



Absolute Return for Kids (ARK)
Company limited by guarantee registration number: 04589451
Charity registration number: 1095322

Annual Report and Accounts

For the year ended 31 August 2023



Contents

Legal, reference and administrative details.....	1
Trustees' Report including Strategic Report	2
Statement of Trustees' Responsibilities.....	16
Independent auditor's report.....	17
Consolidated Statement of Financial Activities (including income and expenditure account)	21
Charity Statement of Financial Activities (including income and expenditure account)	23
Consolidated Balance Sheet.....	24
Charity Balance Sheet	25
Consolidated Statement of Cash Flows	26
Notes to the Accounts	28

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 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:

Ian Wace (Chairman)
Anthony Clake
Lord Fink
Sir Paul Marshall

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.

Company Secretary Elizabeth Dawson

Senior Management Lucy Heller, Chief Executive
Michael Clark, Deputy Chief Executive
Jacqueline Russell, Chief Operating Officer
Sarah Pearson, Director of External Relations

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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 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 3,000 staff make up the Ark Schools network.

Achievements and performance

Our primary results were a particular highlight this year, with Ark's KS2 performance surpassing the national average by 16 percentage points, making us the top performing primary MAT in England. Across the network, 75 percent of pupils achieved the expected standard in reading, writing and maths, compared to 59 percent nationally. This is particularly impressive as we have one of the highest proportions of disadvantaged students among national MATs.

In line with the anticipated national trend, we saw a deflation against last year's secondary results. Against this backdrop, the steady increase in our network average for KS4 and KS5 against pre-Covid benchmarks (2019) is encouraging. There was particularly good news on Progress 8 performance with three Ark schools in the top two percent of all schools across the country. Ark's students across 20 secondaries in London, Birmingham, Portsmouth and Hastings, scored an aggregate progress score of +0.15.

There were 11 Ofsted inspections across the network this year. This means that 86 percent of Ark schools now have an inspection grade of Good or better, with more than one in four in the Outstanding category.

Future plans

The coming year will be the final year of our current strategic plan. The priorities outlined in this plan – to build excellent schools within a sustainable network that supports the development of wider capacity across the system – remain our guiding focus. Within this framework, key priorities for 2023/24 will be:

- Continuing to develop the mechanisms that have allowed us to recruit and develop our teacher workforce.
- Fully embedding the foundational strengths of our reading strategy into every school.
- Building on the work achieved through our extracurricular programme and investment in mental health support.

Ark Programmes and Ventures

This year has seen some substantial changes and developments in the scope of our ventures activity. As we have grown, many of our ventures and initiatives have been tightly associated with schools. They either share lessons that we have learned from that frontline experience and expertise – as in the case of Ark Curriculum Plus or fill gaps that we identify – in the way that the need for early years support focused on education which led to the creation of Ark Start.

However, schools are only part of the story. Over the years, our ventures have ranged far over the educational landscape – from extra-curricular support and STEM-focused campaigns to approaches that explore solutions beyond schools or address challenges in other sectors like health and social care.

Both school-inspired ventures and these more wide-ranging projects are critical to achieving our mission. 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 but then allow individual organisations to flourish independently. Earlier this year, we decided that our incubation activity had reached a point where it had sufficient scale and demand to support the current ventures team to thrive as an independent charity.

This new organisation – Purposeful Ventures – was set-up as an independent charity in November 2023, post year end, and will work to solve intractable challenges in education and society. Led by Michael Clark, the long-standing Deputy CEO of Ark, it will focus on creating a fairer society, where all young people thrive. The new organisation will work 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 CEO is a Trustee of Purposeful Ventures.

Ark will continue to create new initiatives that innovate and learn lessons from our schools to address the challenges we learn from the frontline. Most immediately this will be with the development of Ark Curriculum Plus and Ark Start as well as the exciting completion of EdCity. Further information on these plans is set out below.

Alongside the substantial work to shape the new strategy and support the spin-out of Purposeful Ventures, it was a busy year for our ventures. Below is a summary of activity for all the ventures supported through the year.

Ark Start

Ark Start was founded to transform early education for disadvantaged children. It provides high-quality, teacher-led early education with a focus on working with parents to improve the home learning environment for pre-school children.

Ark Start is creating a new model of flexible, affordable nursery education and 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 two open nurseries are now fully established and full (Ark Start John Archer in Clapham Junction and Ark Start Oval in East Croydon).
- Ark Start developed a growing coalition of partners advocating for increased funding in disadvantaged areas.

Ark Start (continued)

Future plans

In 2023/24, Ark Start plans to:

- Launch the evaluation of Ark Start in partnership with our evaluation partner, SQW.
- Open at least two new nurseries.
- 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 DfE and across the key political parties.
- Embed the Ark Start offer for under-twos in advance of expanding to children aged nine months and upwards.
- Given the early success and the need to maximise impact on policy makers, Ark Start is pursuing plans to expand to eight nurseries to strengthen its proof of concept, with secure plans in place to open at least two additional nurseries this year.

Ark Curriculum Plus

Ark Curriculum Plus (AC+) was formed in 2019 following the merger of Mathematics Mastery, a venture since 2012, and English Mastery, a venture since 2017, and 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 CPD. The AC+ curriculum programmes are having the greatest impact in schools with a high proportion of inexperienced or non-specialist teachers, helping them reach proficiency as quickly as possible. Ark Curriculum Plus continued to grow steadily this year with over 11,000 teachers supported by our programmes.

Achievements and performance:

With increasing curriculum resources available free to the sector from the Government-funded Oak National Academy and others, AC+ has renewed its original focus on higher intensity programmes that are shown to enable more significant transformation in schools. Programme numbers are expected to grow more slowly, as AC+ seeks a greater impact for each student reached, prioritising schools with greatest unmet need. In particular this year we:

- Launched a Geography KS3 programme to the wider sector for the first time.
- We introduced three-year CPD programmes for teachers and leaders to build subject excellence progressively over time.
- We introduced a curriculum-aligned, fully standardised assessment solution across maths, science and geography at KS3 as well as primary maths.
- We developed new English KS3 units to provide richer opportunities for creative writing and choice of texts.

Ark Curriculum Plus (continued)

Future plans

Ark Curriculum Plus's priorities for 2023/24 are:

- To launch the full 11-16 science offer to the wider sector.
- To complete the English primary pilot for years 3-6.
- To continue the scale up of the maths primary programme, with support from the Education Endowment Foundation ('EEF') - managed DfE accelerator fund.
- To kick off a two-year EEF evaluation of maths at KS2.
- To conclude a three-year EEF randomised control trial of AC+'s English KS3 programme.
- To create, maintain, and deliver programmes that have a high impact on pupil progress and attainment, evidenced by impact studies and data.
- For all Ark Schools to benefit from all AC+ programmes, and for Ark Schools teachers and Principals to feel part of programme developments.

Education Partnerships Group

Education Partnerships Group (EPG) was one of Ark's international ventures. Since 2015, EPG has worked in 10 different countries in sub-Saharan Africa and Asia. In 2022, EPG's nine active projects with five governments reached almost five million children and over 220,000 teachers from pre-primary to senior secondary school.

It provided advisory services and delivery support to governments in low and middle income countries to help them shape and strengthen their education systems. Working within 10 different countries, EPG's work became increasingly focused on providing technical and policy assistance with consultants embedded within the education ministries of low- and middle-income countries.

Sadly, following the shock of the pandemic, there were significant challenges in sustaining EPG's historic business model. The team worked for over a year with the support of its funders and partners to find creative solutions to sustain the long-term legacy of their projects. In October 2023, EPG transferred all its programmes to new providers to take forward this important work.

*Next steps for legacy projects****South Africa Instructional Leadership Institute***

In 2016, EPG launched the Instructional Leadership Institute (ILI). A school leadership development programme established to provide leaders with the training and skills needed to run outstanding schools in under-resourced communities. ILI had a successful spin-out in March 2023 and is now a thriving independent not-for-profit providing a positive impact across schools in South Africa: Instructional Leadership Institute.

Sierra Leone

Since 2019, EPG worked with the Ministry of Basic and Senior Secondary Education on the Sierra Leone Education Improvement Programme (SSEIP) funded by the UK's Foreign, Commonwealth, and Development Office (FCDO). In partnership with FABINC and Education Development Center (EDC), the programme undertook a systems-level analysis of education service delivery, focusing on identifying the disconnects between policy design and implementation. EPG handed this project back to the FCDO who will work with new delivery partners to complete the project.

Education Partnerships Group (continued)

Zambia

Since 2021, EPG worked with the Ministry of Education in Zambia on the USAID CATALYZE EduFinance project. Funded by USAID and UBS Optimus Foundation, EPG worked with partner organisations, the Palladium Group and Promoting Equality in African Schools (PEAS) to support the Ministry on the review, development, and implementation of education policy, in areas that are aligned to the Ministry's most immediate objectives. The Palladium Group will continue to drive this work forward.

Côte D'Ivoire

EPG were commissioned in 2017 to conduct research into how the Ministry of National Education and Technical Training in Côte d'Ivoire could increase enrolment in pre-primary education to ensure children are prepared to enter primary school. In 2018 they reviewed the country's secondary school subsidy scheme, to improve education quality through stronger accountability programmes. Thanks to the long-term funders of this project, AKO Foundation and UBS Optimus Foundation, Catalyca Consulting will continue to deliver the secondary school subsidies programme.

Global: Non-State Partnerships project

In joint partnership, Global Schools Forum (GSF) and EPG launched a global Non-State Partnerships project in 2022. With support from the Vitol Foundation, UBS Optimus Foundation and the Waterloo Foundation, the project aimed to develop innovative and sustainable partnerships between governments and the non-state sector to strengthen education systems at scale. The project is developing a toolkit for practitioners and policymakers to understand the breadth of possible partnerships and the tools to initiate and build these partnerships, with the aim of ultimately seeding more sustainable, innovative and impactful Public-Private Partnerships (PPPs). GSF will take over the management and delivery of the project until completion in April 2024.

Martingale Postgraduate Foundation

Launched in 2022, the Martingale Foundation supports talented students facing financial barriers to pursue Masters and PhDs and excel in them.

People from low socioeconomic backgrounds are fifteen times less likely to pursue a PhD compared with their privileged peers. With postgraduate degrees increasingly associated with academic and career advancement, this leaves many talented individuals behind.

Through generous scholarships and access to a community of pioneering leaders, Martingale enables people from low socioeconomic backgrounds to pursue Masters and PhDs in STEM subjects at leading UK research institutions.

Achievements and performance:

- Since its launch in 2022, Martingale welcomed the inaugural cohort of 21 Martingale Scholars onto the programme in September 2023, studying Mathematical Sciences across five founding universities: Cambridge, Imperial, King's, Oxford and UCL. Bristol, Edinburgh and Manchester joined as university partners in 2023, growing our reach out of the south-east of England.
- In autumn 2023, Martingale also recruited 32 Scholars-in-principle who are now working hard on their postgraduate applications to our eight partner universities, and are due to commence their Masters this September.

Martingale Postgraduate Foundation (continued)

- All of the Scholars-in-principle for the 2024 cohort are from homes with a combined income of less than £40k, with 44 percent coming from homes with a combined income of less than £25k.

Future plans

Martingale Foundation is now looking to expand beyond Mathematical Sciences, with ambitions to provide funding for postgraduates from low socioeconomic backgrounds across STEM. The team are also reviewing the wider role Martingale can play within policy and research culture for systemic change within postgraduate higher education.

From October 2023, Martingale joined the new spin-out Purposeful Ventures and will continued to be incubated by them.

Science Technology Engineering and Maths (STEM) Excellence Portfolio

This was a priority area identified by the Ark Ventures team and is being carried forward and expanded by the new Purposeful Ventures organisation. The aim of the portfolio is to support projects that help to uncover hidden talents and passions, remove barriers to progression, and support all young people to recognise the potential of STEM-related careers. Too few young people from under-privileged or under-represented backgrounds excel in Science, Technology, Engineering and Maths (STEM), meaning they miss out on this powerful driver of social mobility.

The STEM Excellence portfolio has a focus on maths as a foundational subject for success in broader STEM studies. The team is providing ongoing financial and strategic support to charities such as Dr Frost Learning, MESME and Get Further.

In June 2023, Ark launched the Maths Excellence Fund and in December 2023 the Fund announced its first grants of £7.0m to support four partners to trial and evaluate programmes to improve the maths attainment and progression of high-potential students from disadvantaged backgrounds. The Venture Builder is also supporting initiatives focused on some of the most talented young people through a STEM Talent Fund and by organising the 65th International Mathematics Olympiad in July 2024 in Bath, UK.

MESME

The year started with Mathematics Education for Social Mobility & Excellence (MESME) becoming an independent charity on 1 September 2022 (Charity No. 1199281) with the charitable objectives to grow the impact of Maths Circles and similar programmes. As noted above, they continue to stay closely connected to Ark through partnership with the new Purposeful Ventures charity. As of January 2024, it rebranded to Axiom Maths.

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 and 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, and the scheme will be completed in two phases, with the first now due for completion by Summer 2024, and the whole scheme finished by the end of 2025.

EdCity (continued)

EdCity will bring social and educational benefits to the local community, and will include:

- A rebuilt two-form Ark primary academy, which will benefit from modern teaching environments, new outdoor learning spaces, improved IT, and sports and performing arts facilities. Students started attending Ark White City Primary in October 2023.
- A newly redeveloped Harmony Nursery, nearly doubling its current capacity.
- A rebuilt Adult Community Education Centre, which will offer 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 c.100,000sqft office building which will include office space for Ark, mission-aligned organisations, and commercial tenants.
- 132 affordable homes, with a mix of social tenures including an allocation for local key workers like teachers.
- An OnSide Youth Zone, offering after-school, weekend, and evening activities and opportunities for people in the local community aged between eight and 19, together with those aged up to 25 with a disability. Facilities and activities will include a climbing wall, a 3G pitch, boxing room, a fully equipped gym, music, art, dance, mentoring, a training kitchen, a four-court Sports Hall, and a multimedia suite.
- A new public square and a pedestrian and cycle route, which will halve the time it takes to walk from the White City Estate to the underground station and other amenities.

Achievements and performance:

Building on the site has progressed rapidly this year:

- The school was the first building completed with the 400 students of Ark White City Primary moving into their new school building in October 2023.
- Delivery of the first homes and the WEST Youth Zone, the new purpose built Onside Youth Zone, is due by Spring 2024.
- The office, which will complete in Summer 2024, will provide a new home for Ark, Ark Schools, Ark Ventures and the new Purposeful Ventures charity alongside other mission aligned charities as well as commercial tenants.

Future plans

With the finalisation of the first stage of the build, this year will see Ark, Ark Schools and partner organisations moving into the office block 1EdCity. This will bring new opportunities to work together and this year will see the development of a programme of content for the 2024/25 year.

In parallel, the marketing campaign is underway to lease out the rest of the building with the long-term expectation that income generated from the building will support Ark's work.

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 both annual and multi-year support.

AC+ is continuing to face additional competitive pressures, including the conversion of Oak National Academy into a new national curriculum body. To mitigate the risk of this, a full strategy review is underway including a review of programme design.

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.
- Market price risk relating to the cost of materials for the EdCity project. The charity is limiting this risk having entered into a design and build agreement which transfers most of the risk to the contractor.
- 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. The risk may be further managed by holding a maximum amount of 6-12 months' budgeted expenditure in the relevant currency of overseas operating programmes.
- 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.
- Liquidity risk, representing the ability of the charity to meet its liabilities as and when they fall due. The charity continues to direct considerable effort to improving cash flow management and forecasts. The cash and investments assets have an adequate level of liquidity to meet the charity's financial liabilities as they fall due.

Principal risks and uncertainties (continued)

Financial risks (continued)

- 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 the majority of liquid funds in a portfolio that is mostly comprised of hedge fund investments. The majority 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 10 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 recorded a net surplus of £9.3m for the year, largely due to funding received in advance for both the EdCity project and for the STEM Excellence Programme as reported in the consolidated Statement of Financial Activities (SoFA), compared to a £2.4m surplus in the previous year. As a result, group reserves increased to £44.3m at 31 August 2023 (2021/22 – £35.0m).

Ark's consolidated income in the year to 31 August 2023 totalled £60.3m (2021/22 – £24.4m).

The cost of raising funds, at £0.8m, was very similar to the previous years (2021/22 – £0.9m). The cost of raising funds includes a proportion of the cost of the Development Team incurred by the charity based upon the percentage of staff time spent on fundraising.

Group expenditure during the year was £28.6m higher than previous year at £52.8m (2021/22 – £24.2m). The largest component of this was direct charitable expenditure on grants and project operating costs, representing 98% (2021/22 – 96%) of total expenditure excluding reserves transfers and discontinued activities.

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, expenditure at the charity level on grants and project operating costs was £27.9m (2021/22 – £10.6m). This includes support costs of £2.6m (2021/22 – £2.0m).

Core Fund income and expenditure

	2023 £'000	2022 £'000
Contributions arranged by trustees and patrons	22	2,063
Bank interest	23	-
Investment fee rebates	186	321
Return on investments	1,619	1,963
Other income	3	31
Total income raised for core costs	1,853	4,378
Less: Expenditure on core costs	(3,386)	(2,782)
(Deficit) Surplus on core funds for the year	(1,533)	1,596
Transfer to restricted fund	(620)	-
Balance at 1 September	4,082	2,486
Balance at 31 August	1,929	4,082

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 4 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. £22k was donated in the year for this purpose (2021/22 – £2.1m). 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 2023, a reserve of £1.9m (2021/22 – £4.1m) 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 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 2023, a balance of £nil was held in this fund (2021/22 – £79k), as a number of projects were pending Trustee approval and funding.

Balance Sheet

The typical life cycle of non-UK programmes is 3 to 5 years and Ark may 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. UK-based programmes typically have a longer life and Ark funding is often focused in the early years of incubation and development. For these programmes, grants are awarded mainly on an annual basis and therefore there is little or no grant creditor relating to future period funding. The total value of grant creditors in the group balance sheet at 31 August 2023 was £2.4m (2021/22 – £3.0m).

In addition to the core costs fund, the group also holds an additional amount of £42.4m (2021/22 – £30.9m): £5.1m as endowment funds (2021/22 – £6.1m) held for the benefit of individual academies within Ark Schools, £37.3m as restricted funds (2021/22 – £24.8m) and £nil as unrestricted funds held in its General Programme Fund (2021/22 – £0.1m).

Balance Sheet (continued)

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 £2m higher than the prior year at £55.6m (2021/22 – £53.6m).

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 2023, 100% of the charity's cash was invested in the Lloyds accounts (2021/22 – 100%). The profile of the charity's cash holdings is dependent on the working capital needs of Ark's programmes.

At 31 August 2023, the non-cash investments held by the charity represented 48% of total cash and invested funds (2021/22 – 56%) and the FRC has approved this as reasonable. The objective for Ark's investments is to outperform cash without significantly increasing risk. The investment portfolio managed by Aurum includes a range of investment strategies aiming to ensure an absolute return on investment that is not correlated to the UK equity market. Having taken independent advice on this investment strategy, the trustees believe this is an appropriate investment of the charity's funds.

The trustees consider that the investments, which are largely US dollar denominated, provide a foreign currency match for programme grant liabilities denominated in foreign currency. In the event that foreign currency assets and liabilities do not match, a currency hedge contract is in place to largely mitigate currency risk.

Funds and Reserves

Total reserves at the year end amounted to £44.3m (2021/22 – £35.0m) for the group and £3.0m (2021/22 – £4.7m) 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. The appropriate level of reserves is 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 £1.7m with the year-end unrestricted reserves standing at £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. At the launch of a new programme, Ark may underwrite a portion of the cost with a transfer of unrestricted funds from the General Programme Fund to the relevant restricted fund. This allows the project to be launched with funding in place for the initial grant period, without the time delay of having to raise specific funds up front and without the risk of having to scale back the programme due to lack of resources.

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

Unrestricted funds – General Programme Fund

A significant proportion of the funds raised by Ark must be used to fund charitable projects (i.e. they cannot be used to cover the organisation's core costs). Where income is not committed to a specific project at the point of receipt, it is credited to Ark's General Programme Fund and stays there until such time as it is committed to a specific project.

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 six months' expenditure on core costs at 2022/23 levels (2021/22 – 17 months).

Investment Policy

The Ark charity had a portfolio of investments with a market value as at 31 August 2023 of £20.8m (2021/22 – £23.4m). 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.

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 benefit 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 out-source 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 committee reports to the Board and make 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 Executive Team and briefing on their role and responsibilities, and meetings with existing trustees and our advisors.

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

Remuneration statement

Pay and benefits for the Chief Executive Officer (CEO) 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 CEO), salary survey information and other relevant data is used as a benchmark to compare against similar organisations in the voluntary sector.

Ark's key management salaries are set on appointment and reviewed annually in accordance with pay review procedures. The CEO of Ark approves all salaries on appointment and any base salary in excess of £75,000 per annum is also approved by Ark's Advisor to the Board, who is an employee of the charity and has delegated authority from the Ark Board.

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 running an office once construction is completed.

Governance (continued)**Related parties** (continued)

- 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.

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 (South Africa) Limited, an association incorporated in South Africa under section 21 (registration number 2004/003952/10) and registered in England and Wales as a charitable company limited by guarantee (company number 04957091; charity number 1108175), runs the charity's programmes in Sub-Saharan Africa and is part of these Group accounts. Its registered address is 4th Floor, Sunclare Building, 21 Dreyer Street, Claremont, Capetown, 7708.

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.

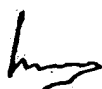
The trustees are responsible for keeping proper accounting records and disclosing with reasonable accuracy at any time the financial position of the group and charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding 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 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.

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



Ian Wace
Trustee

Approved by the Board on: 11 March 2024

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 2023 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 2023 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.

Other information (continued)

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, anti-bribery, employment, health and safety legislation, and, in respect of the EdCity projects, the CIS scheme in relation to taxation;
- ◆ 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.

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

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.



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

21 May 2024

Consolidated Statement of Financial Activities (including income and expenditure account) For the year ended 31 August 2023

		<i>Unrestricted</i>	<i>Restricted</i>	<i>Endowments</i>	<i>Year ended</i> <i>31-Aug-23</i> <i>Total</i>	<i>Year ended</i> <i>31-Aug 22</i> <i>Total</i>
	<i>Notes</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Income and endowments from:</i>						
<i>Donations and legacies</i>						
Donations	2	22	22,976	-	22,998	10,456
Donated services	2	-	3,296	-	3,296	293
Charitable activities		-	2,897	-	2,897	2,365
Investment income	3a	209	199	-	408	616
Other	3b	3	30,714	-	30,717	9,644
Continuing operations		234	60,082	-	60,316	23,374
Discontinued operations	2 & 22	-	-	-	-	1,014
Total		234	60,082	-	60,316	24,388
<i>Expenditure on:</i>						
Raising funds	4	791	-	57	848	885
<i>Charitable activities</i>						
Support to programmes	4 & 5	2,595	47,908	-	50,503	22,234
Grants from endowments		-	-	950	950	-
Transfers to MESME	22	-	496	-	496	-
Continuing operations		3,386	48,404	1,007	52,797	23,119
Discontinued operations	4 & 22	-	-	-	-	1,031
Total		3,386	48,404	1,007	52,797	24,150
Net income (expenditure) before gains on investment and losses on foreign exchange		(3,152)	11,678	(1,007)	7,519	238
Net gains on investments	6 & 9	1,651	48	78	1,777	1,755
(Losses) gains on foreign currency transactions		(32)	9	-	(23)	427
Net (expenditure) income		(1,533)	11,735	(929)	9,273	2,420
Fund transfers	14	(699)	699	-	-	-
Net movement in funds	7	(2,232)	12,434	(929)	9,273	2,420
<i>Reconciliation of funds</i>						
Total funds brought forward		4,161	24,819	6,055	35,035	32,615
Total funds carried forward		1,929	37,253	5,126	44,308	35,035

The notes on pages 28 to 52 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 2023

	Continuing operations	Discontinued operations	Year ended	Continuing operations	Discontinued operations	Year ended
	2023	2023	2023	2022	2022	2022
	£'000	£'000	£'000	£'000	£'000	£'000
Total income	60,316	-	60,316	23,374	1,014	24,388
Total expenditure	(51,790)	-	(51,790)	(23,057)	(1,031)	(24,088)
Net income (expenditure) for the year	8,526	-	8,526	317	(17)	300

The income and expenditure account above excludes the movement on the endowments fund. 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 21 which, together with the notes to the financial statements on pages 28 to 52, provides full information on the movements during the year on all the funds of the charity.

Total income of £60,316k (2021/22 – £24,388k) comprises £234k (2021/22 – £2,958k) in relation to unrestricted funds and £60,082k (2021/22 – £21,430k) 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 income for the year of £8,526k (2021/22 – net income of £300k) comprises net expenditure of £3,152k (2021/22 – £176k net income) in relation to unrestricted funds and net income of £11,678k (2021/22 – £124k 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 2023

		<i>Unrestricted</i>	<i>Restricted</i>	<i>Year ended</i> <i>31-Aug-23</i> <i>Total</i>	<i>Year ended</i> <i>31-Aug-22</i> <i>Total</i>
	<i>Notes</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Income from:</i>					
<i>Donations and legacies</i>					
Donations	2	22	21,833	21,855	9,906
Donated services	2	-	3,296	3,296	293
<i>Charitable activities</i>					
Investment income	3a	209	-	209	321
Other	3b	3	-	3	33
Continuing operations		234	25,129	25,363	10,553
Discontinued operations	2 & 22	-	-	-	109
<i>Total</i>		234	25,129	25,363	10,662
<i>Expenditure on:</i>					
Raising funds	4	791	-	791	823
Charitable activities	4 & 5	2,595	25,295	27,890	10,558
Continuing operations		3,386	25,295	28,681	11,381
Discontinued operations	4 & 22	-	-	-	109
<i>Total</i>		3,386	25,295	28,681	11,490
Net (expenditure) before gains on investment and losses on foreign exchange		(3,152)	(166)	(3,318)	(828)
Net gains on investments	6	1,651	-	1,651	1,536
(Losses) gains on foreign currency transactions		(32)	9	(23)	425
<i>Net (expenditure) income</i>		(1,533)	(157)	(1,690)	1,133
<i>Fund transfers</i>	14	(699)	699	-	-
<i>Net movement in funds</i>	7	(2,232)	542	(1,690)	1,133
<i>Reconciliation of funds</i>					
Total funds brought forward		4,161	512	4,673	3,540
Total funds carried forward		1,929	1,054	2,983	4,673

The notes on pages 28 to 52 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 2023

Company number 04589451

	<i>Notes</i>	2023 £'000	2022 £'000
<i>Fixed assets</i>			
Tangible assets	8	36,303	11,374
Investment property	9	642	656
Investments	6	26,215	29,753
		63,160	41,783
<i>Current assets</i>			
Debtors	10	23,031	15,079
Cash at bank and in hand		29,393	23,891
		52,424	38,970
<i>Liabilities</i>			
Creditors: amounts falling due within one year	12	(35,991)	(36,641)
<i>Net current assets</i>		16,433	2,329
Creditors: amounts falling due after one year	12	(35,285)	(9,077)
<i>Total net assets</i>		44,308	35,035
<i>Total Funds of the Group</i>			
Endowment funds		5,126	6,055
Restricted income funds		37,253	24,819
Unrestricted funds:			
General Programme Fund		-	79
Core costs fund		1,929	4,082
<i>Total Group funds</i>	14	44,308	35,035

The notes on pages 28 to 52 form an integral part of these financial statements.

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



Ian Wace

Trustee

Date:

11 March 2024

Charity Balance Sheet


As at 31 August 2023

Company number 04589451

	Notes	2023 £'000	2022 £'000
Fixed assets			
Investments	6	21,022	23,711
Loan receivable	10	1,000	-
		22,022	23,711
Current assets			
Debtors	10	4,633	8,950
Cash at bank and in hand		11,989	989
		16,622	9,939
Liabilities			
Creditors: amounts falling due within one year	12	(31,542)	(24,932)
Net current liabilities		(14,920)	(14,993)
Creditors: amounts falling due after one year	12	(4,119)	(4,045)
Total net assets		2,983	4,673
Total Funds of the Charity			
Restricted income funds		1,054	512
Unrestricted funds:			
General Programme Fund		-	79
Core costs fund		1,929	4,082
Total charity funds	14	2,983	4,673

The notes on pages 28 to 52 form an integral part of these financial statements.

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



Ian Wace
Trustee

11 March 2024

Consolidated Statement of Cash Flows

For the year ended 31 August 2023

	Notes	Year ended 31-Aug-23 Total £'000	Year ended 31-Aug-22 Total £'000
Net cash (used in) provided by operating activities	20	(1,214)	4,339
Cash flows from financing activities:			
New Borrowings		26,149	5,000
Net cash (used in) provided by financing activities		26,149	5,000
Cash flows from investing activities			
Dividends, interest and rent from investments		408	616
Purchase of property, plant, and equipment		(24,929)	(8,420)
Proceeds from sale of investments		7,568	8,585
Transfer of endowments funds		(950)	-
Purchase of investments		(1,701)	(2,183)
Net cash (used in) investment activities		(19,604)	(1,402)
Change in cash and cash equivalents due to exchange rate movements		17	331
Net change in cash and cash equivalents		5,348	8,268
Reconciliation of net funds			
		Year ended 31-Aug-23 Total £'000	Year ended 31-Aug-22 Total £'000
Cash and cash equivalents at 1 September		24,238	15,970
Change in cash and cash equivalents		5,348	8,268
Cash and cash equivalents at 31 August		29,586	24,238
Reconciliation of net funds			
		Year ended 31-Aug-23 Total £'000	Year ended 31-Aug-22 Total £'000
Cash at bank and in hand		29,393	23,891
Cash held by investment managers		193	347
Cash and cash equivalents at 31 August		29,586	24,238

Ark

Consolidated Statement of Cash Flows (continued)

~~For the year ended 31 August 2023~~

Analysis of changes in net debt

	At 1 September 2022 £'000	Cash flows £'000	Other non-cash changes £'000	At 31 August 2023 £'000
Cash at bank and in hand	23,891	5,502	-	29,393
Cash held by investment managers	347	(154)	-	193
Loans	(8,500)	(26,149)	-	(34,649)
	15,738	(20,801)	-	(5,063)
Finance lease obligations	(32)	15	-	(17)
Total	15,706	(20,786)	-	(5,080)

The notes on pages 28 to 52 form an integral part of these financial statements.

Notes to the Accounts

For the year ended 31 August 2023

1. Accounting policies

Basis of preparation

These financial statements have been prepared for the year to 31 August 2023.

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 (South Africa) Limited, 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 2023

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. The trustees have looked at the financial position, including income, expenditure and reserves and acknowledged that some areas of work continue to be challenging namely the delivery of EPG activity overseas and AC+ activity in UK schools. It was for this reason that the trustees decided to transfer all of EPG programmes to new providers to take forward this important work. AC+ is undertaking a full strategy 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 2024), 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). 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.

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

Notes to the Accounts

For the year ended 31 August 2023

1. Accounting policies (continued)

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.

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 generating 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.

Notes to the Accounts

For the year ended 31 August 2023

1. Accounting policies (continued)

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.

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.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost including any incidental expenses of acquisition.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight-line basis over their expected useful economic life. The rates of depreciation applied to each class of asset are:

Leasehold improvements	–	depreciated over the term of the lease
Land and Building	–	overseas assets 4% per annum
Office equipment	–	25% per annum
Computer equipment	–	33% per annum (covers both hardware and software)
Motor vehicles	–	20% per annum

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.

Notes to the Accounts

For the year ended 31 August 2023

1. Accounting policies (continued)

Investments (continued)

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.

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 2023

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.

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.

Notes to the Accounts

For the year ended 31 August 2023

2. Donations and legacies

	Group 2023 £'000	Charity 2023 £'000	Group 2022 £'000	Charity 2022 £'000
Unrestricted funds				
Contributions to core costs	22	22	2,063	2,063
General donations	-	-	543	543
	<u>22</u>	<u>22</u>	<u>2,606</u>	<u>2,606</u>
Restricted funds				
Restricted grants and donations	<u>26,272</u>	<u>25,129</u>	<u>8,143</u>	<u>7,593</u>
Continuing operations	<u>26,294</u>	<u>25,151</u>	<u>10,749</u>	<u>10,199</u>
Discontinued operations (see note 22)	-	-	1,014	109
Total	<u>26,294</u>	<u>25,151</u>	<u>11,763</u>	<u>10,308</u>

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 £22k (2021/22 – £2.06m) raised for this purpose.

The Group received donated services in the amount of £3.3m (2021/22 – £0.3m), 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 £408k (2021/22 – £616k) for the group and £209k (2021/22 – £321k) 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, Human Resources, IT, and a desk charge for the use of space within its office. At group level, this includes recharges from Edcity Development Limited to London Borough of Hammersmith and Fulham and OnSide for construction costs.

Notes to the Accounts

For the year ended 31 August 2023

4. Analysis of expenditure

Group

	Un-	Restricted funds		Total 2023	Total 2022
	restricted funds				
	Support costs (note 5)	Activities undertaken directly	Grant funding of activities		
	£'000	£'000	£'000	£'000	£'000
Expenditure on charitable activities					
UK Education					
UK Education – main fund	1,297	10,238	3,698	15,233	8,228
EdCity	778	31,046	-	31,824	9,931
International Education					
Education Partnerships Group	520	2,346	-	2,866	3,265
International Education - Other	-	-	580	580	810
Continuing operations	2,595	43,630	4,278	50,503	22,234
Global Schools Forum	-	-	-	-	109
MESME (see note 22)	-	496	-	496	922
Discontinued operations	-	-	-	-	1,031
Total	2,595	44,126	4,278	50,999	23,265
Endowment funds					
Cost of raising funds:	-	57	-	57	62
Investment management fees	-	-	950	950	-
Grants to Ark Schools	-	-	-	-	-
Unrestricted funds					
Cost of raising funds: Other	791	-	-	791	823
Total	791	57	950	1,798	885
Total expenditure	3,386	44,183	5,228	52,797	24,150

Notes to the Accounts

For the year ended 31 August 2023

4. Analysis of expenditure (continued)

Charity

	Unrestricted funds	Restricted funds		Total 2023 £'000	Total 2022 £'000
	Support costs (note 5) £'000	Activities undertaken directly £'000	Grant funding of activities £'000		
Expenditure on charitable activities					
UK Education – main fund	1,297	3,912	17,900	23,109	5,962
EdCity	778	-	938	1,716	903
International Education					
Education Partnership Group	520	1,965	-	2,485	2,883
International Education - Other	-	-	580	580	810
Continuing operations	2,595	5,877	19,418	27,890	10,558
Global Schools Forum	-	-	-	-	109
Discontinued operations	-	-	-	-	109
Total	2,595	5,877	19,418	27,890	10,667
Expenditure on raising funds					
Cost of raising funds	791	-	-	791	823
Total expenditure	3,386	5,877	19,418	28,681	11,490

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 research and development 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 2023

5. Allocation of support costs

Group and Charity

	Management costs £'000	Finance £'000	Governance costs £'000	Other overheads & support staff £'000	Total 2023 £'000	Total 2022 £'000
Expenditure on charitable activities						
UK Education	375	375	151	396	1,297	980
EdCity	225	225	91	237	778	490
International Education						
Education Partnership Group	150	150	60	160	520	432
International Education - Other	-	-	-	-	-	57
Continuing activities	750	750	302	793	2,595	1,959
Expenditure on raising funds	261	58	-	472	791	823
Total expenditure	1,011	808	302	1,265	3,386	2,782

Support costs relate entirely to Ark's London office and the core staff team covering fundraising, communications, finance, human resources, 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 2023

6. Investments

	Group 2023 £'000	Charity 2023 £'000	Group 2022 £'000	Charity 2022 £'000
Market value at 1 September	29,406	23,388	34,288	28,038
Additions to investments at cost	1,701	-	2,183	-
Disposals at market value	(7,568)	(4,389)	(8,585)	(6,276)
Net unrealised investment gains	2,483	1,836	1,520	1,626
Market value at 31 August	26,022	20,835	29,406	23,388
Cash held by investment managers for reinvestment	193	187	347	323
	26,215	21,022	29,753	23,711
Cost of listed investments at 31 August	12,185	7,282	16,701	11,070

Disposals are analysed as follows:

	Group 2023 £'000	Charity 2023 £'000	Group 2022 £'000	Charity 2022 £'000
Proceeds	(6,359)	(3,788)	(5,795)	(3,521)
Realised loss on MV	(1,209)	(601)	(2,790)	(2,755)
Disposals at market value	(7,568)	(4,389)	(8,585)	(6,276)

All listed investments were traded on a recognised stock exchange. Investments held by the group at 31 August 2023 comprised the following:

	2023 £'000	2022 £'000
Overseas equities	2,878	3,523
Fixed interest	1,677	1,889
Alternative assets	21,424	23,994
Foreign exchange	43	-
Cash and short term deposits	193	347
	26,215	29,753

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.

Notes to the Accounts

For the year ended 31 August 2023

6. Investments (continued)

	Group	Charity	Group	Charity
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Unrealised gains include above:				
On investments	13,837	13,553	12,705	12,318
	13,837	13,553	12,705	12,318
Reconciliation of movements in unrealised gains:				
Unrealised gains at 1 September	12,367	12,319	14,278	13,448
Less: in respect of disposals in the year	1,210	(602)	(3,093)	(2,756)
Add: net gains arising on revaluation in the year	260	1,836	1,520	1,626
Unrealised gains at 31 August	13,837	13,553	12,705	12,318

7. Net movement in funds

Net movement in funds is stated after charging:

	Group	Charity	Group	Charity
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Auditors' remuneration				
- audit of consolidated accounts	39	39	33	33
- audit of subsidiaries	46	-	32	-
- other audit and tax fees	9	1	8	3
Total	94	40	73	36

Notes to the Accounts

For the year ended 31 August 2023

8. Fixed assets

Group	Assets under construction £'000	Total £'000
Cost:		
At 1 September 2022	11,374	11,374
Additions	24,929	24,929
At 31 August 2023	36,303	36,303
Depreciation:		
At 1 September 2022	-	-
Charge in the year	-	-
At 31 August 2023	-	-
Net Book Value:		
At 31 August 2023	36,303	36,303
At 31 August 2022	11,374	11,374

During the year, £24.9m was incurred in respect of expenditure on EdCity. This expenditure was capitalised on 31 August 2023 as an asset under construction.

No fixed assets are held by the Charity (2021/22 - £nil).

9. Investment property

	£'000
Cost or valuation:	
At 1 September 2022	656
Decrease in fair value	(14)
At 31 August 2023	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 £17k (2021/22 – £32k) relating to assets held under a finance lease (note 13).

Notes to the Accounts

For the year ended 31 August 2023

10. Debtors

	Group 2023 £'000	Charity 2023 £'000	Group 2022 £'000	Charity 2022 £'000
Receivable within 1 year				
Trade debtors	853	14	712	92
Prepayments and other debtors	698	56	528	136
Agency debtors (note 11)	17,405	-	10,166	-
Accrued income	863	919	1,532	1,169
VAT debtor	2,869	-	2,141	-
Related company debtors (EdCity Office)	-	3,544	-	7,518
Related company debtors (EdCity Development)	-	-	-	35
Related company debtors (Ark UK Programmes+ Ark Schools)	343	100	-	-
	<u>23,031</u>	<u>4,633</u>	<u>15,079</u>	<u>8,950</u>

Receivable in more than 1 year

During the year a £1m cash advance was made from Ark to EdCity Office as part of collateral for the loan with London Borough of Hammersmith & Fulham. This was converted into a formal loan between Ark and EdCity Office. This is due for repayment alongside the LBHF loan upon the tenth anniversary of practical completion of the office building at EdCity (2021/22 – £nil).

11. Transactions undertaken as agent

As part of the wider EdCity project, Ark's subsidiary, EdCity Office is acting as a conduit for funding in respect of the Youth Zone, School, Nursery and Adult Education Centre. Cash contributions received in relation to these components of the project are being used to settle invoices charged by EdCity Development Limited in relation to those aspects of the build for and on behalf of third parties in line with a pre-agreed contractual arrangement. Neither EdCity Office nor its ultimate beneficiaries directly benefit from these cash contributions or have control over the use of those funds. For information, the following amounts have been received and paid during the year by EdCity Office on behalf of third parties:

	On behalf of Onside for the Youth Zone development £000	On behalf of Ark Schools for Ark Swift development £000	On behalf of LBHF for Nursery and Adult Education Centre development £000	Total £000
Balance held at 1 September 2022	2,950	7,188	28	10,166
Cash received during the year	-	(83)	-	(83)
Cash used to settle invoices on behalf of third party	126	7,196	-	7,322
Balance owed at 31 August 2023 (note 10)	<u>3,076</u>	<u>14,301</u>	<u>28</u>	<u>17,405</u>

Notes to the Accounts

For the year ended 31 August 2023

12. Creditors

	Group 2023 £'000	Charity 2023 £'000	Group 2022 £'000	Charity 2022 £'000
Amounts falling due within 1 year				
Trade creditors	912	47	188	110
Related company creditors (Ark Schools)	17,085	16,754	15,062	14,793
Related company creditors (Ark UK Programmes)	-	1,442	-	616
Amounts due to Purposeful Ventures	-	10,263	-	-
Grant creditors	1,758	2,331	2,450	8,466
Tax and social security creditors	233	120	205	97
VAT creditor	-	-	2,648	-
Other creditors	10,426	561	12,607	850
Deferred income (see below)	5,577	25	3,481	-
	35,991	31,542	36,641	24,932

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

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)	4,538	4,538
Total deferred income	3,481	(3,481)	5,577	5,577

Group	At 31 August 2021 £'000	Released from previous year £'000	Deferred in current year £'000	At 31 August 2022 £'000
Programme fees	621	(621)	628	628
Programme grant	-	-	2,853	2,853
Ark South Africa	49	(49)	-	-
Total deferred income	670	(670)	3,481	3,481

Notes to the Accounts

For the year ended 31 August 2023

12. Creditors (continued)

Amounts falling due after 1 year	Group	Charity	Group	Charity
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Finance lease liability (note 13)	17	-	32	-
Loans	34,649	3,500	8,500	3,500
Grant creditors	619	619	545	545
	35,285	4,119	9,077	4,045

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 3 months' notice. Confirmation has been obtained from the funder that this loan will not be recalled in the next 12 months.

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 - £16.4m – agreed with Elba Charitable Foundation. The full loan amount will be repaid by the fifth anniversary of the agreement date, December 2027. If not repaid at this point, the loan incurs interest of 2%. Of the £16.4m balance, £14.4m was in respect of amounts drawn down in 2022/23 and £2.4m in respect of amounts drawn down in 2021/22.
- Loan 4 - £3m – agreed with the Resolution Trust in 2021/22. The loan plus interest are repayable on the 20th July 2031. Interest accrues at 3%.

Commercial Loan agreements:

During the year, EdCity Office drew down £6.8m of a loan facility with the London Borough of Hammersmith & Fulham (LBHF). Under the terms of the loan, a maximum facility of £39m has been made available to EdCity Office by LBHF in support of the EdCity project. Any amount drawn down from the available facility is repayable in full by the tenth anniversary of the practical completion of the project. The debt facility was agreed with the Local Authority in November 2021, and fixed at a rate of 8.94% in September 2022, significantly higher than had been anticipated in the original business plan due to changes in the wider economic environment. The interest rate is due to drop over the life of the loan and will reduce to 7.19% once building occupancy exceeds 80%. The loan is secured on the office building and Ark, EdCity Office's parent, has provided a guarantee in respect of the loan to the value of £10 million. All other debt is subordinate to the LBHF debt.

Notes to the Accounts

For the year ended 31 August 2023

13. Finance Lease

	2023 £'000	2022 £'000
Not later than one year	-	-
Later than one year and not later than five years	2	2
Later than five years	300	301
Total gross payment	302	303
Less: finance charges	(285)	(271)
Carrying amount of liability	17	32

14. Analysis of charitable funds

Group

	31 Aug 2022	Income	Gains/ (losses) and transfers	Expenditure	31 Aug 2023
	£'000	£'000	£'000	£'000	£'000
Restricted funds					
UK Education					
UK Education – main fund	5,242	24,399	699	(13,936)	16,404
EdCity	20,511	31,336	48	(31,046)	20,849
International Education					
Education Partnership Group	(1,430)	3,767	9	(2,346)	-
International Education - Other	-	580	-	(580)	-
MESME (see note 22)	496	-	-	(496)	-
Total	24,819	60,082	756	(48,404)	37,253
Endowment Funds					
Endowment held for Ark Schools	6,055	-	78	(1,007)	5,126
	6,055	-	78	(1,007)	5,126
Unrestricted funds					
Core funds	4,082	234	999	(3,386)	1,929
General programme funds	79	-	(79)	-	-
Total	4,161	234	920	(3,386)	1,929
Total Group funds	35,035	60,316	1,754	(52,797)	44,308

Notes to the Accounts

For the year ended 31 August 2023

14. Analysis of charitable funds (continued)

Charity

	31 Aug 2022	Income	Gains/ (losses) and transfers	Expenditure	31 Aug 2023
	£'000	£'000	£'000	£'000	£'000
Restricted funds					
UK Education	512	21,655	699	(21,812)	1,054
EdCity	-	938	-	(938)	-
Education Partnership Group	-	1,956	9	(1,965)	-
Global Schools Forum & Intl Edu.	-	580	-	(580)	-
Total	512	25,129	708	(25,295)	1,054
Unrestricted funds					
Core costs fund	4,082	234	999	(3,386)	1,929
General programme funds	79	-	(79)	-	-
Total	4,161	234	920	(3,386)	1,929
Total Charity Funds	4,673	25,363	1,628	(28,681)	2,983

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 2023

15. Analysis of net assets between funds

	Unrestricted General fund	Restricted funds	Endowment funds	2023 Total	2022 Total
Group 2023	£'000	£'000	£'000	£'000	£'000
Fund balances at 31 August 2023 are represented by:					
Investment assets	-	58,034	5,126	63,160	41,783
Current assets	2,027	50,397	-	52,424	38,970
Creditors: amounts falling due within one year	(98)	(35,893)	-	(35,991)	(36,641)
Creditors: amounts falling due in more than one year	-	(35,285)	-	(35,285)	(9,077)
Total net assets	1,929	37,253	5,126	44,308	35,035

	Unrestricted General fund	Restricted funds	2023 Total	2022 Total
Charity 2023	£'000	£'000	£'000	£'000
Fund balances at 31 August 2023 are represented by:				
Investment assets	-	21,022	21,022	23,712
Non-Current assets	-	1,000	1,000	-
Current assets	2,027	14,595	16,622	9,938
Creditors: amounts falling due within one year	(98)	(31,444)	(31,542)	(24,931)
Creditors: amounts falling due in more than one year	-	(4,119)	(4,119)	(4,045)
Total net assets	1,929	1,054	2,983	4,674

16. Staff costs and numbers

	Group 2023	Charity 2023	Group 2022	Charity 2022
	£'000	£'000	£'000	£'000
Salaries and wages	6,098	2,605	5,699	2,905
Social security costs	628	252	627	338
Pension costs	620	266	563	279
Total salary costs	7,346	3,123	6,889	3,522
Other staff costs	75	20	88	49
Total staff cost	7,421	3,143	6,977	3,571

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

Notes to the Accounts

For the year ended 31 August 2023

Included in salaries and wages were redundancy and ex-gratia severance payments totalling £51,000 (2021/22 – £51,580).

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

	Group 2023 No.	Charity 2023 No.	Group 2022 No.	Charity 2022 No.
Programmes	93	16	77	20
Support services	26	20	27	21
Fundraising	6	6	6	6
	125	42	110	47

Notes to the Accounts

For the year ended 31 August 2023

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 2023 No.	Charity 2023 No.	Group 2022 No.	Charity 2022 No.
£220,001 - £230,000	1	1	1	1
£160,001 - £170,000	1	1	-	-
£150,001 - £160,000	-	-	1	1
£140,001 - £150,000	-	-	1	1
£120,001 - £130,000	1	1	-	-
£110,001 - £120,000	2	-	3	2
£100,001 - £110,000	1	1	1	-
£90,001 - £100,000	2	-	1	-
£80,001 - £90,000	3	2	3	2
£70,001 - £80,000	3	2	8	6
£60,001 - £70,000	11	5	6	4

The pension contributions made on behalf of the above employees were £220k (2021/22 – £210k) in the group and £111k (2021/22 – £141k) in the charity. No benefit other than pension has been provided to employees.

Total remuneration paid to charity key management personnel was £780k (2021/22 – £625k). Key Management personnel comprise the CEO, Deputy CEO, COO and Director of External Relations.

17. Directors' remuneration and expenses

The charity did not pay any remuneration to its trustees (2021/22 – £nil). No expenses were reimbursed to or paid on behalf of trustees during the year.

18. Investments in subsidiaries

Subsidiary Undertaking	Country	Basis of Consolidation	Nature of activities	Status
Ark UK Programmes	United Kingdom	100% ownership	Education	Trading
Ark (South Africa) Limited	South Africa	100% ownership	Health/Education	Trading
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

Notes to the Accounts

For the year ended 31 August 2023

18. Investments in subsidiaries (continued)

2023	Ark UK Programmes £'000	Ark (South Africa) Limited £'000	EdCity Office £'000	EdCity Development Limited £'000	EdCity Management Company Limited £'000
Income	18,387	576	798	55,467	-
Expenditure	(7,829)	(587)	(502)	(55,467)	(5)
Net (losses) gains on investments	78	-	48	-	-
Net movement in funds	10,636	(11)	344	-	(5)
Total funds brought forward	9,756	19	20,591	-	(6)
Total funds carried forward	20,392	8	20,935	-	(11)
Fixed assets	5,835	-	36,380	-	-
Current assets	17,520	8	30,683	16,852	3
Liabilities	(2,963)	-	(46,128)	(16,852)	(12)
Share capital	-	-	-	-	(2)
Total funds	20,392	8	20,935	-	(11)

19. Related party transactions

Ark made no new grants to its sister charity Ark Schools (2021/22 – £nil) to cover the core costs of the charity to 31 August 2023. £1.6m grants were made by Ark in support of Ark Schools' programmes (2021/22 – £6.3m). £0.6m grants were made by Ark in support of Ark Schools' academies (2021/22 – £0.4m). At the year end, the unpaid grant allocated to Ark Schools was £15.0m (2021/22 – £13.6m), all of which 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.

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 £286k fee rebates from MW Eureka Fund for its Core operations and EdCity (2021/22 – £483k). This was 100% of the fee charged for managing the investments.

The carrying value of all shares gifted to the charity at 31 August 2023 was £7.4m (2021/22 – £11.5m). No shares were disposed outside of the group during the year.

£0.4m (2021/22 – £2.1m) income was received in the year from the Jagclif Charitable Trust. Ian Wace is a trustee of the Jagclif Charitable Trust and is also a trustee of Ark. This income was restricted to Ark Academy, an Ark Schools academy. Some of the funds restricted to Ark Academy were transferred to the school during the reporting period.

Notes to the Accounts

For the year ended 31 August 2023

19. Related party transactions (continued)

£1.5m (2021/22 – £nil) income was received in the year from the Sequoia Trust. Sir Paul Marshall is a trustee of the Sequoia Trust and is also a trustee of Ark. This income was restricted to Ark Start. £0.8m (2021/22 – £nil) was remaining at year-end and is included in creditors at 31 August 2023.

£1.8m (2021/22 – £nil) income was received in the year from the Eureka Charitable Trust. Anthony Clake, Sir Paul Marshall and Ian Wace are trustees of the Eureka Trust and are also trustees of Ark. The income was restricted to Ark Schools' programmes and Ark's bursaries programme. £1.5m (2021/22 – £nil) was remaining at year-end and is included in creditors at 31 August 2023.

Marshall Wace Asset Management Limited match funded £2k of donations made to Ark Schools (2021/22 – £32k). They also contributed £5k (2021/22 – £nil) towards Ark core costs. Anthony Clake, Sir Paul Marshall and Ian Wace are Directors of Marshall Wace Asset Management Limited.

During the year, Ark spent £nil with Summer Isles Enterprises Limited (2021/22 – £9k). Ian Wace was a director of this Company until 12 January 2023. This amount was fully paid at year end.

£55k (2021/22 – £nil) of other trustee donations were received during the year ended 31 August 2023.

20. Notes to the consolidated statement of cash flows

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

	Group	Group
	2023	2022
	£'000	£'000
Net income as per the Statement of Financial Activities	9,273	2,420
Adjustments for:		
(Gains) on investments	(1,777)	(1,755)
Dividends, interest, and rents from investments	(408)	(616)
Realised gain in the year	(709)	-
Expenditure on endowments	950	-
(Increase) in debtors	(7,952)	(10,384)
(Decrease) in creditors (excluding endowment and loans)	(591)	14,674
Net cash (used in) provided by operating activities	(1,214)	4,339

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 2023

22. Discontinued operations

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 2022 as shown below.

	Year ended 31 August 2022 Total £000
<hr/>	
Income from:	
Donations and legacies:	
Grants and donations	1,014
Total income	<u>1,014</u>
Expenditure on:	
Charitable activities	(1,031)
Total expenditure	<u>(1,031)</u>
Restricted fund balance at 1 September 2021	513
Net expenditure for the year ended 31 August 2022	<u>(17)</u>
Restricted fund balance at 31 August 2022	<u>496</u>

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.

In addition to the above, GSF became an independent charity and discontinued on 1 October 2021. The comparative value for discontinued operations as presented on the statement of financial activities includes £109k and £109k within income and expenditure respectively.

23. Post balance sheet events

In response to the significant growth over recent years, the Ark Board approved the spin-out of a new organisation that would enable Ark UK Programmes' non-school ventures to be independent and continue to expand. Purposeful Ventures was set up as an independent charity and will work to solve intractable challenges in education and society. Accordingly on 1 November 2023, the STEM Venture Builder and the Martingale Foundation moved to this new organisation. For clarity Ark Curriculum Plus and Ark Start will remain part of Ark UK Programmes.

In October 2023 EPG transferred all of its programmes to new providers and wound down its operation within Ark. The team worked for over a year with the support of funders and partners to find creative solutions to sustain the long term legacy of their project, many of which now continue with new partners.

Notes to the Accounts

For the year ended 31 August 2023

24. Comparative consolidated statement of financial activities for the year ended 31 August 2022

		<i>Year ended</i>			
		<i>Unrestricted</i>	<i>Restricted</i>	<i>Endowments</i>	<i>31-Aug-22</i>
	<i>Notes</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>Total</i>
					<i>£'000</i>
<i>Income and endowments from:</i>					
<i>Donations and legacies</i>					
<i>Donations</i>	2	2,313	8,143	-	10,456
<i>Donated services</i>	2	293	-	-	293
<i>Charitable activities</i>		-	2,365	-	2,365
<i>Investment income</i>	3a	321	295	-	616
<i>Non-charitable trading funds</i>	3b	-	-	-	-
<i>Other</i>	3c	31	9,613	-	9,644
<i>Continuing operations</i>		2,958	20,416	-	23,374
<i>Discontinued operations</i>	2 & 22	-	1,014	-	1,014
<i>Total</i>		2,958	21,430		24,388
<i>Expenditure on:</i>					
<i>Raising funds</i>	4	823	-	62	885
<i>Charitable activities</i>	4 & 5	1,959	20,275	-	22,234
<i>Transfers to Now Teach</i>		-	-	-	-
<i>Continuing operations</i>		2,782	20,275	62	23,119
<i>Discontinued operations</i>	4 & 22	-	1,031	-	1,031
<i>Total</i>		2,782	21,306	62	24,150
<i>Net income (expenditure) before gains on investment and losses on foreign exchange</i>		176	124	(62)	238
<i>Net gains on investments</i>	6	1,536	443	(224)	1,755
<i>(Losses) on foreign currency transactions</i>		427	-	-	427
<i>Net income/ (expenditure)</i>		2,139	567	(286)	2,420
<i>Fund transfers</i>	14	(464)	464	-	-
<i>Net movement in funds</i>	7	1,675	1,031	(286)	2,420
<i>Reconciliation of funds</i>					
<i>Total funds brought forward</i>		2,486	23,788	6,341	32,615
<i>Total funds carried forward</i>		4,161	24,819	6,055	35,035