bankers	<p>Lloyds Bank plc 95 George Street Croydon, CR9 2NS</p>
Solicitors	<p>Stone King LLP Boundary House, 91 Charterhouse St London, EC1M 6HR</p>
Investment Managers	<p>Aurum Funds Limited Ixworth House, 37 Ixworth Place London, SW3 3QH</p>

Overall approach

Ark is an education charity that aims to make sure that all children, regardless of their background, have access to a great education and real choices in life.

Ark supports Ark Schools, a separate legal entity that is a successful academy network, with 39 schools and around 30,000 pupils.

Ark also delivers a range of programmes and ventures that all aim to improve education beyond our schools. We want Ark to be a home for people with great ideas that have the potential to improve education. Many of these ideas started in Ark's schools, while others have come from partners outside Ark.

Trustees' Report including Strategic Report

Activities, achievements and performance

Ark Ventures

Over the years, Ark's ventures have been wide-ranging: from subject curricula and the creation of a new model for early years education, to STEM-focused campaigns and solutions that address challenges in other sectors like health and social care. Both our school-inspired ventures and our broader projects have been integral to our mission, but as we continue to grow, we want to ensure that we do not lose focus by taking on too many projects.

Our approach has always been to incubate great ideas and then allow individual organisations to flourish independently. In 2023, we decided that our incubation activity had reached a point where it had sufficient scale to support the team to thrive as an independent charity. The operations within Ark were discontinued and a new organisation – Purposeful Ventures – was set-up as an independent charity in November 2023. Led by Michael Clark, the former Deputy CEO of Ark, Purposeful Ventures focuses on creating a fairer society, where all young people thrive. The new organisation works closely with Ark and other partners to help tackle a wider range of challenges facing families, children and young people – from incubating a national network of baby banks to supporting postgraduate careers in STEM. Lucy Heller, Ark's Chief Executive, is a Trustee of Purposeful Ventures.

Ark will continue to innovate, taking the lessons we learn from our frontline experience in schools, and sharing these with the wider system. Most immediately, this will be the continuing development of Ark Curriculum Plus, Ark Learning Institute and Ark Start, as well as the completion of EdCity. Below is a summary of activity for the ventures supported through the year.

Ark Start

Ark Start is our growing nursery network providing high quality, affordable early education, with a focus on working with parents to improve the home learning environment for pre-school children.

Activities, achievements and performance (continued)

Ark Start (continued)

Ark Start's flexible, teacher-led model aims to create an exemplar group of nurseries that will accelerate outcomes for the most disadvantaged children and transform the funding of early years so that the pupils who need the most support attract the most funding.

Achievements and performance:

- Ark Start's first two nurseries, which opened in October 2020 (Ark Start John Archer in Clapham Junction) and March 2021 (Ark Start Oval in East Croydon), are now fully established, offering funded and fee-paying childcare from 9 months.
- Ark Start has opened three more nurseries between September and November 2024 (Ark Start St Clement in Holland Park, Ark Start Globe in Elephant & Castle and Ark Start Brunel in North Kensington).
- Ark Start has developed a growing coalition of partners advocating for increased funding in disadvantaged areas. We are particularly pleased that the Secretary of State for Education made her first ministerial visit to Ark Start Oval.
- Ark Start has rolled out the new funding entitlements, with 93 percent of children accessing funded places in the Summer Term of 2023/24, with no requirements for additional fees.
- Our educational evaluation this year shows that 88 percent of children who attended Ark Start achieved a 'Good Level of Development' (GLD) in primary school.

Future plans:

In 2024/25, Ark Start plans to:

- Open five new nurseries, with an aim to open a total of twelve nurseries by 2027.
- Build strategic partnerships to support the longer-term expansion of Ark Start.
- Work with a coalition of partners to continue to influence early years policy within the Department for Education (DfE) and across the key political parties.

Ark Curriculum Plus

Ark Curriculum Plus (AC+) was formed in 2019 following the merger of Mathematics Mastery, established in 2012, and English Mastery, established in 2014. It has since launched new programmes in Science, History and Geography.

AC+ partners with schools to achieve subject excellence, empowering teachers to ensure that every child has the subject knowledge to succeed. Schools follow a five-step improvement process, with support from a subject expert at each stage. Teachers are given all the ingredients they need to ensure every child can access an ambitious curriculum, including comprehensive research-based curriculum and assessment resources, and integrated Continuing Professional Development (CPD).

Activities, achievements and performance (continued)

Ark Curriculum Plus (continued)

Achievements and performance:

AC+ continues to focus on higher intensity programmes that we know are needed to enable more significant transformation in schools. This year, we:

- Had the greatest impact in schools, helping a high proportion of inexperienced or non-specialist teachers, reach proficiency as quickly as possible.
- Continued to grow our reach, with around 300,000 children in more than 700 schools learning with an AC+ programme.
- Launched a full Science Mastery 11-16 programme, building on the existing KS3 programme.
- Introduced higher intensity support for Geography Mastery KS3, in response to feedback in 2022/23.
- Continued the scale up of the Maths Mastery Primary programme, with support from the Education Endowment Foundation (EEF) managed DfE accelerator fund. 135 primary schools have since started teaching Maths Mastery with an 80 percent subsidy from the government.
- Started a two-year EEF evaluation of KS2 maths.

Future plans:

AC+'s priorities for 2024/25 are to:

- Continue to create, maintain, and deliver programmes that have a high impact on pupil progress and attainment, evidenced by impact studies and data.
- Launch our KS2 English primary programme, in pilot since 2021, so that it is available to schools nationally.
- Relaunch our maths KS3 programme, bringing it up to date with the best current understanding of how to support all teachers to teach the most effective maths lessons.
- Manage a smooth transition to a new digital interface for schools inside and outside of Ark – laying the foundation for high impact digital innovation to improve teachers support.
- Amplify the voices of subject leaders in AC+ and across Ark in order to share more high impact insights on how to improve subject teaching with the wider sector.
- Further professionalise product development processes within AC+ and provide even more rigorous evidence for decision making and to maximise impact.

Activities, achievements and performance (continued)

EdCity

EdCity is a £150m not-for-profit project in White City, London. The project is a partnership between Ark, the London Borough of Hammersmith & Fulham, and the charity OnSide Youth Zone. Ark has incorporated three Special Purpose Vehicles to oversee the construction and ongoing management of the venture: EdCity Office (also a registered charity), EdCity Development Limited and EdCity Management Company Limited. Construction started in Summer 2021; the first phase completed in April 2024, and the whole scheme will be finished by the end of 2025.

EdCity brings social and educational benefits to the local community, and includes:

- A rebuilt two-form Ark primary academy, which benefits from modern teaching environments, new outdoor learning spaces, improved IT, and sports and performing arts facilities.
- A newly redeveloped space for Harmony Nursery, nearly doubling its capacity.
- A rebuilt Adult Community Education Centre, which offers an extended service to adults taking their first steps back into education, training, and employment. The centre will provide training and life-long learning opportunities for local residents, with the main aim of supporting people back into employment.
- A new ten storey, 100,000sqft office building which includes office space for Ark, Ark Schools and other mission-aligned organisations, and commercial tenants.
- 132 affordable homes, with a mix of social tenures including an allocation for local key workers, including teachers.
- An OnSide Youth Zone, offering after-school, weekend, and evening activities, support and opportunities for people in the local community aged between eight and 19, as well as those aged up to 25 with a disability. Facilities include a climbing wall, 3G pitch, four-court sports hall, boxing room, fully equipped gym, multimedia suite, training kitchen, and art and music rooms.
- A new public square offering pedestrian and cycle routes that halve the time it takes to walk from the White City Estate to the underground station and other amenities.

Achievements and performance

During 2023/24:

- 400 students from Ark White City Primary moved into their new school building in October 2023.
- In Spring 2024, the first homes and WEST, the purpose-built OnSide Youth Zone, were completed.
- The office block achieved practical completion in April 2024. From September 2024, it became the new home for Ark, Ark Schools, Ark Ventures and the new Purposeful Ventures charity, alongside other mission aligned charities and commercial tenants.

Activities, achievements and performance (continued)

EdCity (continued)

Achievements and performance (continued)

We are grateful to the Ark trustees, to the London Borough of Hammersmith & Fulham and to all our other partners who have worked to make EdCity a reality.

Future plans

- The move to EdCity brings new opportunities for collaboration. In 2024/25, we will work to convene and promote EdCity as a space to connect, collaborate and learn together.
- In parallel, we will continue to market the leasing of the building, with the long-term expectation that income generated from the building will support Ark's work.

Legacy ventures

In October 2023, three of Ark's legacy ventures transferred their operations:

- **Education Partnerships Group (EPG)** transferred its international programmes to local providers;
- The **Martingale Postgraduate Foundation** joined the new ventures spin out, Purposeful Ventures;
- The **Science Technology Engineering and Maths (STEM) Excellence Portfolio** also joined Purposeful Ventures.

These entities are therefore reported within discontinued operations (see note 22).

Ark Schools

Ark Schools is a network of academies. We opened our first school in 2006 and now run 39 academies in London, Birmingham, Portsmouth, and Hastings. Today, 30,000 students and more than 3,000 staff make up the Ark Schools network.

Achievements and performance

In 2024, Ark Schools was again among the highest performing multi-academy trusts for Key Stage 2 primary results. A child leaving an Ark primary school was 15 percentage points more likely to be on track in reading, writing and maths than the national average, with 76 percent achieving the expected standard compared to 61 percent nationally. At Key Stage 5, 83 percent of all Ark sixth form students progressed to university – more than twice the national average of 37 percent.

While academic outcomes are important, they alone are insufficient to guarantee future success. At Ark, children are entitled to a comprehensive set of experiences which develop life skills, foster joy and encourage a sense of belonging. Statutory funding cannot cover all these entitlements, so we fundraise to support our sport, music, arts and culture, and careers programmes.

By the end of 2023/24, 36 of our 39 schools were rated Good or Outstanding. Ark Pioneer and Ark Soane, both new schools, received Outstanding grades on their first Ofsted inspections.

Principal risks and uncertainties

Risk management

The major risks to which the charity is exposed, as identified by the trustees, have been reviewed and systems have been established to manage those risks. Sub-committees of the Board of Trustees meet regularly and consider the risks that relate to individual programmes as part of the annual review of business plans. In addition, the Finance and Risk Committee (FRC) reviews the risk register to monitor and manage risks and to report to the Board. The FRC meets regularly and at least three times per year. The main risks and mitigating actions are described below.

Operational risks

The principal operational risk relates to a decline in income which, in turn, could limit the ability of the organisation to fund programmes and to cover central administrative costs. To limit this risk, we develop long term relationships with a diverse group of donors, including individuals, trusts and foundations, and corporates. Typically, donated funds are restricted to specific programmes and can be for both annual and multi-year support.

Other key operational risks include:

- Managing additional competitive pressures, particularly for AC+. To mitigate the risk of this, a full strategy review has taken place.
- Loss of key staff. Teams have been strengthened through the development of recruitment and retention strategies, including succession plans, staff wellbeing programmes and the introduction of a flexible working policy.

Financial risks

Ark invests its reserves to achieve the best return consistent with the stability of, and ease of access to, capital. The main risks arising from the charity's pursuit of its objectives and the policies agreed by the trustees for managing each of these risks are summarised below:

- The effect of increasing costs, as a result of inflation, especially in staffing. Salary budgets are reviewed and controlled as part of the annual budget setting process. Any in year increases in salaries or new positions are subject to strict review and approval processes.
- Market price risk, arising over the future value of the charity's investments. The charity engages professionals to manage the investment portfolios and ensures that they are suitably diversified and consistent with the trustees' investment strategy.
- There is a risk that not enough tenancies are secured for the EdCity office building, leading to lower than anticipated income from rentals. To mitigate this, a leasing strategy is in development to ensure a strong pipeline of both charitable and commercial tenants.

Principal risks and uncertainties (continued)

Financial risks (continued)

- Currency risk, arising over the future value of the charity's investments, which are partly US denominated. The FRC considers the portfolio of foreign currency assets and liabilities as a whole and has adopted a policy whereby forward currency contracts cover the majority of any net imbalance.
- Credit risk, representing the potential financial loss that the charity might suffer through its supporters failing to honour the financial pledges that they have made to it. The charity manages this risk by regularly monitoring outstanding pledges, especially the small number of high value pledges that derive generally from supporters who are well known to the charity and the trustees. Furthermore, pledges are not recognised as income in the accounts of the charity until cash is received in line with the charity's accounting policies on page 31 to 38 of these accounts.
- Liquidity risk, represents the ability of the charity to meet its liabilities as and when they fall due. The charity continues to direct considerable effort to cash flow management and forecasts, to ensure cash is available when required. Investment assets have an adequate level of liquidity allowing the charity to swiftly convert them to cash should this be required.
- Supplier fraud, especially due to the increased sophistication of attempts, continues to concern the trustees. Multi-factor authentication has been implemented to further protect the organisation, with strict new supplier checks imposed.

Financial instrument risks

Ark invests liquid funds in a portfolio that includes hedge fund investments. Many of these investments are denominated in US Dollars and hence there is both a currency risk and a market risk on the performance of these investments. The risk is limited through diversification of the portfolio across investment strategies and across investment funds. The investment objective is to outperform cash without significantly increasing risk and historically this portfolio has proved to be significantly less volatile than global equity markets, with positive returns in each of the last ten calendar years. Currency risk is managed by monitoring the net imbalance of foreign currency assets and liabilities and the Board has approved the use of forward foreign currency contracts to limit currency gains and losses where the imbalance is regarded as excessive. The forward contracts in place effectively offset most of the foreign currency risk.

Law and regulation risks

There are currently no significant legal or regulatory non-compliance risks perceived by the charity and its subsidiaries.

Financial review

Ark's consolidated income in the year to 31 August 2024 totalled £44.8m (2022/23 – £60.3m), of which £31.3m (2022/23 - £31.3m) was related to the development of EdCity (note 14).

Group expenditure during the year was higher than the previous year at £54.1m (2022/23 – £52.8m). EdCity continues to be our major activity with £27.7m (2022/23 - £31.0m) expensed during the year. With work on the school and Youth Zone now complete, Ark donated its contribution in relation to the school to Ark Schools and to the Youth Zone to West London Youth Zone. This cost of £17.7m is included within the £27.7m of expenditure noted above (see note 11). The value of the office grew to £49.5m at 31 August 2024 (2022/23 - £30.4m). The £22.2m loan with the London Borough of Hammersmith & Fulham was fully repaid during the year, from income received from the Sequoia and Jagclif Charitable Trusts.

The office received full practical completion, including the fit-out of the Ark and Ark Schools spaces, in September 2024, after the balance sheet date.

Ark recorded net expenditure of £6.7m for the year as reported in the consolidated Statement of Financial Activities (SoFA), compared to a £9.3m surplus in the previous year. This deficit is largely due to £10.3m of funding received in the prior year for Martingale Foundation and the STEM Excellence Programme which was paid over to the new charity, Purposeful Ventures, in the current year (see note 22). As a result, group reserves decreased to £37.6m at 31 August 2024 (2022/23 – £44.3m).

The cost of raising funds at £0.9m was very similar to the previous years (2022/23 – £0.8m). This includes a proportion of the Development Team staff costs, based on the percentage of time spent on fundraising for the charity.

Expenditure by the charity differs from the group in that where a grant is made to a subsidiary company, the total amount committed is shown as expenditure (on grants and project operating costs) for the charity, whereas for the group, the value of funds actually spent by the subsidiary is shown, as all intergroup transactions are eliminated. The charity makes grants to subsidiary companies and programmes to support their charitable activities. The aims and objectives of the programmes supported by the charity are consistent with its own and so support of these programmes contributes to the achievement of the charity's own aims and objectives.

During the period, continuing operations expenditure at the charity level on grants and project operating costs was £31.4m (2022/23 – £25.9m). This includes support costs of £2.4m (2022/23 – £2.6m).

Financial review (continued)

Core Fund income and expenditure

	2024	2023
	£'000	£'000
Contributions arranged by trustees and patrons	1,271	22
Bank interest	121	23
Investment fee rebates	123	186
Return on investments	1,965	1,619
Other income	208	3
Total income raised for core costs	3,688	1,853
Less: Expenditure on core costs	(3,222)	(3,386)
Surplus/(Deficit) on core funds for the year	466	(1,533)
Transfer to restricted fund	(420)	(620)
Balance at 1 September	1,929	4,082
Balance at 31 August	1,975	1,929

The Core Fund is a designated fund within the unrestricted fund of the charity and group balance sheets. The income and expenditure in this fund is included in the unrestricted section of the charity and group SoFAs and is further supported by note 14 to the accounts. It has been established by trustees to meet the central, or core, administrative costs of the charity. Trustees are major supporters of the charity and make donations to support the core costs. £1,271k was donated in the year for this purpose (2022/23 – £22k). The trustees are confident that these funds, together with investment income and Ark's other sources of core income, will be more than sufficient to cover core cost expenditure in the period ahead.

This undertaking is central to Ark's operating philosophy as it gives other donors the assurance that 100% of every donation to programme funds can go directly to specific programmes. As the above table shows, at 31 August 2024, a reserve of £2.0m (2022/23 – £1.9m) has been established to cover core costs.

Investment fee rebates, included within core income, arise from funds that rebate their fees as a donation to Ark. Where capital is invested in a fund controlled by the trustees of Ark, 100% of fees are donated in this way.

Ark also maintains a general programme fund for funding specific projects as approved by the trustees. At 31 August 2024, a balance of £0.6m was held in this fund (2022/23 – £nil), as a number of projects were pending trustee approval and funding.

Financial review (continued)

Balance Sheet

The typical life cycle of funding for programmes within Ark Schools that are sponsored by Ark is three to five years and Ark generally underwrite part or all of the cost and set aside reserves at the outset. In the group balance sheet, these programme commitments are shown as grant creditors. The total value of grant creditors in the group balance sheet at 31 August 2024 was £17.0m (2022/23 – £17.2m) of which £9.5m (2022/23 – £6.3m) is due in less than one year.

In addition to the core costs fund, the group also holds an additional amount of £35.7m (2022/23 – £42.4m): £29.7m as restricted funds (2022/23 – £37.3m), which includes £24.5m (2022/23 – £20.8m) in respect of EdCity and £nil (2022/23 – £11m) in respect of the discontinued operations of Martingale Foundation and the STEM Excellence Programme, £5.4m as endowment funds (2022/23 – £5.1m) held for the benefit of individual academies within Ark Schools, and £0.6m as unrestricted funds held in its General Programme Fund (2022/23 – £nil).

This funding model is considered by the trustees to be reasonably prudent and results in a significant balance of cash and investments due to the receipt of funds in advance of application in programmes. Due to funding for programmes received in the year, the total of cash and investments in the group balance sheet is lower than the prior year at £43.9m (2022/23 – £55.6m).

The FRC oversees the charity's cash management. During the year, the charity's main bank accounts were held with Lloyds Banking Group. At 31 August 2024, 100% of the charity's cash was invested in the Lloyds accounts (2022/23 – 100%). The profile of the charity's cash holdings is dependent on the working capital needs of Ark's programmes.

At 31 August 2024, the non-cash investments held by the charity represented 55.6% of total cash and invested funds (2022/23 – 48%) and the FRC has approved this as reasonable. The objective for Ark's investments is to outperform cash without significantly increasing risk. The liquidity of our investments is such that should cash be required they can easily be redeemed. To maximise returns, we actively prioritise investment holdings over cash at bank and only redeem investments when required. While this results in a relatively low net current asset value of £3.5m (2022/23 – £32.6m), the accuracy of our cashflow allows this to be closely monitored to ensure all liabilities are settled as they fall due. Following practical completion of phase 1 of EdCity, a full review of project expenditure has taken place. This has led to a restatement of fixed assets and several other balance sheet comparatives. There has been no impact on the total net assets reported (note 24).

Funds and Reserves

Total reserves at the year-end amounted to £37.6m (2022/23 – £44.3m) for the group and £3.6m (2022/23 – £3.0m) for the charity. Ark's policy on reserves is to maintain an unrestricted fund (General Programme Fund and Core Costs Fund) at a level that ensures Ark is able to meet its financial commitments and obligations as they fall due, fund unexpected expenditure when unplanned events or programmes occur, and safeguard the charity from uncertainty over future income.

Financial review (continued)

Funds and Reserves (continued)

The appropriate level of free reserves are set at an amount sufficient to cover unfunded expenditure from unrestricted funds for a minimum period of six months in the event of a significant fall in income. The value of six months' core (unrestricted) operating expenditure approximates to £1.6m with the year-end unrestricted reserves for costs standing at £2.0m (2022/23 - £1.9m).

Costs are closely monitored to ensure that unrestricted reserves remain sufficient to meet financial commitments and obligations.

Restricted funds

Ark achieves its charitable objectives through direct implementation of projects by its own charitable subsidiaries and by way of grants to partner organisations.

Note 14 shows how these reserves are split across Ark's various programmes.

Unrestricted funds – General Programme Fund

The majority of funds raised by Ark are for specific purposes and/or charitable projects (i.e. they cannot be used to cover the organisation's core costs) and are either passed directly to the beneficiary or, for multi year projects, held as grant creditors until transferred. Where income is not committed to a specific project at the point of receipt, it can be credited to Ark's General Programme Fund. The General Programme Fund is used to fund specific projects endorsed by the trustees.

Unrestricted funds – Core Costs Fund

The trustees ensure that the central administrative costs of the charity are met through funds set aside specifically for that purpose. In the balance sheet, these funds are shown under unrestricted funds - core costs. The balance held on this fund is broadly equivalent to seven months' expenditure on core costs at 2023/24 levels (2022/23 – six months).

Investment Policy

The Ark charity had a portfolio of investments (excluding cash) with a market value as at 31 August 2024 of £17.9m (2022/22 – £20.8m). Ark invests in order to further the charity's charitable aims, taking into consideration the environmental, social, and governance aspects of the investments in line with our values. There are no restrictions on the charity's power to invest. The investment strategy is set by the trustees and takes into account income requirements, with the risk profile and the investment manager's view of the market prospects in the medium term. The overall investment policy is to outperform cash without significantly increasing risk.

Financial review (continued)

Grant-Making Policy

The trustees apply the funds of Ark at their discretion and in accordance with the charitable purposes and objectives of the charity. Grants are made to programmes mostly operated within the Ark family of organisations. Grants are awarded based on the strategic and financial requirements of each programme. Requests are reviewed by the Board and are subject to regular reviews of performance against the grant. Expenditure on grant-making is recognised annually in the Consolidated Statement of Financial Activities.

Statement of public benefit

Trustees have paid due regard to the Charity Commission's public benefit guidance and are satisfied that the charity complies with Section 4 of the Charities Act 2011. The sections at the beginning of this trustees' report dealing with objectives and achievements explain in detail the activities of the charity and the sections of the international community that benefited from Ark's work. The charity does not rely to any significant extent on the services of volunteers, with the exception of the contribution of time and skills from the trustees and a small number of patrons and advisors.

Approach to fundraising

Ark fundraises from a defined list of individuals, companies, and charitable trusts and foundations. Ark does not conduct mass mailing or telephone campaign fundraising and has no plans to start this kind of fundraising activity. Ark's network of schools conduct their own fundraising and may use fundraising platforms to promote specific school campaigns, including Just Giving. Ark has a small team of professional fundraisers and support staff. The charity does not outsource fundraising activities. Donor data is handled with care – information is held on a secure database and files managed by Ark. Ark is a paid member of the Fundraising Regulator and we comply with advice and guidance set by the body. The charity has not received any fundraising complaints.

Trustees' assessment of going concern status

The trustees have considered the risks facing the charity, the forecast of cash flows, and the level of reserves and are satisfied that Ark will be able to meet all financial obligations as they fall due over the next 12 months following approval of the accounts and therefore conclude that the charity is a going concern.

Governance

Governing document

Ark is a company limited by guarantee governed by its Memorandum and Articles of Association dated 12 November 2002, and is registered as a charity with the Charity Commission.

Organisation

The Board of Trustees, which can have up to 12 members, oversees the charity. The Board meets at least two times a year. There is also a programme board to oversee each venture, and a Finance and Risk Committee (FRC). The FRC reports to the Board and makes recommendations in their areas of responsibility. Trustee vacancies are advertised and prospective candidates will meet with members of the Ark Management Team and the Chair of the Board of Trustees as part of the appointment process. New trustees undergo an induction programme that includes meeting the Management Team, a briefing on their role and responsibilities, and meetings with existing trustees and our advisors.

The following individuals served as trustees during the financial year and up to the date these financial statements were approved:

Ian Wace (Chairman)

Anthony Clake

Lord Fink

Sir Paul Marshall

Executive Directors are appointed by the trustees to oversee the day to day operations of the charity. The Executive Directors, referred to as the Senior Management Team, have delegated authority for operational matters including finance and employment.

The following individuals served on the Senior Management Team during the financial year and up to the date these financial statements were approved, except as indicated:

Lucy Heller (Chief Executive)

Katie Oliver (Director of Ark Ventures)

Appointed 1 April 2024

Jacqueline Russell (COO)

Laurie Grist (Director of Projects)

Rosemary Dixon (Director of Strategy)

Appointed 4 March 2024

Michael Clark (Deputy Chief Executive)

Resigned 31 October 2023

Sarah Pearson (Director of External Relations)

Resigned 28 July 2024

Governance (continued)

Remuneration statement

Pay and benefits for the Chief Executive are determined by the Chair of the Board in consultation with other Board members and the Advisor to the Board. When deciding pay and benefits for the rest of the organisation, including the Executive team (except the Chief Executive), salary survey information and other relevant data is used as a benchmark to compare against similar organisations in the voluntary sector.

The Advisor to the Board, who is an employee of the charity and has delegated authority from the Ark Board, will review and approve all pay proposals for direct reports to the Chief Executive. Ark salaries, including those of the management team, are set on appointment and reviewed annually in accordance with pay review procedures.

Related parties

The charity has established a number of companies to implement its programmes. Subsidiaries are listed in note 18.

Ark Schools is a multi-academy trust that is responsible for the schools that Ark runs in the UK. Ark is sole member of Ark Schools. Ark Schools is registered in England and Wales as a company limited by guarantee (company number 05112090) and an exempt charity. It has the same registered address as Ark. Ark Schools receives the majority of its income from the UK Government and, due to the requirement for ultimate government control of these funds, does not form part of the group in these accounts.

Ark UK Programmes is responsible for Ark's work in UK education beyond Ark Schools. Ark UK Programmes is registered in England and Wales as a company limited by guarantee (company number 05932797; charity number 1137932). It is wholly owned by Ark and consolidated in these accounts. It has the same registered address as Ark.

The EdCity project is being delivered out of three Special Purpose Vehicles (SPVs):

- EdCity Office, incorporated 1 October 2018, is a registered charity and company limited by guarantee (charity number 1184547; company number 11596797). It is responsible for receiving and disbursing project funds, oversight and commissioning of marketing, leasing and fit out activity to EdCity Development Limited, and the running of 1EdCity, the office building located on the EdCity site.
- EdCity Development Limited, incorporated 10 August 2018, is a company limited by guarantee (company number 11511870). It is responsible for construction delivery and implementing marketing, leasing activity and fit out commissioned by EdCity Office and the other development partners.
- EdCity Management Company Limited, incorporated 21 August 2018, is a company limited by guarantee (company number 11528726). It is responsible for the estate management of EdCity on behalf of the owners and tenants including managing the public realm and energy centre.

Governance (continued)

Related parties (continued)

All EdCity SPVs are wholly owned subsidiaries of Ark and are consolidated in these accounts. They are all registered in England and Wales at the same address as Ark.

Ark established Ark (South Africa) Limited to run the charity's programmes in sub-Saharan Africa. The directors elected to cease all activities and deregister the entity in September 2023. Ark (South Africa) Limited was formally dissolved by Companies House on 12 November 2024 and has been removed from the Central Register of Charities (previously registered in England and Wales as a charitable company limited by guarantee - company number 04957091; charity number 1108175). This entity is therefore no longer included in the group accounts.

Ark is also affiliated to Absolute Return for Kids US, Inc. (Ark US), a US philanthropic organisation which shares Ark's mission, and which supports the work of the charity through grants. This entity is therefore not included as part of the group accounts.

Statement of Trustees' Responsibilities

The trustees (who are also the directors of Absolute Return for Kids (Ark) for the purposes of company law) are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and the charitable company and of the income or expenditure of the group for that period. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: statement of recommended practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departure 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 charitable company and group will continue in operation.

The trustees are responsible for keeping proper accounting records and disclosing with reasonable accuracy at any time the financial position of the group and charitable 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 group and charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that:

- so far as the trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware;
- the trustee has 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.

The confirmation is given and should be interpreted in accordance with the provision of section 418 of the Companies Act 2006. The trustees are responsible for the maintenance and integrity of information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statement may differ from legislation in other jurisdictions.

Statement of Trustees' Responsibilities (continued)

This report was approved by the Board of Trustees and signed on its behalf by:



Ian Wace
Trustee

Approved by the Board on: 29 April 2025

Independent auditor's report to the members of Absolute Return for Kids (Ark)

Opinion

We have audited the financial statements of Absolute Return for Kids (Ark) (the 'charitable parent company') and its subsidiaries (the 'group') for the year ended 31 August 2024 which comprise the group and charitable parent company statement of financial activities, the group and charitable parent company balance sheets and consolidated statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the group's and of the charitable parent company's affairs as at 31 August 2024 and of the group's income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and charitable parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- ◆ the information given in the trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the charitable parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept by the charitable parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the charitable parent company financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the charitable parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the charitable parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the charitable company and group through discussions with trustees and other management, and from our knowledge and experience of the sector;
- ◆ we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the Charities Act 2011, Companies Act 2006, data protection legislation, employment and, in respect of the EdCity projects, the CIS scheme in relation to taxation;

Auditor's responsibilities for the audit of the financial statements (continued)

- ◆ we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- ◆ identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- ◆ used data analytics to investigate the rationale behind any significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reviewing the minutes of meetings of those charged with governance;
- ◆ enquiring of management as to actual and potential litigation and claims; and
- ◆ reviewing any available correspondence with the charitable company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott Audit LLP

Katharine Patel (Senior Statutory Auditor)
for and on behalf of Buzzacott Audit LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

02 May 2025

Consolidated Statement of Financial Activities (including income and expenditure account)

For the year ended 31 August 2024

					Year ended 31-Aug-24	Year ended 31-Aug 23
	Notes	Unrestricted £'000	Restricted £'000	Endowments £'000	Total £'000	Total £'000
<i>Income and endowments from:</i>						
Donations and legacies						
Donations	2	1,965	29,839	-	31,804	6,838
Donated services	2	-	442	-	442	3,296
Charitable activities		-	2,837	-	2,837	2,897
Investment income	3a	244	113	-	357	408
Other	3b	208	9,009	-	9,217	30,717
Continuing operations		2,417	42,240	-	44,657	44,156
Discontinued operations	2 & 22	-	130	-	130	16,160
Total		2,417	42,370	-	44,787	60,316
<i>Expenditure on:</i>						
Raising funds	4	851	-	55	906	848
Charitable activities						
Support to programmes	4 & 5	2,371	39,077	300	41,748	47,054
Grants from endowments		-	-	-	-	950
Continuing operations		3,222	39,077	355	42,654	48,852
Discontinued operations	4 & 22	-	11,412	-	11,412	3,945
Total		3,222	50,489	355	54,066	52,797
Net (expenditure) income before gains on investment and losses on foreign exchange		(805)	(8,119)	(355)	(9,279)	7,519
Net gains on investments	6 & 9	1,971	66	584	2,621	1,777
(Losses) on foreign currency transactions		(5)	-	-	(5)	(23)
Net income (expenditure)		1,161	(8,053)	229	(6,663)	9,273
Fund transfers	14	(528)	528	-	-	-
Net movement in funds	7	633	(7,525)	229	(6,663)	9,273
Total funds brought forward		1,929	37,253	5,126	44,308	35,035
Total funds carried forward		2,562	29,728	5,355	37,645	44,308

The notes on pages 31 to 64 form an integral part of these financial statements.

There are no recognised gains and losses other than those shown above.

Consolidated Statement of Financial Activities (including income and expenditure account) (continued)

For the year ended 31 August 2024

	Continuing operations	Discontinued operations	Year ended	Continuing operations	Discontinued operations	Year ended
	2024	2024	2024	2023	2023	2023
	£'000	£'000	£'000	£'000	£'000	£'000
Total income	44,657	130	44,787	44,156	16,160	60,316
Total expenditure	(42,299)	(11,412)	(53,711)	(47,845)	(3,945)	(51,790)
Net income (expenditure) for the year	2,358	(11,282)	(8,924)	(3,689)	12,215	8,526

The income and expenditure account above excludes the movement on the endowment funds. It is stated before losses/gains on investments and transfers.

The summary income and expenditure account is derived from the statement of financial activities on page 24 which, together with the notes to the financial statements on pages 3131 to 6462, provides full information on the movements during the year on all the funds of the charity.

Total income of £44,787k (2022/23 – £60,316k) comprises £2,417k (2022/23 – £234k) in relation to unrestricted funds and £42,370k (2022/23 – £60,082k) in relation to restricted funds. A detailed analysis of income and expenditure by source is provided in the statement of financial activities and the notes to the financial statements.

Net expenditure for the year of £8,924k (2022/23 – net income of £8,526k) comprises net expenditure of £805k (2022/23 – £3,152k net expenditure) in relation to unrestricted funds and net expenditure of £8,119k (2022/23 – £11,678k net income) in relation to restricted funds, as shown in the statement of financial activities.

Charity Statement of Financial Activities (including income and expenditure account)

For the year ended 31 August 2024

				Year ended 31-Aug-24 Total £'000	Year ended 31-Aug-23 Total £'000
	Notes	Unrestricted £'000	Restricted £'000		
Income from:					
Donations and legacies					
Donations	2	1,965	28,029	29,994	19,899
Donated services	2	-	442	442	3,296
Charitable activities					
Investment income	3a	244	-	244	209
Other	3b	208	-	208	3
Continuing operations		2,417	28,471	30,888	23,407
Discontinued operations	2 & 22	-	130	130	1,956
Total		2,417	28,601	31,018	25,363
Expenditure on:					
Raising funds	4	851	-	851	791
Charitable activities	4 & 5	2,371	28,999	31,370	25,925
Continuing operations		3,222	28,999	32,221	26,716
Discontinued operations	4 & 22	-	130	130	1,956
Total		3,222	29,129	32,351	28,672
Net (expenditure) before gains on investment and losses on foreign exchange		(805)	(528)	(1,333)	(3,309)
Net gains on investments	6	1,971	-	1,971	1,651
(Losses) on foreign currency transactions		(5)	-	(5)	(32)
Net income (expenditure)		1,161	(528)	633	(1,690)
Fund transfers	14	(528)	528	-	-
Net movement in funds	7	633	-	633	(1,690)
Reconciliation of funds					
Total funds brought forward		1,929	1,054	2,983	4,673
Total funds carried forward		2,562	1,054	3,616	2,983

The notes on pages 31 to 64 form an integral part of these financial statements.

There are no recognised gains and losses other than those shown above.

Consolidated Balance Sheet

As at 31 August 2024

Company number 04589451

	<i>Notes</i>	2024 £'000	2023 £'000
<i>Fixed assets</i>			
Tangible assets *	8	49,493	30,361
Investment property	9	642	642
Investments	6	24,444	26,215
		74,579	57,218
<i>Current assets</i>			
Debtors *	10	3,980	22,325
Cash at bank and in hand		19,488	29,393
		23,468	51,718
<i>Liabilities</i>			
Creditors: amounts falling due within one year *	12	(19,983)	(19,123)
<i>Net current (liabilities) assets *</i>		3,485	32,595
Creditors: amounts falling due after one year *	12	(40,419)	(45,505)
<i>Total net assets</i>		37,645	44,308
<i>Total Funds of the Group</i>			
Endowment funds		5,355	5,126
Restricted income funds		29,728	37,253
Unrestricted funds:			
General Programme Fund		587	-
Core costs fund		1,975	1,929
<i>Total Group funds</i>	14	37,645	44,308

*A restatement of comparative balances has been made. There is no impact on reported total net assets (see note 24).

The notes on pages 31 to 64 form an integral part of these financial statements.

Approved by the Board of Trustees and signed on its behalf by



Ian Wace

Trustee

Date: 29 April 2025

Charity Balance Sheet

As at 31 August 2024

Company number 04589451

	Notes	2024 £'000	2023 £'000
Fixed assets			
Investments	6	18,917	21,022
Loan receivable	10	1,000	1,000
		<u>19,917</u>	<u>22,022</u>
Current assets			
Debtors	10	5,058	4,633
Cash at bank and in hand		3,648	11,989
		<u>8,706</u>	<u>16,622</u>
Liabilities			
Creditors: amounts falling due within one year *	12	(13,981)	(21,322)
Net current liabilities		<u>(5,275)</u>	<u>(4,700)</u>
Creditors: amounts falling due after one year *	12	(11,026)	(14,339)
Total net assets		<u>3,616</u>	<u>2,983</u>
Total Funds of the Charity			
Restricted income funds		1,054	1,054
Unrestricted funds:			
General Programme Fund		587	-
Core costs fund		1,975	1,929
Total charity funds	14	<u>3,616</u>	<u>2,983</u>

*A restatement of comparative balances has been made with no impact on reported total net assets (see note 24).

The notes on pages 31 to 64 form an integral part of these financial statements.

Approved by the Board of Trustees and signed on its behalf by



Ian Wace
Trustee

Date: 29 April 2025

Consolidated Statement of Cash Flows

For the year ended 31 August 2024

		Year ended 31-Aug-24 Total £'000	Year ended 31-Aug-23 Total £'000
	Notes		
Net cash provided by (used in) operating activities	20	7,262	(1,214)
Cash flows from financing activities:			
New borrowings		20,285	26,149
Loan repayment		(22,060)	-
Net cash (used in) provided by financing activities		(1,775)	26,149
Cash flows from investing activities			
Dividends, interest and rent from investments		357	408
Purchase of property, plant, and equipment		(19,132)	(24,929)
Proceeds from sale of investments		12,126	7,568
Transfer of endowments funds		(300)	(950)
Purchase of investments		(7,615)	(1,701)
Net cash (used in) investment activities		(14,564)	(19,604)
Change in cash and cash equivalents due to exchange rate movements		(2)	17
Net change in cash and cash equivalents		(9,079)	5,348
Reconciliation of net funds		Year ended 31-Aug-24 Total £'000	Year ended 31-Aug-23 Total £'000
Cash and cash equivalents at 1 September		29,586	24,238
Change in cash and cash equivalents		(9,079)	5,348
Cash and cash equivalents at 31 August		20,507	29,586

Consolidated Statement of Cash Flows (continued)

For the year ended 31 August 2024

	Year ended 31-Aug-24	Year ended 31-Aug-23
	Total	Total
	£'000	£'000
Cash at bank and in hand	19,488	29,393
Cash held by investment managers	1,019	193
Cash and cash equivalents at 31 August	20,507	29,586

Analysis of changes in net debt

	At 1 September 2023 £'000	Cash flows £'000	Other non-cash changes £'000	At 31 August 2024 £'000
Cash at bank and in hand	29,393	(9,905)	-	19,488
Cash held by investment managers	193	826	-	1,019
Loans	(34,649)	1,775	-	(32,874)
	(5,063)	(7,304)	-	(12,367)
Finance lease obligations	(17)	(2)	-	(19)
Total	(5,080)	(7,306)	-	(12,386)

The notes on pages 31 to 64 form an integral part of these financial statements.

Notes to the Accounts

For the year ended 31 August 2024

1. Accounting policies

Basis of preparation

These financial statements have been prepared for the year to 31 August 2024.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102), the Charities Act 2011 and the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest thousand pounds.

The accounts consolidate Ark and its project implementing subsidiaries active during the year: Ark UK Programmes, EdCity Development Limited, EdCity Management Company Limited and EdCity Office. It also consolidates its dormant subsidiaries Ark Mozambique and Ark Uganda. All intra-group balances, transactions, incomes, and expenses are eliminated on consolidation.

Critical accounting estimates and areas of judgement

Preparation of the accounts requires the trustees and management to make significant judgements and estimates.

The items in the accounts where these judgements and estimates have been made include:

- Estimating the impact of inflation on the charity's income and expenditure, and assessing income from new sales and activities, for the purpose of preparing cash flow forecasts and budgets to assist in the assessment of going concern;
- Allocating support costs across charitable activities;
- Timing of income recognition for programme fees;
- Classification of leases as finance or operating; and
- Measurement of fair values of the investment property.

Notes to the Accounts

For the year ended 31 August 2024

1. Accounting policies (continued)

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The trustees have made this assessment in respect to a period of one year from the date of approval of these accounts.

The trustees are confident that despite the challenges from the current economic climate, Ark and its subsidiaries have access to sufficient resources to continue for the foreseeable future. EdCity Office is now operational with several floors let and generating income. The trustees acknowledged the challenges in the rental market and for that reason, decided to fully fund the repayment of the London Borough of Hammersmith & Fulham loan during the year. The building continues to be actively marketed. The trustees remain fully committed to Ark.

AC+ has undertaken a full strategic review including a review of programme design to ensure it remains resilient to market and cost pressures.

A number of significant areas of judgement that affect items in the accounts are detailed above. In addition, the most significant areas that affect the carrying value of the assets held by the charity in the next accounting period (the year ending 31 August 2025), are the level of investment return and the performance of the investment markets (see the investment policy and the risk management sections of the trustees' report for more information). Whilst this is likely to lead to a reduction in income, the trustees remain of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

The trustees have concluded that there are adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Fund accounting

Unrestricted funds are those which the donor gives to the charity without stipulating a specific purpose. They are to be used for the furtherance of the objectives of the charity in general and may be applied to specific projects at the discretion of the trustees. Within unrestricted funds, the charity maintains two separate funds: Core Costs, and the General Programme Fund (GPF). The Core Costs fund covers income and expenditure relating to the central administrative costs of the charity. The GPF holds income which must be used to fund specific charitable projects as approved and funded by the trustees (i.e. cannot be used to cover the organisation's core costs).

Notes to the Accounts

For the year ended 31 August 2024

1. Accounting policies (continued)

Fund accounting (continued)

The relevant income is credited to the GPF and when the Board commits funds to a specific project, the required amount of funding is either managed directly through the GPF or transferred to the relevant restricted fund.

The endowment fund represents monies invested on behalf of individual Ark academies. Any returns generated on these funds can be used without restriction, but only by the academy in question, and are therefore recognised as restricted income. The initial capital can only be used with agreement of the Secretary of State for Education, unless it is spent on 'equipment, facilities, accommodation, landscaping and signage' at the relevant academy. The Ark All Saints Academy endowment is a permanent endowment for which Ark UK Programmes has been appointed as the trustee.

Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Unrestricted income is accounted for on a receipts basis. Restricted income is accounted for on a receipts basis but subject to recognising any donor restrictions. Where the corresponding programme expenditure can be clearly identified and matched with donor receipts, the income is recorded in the same accounting period as the expenditure and income is deferred if not fully spent. Income is not accrued except where there is a clear contractual entitlement and such income is then only recognised to the extent that the corresponding expenditure is recorded in the same accounting period. Deposit interest is recognised on an accruals basis.

Donated services and facilities provided to the charity are recognised in the period when it is probable that the economic benefits will flow to the charity, provided they can be measured reliably. This is normally when the service is provided. An equivalent amount is included as expenditure.

Donated services and facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have to pay to obtain facilities or services of equivalent economic benefit on the open market.

Notes to the Accounts

For the year ended 31 August 2024

1. Accounting policies (continued)

Expenditure

Liabilities are recognised as expenditure once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis, and has been classified under headings that aggregate all costs related to the category.

Ark and Ark UK Programmes are registered as a VAT Group with Ark Schools and reclaim VAT on business-related expenditure. Irrecoverable VAT is included in expenditure when incurred.

Costs of raising funds are those incurred in seeking donations for the charity and in publicising the work of the charity.

Expenditure on charitable activities comprise expenditure related to the direct furtherance of the charity's objectives. In the accounts of the charity, the award of a grant is recorded as charitable expenditure and the unexpended amount is held in the balance sheet as a grant creditor. In the accounts of the group, any such grant to a subsidiary company is not recognised as expenditure; instead the expenditure in the subsidiary is recognised as the charitable expenditure when incurred. Any unspent grant is recognised in the group balance sheet as a restricted fund.

Allocation of overhead and support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, payroll, and governance costs which support the charity's programmes and activities. Governance costs are those incurred in connection with the management of the charity's assets, organisational administration, and compliance with constitutional and statutory requirements.

Where costs cannot be directly attributed, they have been allocated to activities in line with the time spent by individual members of staff or the department on each activity.

Tangible fixed assets

Costs directly attributable to the acquisition or development of an asset which is expected to bring a future economic benefit to the charity and have a useful life exceeding one year are capitalised. Assets in the course of construction are capitalised at cost, but no depreciation is charged until the construction of the asset is complete and ready for its intended use. Once the asset is complete, the significant components of the asset will be reclassified to an appropriate class of asset. EdCity Office is intended as an investment asset and after initial recognition, investment property is carried at fair value. The effective date for this transfer is 1 September 2024.

Notes to the Accounts

For the year ended 31 August 2024

1. Accounting policies (continued)

Arrangements with other project beneficiaries

EdCity Office acts as a conduit for funding in respect of the development of the school and a proportion of the costs for the development of the nursery, adult education, and youth zone as part of the wider EdCity project. As EdCity Office is not the ultimate beneficiary of these elements of the project, the amounts contributed towards these elements of the project are initially held on the balance sheet until the asset is ready and available for the purposes intended. At this point, the accumulated contribution is recorded as a grant to the relevant project beneficiary, effectively reflecting a charitable donation.

Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date. Realised and unrealised gains (or losses) are credited (or debited) to the statement of financial activities in the year in which they arise.

A fair value hierarchy that prioritises the inputs to valuation techniques is used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and lowest priority to unobservable inputs (Level 3 measurement). The levels of fair value hierarchy are described below:

- Level 1 (listed investments) – Unadjusted quoted process in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 (unlisted investments) – Quoted prices in markets that are not active or financial instruments for which all significant inputs are observable either directly or indirectly; and
- Level 3 (unlisted investments) – Prices or valuation that requires inputs that are both significant to the fair value measurement and unobservable.

Investments that trade in markets that are not considered to be active, but are valued based on quoted market prices for an identical instrument, dealer quotations, or alternative pricing sources supported by observable inputs are classified within Level 2. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub-sectors.

Notes to the Accounts

For the year ended 31 August 2024

1. Accounting policies (continued)

Investments (continued)

The method of calculating realised gains on withdrawal of investments is on an average historical cost basis.

Investment Property

Investment property is held by Ark UK Programmes since May 2016 to earn rental income and for capital appreciation, rather than for use in the ordinary course of business. Investment properties are measured at cost and subsequently at fair value at the reporting date. Professional advice is sought as appropriate to determine the valuation of investment property. Changes in fair values are recognised in the statement of financial activities.

Investment property is subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised. The cost of maintenance, repairs and minor improvements is recognised in the statement of financial activities when occurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in the statement of financial activities.

Foreign currencies

Charity

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated at the rate of exchange ruling at the balance sheet date.

Group

The income and expenditure of overseas subsidiary undertakings are translated into sterling at average rates of exchange for the relevant period.

Assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange effective at the balance sheet date.

All exchange differences are recognised through the Statement of Financial Activities.

Operating lease

Operating lease rentals are charged on a straight line basis over the term of the lease. These are included in Charitable Activities expenditure in the Statement of Financial Activities.

Notes to the Accounts

For the year ended 31 August 2024

1. Accounting policies (continued)

Finance lease

A finance lease is recognised when it is determined that the lease arrangement transfers substantially all the risks and rewards of ownership to the lessee.

At the commencement of the lease term, Ark recognises its rights of use and obligations under the finance lease as an asset and a liability in the balance sheet at an amount equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, determined at the inception of the lease. Where the implicit rate cannot be determined, the charity's incremental borrowing rate is used.

Any initial direct costs are added to the amount recognised as an asset. Subsequently, the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the effective interest method, to produce a constant rate of change on the balance of the capital repayments outstanding.

Debtors and prepayments

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Accrued income

Accrued income is income which has been earned but not yet received. It must be recognised in the accounting period in which it arises rather than in the subsequent period in which it will be received.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material. Grant creditors have been recognised according to the timeline that the funding is expected to be spent over some of which are creditors over one year.

Notes to the Accounts

For the year ended 31 August 2024

1. Accounting policies (continued)

Loans

Concessionary loans, (philanthropic loans which have been received at below the prevailing market rate of interest), and commercial loans are initially recognised at the amount received.

The balance outstanding at the reporting date includes any interest accrued as per the loan terms agreed.

Discontinued operations

Where a decision has been made to discontinue or terminate an activity in accordance with the definitions contained within FRS 102, income, costs and obligations associated with the discontinuing operation are recognised within the year. The income, costs and obligations are disclosed separately on the face of the statement of financial activities.

Notes to the Accounts

For the year ended 31 August 2024

2. Donations and legacies

	Group 2024 £'000	Charity 2024 £'000	Group 2023 £'000	Charity 2023 £'000
Unrestricted funds				
Contributions to core costs	1,271	1,271	22	22
General donations	694	694	-	-
	1,965	1,965	22	22
Restricted funds				
Restricted grants and donations	30,281	28,471	10,112	23,173
Continuing operations	32,246	30,436	10,134	23,195
Discontinued operations – Restricted funds	130	130	16,160	1,956
Total	32,376	30,566	26,294	25,151

The trustees ensure that the core costs of the charity are covered, either from grants and donations or in year investment returns. Grants and donations include £1,271k (2022/23 – £22k) raised for this purpose.

The Group received donated services in the amount of £442k (2022/23 – £3.3m), which related to pro bono services provided by Bain & Co in the form of UK education consultancy services and is included in restricted grants and donations above.

3a. Investment income

Investment income arises from dividend income from investments, fee rebates and interest receivable on funds held in interest bearing bank accounts and on fixed term deposits. During the year, investment income was £357k (2022/23 – £408k) for the group and £244k (2022/23 – £209k) for the charity.

3b. Other

Other income includes recharges from various group entities. Ark charges each of its group entities for central resources such as Finance, HR, IT, and a desk charge for the use of space within its office. At group level, this includes recharges from EdCity Development Limited to the London Borough of Hammersmith & Fulham and OnSide for construction costs.

Notes to the Accounts

For the year ended 31 August 2024

4. Analysis of expenditure

Group

	Unrestricted funds	Restricted funds			
	Support costs (note 5)	Activities undertaken directly	Grant funding of activities	Total 2024	Total 2023
	£'000	£'000	£'000	£'000	£'000
Expenditure on charitable activities					
UK Education – main fund	1,541	7,150	4,129	12,820	14,650
EdCity	830	27,709	-	28,539	31,824
International Education - Other	-	-	89	89	580
Continuing operations	2,371	34,859	4,218	41,448	47,054
Discontinued operations (see note 22)	-	11,412	-	11,412	3,945
Total	2,371	46,271	4,218	52,860	50,999
Endowment funds					
Cost of raising funds:	-	55	-	55	57
Investment management fees					
Grants to Ark Schools	-	-	300	300	950
Unrestricted funds					
Cost of raising funds: Other	851	-	-	851	791
Total	851	55	300	1,206	1,798
Total expenditure	3,222	46,326	4,518	54,066	52,797

Notes to the Accounts

For the year ended 31 August 2024

4. Analysis of expenditure (continued)

Charity

	Unrestricted funds	Restricted funds			
	Support costs (note 5) £'000	Activities undertaken directly £'000	Grant funding of activities £'000	Total 2024 £'000	Total 2023 £'000
Expenditure on charitable activities					
UK Education – main fund	1,541	1,060	5,850	8,451	23,629
EdCity	830	-	22,000	22,830	1,716
International Education – Other	-	-	89	89	580
Continuing operations	2,371	1,060	27,939	31,370	25,925
Discontinued operations	-	130	-	130	1,956
Total	2,371	1,190	27,939	31,500	27,881
Expenditure on raising funds					
Cost of raising funds	851	-	-	851	791
Total expenditure	3,222	1,190	27,939	32,351	28,672

Group activities undertaken directly represent programmatic work by the central charity and its operating subsidiaries. For the central charity, this represents where charitable expenditure (as opposed to the cost of raising funds) relates primarily to the set up of new programmes.

Grant funding of activities represents programmatic work carried out by group and non-group companies and funded by grants from the central charity.

Support costs relate to Ark's core staff team and the London office, and are covered by the Core Costs Fund. These costs are allocated to programmes to reflect the estimated share of staff time and related cost.

Notes to the Accounts

For the year ended 31 August 2024

5. Allocation of support costs

Group and Charity

	Management costs £'000	Finance £'000	Governance costs £'000	Other overheads & support staff £'000	Total 2024 £'000	Total 2023 £'000
Expenditure on charitable activities						
UK Education – main fund						
EdCity	373	373	242	553	1,541	1,297
Continuing operations	574	574	372	851	2,371	2,075
Discontinued operations	-	-	-	-	-	520
Expenditure on raising funds						
EdCity	287	63	-	501	851	791
Total expenditure	861	637	372	1,352	3,222	3,386

Support costs relate entirely to Ark's London office and the core staff team covering fundraising, communications, finance, HR, general management, and administration.

Ark uses this broad definition of core costs and then covers these costs from funds raised and set aside specifically for this purpose.

The table above shows how the resources covered by the core budget are allocated using the two broad categories required under the Charities SORP FRS102, i.e. charitable activities and raising funds, and is based upon an allocation of the time spent by individual members of staff.

Notes to the Accounts

For the year ended 31 August 2024

6. Investments

	Group 2024 £'000	Charity 2024 £'000	Group 2023 £'000	Charity 2023 £'000
Market value at 1 September	26,022	20,835	29,406	23,388
Additions to investments at cost	7,615	6,000	1,701	-
Disposals at market value	(12,126)	(10,076)	(7,568)	(4,389)
Net unrealised investment gains	2,740	1,971	2,329	1,700
Transfer to cash	(826)	(800)	154	136
Market value at 31 August	23,425	17,930	26,022	20,835
Cash held by investment managers for reinvestment	1,019	987	193	187
	24,444	18,917	26,215	21,022
Cost of listed investments at 31 August	11,032	6,472	12,185	7,282

Disposals are analysed as follows:

	Group 2024 £'000	Charity 2024 £'000	Group 2023 £'000	Charity 2023 £'000
Proceeds	(8,719)	(6,743)	(6,359)	(3,788)
Realised loss on MV	(3,407)	(3,333)	(1,209)	(601)
Disposals at market value	(12,126)	(10,076)	(7,568)	(4,389)

All listed investments were traded on a recognised stock exchange. Investments held by the group at 31 August 2024 comprised the following:

	2024 £'000	2023 £'000
Overseas equities UKP	3,089	2,878
Fixed interest UKP	1,883	1,677
Alternative assets	18,445	21,424
Foreign exchange UKP	8	43
Cash and short term deposits UKP	1,019	193
	24,444	26,215

Notes to the Accounts

For the year ended 31 August 2024

6. Investments (continued)

Alternative assets include investments in hedge funds. These include foreign exchange forward contracts which are used to ameliorate the risk associated with holding investments in foreign currencies. These are held by the investment managers and form part of their strategy for managing risk.

	Group 2024 £'000	Charity 2024 £'000	Group 2023 £'000	Charity 2023 £'000
Unrealised gains as at 31 August (Cumulative):				
On investments	12,393	11,458	13,837	13,553
	12,393	11,458	13,837	13,553
Reconciliation of movements in unrealised gains:				
Unrealised gains at 1 September	13,837	13,553	12,367	12,319
Less: in respect of disposals in the year	(3,407)	(3,333)	1,210	(602)
Add: net gains arising on revaluation in the year	1,963	1,238	260	1,836
Unrealised gains at 31 August	12,393	11,458	13,837	13,553

7. Net movement in funds

Net movement in funds is stated after charging:

	Group 2024 £'000	Charity 2024 £'000	Group 2023 £'000	Charity 2023 £'000
Auditors' remuneration				
- audit of consolidated accounts	41	41	39	39
- audit of subsidiaries	52	-	46	-
- other audit and tax fees	-	-	9	1
Total	93	41	94	40

Notes to the Accounts

For the year ended 31 August 2024

8. Tangible Fixed assets

Group

	Assets under construction 2024 £'000	Assets under construction 2023 £'000
Cost:		
At 1 September 2023 restated *	30,361	5,432
Additions	19,132	24,929
At 31 August 2024	49,493	30,361

*A restatement of comparative balances has been made, see note 24

During the year, £19.1m (2022/23 - £24.9m) of expenditure was incurred in respect of the continuing EdCity project. This expenditure was capitalised on 31 August 2024 as an asset under construction and as such no depreciation has been charged.

No tangible fixed assets are held by the Charity (2022/23 - £nil).

9. Investment property

	£'000
Cost or valuation:	
At 1 September 2023	642
Change in fair value	-
At 31 August 2024	642

In the group, long leasehold investment property is held at fair value. As the property was purchased on 20 May 2016, the trustees of Ark UK Programmes have performed the valuation of the property based on publicly available information.

Included in the amount for investment property is £19k (2022/23 – £17k) relating to assets held under a finance lease (note 13).

Notes to the Accounts

For the year ended 31 August 2024

10. Debtors

	Group 2024 £'000	Charity 2024 £'000	Group 2023 £'000	Charity 2023 £'000
Receivable within 1 year				
Trade debtors	884	22	853	14
Prepayments and other debtors	378	16	698	56
Balance owed to EdCity Office from project beneficiaries (note 11) *	28	-	16,298	-
Accrued income *	1,008	1,317	1,264	919
VAT debtor	1,021	-	2,869	-
Related company debtors (EdCity Office)		3,563	-	3,544
Related company debtors (Ark UK Programmes and Ark Schools)	661	140	343	100
	3,980	5,058	22,325	4,633

*A restatement of comparative balances has been made, see note 24

Receivable in more than 1 year

During 2022/23, a £1m cash advance was made from Ark to EdCity Office as part of collateral for the loan with the London Borough of Hammersmith & Fulham. This was converted into a formal interest-free loan between Ark and EdCity Office. This is due for repayment upon the tenth anniversary of practical completion of the office building at EdCity.

Notes to the Accounts

For the year ended 31 August 2024

11. Arrangements with other project beneficiaries

EdCity Office has acted as a conduit for funding in respect of the development of the school and a proportion of the costs for the development of the nursery, adult education, and youth zone as part of the wider EdCity project. As EdCity Office is not the ultimate beneficiary of these elements of the project, the amounts contributed towards these elements of the project are initially held on the balance sheet until the asset is ready and available for the purposes intended. At this point, the accumulated contribution is recorded as a grant to the relevant project beneficiary, effectively reflecting a charitable donation. For information, the following amounts had been received and paid during the year by EdCity Office on behalf of third parties, with the balance donated to the third parties on completion of that particular phase (i.e. April 2024 for the Youth Zone and October 2023 for Ark White City Primary):

	On behalf of Onside for the Youth Zone development £'000	On behalf of Ark Schools for Ark White City Primary development £'000	On behalf of LBHF for Nursery and Adult Education Centre development £'000	Total £'000
At 1 September 2023 (restated)*	3,076	13,194	28	16,298
Cash received during the year	(458)	1,863	-	1,405
Donation of contributions to project beneficiaries	(2,618)	(15,057)	-	(17,675)
Balance owed at 31 August 2024 (note 10)	-	-	28	28

*A restatement of comparative balances has been made, see note 24

Notes to the Accounts

For the year ended 31 August 2024

12. Creditors

	Group	Charity	Group	Charity
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Amounts falling due within 1 year				
Trade creditors	367	60	912	47
Related company creditors (Ark Schools) *	2,609	1,775	2,289	1,958
Related company creditors (Ark UK Programmes) *	-	2,110	-	1,166
Amounts due to Purposeful Ventures	-	-	-	10,263
Grant creditors (Ark Schools) *	8,758	8,758	4,576	4,576
Grant creditors (Ark UK Programmes) *	-	143	-	276
Grant creditors (Other)	724	724	1,758	2,331
Tax and social security creditors	140	42	233	120
Other creditors *	5,710	369	8,291	560
Deferred income (see below) *	1,675	-	1,064	25
	19,983	13,981	19,123	21,322

Movements in deferred income are analysed below (note that there is a £nil (2022/23 - £25k) deferred income balance in the charity received for a specific event).

Group	At 31 August 2023 £'000	Released from previous year £'000	Deferred in current year £'000	At 31 August 2024 £'000
Programme fees	1,039	(1,039)	960	960
Programme grant *	25	(25)	715	715
Total deferred income	1,064	(1,064)	1,675	1,675

Group	At 31 August 2022 £'000	Released from previous year £'000	Deferred in current year £'000	At 31 August 2023 £'000
Programme fees	628	(628)	1,039	1,039
Programme grant *	2,853	(2,853)	25	25
Total deferred income	3,481	(3,481)	1,064	1,064

*A restatement of comparative balances has been made, see note 24

Notes to the Accounts

For the year ended 31 August 2024

12. Creditors (continued)

Amounts falling due after 1 year

	Group 2024 £'000	Charity 2024 £'000	Group 2023 £'000	Charity 2023 £'000
Loans	32,874	3,500	34,649	3,500
Finance lease liability (note 13)	19	-	17	-
Grant creditors (Ark Schools) *	6,898	6,898	10,220	10,220
Grant creditors (Other)	628	628	619	619
	40,419	11,026	45,505	14,339

*A restatement of comparative balances has been made, see note 24

The Charity holds a £3.5m loan from Ambition Institute. This loan accrues interest at 0.25% above base and is repayable in any amount on three months' notice. Confirmation has been obtained from the funder that this loan will not be recalled in the next 12 months, but repayments will be required from 2025/26.

Philanthropic loans included in the above balance include the following:

- Loan 1 - £2.4m – This loan was agreed with The Sequoia Trust in February 2023 at 0% interest. The loan is repayable in full on the earlier of the 31 March 2033 or the sale of the office building.
- Loan 2 - £2.4m – This loan was agreed with The Jagclif Charitable Trust in February 2023 at 0% interest. The loan is repayable in full on the earlier of the 31 March 2033 or the sale of the office building.
- Loan 3 - £21.4m – (2022/23 - £16.4m) agreed with Elba Charitable Foundation. The full loan amount will be repaid by the fifth anniversary of the agreement date, being between October and December 2027. If not repaid at this point, the loan incurs interest of 2%. Of the £21.4m balance, £5.0m was in respect of amounts drawn down in 2023/24 and £14.4m was in respect of amounts drawn down in 2022/23. A further amount of £1.6m is still to be drawn.
- Loan 4 - £3.0m – agreed with the Resolution Trust in 2021/22. The loan plus interest is repayable on the 20 July 2031. Interest accrues at 3%. Interest accrued and not paid on this loan - £175k (2022/23 - £107k).

Notes to the Accounts

For the year ended 31 August 2024

12. Creditors (continued)

Commercial Loan agreements:

During the year, EdCity Office drew down a further £15.4m (2022/23 - £6.8m) of a loan facility with the London Borough of Hammersmith & Fulham (LBHF) taking the total loan financing amount to £22.2m. Under the terms of the loan, a maximum facility of £39m had been made available to EdCity Office by LBHF in support of the EdCity project. The debt facility was agreed with the Local Authority in November 2021 and fixed at a rate of 8.94% in September 2022. The interest rate was due to drop to 7.19% once building occupancy exceeded 80%. The loan was secured on the office building and Ark had provided a guarantee in respect of the loan to the value of £10m. All other debt was subordinate to the LBHF debt.

This debt was repaid in full in July 2024 being £22.2m of debt plus £1.2m of interest and all security was released.

Creditors: Amounts falling due after more than one year (disclosure)

	2024	2023
	£000	£000
Loan repayable terms		
1-2 years	500	-
2-5 years	23,900	18,900
5+ years	8,474	15,749
	32,874	34,649

13. Finance Lease

	2024	2023
	£'000	£'000
Not later than one year	-	-
Later than one year and not later than five years	2	2
Later than five years	299	300
Total gross payment	301	302
Less: finance charges	(282)	(285)
Carrying amount of liability	19	17

The finance lease element of the property is based on future rental payments and discounted by a long-term interest rate of 4.54% (2022/23 – 4.60%).

Notes to the Accounts

For the year ended 31 August 2024

14. Analysis of charitable funds

Group

	31 Aug 2023 £'000	Income £'000	Gains/ (losses) and transfers £'000	Expenditure £'000	31 Aug 2024 £'000
Restricted funds					
UK Education – main fund	5,122	10,900	528	(11,279)	5,271
EdCity *	20,849	31,251	66	(27,709)	24,457
International Education – Other	-	89	-	(89)	-
Continuing operations	25,971	42,240	594	(39,077)	29,728
Discontinued operation (see note 22)	11,282	130	-	(11,412)	-
Total	37,253	42,370	594	(50,489)	29,728
Endowment Funds					
Endowment held for Ark Schools	5,126	-	584	(355)	5,355
	5,126	-	584	(355)	5,355
Unrestricted funds					
Core funds	1,929	1,452	1,816	(3,222)	1,975
General programme funds	-	965	(378)	-	587
Total	1,929	2,417	1,438	(3,222)	2,562
Total Group funds	44,308	44,787	2,616	(54,066)	37,645

*A restatement of comparative balances has been made, see note 24

Notes to the Accounts

For the year ended 31 August 2024

14. Analysis of charitable funds (continued)

Charity

	31 Aug 2023 £'000	Income £'000	Gains/ (losses) and transfers £'000	Expenditure £'000	31 Aug 2024 £'000
Restricted funds					
UK Education – main fund	1,054	6,381	528	(6,909)	1,054
EdCity	-	22,000	-	(22,000)	-
International Education - Other	-	90	-	(90)	-
Continuing operations	1,054	28,471	528	(28,999)	1,054
Education Partnership Group	-	130	-	(130)	-
Discontinued operations (see note 22)	-	130	-	(130)	-
Total	1,054	28,601	528	(29,129)	1,054
Unrestricted funds					
Core costs fund	1,929	1,452	1,816	(3,222)	1,975
General programme funds	-	965	(378)	-	587
Total	1,929	2,417	1,438	(3,222)	2,562
Total Charity Funds	2,983	31,018	1,966	(32,351)	3,616

Income is the amount receivable as income for each fund during the year including gains and losses on investments and foreign exchange.

Transfers are the net value of funds received as unrestricted funds committed in year to specific programmes. Unrestricted funding transferred to programmes is agreed annually by the Board and is used to further the charitable aims of each programme. Unrestricted funds committed to programmes but not used in full are transferred back to the general programme fund unless there is an agreement with the Board to hold these funds for future use.

Expenditure is the amount expended or committed as grants to other entities including other group companies.

Notes to the Accounts

For the year ended 31 August 2024

15. Analysis of net assets between funds

	Unrestricted General funds £'000	Restricted funds £'000	Endowment funds £'000	2024 Total £'000	2023 Total £'000
Group 2024					
Fund balances at 31 August 2024 are represented by:					
Fixed assets *	-	69,224	5,355	74,579	57,218
Current assets *	2,820	20,648	-	23,468	51,718
Creditors: amounts falling due within one year *	(258)	(19,725)	-	(19,983)	(19,123)
Creditors: amounts falling due in more than one year *	-	(40,419)	-	(40,419)	(45,505)
Total net assets	2,562	29,728	5,355	37,645	44,308

	Unrestricted General fund £'000	Restricted funds £'000	2024 Total £'000	2023 Total £'000
Charity 2024				
Fund balances at 31 August 2024 are represented by:				
Investment assets	-	18,917	18,917	21,022
Non-Current assets	-	1,000	1,000	1,000
Current assets	2,820	5,886	8,706	16,622
Creditors: amounts falling due within one year *	(258)	(13,723)	(13,981)	(21,322)
Creditors: amounts falling due in more than one year *	-	(11,026)	(11,026)	(14,339)
Total net assets	2,562	1,054	3,616	2,983

*A restatement of comparative balances has been made, see note 24

Notes to the Accounts

For the year ended 31 August 2024

16. Staff costs and numbers

	Group 2024 £'000	Charity 2024 £'000	Group 2023 £'000	Charity 2023 £'000
Salaries and wages	5,223	2,046	6,098	2,605
Social security costs	556	242	628	252
Pension costs	577	218	620	266
Total salary costs	6,356	2,506	7,346	3,123
Other staff costs	57	13	75	20
Total staff costs	6,413	2,519	7,421	3,143

Other staff costs include an accrual for untaken annual leave in the financial year.

Included in salaries and wages were redundancy and ex-gratia severance payments totalling £nil (2022/23 – £nil) in the charity and £2k (2022/23 – £nil) in the group.

The average number of staff employed, analysed by function, was:

	Group 2024 No.	Charity 2024 No.	Group 2023 No.	Charity 2023 No.
Programmes	79	8	93	16
Support services	23	18	26	20
Fundraising	6	6	6	6
	108	32	125	42

Notes to the Accounts

For the year ended 31 August 2024

16. Staff costs and numbers (continued)

The number of staff whose emoluments (excluding employer pension contributions) were in excess of £60,000 during the year were as follows:

	Group 2024 No.	Charity 2024 No.	Group 2023 No.	Charity 2023 No.
£210,001 - £220,000	1	1	-	-
£200,001 - £210,000	-	-	1	1
£160,001 - £170,000	-	-	1	1
£120,001 - £130,000	-	-	1	1
£110,001 - £120,000	1	-	2	-
£100,001 - £110,000	1	1	1	1
£90,001 - £100,000	1	-	2	-
£80,001 - £90,000	1	-	3	2
£70,001 - £80,000	8	4	3	2
£60,001 - £70,000	10	4	11	5

The pension contributions made on behalf of the above employees were £189k (2022/23 – £220k plus £13k cash in lieu of pension) in the group and £84k (2022/23 – £111k plus £13k cash in lieu of pension) in the charity. No benefit other than pension has been provided to employees.

Total remuneration paid to charity key management personnel was £575k (2022/23 – £568k), including payments to the Chief Executive, Director of Ark Ventures, COO, Director of External Relations and Director of Strategy. Some members of the key management team are paid by Ark Schools and not directly recharged to the charity.

17. Directors' remuneration and expenses

The charity did not pay any remuneration to its trustees (2022/23 – £nil). No expenses were reimbursed to or paid on behalf of trustees during the year.

Notes to the Accounts

For the year ended 31 August 2024

18. Investments in subsidiaries

<u>Subsidiary Undertaking</u>	<u>Country</u>	<u>Basis of Consolidation</u>	<u>Nature of activities</u>	<u>Status</u>
Ark UK Programmes	United Kingdom	100% ownership	Education	Trading
Ark (South Africa) Limited	South Africa	100% ownership	Health/Education	Dissolved
Ark Mozambique	Mozambique	100% ownership	Health	Dormant
Ark Uganda	Uganda	100% ownership	Education	Dormant
EdCity Development Limited	United Kingdom	100% ownership	Construction	Trading
EdCity Office	United Kingdom	100% ownership	Real Estate Holding	Trading
EdCity Management Company Limited	United Kingdom	100% ownership	Real Estate Management	Trading

	Ark UK Programmes £'000	EdCity Office £'000	EdCity Development Limited £'000	EdCity Management Company Limited £'000
2024				
Income	6,240	22,306	17,136	251
Expenditure	(17,722)	(18,756)	(17,136)	(261)
Net gains on investments	584	66	-	-
Net movement in funds	(10,898)	3,616	-	(10)
Total funds brought forward	20,392	20,935	-	(11)
Total funds carried forward	9,494	24,551	-	(21)
Fixed assets	6,169	49,493	-	-
Current assets	6,079	11,384	6,689	331
Liabilities	(2,754)	(36,326)	(6,689)	(350)
Share capital	-	-	-	(2)
Total funds	9,494	24,551	-	(21)

Notes to the Accounts

For the year ended 31 August 2024

19. Related party transactions

Grants made by Ark to Ark Schools

Ark Schools is a multi-academy trust that is responsible for the schools that Ark runs in the UK. Ark is sole member of Ark Schools and therefore considered a related party.

During the year, £3.6m of grants were made by Ark in support of Ark Schools' programmes (2022/23 – £1.6m). In addition, £0.1m of grants were made by Ark in support of Ark Schools' academies (2022/23 – £0.6m). At the year end, the unpaid grant allocated to Ark Schools and its academies was £15.7m (2022/23 – £14.8m), of which £8.8m (2022/23 – £4.6m) is due in less than one year. The charity also shares its office with Ark Schools, with each charity assuming a reasonable proportion of the costs.

During the year, EdCity Office donated £15.1m (2022/23 – £nil) to Ark White City Primary Academy under the construction agreement now that the school is operating. This cost represents the historical construction costs plus a share of associated professional fees incurred on the redevelopment of the Ark Schools site. Of the spend gifted to Ark White City Primary Academy, £1.9m relates to 2023/24 spend (2022/23 – £7.2m). Ark White City Primary Academy is operated by Ark Schools, a company where Ark is the sole member.

Investments

Ark holds investments in the MW Eureka Fund, a hedge fund managed by Marshall Wace LLP. Anthony Clake, Sir Paul Marshall and Ian Wace are members of Marshall Wace LLP and are also trustees of Ark.

Ark Group received £124k fee rebates from MW Eureka Fund for its core operations and EdCity (2023/23 - £286k). This was 100% of the fee charged for managing investments.

The carrying value of all shares gifted to the charity that were still held at the balance sheet date of 31 August 2024 was £8.2m (2022/23 – £7.4m). No shares were disposed outside of the group during the year.

Donations from related parties

During the year, the charity was gifted £6.0m (2022/23 - £nil) shares in the MW Eureka Fund from the Jagclif Charitable Trust. This income was restricted to the EdCity project. The full amount was redeemed, and the resulting cash was passed on to EdCity Office and used to redeem the loan with the London Borough of Hammersmith & Fulham. Ian Wace is a trustee of the Jagclif Charitable Trust and is also a trustee of Ark and EdCity Office.

£0.6m (2022/23 – £0.4m) of income was received in the year from the Jagclif Charitable Trust. This income was a contribution towards Ark Core costs.

Notes to the Accounts

For the year ended 31 August 2024

19. Related party transactions (continued)

Donations from Related Parties (continued)

£18.5m (2022/23 – £1.5m) of income was received in the year from the Sequoia Trust, £16m for EdCity to repay the loan with the London Borough of Hammersmith & Fulham and £2.5m for Ark Schools programmes including the Ark Learning Institute. Sir Paul Marshall is a trustee of the Sequoia Trust and is also a trustee of Ark. The Ark Schools programmes are multiyear programmes and £2.4m (2022/23 - £0.8m) was included in creditors at 31 August 2024.

£0.3m (2022/23 – £1.8m) of income was received in the year from the Eureka Charitable Trust. Sir Paul Marshall and Ian Wace are trustees of the Eureka Charitable Trust and are also trustees of Ark. The income was restricted to Ark Schools' programmes. £0.3m (2022/23 – £1.5m) was remaining at year-end and is included in creditors at 31 August 2024.

Marshall Wace Asset Management Limited, the managing member of Marshall Wace LLP, match funded £22k of donations made to Ark Schools (2022/23 – £2k). They also contributed £nil (2022/23 – £5k) towards Ark core costs. £50k (2022/23 – £55k) of other trustee donations were received during the year ended 31 August 2024.

Other related parties

£57k (2022/23 - £nil) of income was received from Purposeful Ventures for back-office support provided by Ark. £112k (2022/23 - £nil) was granted to Purposeful Ventures as strategic support. £150k (2022/23 - £nil) was granted to Purposeful Ventures as a start-up grant. Lucy Heller is part of Ark senior management and is a trustee of Purposeful Ventures.

Notes to the Accounts

For the year ended 31 August 2024

20. Notes to the consolidated statement of cash flows

Reconciliation of net movement in funds to net cash provided by operating activities:

	Group 2024 £'000	Group 2023 £'000
Net (expenditure) income as per the Statement of Financial Activities	(6,663)	9,273
Adjustments for:		
(Gains) on investments	(2,621)	(1,777)
Dividends, interest, and rents from investments	(357)	(408)
Realised gain in the year	708	(709)
Expenditure on endowments	300	950
Decrease (increase) in debtors *	18,345	(7,246)
Increase (decrease) in creditors (excluding endowment and loans) *	(2,450)	(1,297)
Net cash provided by (used in) operating activities	7,262	(1,214)

*A restatement of comparative balances has been made, see note 24

21. Taxation

Absolute Return for Kids (Ark) is a company limited by guarantee, registered in England, number 4589451, and is a UK registered charity, number 1095322. Given the nature of its activities, the charity will not be subject to income tax or corporation tax on income derived from its charitable activities, as it would fall within the various exemptions available to registered charities.

Notes to the Accounts

For the year ended 31 August 2024

22. Discontinued operations - Consolidated

	Martingale Foundation	STEM Excellence Portfolio	EPG *	31 August 2024 Total	31 August 2023 Total
2024	£000	£000	£000	£000	£000
Income from:					
Donations and legacies:					
Grants and donations	-	-	130	130	16,160
Total income	-	-	130	130	16,160
Expenditure on:					
Charitable activities					
Activities undertaken directly	(726)	(290)	(130)	(1,146)	(3,449)
Donations to new charity	(5,426)	(4,840)	-	(10,266)	(496)
Total expenditure	(6,152)	(5,130)	(130)	(11,412)	(3,945)
Net expenditure for the year ended 31 August 2024	(6,152)	(5,130)	-	(11,282)	12,215
Restricted fund balance at 1 September 2023	6,152	5,130	-	11,282	(933)
Restricted fund balance at 31 August 2024	-	-	-	-	11,282

On 1 November 2023, Martingale Foundation and STEM Excellence Portfolio became part of an independent charity – Purposeful Ventures – and were included within Ark consolidated accounts for the last time in full during the year ended 31 August 2024.

*EPG's income is included within the charity results.

Notes to the Accounts

For the year ended 31 August 2024

22. Discontinued operations – Consolidated (continued)

	Martingale Foundation £000	STEM Excellence Portfolio £000	MESME £000	EPG £000	31 August 2023 Total £000
2023					
<i>Income from:</i>					
<i>Donations and legacies:</i>					
<i>Grants and donations</i>	6,605	5,788	-	3,767	16,160
<i>Total income</i>	6,605	5,788	-	3,767	16,160
<i>Expenditure on:</i>					
<i>Charitable activities</i>					
<i>Support to programmes</i>	(453)	(658)	-	(2,338)	(3,449)
<i>Donations to new charity</i>	-	-	(496)	-	(496)
<i>Total expenditure</i>	(453)	(658)	(496)	(2,338)	(3,945)
<i>Net expenditure for the year ended 31 August 2023</i>	6,152	5,130	(496)	1,429	12,215
<i>Restricted fund balance at 1 September 2022</i>	-	-	496	(1,429)	(933)
<i>Restricted fund balance at 31 August 2023</i>	6,152	5,130	-	-	11,282

On 1 September 2022, MESME became an independent charity and was included within Ark consolidated accounts for the last time in full during the year ended 31 August 2023. The closing balance of £496k relating to MESME has been shown as a transfer out in the 2022/23 accounts on the face of the statement of financial activities.

During 2024, Education Partnerships Group (EPG) discontinued its activities and was included within Ark accounts for the last time in full during the year ended 31 August 2024. The closing balance of £nil has been shown as a transfer out in the 2023/24 accounts on the face of the statement of financial activities. The results above are on a consolidated basis and include Ark South Africa, a separate legal entity, which was subsequently dissolved in November 2024. The charity donation income and support to charities expenditure amount is £130k (2022/23 - £1,956k).

Notes to the Accounts

For the year ended 31 August 2024

23. Comparative consolidated statement of financial activities for the year ended 31 August 2023

		Unrestricted	Restricted	Endowments	Year-ended 31-Aug-23 Total
	Notes	£'000	£'000	£'000	£'000
<i>Income and endowments from:</i>					
<i>Donations and legacies</i>					
Donations	2	22	6,816	-	6,838
Donated services	2	-	3,296	-	3,296
<i>Charitable activities</i>					
Investment income	3a	209	199	-	408
Other	3b	3	30,714	-	30,717
Continuing operations		234	43,922	-	44,156
Discontinued operations	2 & 22	-	16,160	-	16,160
Total		234	60,082	-	60,316
<i>Expenditure on:</i>					
Raising funds	4	791	-	57	848
<i>Charitable activities</i>					
Support to programmes	4 & 5	2,595	44,459	-	47,054
Grants from endowments		-	-	950	950
Continuing operations		3,386	44,459	1,007	48,852
Discontinued operations	4 & 22	-	3,945	-	3,945
Total		3,386	48,404	1,007	52,797
<i>Net income (expenditure) before gains on investment and losses on foreign exchange</i>					
		(3,152)	11,678	(1,007)	7,519
Net gains on investments	6 & 9	1,651	48	78	1,777
(Losses) gains on foreign currency transactions		(32)	9	-	(23)
Net (expenditure) income		(1,533)	11,735	(929)	9,273
Fund transfers	14	(699)	699	-	-
Net movement in funds	7	(2,232)	12,434	(929)	9,273
<i>Reconciliation of funds</i>					
Total funds brought forward		4,161	24,819	6,055	35,035
Total funds carried forward		1,929	37,253	5,126	44,308

Notes to the Accounts

For the year ended 31 August 2024

24. Restatement of prior year balances

Following practical completion of Phase 1 of the EdCity development, a full review of expenditure incurred across all parties, has taken place. This has led to a £5.9m restatement of fixed assets and amendments to a number of other balance sheet accounts for the prior year group accounts (notes 8, 10, 11, 12, 14, 15 and 20). There has been no impact on the total net assets reported, or what has been reported in the statement of financial activities.

In addition, during the period, detailed funding drawdown forecasts were completed which allowed further analysis of the charity grant creditors and the subsequent £10.2m allocation of some of the project balances as long term creditors in both the charity and group accounts (note 12).

		Year ended 31-Aug-23 Group Restated £'000	Year ended 31-Aug-23 Group Original £'000	Year ended 31-Aug-23 Charity Restated £'000	Year ended 31-Aug-23 Charity Original £'000
	Notes				
Fixed assets					
Tangible assets *	8	30,361	36,303	-	-
Investment property	9	642	642	-	-
Loan receivable		-	-	1,000	1,000
Investments	6	26,215	26,215	21,022	21,022
		<u>57,218</u>	<u>63,160</u>	<u>22,022</u>	<u>22,022</u>
Current assets					
Debtors *	10	22,325	23,031	4,633	4,633
Cash at bank and in hand		29,393	29,393	11,989	11,989
		<u>51,718</u>	<u>52,424</u>	<u>16,622</u>	<u>16,622</u>
Liabilities					
Creditors: amounts falling due within one year *	12	(19,123)	(35,991)	(21,322)	(31,542)
Net current assets (liabilities)		<u>32,595</u>	<u>16,433</u>	<u>(4,700)</u>	<u>(14,920)</u>
Creditors: amounts falling due after one year *	12	(45,505)	(35,285)	(14,339)	(4,119)
Total net assets		<u>44,308</u>	<u>44,308</u>	<u>2,983</u>	<u>2,983</u>
Total Funds					
Endowment funds		5,126	5,126	-	-
Restricted income funds		37,253	37,253	1,054	1,054
Unrestricted funds:					
Core costs fund		1,929	1,929	1,929	1,929
Total Funds		<u>44,308</u>	<u>44,308</u>	<u>2,983</u>	<u>2,983</u>

Notes to the Accounts

For the year ended 31 August 2024

25. Post balance sheet events

Post year end, the fit out of some of the floors in the EdCity office was completed and Ark and Ark Schools became the first tenants of the new office building with leases commencing on 1 September 2024. Since then, a number of new tenants have signed lease agreements including Purposeful Ventures. The marketing campaign continues in order to attract new tenants to the five remaining floors with 51,633 square feet available.