



*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 2021

## Contents

Legal reference and administrative details.....	1
Trustees' Report including Strategic Report .....	2
Statement of Trustees' Responsibilities.....	134
Independent auditor's report.....	15
Consolidated Statement of Financial Activities (including income and expenditure account) .....	19
Charity Statement of Financial Activities (including income and expenditure account) .....	20
Consolidated Balance Sheet.....	21
Charity Balance Sheet .....	22
Consolidated Statement of Cash Flows .....	23
Notes to the Accounts .....	25

---

## 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)  
Lord Fink  
Sir Paul Marshall  
Anthony Clake

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.

Elizabeth Dawson is Company Secretary.

Lucy Heller is the Chief Executive Officer (CEO).

### Auditors

Buzzacott LLP  
130 Wood Street  
London EC2V 6DL  
T: +44 20 7556 1200

### Bankers

Lloyds Bank Plc  
39 Threadneedle Street  
London EC2R 8AU  
T: +44 345 3000 000

### Solicitors

Stone King LLP  
Boundary House  
91 Charterhouse St  
London EC1M 6HR  
T: +44 20 7796 1007

### Investment Managers

Aurum Funds Limited  
Ixworth House  
37 Ixworth Place  
London SW3 3QH  
T: +44 20 7589 1130

### Registered Office

The Yellow Building  
1 Nicholas Road  
London W11 4AN T: +44 20 3116 0800

## 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 29,000 pupils.

Ark also runs Ark Ventures, which 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. We incubate, launch and scale ventures that share our mission.

Working in partnership with different organisations around the world has allowed us to spread our expertise through initiatives designed to support and improve education systems in a number of different ways.

Ark Schools, Ambition Institute, Frontline, Now Teach, STiR and Peepul were all incubated and supported by Ark as ventures and are now separate legal entities, not included in the financial statements in this report. Assembly, also an Ark Venture, was acquired in 2019 by Groupcall, a leading provider of data, identity management and communication solutions for schools. Global Schools Forum has also spun out as an independent venture on 1 October 2021.

## Trustees' Report including Strategic Report

### Activities, achievements and performance

#### *Ark Schools*

Ark provided support for Ark Schools in the immediate aftermath and continued disruption of the Covid-19 pandemic. Ark raised funds from donors and through the Department for Digital, Culture, Media and Sport's Community Match Challenge funding programme to allow a programme of support to be possible across Ark schools, including providing Chromebooks devices so students could learn from home, additional mental health provision in schools and additional academic tuition.

#### *Ark Ventures*

Ark Ventures provides a home to mission-aligned organisations, helping them to grow into sustainable entities, often resulting in them becoming independent organisations. Below is a summary of the ventures that are currently being supported.

#### *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. Ark Curriculum Plus launched a number of programmes in Ark Schools as pilots in 2019: Science, History and Geography Mastery in Primary and Science Mastery and Geography Mastery in secondary.

AC+ partners with schools to create great curricula that empower teachers to ensure that every child has the subject knowledge to succeed.

AC+ provides research-based and coherent curricula, teaching resources and pedagogical training and support for teachers to help improve the quality of curriculum design and delivery. Our curriculum programmes are having the greatest impact in schools with a high proportion of inexperienced teachers helping them reach proficiency as quickly as possible.

## **Activities, achievements and performance** (continued)

### ***Ark Curriculum Plus*** (continued)

#### *Achievements and performance:*

- Despite the impact of Covid-19, AC+ has begun partnerships with an additional 50 subject departments, taking the total amount of school partnerships up to 750 across the maths, English, primary history and geography, and the new science mastery programmes.
- AC+ has provided all of the primary maths content for Oak National Academy. By the end of summer term 2020, Oak National Academy had been accessed 16.5 million times with the reception year mathematics lessons being the most watched.

### ***Ark Start***

Ark Start has been formed to transform early education for disadvantaged children. Ark Start provides high-quality, teacher-led early education with a focus on working with parents to improve the home learning environment for pre-school children. We are creating a new model of flexible, affordable nursery education.

#### *Achievements and performance:*

- We opened our first two Ark Start nurseries in 2020/21. These are located at Ark John Archer Primary in Clapham Junction, which opened in October 2020, and Ark Oval Primary in Croydon, which opened in March 2021.
- We have recruited a team of 14 including three apprentices, the first of whom is on track to achieve her qualification in January 2022
- Emerging data from Ark Start is strong with 74% of children making above typical progress in the key areas that make up the Early Years and Foundation Stage Framework. From a low baseline, 97% of children who've been with us for at least two terms have reached or exceeded age related expectations for vocabulary and 100% of children are at or above age-related expectations for behavioural self-regulation.
- Ark Start now plans to grow its roll to be serving around 150 children across the two settings, implement its staff training programme more fully and expand the programme by up to three sites over the next three years.

### ***MESME***

Mathematics Education for Social Mobility and Excellence (MESME) exists to support students from all backgrounds to achieve mathematical excellence, so that they go on to have a greater and richer range of future personal, employment and economic choices.

MESME is developing and launching Maths Circles across the country for students aged 11-16. A Maths Circle is a group of students who come together to be mathematicians collectively. In Maths Circles, students grapple with intriguing questions, discover and explore exciting ideas and learn to think like mathematicians.

Maths Circles aim to develop students' mathematical thinking and expand their mathematical curiosity. They are out-of-class maths clubs featuring a ratio of at least one mentor for every six students. Sessions will include a mixture of group and independent work and will aim to engage students as they follow a carefully sequenced and structured curriculum.

## Activities, achievements and performance (continued)

### *MESME (continued)*

#### *Achievements and performance:*

- MESME began piloting the Maths Circles programme in the summer term of 2021. This pilot programme was designed to measure the feasibility of the programme, trial the curriculum and materials, develop the delivery of the sessions and prepare for a full-year Maths Circles pilot in the 2021/22 academic year. Feedback was overwhelmingly positive, with 94% of students describing the Maths Circles as ‘very fun’ (50%) or ‘quite fun’ (44%) and 93% describing the content of the sessions as ‘just about right for me’.
- Over the next year, MESME will extend the Maths Circles pilot to 2,000 students and develop a strategy to expand the Maths Circles programme further.
- MESME also gave grants to other organisations for the delivery of programmes in line with our mission. These include an online maths programme for Year 10 students, chess provision for schools and a maths and physics programme for Year 12 students. These will take place in the 2021-22 academic year.

### *EdCity*

EdCity is a £150m non-profit project in White City, London. 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.
- A newly redeveloped Harmony Nursery, nearly doubling its current capacity.
- A rebuilt Adult Community Education, 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 teachers.
- An OnSide Youth Zone, offering after-school, weekend and evening activities and opportunities for the local community aged between 8 and 19, including those aged up to 25 with a disability. Facilities and activities will include a climbing wall, 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.

## **Activities, achievements and performance (continued)**

### ***EdCity (continued)***

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 Ltd and EdCity Management Company Ltd. Construction started in summer 2021, and the scheme will be completed in two phases, with the first to complete in Autumn 2023, and the whole scheme finished by the end of 2025.

### ***Education Partnerships Group***

Education Partnerships Group (EPG) is one of Ark's international ventures. EPG provides services and support to governments in low- and middle-income countries to help them shape and strengthen their education systems. EPG believes that supporting governments to design and implement contextually relevant, evidence-based and results-focused public policy is the best way to achieve sustainable progress towards high quality education for all.

EPG is currently working in partnership with ministries of education in Côte d'Ivoire, Ghana, Sierra Leone, South Africa and Zambia on projects as wide-ranging as: mapping the decentralised system of service delivery; mapping and strengthening accountability for learning; conducting research into public-private partnerships; supporting new and innovative methods of using school-level data to make better evidence-based decisions about school monitoring and support; and strengthening school inspections and monitoring at scale.

The pandemic continues to disrupt education globally including EPG projects, while travel restrictions have posed additional challenges to the team over the past two years. Despite a shift in global development financing toward fighting the public health crisis, EPG has continued to be supported by a small number of strategic partners to continue our work. Particular areas of focus include supporting governments with policy responses to get learners back to school, to effectively partner with external stakeholders and non-state providers to expand access, and to ensure accountability for inclusive, high quality education provision.

### ***Global Schools Forum***

Global Schools Forum (GSF) is a not-for-profit membership organisation of education entrepreneurs who are running and supporting innovative and inclusive schools across the developing world. GSF has grown to include 65 members from 51 countries, across Sub-Saharan Africa, Asia and Latin America, representing more than 30,000 schools, and reaching over 5 million children. GSF is diversifying its cost base and will be launching a membership fee in 2022.

Despite continued intermittent school closures across the world, the impact of Covid-19 on GSF activities and funding has been minimal. Whilst face-to-face events have been cancelled or postponed, online activity has significantly increased. GSF has a dedicated Covid-19 resource area on its website and has hosted multiple webinars with members and non-members attending from all-over the world to provide opportunities for sharing and collaborative working around continuity of learning, student well-being, teacher support and business continuity. In 2022, GSF is launching its first Impact @Scale Lab which will fund and support education entrepreneurs to develop, test and scale education innovations.

## **Activities, achievements and performance** (continued)

### ***Global Schools Forum*** (continued)

Membership enquiries have increased significantly, and the profile of the venture has increased as the content produced to support schools around the world has been used and shared widely.

Global Schools Forum became independent from Ark in October 2021.

### **Future developments**

Ark will continue to support its existing ventures, ensuring their sustainability and looking for opportunities to build links between our ventures and our schools. Ark UK Programmes will continue to create and test new Ark ventures.

Internationally, the Education Partnerships Group (EPG) will restart work with existing and new funders, continuing its focus on education programmes in developing countries.

In the UK it is expected that Ark Schools will slowly expand through growth of existing schools and the addition of new schools. Core funding from Ark has now ceased since schools are sustainable but fundraising activity is channelled to support a range of complementary programmes within schools, including providing Chromebooks, mental health provision and additional academic tuition.

Since the end of the financial year the Master Development Agreement in respect to the development of EdCity has been signed between Ark Schools, Ed City Office (ECO), London Borough of Hammersmith and Fulham (LBHF) and Ed City Development Ltd (ECDL).

## **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. The impact of this has been seen since the start of the Covid-19 pandemic, where a number of donors have donated to support Ark to mitigate the immediate and longer term impact of the pandemic on the organisation. Typically, donated funds are restricted to specific programmes and can be both annual and multi-year support.

Covid-19 has had an impact on how Ark delivers its programmes. To limit the impact, Ventures have wherever possible moved to virtual delivery to ensure they continue to have impact despite the lockdown restrictions both internationally and in the UK. Nevertheless, Covid-19 and the disruption to the education sector continues to make it difficult to actively engage with schools and sell the charity's new and existing products. To mitigate the risk of this, we have fundraised to secure support for the ventures and their programme delivery.



### ***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:

- Market price risk, arising over the future value of the charity's investments. The charity engages professionals to manage the investment portfolios and ensure 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 by entering 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 mainly 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.

### ***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 £13.6m for the year, largely due to funding received for the EdCity project as reported in the consolidated Statement of Financial Activities (SoFA), compared to a £8.4m deficit in the previous year. As a result, group reserves increased to £32.6m at 31 August 2021 (2019/20 - £19.0m).

Ark's consolidated income in the year to 31 August 2021 totalled £35.0m (2019/20 - £12.4m).

The cost of raising funds, at £0.6m was the same as last year (2019/20 - £0.6m). 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 £2.8m greater at £25.3m (2019/20 - £22.5m). The largest component of this was direct charitable expenditure on grants and project operating costs, representing 95% (2019/20 - 90%) of total expenditure excluding reserves transfers and one-off payments to Now Teach.

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 £30.4m (2019/20 - £15.4m). This includes support costs of £1.6m (2019/20 - £1.7m).

## Core Fund income and expenditure

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Contributions arranged by trustees and patrons	1,047	325
Investment fee rebates	122	137
Return on investments	2,553	1,068
Other income	36	50
<b>Total income raised for core costs</b>	<b>3,758</b>	<b>1,580</b>
<b>Less: Expenditure on core costs</b>	<b>(2,176)</b>	<b>(2,255)</b>
<b>Surplus (deficit) on core funds for the year</b>	<b>1,582</b>	<b>(675)</b>
Balance at 1 September	904	1,579
<b>Balance at 31 August</b>	<b>2,486</b>	<b>904</b>

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. £1.0m was donated in the year for this purpose (2019/20 - £0.3m). The trustees are confident that these funds, together with investment income and Ark's other sources of core income, will cover core cost expenditure in the period ahead.

### **Core Fund income and expenditure** (continued)

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 2021 a reserve of £2.5m (2019/20 - £0.9m) has been established to cover core costs.

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

### **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 2021 was £2.6m (2019/20 - £2.3m).

The group also holds an additional amount of £30.1m (2019/20 - £18.0m) to invest in current and new programmes, including the EdCity project: £6.3m as endowment funds (2019/20 - £5.6m) held for the benefit of individual academies within Ark Schools, £23.8m as restricted funds (2019/20 - £12.4m) and £nil as unrestricted funds held in its General Programme Fund (2019/20 - £0.1m).

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 £9.5m higher than the prior year at £50.2m (2019/20 - £40.7m).

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 2021, 100% of the charity's cash was invested in the Lloyds accounts (2019/20 - 100%). The profile of the charity's cash holdings is dependent on the working capital needs of Ark's programmes.

At 31 August 2021 the non-cash investments held by the charity represented 68% of total cash and invested funds (2019/20 - 78%) 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\$ 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 £32.6m (2019/20 - £19.0m) for the group and £3.5m (2020 - £2.0m) for the charity. Ark's policy on reserves is to maintain an unrestricted fund (General Programme Fund and Core Costs Fund) at a level that ensures Ark is able to meet its financial commitments and obligations as they fall due, fund unexpected expenditure when unplanned events or programmes occur, and safeguard the charity from uncertainty over future income. 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 6 months' core (unrestricted) operating expenditure approximates to £1.1m with the year-end unrestricted reserves standing at £2.4m.

Ark has taken all necessary steps to reduce both the operational and financial impact of the Covid-19 pandemic. Costs have been closely monitored to ensure that unrestricted reserves remain sufficient to meet financial commitments and obligations. To date there has been minimal impact on income due to Covid-19, but this will continue to be closely monitored as the impact of the pandemic continues.

### 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 13 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.

Ark anticipates that the balance of General Programme Funds will be committed to specific programmes within the next 12 months. The trustees consider this to be in line with the organisation's policy.

### Unrestricted funds – Core Costs

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 equivalent to 13 months' expenditure on core costs at 2020/21 levels (2019/20 – 5 months).

### Investment Policy

The Ark charity had a portfolio of investments with a market value as at 31 August 2021 of £28.0m (2019/20 - £24.7m). 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 subject to regular reviews of performance against the grant. Expenditure from 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. We do not conduct mass mailing or telephone campaign fundraising and have 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 and Virgin Money. Ark has a small team of professional fundraisers and support staff. We do 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. We have 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. On 4 December 2019, Ark changed its registered address from 65 Kingsway, London WC2B 6TD to The Yellow Building, 1 Nicholas Road, London W11 4AN.

### ***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 sub-committees report 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 16.

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.

Despite the uncertainties created by the Covid-19 pandemic, key stakeholders are committed to the completion of the EdCity project. It will be delivered out of three Special Purpose Vehicles (SPVs):



---

***Related parties (continued)***

- EdCity Office, incorporated 1 October 2018, is a registered charity and company limited by guarantee (charity number 1184547; company number 11596797) is responsible for receiving and disbursing project funds, oversight and commissioning of marketing, leasing and fit out activity to EdCity Development Ltd and running an office once construction is completed.
- EdCity Development Ltd, incorporated 10 August 2018, a company limited by guarantee (company number 11511870) is responsible for construction delivery and implementing marketing, leasing activity and fit out commissioned by EdCity Office.
- EdCity Management Company Ltd, incorporated 21 August 2018, a company limited by guarantee (company number 11528726) is responsible for oversight of the public realm and engagement with Ark Swift's lease as required.

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 Mazars House, Rialto Road, Grand Mootings Precinct, Century City 7441, South Africa and is consolidated as a subsidiary of the charity.

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.

## 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 on 24 May 2022 and signed on its behalf by Ian Wace.



Trustee



## **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 2021 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 2021 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 directors 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.

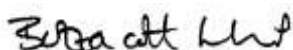
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance 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 [ww.frc.org.uk/auditorsresponsibilities](http://ww.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  
DATE

26 May 2022

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

### For the year ended 31 August 2021

		<i>Unrestricted</i>	<i>Restricted</i>	<i>Endowments</i>	<i>Year ended</i> <i>31-Aug-21</i> <i>Total</i>	<i>Year ended</i> <i>31-Aug 20</i> <i>Total</i>
	<i>Notes</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b><i>Income and endowments from:</i></b>						
Donations and legacies						
Donations	2	2,553	26,210	-	<b>28,763</b>	4,495
Donated services	2	1,481	35	-	<b>1,516</b>	1,209
Charitable activities		-	3,177	-	<b>3,177</b>	2,891
Investment income	3a	122	427	-	<b>549</b>	628
Non-charitable trading funds	3b	-	790	-	<b>790</b>	1,364
Other	3c	215	2	-	<b>217</b>	3
Continuing operations		<b>4,371</b>	<b>30,641</b>	-	<b>35,012</b>	10,590
Discontinued operations	2 & 21	-	-	-	-	1,803
<b>Total</b>		<b>4,371</b>	<b>30,641</b>	-	<b>35,012</b>	12,393
<b><i>Expenditure on:</i></b>						
Raising funds	4	581	-	59	<b>640</b>	641
Charitable activities	4 & 5	1,595	22,364	-	<b>23,959</b>	20,456
Transfers to Now Teach	21	-	706	-	<b>706</b>	1,437
<b>Total</b>		<b>2,176</b>	<b>23,070</b>	<b>59</b>	<b>25,305</b>	22,534
Net income (expenditure) before gains on investment and losses on foreign exchange		2,195	7,571	(59)	<b>9,707</b>	(10,141)
Net gains on investments	6	2,696	589	785	<b>4,070</b>	1,891
(Losses) on foreign currency transactions		(143)	(12)	-	<b>(155)</b>	(168)
<b>Net income/ (expenditure)</b>		<b>4,748</b>	<b>8,148</b>	<b>726</b>	<b>13,622</b>	(8,418)
<i>Fund transfers</i>	13	(3,218)	3,218	-	-	-
<b>Net movement in funds</b>	7	<b>1,530</b>	<b>11,366</b>	<b>726</b>	<b>13,622</b>	(8,418)
<b><i>Reconciliation of funds</i></b>						
Total funds brought forward		<b>956</b>	<b>12,425</b>	<b>5,612</b>	<b>18,993</b>	27,411
<b>Total funds carried forward</b>		<b>2,486</b>	<b>23,791</b>	<b>6,338</b>	<b>32,615</b>	18,993

The notes on pages 25 to 49 form an integral part of these financial statements.  
These are no recognised gains and losses other than those shown above.

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

For the year ended 31 August 2021

		<i>Unrestricted</i>	<i>Restricted</i>	<i>Year ended</i>	<i>Year ended</i>
	<i>Notes</i>	<i>£'000</i>	<i>£'000</i>	<i>31-Aug-21</i>	<i>31-Aug-20</i>
				<i>Total</i>	<i>Total</i>
				<i>£'000</i>	<i>£'000</i>
<b><i>Income from:</i></b>					
Donations and legacies					
Donations	2	2,553	25,488	<b>28,041</b>	12,292
Donated services	2	1,481	-	<b>1,481</b>	1,196
Charitable activities		-	64	<b>64</b>	9
Investment income	3a	122	-	<b>122</b>	187
Other	3c	215	-	<b>215</b>	3
<b>Total</b>		<b>4,371</b>	<b>25,552</b>	<b>29,923</b>	13,687
<b><i>Expenditure on:</i></b>					
Raising funds	4	581	-	<b>581</b>	583
Charitable activities	4 & 5	1,595	28,758	<b>30,353</b>	15,400
Continuing operations		<b>2,176</b>	<b>28,758</b>	<b>30,934</b>	15,983
Discontinued operations	4 & 21	-	-	-	74
<b>Total</b>		<b>2,176</b>	<b>28,758</b>	<b>30,934</b>	16,057
Net income (expenditure) before gains on investment and losses on foreign exchange					
		2,195	(3,206)	<b>(1,011)</b>	(2,370)
Net gains on investments	6	2,696	-	<b>2,696</b>	1,236
Losses on foreign currency transactions		(143)	(12)	<b>(155)</b>	(168)
<b>Net income/ (expenditure)</b>		<b>4,748</b>	<b>(3,218)</b>	<b>1,530</b>	(1,302)
<i>Fund transfers</i>	13	(3,218)	3,218	-	-
<b>Net movement in funds</b>	7	<b>1,530</b>	-	<b>1,530</b>	(1,302)
<b><i>Reconciliation of funds</i></b>					
Total funds brought forward		<b>956</b>	<b>1,054</b>	<b>2,010</b>	3,312
<b>Total funds carried forward</b>		<b>2,486</b>	<b>1,054</b>	<b>3,540</b>	2,010

The notes on pages 25 to 49 form an integral part of these financial statements.

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

## Consolidated Balance Sheet

As at 31 August 2021

Company number 04589451

	<i>Notes</i>	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
<b><i>Fixed assets</i></b>			
Tangible assets	8	<b>2,954</b>	1,928
Investment property	9	<b>746</b>	766
Investments	6	<b>34,291</b>	31,257
		<b>37,991</b>	33,951
<b><i>Current assets</i></b>			
Debtors	10	<b>4,695</b>	4,782
Cash at bank and in hand		<b>15,967</b>	9,425
		<b>20,662</b>	14,207
<b><i>Liabilities</i></b>			
Creditors: amounts falling due within one year	11	<b>(23,378)</b>	(25,032)
<b><i>Net current liabilities</i></b>		<b>(2,716)</b>	(10,825)
Creditors: amounts falling due after one year	11	<b>(2,660)</b>	(4,133)
<b><i>Total net assets</i></b>		<b>32,615</b>	18,993
<b><i>Total Funds of the Group</i></b>			
Endowment funds		<b>6,338</b>	5,612
Restricted income funds		<b>23,791</b>	12,425
Unrestricted funds:			
General Programme Fund		-	52
Core costs fund		<b>2,486</b>	904
<b><i>Total Group funds</i></b>	13	<b>32,615</b>	18,993

The notes on pages 25 to 49 form an integral part of these financial statements.

Approved by the Board of Trustees on 24 May 2022 and signed on its behalf by Ian Wace



Trustee

Absolute Return for Kids (ARK)

## Charity Balance Sheet

As at 31 August 2021

Company number 04589451

	Notes	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Investments	6	<b>28,009</b>	24,680
		<b>28,009</b>	24,680
<b>Current assets</b>			
Debtors	10	<b>1,330</b>	897
Cash at bank and in hand		<b>6,563</b>	6,703
		<b>7,893</b>	7,600
<b>Liabilities</b>			
Creditors: amounts falling due within one year	11	<b>(29,828)</b>	(26,299)
<b>Net current liabilities</b>			
		<b>(21,935)</b>	(18,699)
Creditors: amounts falling due after one year	11	<b>(2,534)</b>	(3,971)
<b>Total net assets</b>			
		<b>3,540</b>	2,010
<b>Total Funds of the Charity</b>			
Restricted income funds		<b>1,054</b>	1,054
Unrestricted funds:			
General Programme Fund		-	52
Core costs fund		<b>2,486</b>	904
<b>Total charity funds</b>			
	13	<b>3,540</b>	2,010

The notes on pages 25 to 49 form an integral part of these financial statements.

Approved by the Board of Trustees on 24 May 2022 and signed on its behalf by Ian Wace



Trustee

Absolute Return for Kids (ARK)



## Consolidated Statement of Cash Flows

### For the year ended 31 August 2021

	<i>Notes</i>	<i>Year ended 31-Aug-21 Total £'000</i>	<i>Year ended 31-Aug 20 Total £'000</i>
<b><i>Net cash provided by (used in) operating activities</i></b>	19	<b>5,243</b>	<b>(15,150)</b>
<b><i>Cash flows from investing activities</i></b>			
Dividends, interest and rent from investments		549	628
Purchase of property, plant, and equipment		<b>(1,026)</b>	(1,928)
Proceeds from sale of investments		<b>8,056</b>	19,479
Purchase of investment		<b>(7,137)</b>	(5,715)
<b><i>Net cash provided by investment activities</i></b>		<b>442</b>	12,464
<b><i>Cash flows from investing activities</i></b>			
Endowment withdrawal		-	(931)
<b><i>Net cash (used in) investment activities</i></b>		-	(931)
<b><i>Net change in cash and cash equivalents</i></b>		<b>5,685</b>	<b>(3,617)</b>

In the prior year, the endowment withdrawal relates to a £931k transfer to Ark Schools for capital expenditure projects.

<b><i>Reconciliation of net funds</i></b>	<b><i>Year ended 31-Aug-21 Total £'000</i></b>	<b><i>Year ended 31-Aug20 Total £'000</i></b>
Cash and cash equivalents at 1 September	10,285	13,902
Change in cash and cash equivalents	<b>5,685</b>	<b>(3,617)</b>
<b>Cash and cash equivalents at 31 August</b>	<b>15,970</b>	<b>10,285</b>

<b><i>Reconciliation of net funds</i></b>	<b><i>Year ended 31-Aug-21 Total £'000</i></b>	<b><i>Year ended 31-Aug-20 Total £'000</i></b>
Cash at bank and in hand	15,967	9,425
Cash held by investment managers	<b>3</b>	860
<b>Cash and cash equivalents at 31 August</b>	<b>15,970</b>	<b>10,285</b>

***Analysis of changes in net debt***

	At 1 September 2020 £'000	Cash flows £'000	Other non-cash changes £'000	At 31 August 2021 £'000
Cash at bank and in hand	9,425	6,542	-	<b>15,967</b>
Cash held by investment managers	860	(857)	-	<b>3</b>
Loans	(3,500)	-	-	<b>(3,500)</b>
	<u>6,785</u>	<u>5,685</u>	-	<u><b>12,470</b></u>
Finance lease obligations	(162)	36	-	<b>(126)</b>
<b>Total</b>	<u>6,623</u>	<u>5,721</u>	-	<u><b>12,344</b></u>

The notes on pages 255 to 49 form an integral part of these financial statements.

## **Notes to the Accounts**

### **For the year ended 31 August 2021**

#### **1. Accounting policies**

##### **Basis of preparation**

These financial statements have been prepared for the year to 31 August 2021.

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 Covid-19 on the charity's income and expenditure flows for the purpose of preparing cash flow forecast 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;
- Measurement of fair values of the investment property.

## Notes to the Accounts

### For the year ended 31 August 2021

#### 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.

In making their assessment, the trustees of the charity have considered the continuing impact of the global coronavirus pandemic and have acknowledged that some areas of work have been challenged by the impact of Covid-19, for example the delivery of EPG and GSF activity overseas, and AC+ activity in UK schools.

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 2022), 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 therefore concluded that 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.

##### 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 charitable projects (i.e. cannot be used to cover the organisation's core costs) but is not committed to a specific project at the point of receipt. The relevant income is credited to the GPF and when the Board commits funds to a specific project the required amount of funding is transferred from the GPF 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 2021

#### 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 2021

#### 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% 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:

## Notes to the Accounts

### For the year ended 31 August 2021

#### 1. Accounting policies (continued)

##### Investments (continued)

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

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

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

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.

## Notes to the Accounts

### For the year ended 31 August 2021

#### 1. Accounting policies (continued)

##### Foreign currencies (continued)

##### 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.

##### 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 statement of financial position 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.



## Notes to the Accounts

### For the year ended 31 August 2021

#### 1. Accounting policies (continued)

##### 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.

#### 2. Donations and legacies

	<i>Group</i> <i>2021</i> <i>£'000</i>	<i>Charity</i> <i>2021</i> <i>£'000</i>	<i>Group</i> <i>2020</i> <i>£'000</i>	<i>Charity</i> <i>2020</i> <i>£'000</i>
<b>Unrestricted funds</b>				
Contributions to core costs	1,046	1,046	325	325
General donations	2,988	2,988	2,231	2,231
	<b>4,034</b>	<b>4,034</b>	2,556	2,556
<b>Restricted funds</b>				
Restricted grants & donations	26,245	25,488	3,148	10,932
<b>Continuing operations</b>	<b>30,279</b>	<b>29,522</b>	5,704	13,488
Now Teach	-	-	428	-
<b>Discontinued operations</b>	-	-	428	-
<b>Total</b>	<b>30,279</b>	<b>29,522</b>	6,132	13,488

The trustees ensure that the core costs of the charity are covered, either from grants and donations or in year investment returns. Grants and donations include £1.04m (2019/20 - £0.3m) raised for this purpose. At 31 August 2021 a total of £0.75m (2019/20 - £4.1m) had been pledged to support Ark programmes and core cost funding in future years, none of which has been reported as income.

During the year, the charity received income of £4.8m from DCMS. In addition, £11.4m in grants were received for the EdCity project which had been paused in 2019/20. The £11.4m included £8.5m of grants that had been returned to funders in 2019/20. The Group received donated services in the amount of £1.5m (2019/20 - £1.5m) of which £1.5m (2019/20 - £1.2m) related to pro bono services provided by Bain & Co in the form of UK education consultancy services.

#### 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 £549k (2019/20 - £628k) for the group and £122k (2019/20 - £187k) for the charity.

## Notes to the Accounts

### For the year ended 31 August 2021

#### 3b. Non-charitable trading funds

Non-charitable trading funds represents the turnover generated by EdCity Development Limited through charges made to third parties for the delivery of the EdCity development project.

#### 3c. Other

Other income includes recharges from various group entities.

#### 4. Analysis of expenditure

##### Group

	Unrestricted funds	Restricted funds		Total 2021 £'000	Total 2020 £'000
	Support costs (note 5) £'000	Activities undertaken directly £'000	Grant funding of activities £'000		
<b>Expenditure on charitable activities</b>					
<b>UK Education</b>					
UK Education – main fund	718	7,113	2,262	<b>10,093</b>	11,768
UK Education – Ark Schools Covid Appeal	-	-	3,863	<b>3,863</b>	334
UK Education – DCMS match funding	-	-	4,750	<b>4,750</b>	-
<b>EdCity</b>	319	953	167	<b>1,439</b>	2,245
<b>International Education</b>					
Education Partnerships Group	319	441	2,003	<b>2,763</b>	3,407
Global Schools Forum	199	3	809	<b>1,011</b>	948
International Education - Other	40	-	-	<b>40</b>	823
<b>Continuing operations</b>	<b>1,595</b>	<b>8,510</b>	<b>13,854</b>	<b>23,959</b>	19,525
<b>Discontinued operations</b>	-	-	-	-	1,437
<b>Total</b>	<b>1,595</b>	<b>8,510</b>	<b>13,854</b>	<b>23,959</b>	20,962
<b>Endowment funds</b>					
Cost of raising funds: Investment management fees	-	59	-	<b>59</b>	58
Grant from endowments	-	-	-	-	931
<b>Unrestricted funds</b>					
Cost of raising funds: Other	581	-	-	<b>581</b>	583
<b>Total</b>	<b>581</b>	<b>59</b>	-	<b>640</b>	1,572
<b>Total expenditure</b>	<b>2,176</b>	<b>8,569</b>	<b>13,854</b>	<b>24,599</b>	22,534

## Notes to the Accounts

### For the year ended 31 August 2021

#### 4. Analysis of expenditure (continued)

##### Charity

	Unrestricted funds	Restricted funds		<b>Total 2021</b> <b>£'000</b>	Total 2020 £'000
	Support costs (note 5) £'000	Activities undertaken directly £'000	Grant funding of activities £'000		
<b>Expenditure on charitable activities</b>					
<b>UK Education</b>					
UK Education – main fund	718	2,047	3,855	<b>6,620</b>	9,650
UK Education – Ark Schools Covid Appeal	-	-	3,863	<b>3,863</b>	334
UK Education – DCMS match funding	-	-	4,750	<b>4,750</b>	-
<b>EdCity</b>	319	-	11,353	<b>11,672</b>	569
<b>International Education</b>					
Education Partnership Group	319	75	2,003	<b>2,397</b>	3,076
Global Schools Forum	199	3	809	<b>1,011</b>	948
International Education - Other	40	-	-	<b>40</b>	823
<b>Continuing operations</b>	<b>1,595</b>	<b>2,125</b>	<b>26,633</b>	<b>30,353</b>	15,400
Now Teach	-	-	-	-	74
<b>Discontinued operations</b>	-	-	-	-	74
<b>Total</b>	<b>1,595</b>	<b>2,125</b>	<b>26,633</b>	<b>30,353</b>	15,474
<b>Expenditure on raising funds</b>					
Cost of raising funds	<b>581</b>	-	-	<b>581</b>	583
<b>Total expenditure</b>	<b>2,176</b>	<b>2,125</b>	<b>26,633</b>	<b>30,934</b>	16,057

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. Grant funding of activities includes donated services in the amount of £nil (2020 - £0.3m) that has been restricted to UK Education.

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 2021

#### 5. Allocation of support costs

##### Group and Charity

	Management costs £'000	Finance £'000	Governance costs £'000	Other overheads & support staff £'000	<b>Total 2021 £'000</b>	Total 2020 £'000
<b>Expenditure on charitable activities</b>						
<b>UK Education</b>	228	228	118	144	<b>718</b>	753
<b>EdCity</b>	101	101	52	65	<b>319</b>	335
<b>International Education</b>						
Education Partnership Group	101	101	52	65	<b>319</b>	335
Global Schools Forum	63	63	33	40	<b>199</b>	209
International Education - Other	13	13	7	7	<b>40</b>	40
<b>Continuing activities</b>	<b>506</b>	<b>506</b>	<b>262</b>	<b>321</b>	<b>1,595</b>	1,672
<b>Expenditure on raising funds</b>	171	60	-	350	<b>581</b>	583
<b>Total expenditure</b>	<b>677</b>	<b>566</b>	<b>262</b>	<b>671</b>	<b>2,176</b>	2,255

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 2021

#### 6. Investments

	<b>Group</b>	<b>Charity</b>	Group	Charity
	<b>2021</b>	<b>2021</b>	2020	2020
	<b>£000</b>	<b>£000</b>	£000	£000
Market value at 1 September	30,397	23,934	42,266	34,870
Additions to investments at cost	7,137	4,241	5,715	-
Disposals at market value	(8,056)	(4,269)	(18,726)	(12,128)
Net unrealised investment gains	4,810	4,132	1,142	1,192
Market value at 31 August	<u>34,288</u>	<u>28,038</u>	<u>30,397</u>	<u>23,934</u>
Cash held by investment managers for reinvestment	<u>3</u>	<u>(29)</u>	<u>860</u>	<u>746</u>
	<b>34,291</b>	<b>28,009</b>	<b>31,257</b>	<b>24,680</b>
Cost of listed investments at 31 August	<u>20,010</u>	<u>14,590</u>	<u>19,873</u>	<u>13,771</u>

Disposals are analysed as follows:

	<b>Group</b>	<b>Charity</b>	Group	Charity
	<b>2021</b>	<b>2021</b>	2020	2020
	<b>£000</b>	<b>£000</b>	£000	£000
Proceeds	(8,105)	(3,422)	(19,160)	(12,439)
Realised gain	49	(847)	434	311
Disposals at market value	<u>(8,056)</u>	<u>(4,269)</u>	<u>(18,726)</u>	<u>(12,128)</u>

All listed investments were traded on a recognised stock exchange. Investments held by the group at 31 August 2021 comprised the following:

	<b>2021</b>	2020
	<b>£000</b>	£000
Overseas equities	<b>3,855</b>	3,475
Fixed interest	<b>1,756</b>	2,420
Foreign exchange contracts	-	38
Alternative assets	<b>28,677</b>	24,464
Cash and short term deposits	<u><b>3</b></u>	<u>860</u>
	<b>34,291</b>	<b>31,257</b>

Alternative assets include investments in hedge funds.

Foreign exchange forward contracts 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 2021

#### 6. Investments (continued)

	<b>Group</b>	<b>Charity</b>	Group	Charity
	<b>2021</b>	<b>2021</b>	2020	2020
	<b>£'000</b>	<b>£'000</b>	£'000	£'000
<b>Unrealised gains include above:</b>				
On investments	14,278	13,448	10,524	10,163
	<b>14,278</b>	<b>13,448</b>	10,524	10,163
<b>Reconciliation of movements in unrealised gains:</b>				
Unrealised gains at 1 September	10,524	10,163	12,078	9,493
Less: in respect of disposals in the year	(49)	(847)	(434)	(308)
Add: net realised gains/ (losses)	3,803	4,132	(1,120)	978
<b>Unrealised gains at 31 August</b>	<b>14,278</b>	<b>13,448</b>	10,524	10,163

#### 7. Net movement in funds

Net movement in funds is stated after charging:

	<b>Group</b>	<b>Charity</b>	Group	Charity
	<b>2021</b>	<b>2021</b>	2020	2020
	<b>£'000</b>	<b>£'000</b>	£'000	£'000
Operating lease charges	<b>3</b>	-	81	-
Depreciation	-	-	-	-
Auditors' remuneration				
- audit of consolidated accounts	27	27	26	26
- audit of subsidiaries	24	-	23	-
- other audit and tax fees	12	2	3	2
<b>Total</b>	<b>63</b>	<b>29</b>	52	28

## Notes to the Accounts

### For the year ended 31 August 2021

#### 8. Fixed assets

##### Group

	Assets under construction £'000	Total £'000
<b>Cost:</b>		
At 1 September 2020	1,928	<b>1,928</b>
Additions	1,026	<b>1,026</b>
At 31 August 2021	<u>2,954</u>	<u><b>2,954</b></u>
<b>Depreciation:</b>		
At 1 September 2020	-	-
Charge in the year	-	-
At 31 August 2021	<u>-</u>	<u>-</u>
<b>Net Book Value:</b>		
At 31 August 2021	<u><b>2,954</b></u>	<u><b>2,954</b></u>
At 31 August 2020	<u>1,928</u>	<u><b>1,928</b></u>

During the year £1,026k was incurred in respect of expenditure on EdCity. This expenditure was capitalised on 31 August 2021 as an asset under construction.

No fixed assets are held by the Charity (2019/20 - £nil).

#### 9. Investment property

	£'000
Cost or valuation:	
At 1 September 2020	766
Decrease in fair value	<u>(20)</u>
<b>At 31 August 2021</b>	<u><b>746</b></u>

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

Included in the amount for investment property is £125,653 (2019/20 - £162,208) relating to assets held under a finance lease (note 12).

## Notes to the Accounts

### For the year ended 31 August 2021

#### 10. Debtors

	<b>Group</b> <b>2021</b> <b>£'000</b>	<b>Charity</b> <b>2021</b> <b>£'000</b>	Group 2020 £'000	Charity 2020 £'000
<b>Receivable within 1 year</b>				
Trade debtors	696	217	3,300	44
Prepayments and other debtors	367	213	165	106
Accrued income	3,472	540	622	417
VAT debtor	160	-	695	-
Related company debtors (EdCity Office)	-	43	-	40
Related company debtors (EdCity Development)	-	35	-	-
Related company debtors (Ark UK Programmes)	-	282	-	290
	<b>4,695</b>	<b>1,330</b>	<b>4,782</b>	<b>897</b>

#### 11. Creditors

	<b>Group</b> <b>2021</b> <b>£'000</b>	<b>Charity</b> <b>2021</b> <b>£'000</b>	Group 2020 £'000	Charity 2020 £'000
<b>Amounts falling due within 1 year</b>				
Loan (see below)	1,500	1,500	-	-
Trade creditors	505	79	790	70
Related company creditors (Ark Schools)	16,343	16,163	15,163	13,753
Grant creditors	2,558	11,203	2,263	7,208
Tax and social security creditors	214	132	289	91
Other creditors	1,588	751	5,416	5,144
Deferred income	670	-	1,111	33
	<b>23,378</b>	<b>29,828</b>	<b>25,032</b>	<b>26,299</b>

A £1.5m loan from Ambition Institute is payable within one year, with £2m due after one year (2019/20 –£3.5m due after one year).

It is the intention of the charity to transfer the cash provided by this loan to its subsidiary EdCity Office with the associated legal obligations remaining with Ark. Interest is calculated at 0.25% above the Bank of England Base Rate.



## Notes to the Accounts

### For the year ended 31 August 2021

#### 11. Creditors (continued)

Movements in deferred income are analysed below.

Group	At 31 August 2020 £000	Released from previous year £000	Deferred in current year £000	At 31 August 2021 £000
Programme fees	1,078	(1,078)	621	621
Programme grant	33	(33)	-	-
Ark South Africa	-	-	49	49
<b>Total deferred income</b>	<b>1,111</b>	<b>(1,111)</b>	<b>670</b>	<b>670</b>

Group	At 31 August 2019 £000	Released from previous year £000	Deferred in current year £000	At 31 August 2020 £000
Programme fees	1,421	(1,421)	1,078	1,078
Programme grant	82	(82)	33	33
Total deferred income	1,503	(1,503)	1,111	1,111

Charity	At 31 August 2020 £000	Released from previous year £000	Deferred in current year £000	At 31 August 2021 £000
Programme grant	33	(33)	-	-
<b>Total deferred income</b>	<b>33</b>	<b>(33)</b>	<b>-</b>	<b>-</b>

Charity	At 31 August 2019 £000	Released from previous year £000	Deferred in current year £000	At 31 August 2020 £000
Programme grant	82	(82)	33	33
Total deferred income	82	(82)	33	33

Amounts falling due after 1 year	Group	Charity	Group	Charity
	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Finance lease liability	126	-	162	-
Loan	2,000	2,000	3,500	3,500
Grant creditors	534	534	471	471
	<b>2,660</b>	<b>2,534</b>	<b>4,133</b>	<b>3,971</b>

## Notes to the Accounts

### For the year ended 31 August 2021

#### 12. Finance Lease

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Not later than one year	-	-
Later than one year and not later than five years	2	2
Later than five years	301	301
Total gross payment	303	303
Less: finance charges	(177)	(141)
<b>Carrying amount of liability</b>	<b>126</b>	162

## Notes to the Accounts

### For the year ended 31 August 2021

#### 13. Analysis of charitable funds

##### Group

	31 Aug 2020 £'000	Income £'000	Gains/ (losses) and transfers £'000	Expenditure £'000	31 Aug 2021 £'000
<b>Restricted funds</b>					
<b>UK Education</b>					
UK Education – main fund	4,047	8,622	2,378	(9,373)	5,674
UK Education – Ark Schools Covid Appeal	-	3,864	-	(3,864)	-
UK Education – DCMS match funding	-	4,750	-	(4,750)	-
<b>EdCity</b>	7,602	12,478	589	(1,120)	19,549
<b>International Education</b>					
Education Partnership Group	70	308	635	(2,445)	(1,432)
Global Schools Forum	-	619	193	(812)	-
Now Teach	706	-	-	(706)	-
<b>Total</b>	<b>12,425</b>	<b>30,641</b>	<b>3,795</b>	<b>(23,070)</b>	<b>23,791</b>
<b>Endowment Funds</b>					
Endowment held for Ark Schools	5,612	-	785	(59)	6,338
	<b>5,612</b>	<b>-</b>	<b>785</b>	<b>(59)</b>	<b>6,338</b>
<b>Unrestricted funds</b>					
Core funds	904	1,205	2,553	(2,176)	2,486
General programme funds	52	3,166	(3,218)	-	-
<b>Total</b>	<b>956</b>	<b>4,371</b>	<b>(665)</b>	<b>(2,176)</b>	<b>2,486</b>
<b>Total Group funds</b>	<b>18,993</b>	<b>35,012</b>	<b>3,915</b>	<b>(25,305)</b>	<b>32,615</b>

The Now Teach restricted funds have arisen from programme fees for recruitment of teachers plus grant income restricted for use by Now Teach. Now Teach became an independent charity on 1 September 2020. The entire funds balance held by Ark UK Programmes for Now Teach on 31 August 2020 transferred to the independent Now Teach charity (company no. 11872096, registered charity no. 1189146) on 1 September 2020.

## Notes to the Accounts

### For the year ended 31 August 2021

#### 13. Analysis of charitable funds (continued)

##### Charity

	31 Aug 2020	Income	Expenditure	Gains/ (losses) and transfers	31 Aug 2021
	£'000	£'000	£'000	£'000	£'000
<b>Restricted funds</b>					
<b>UK Education</b>					
UK Education – main fund	1,054	3,523	(5,902)	2,379	<b>1,054</b>
UK Education – Ark Schools Covid Appeal	-	3,863	(3,863)	-	-
UK Education – DCMS match funding	-	4,750	(4,750)	-	-
<b>EdCity</b>	-	11,353	(11,353)	-	-
<b>International Education</b>					
Education Partnership Group	-	1,443	(2,078)	635	-
Global Schools Forum	-	620	(812)	192	-
International Education - Other	-	-	-	-	-
<b>Total</b>	<b>1,054</b>	<b>25,552</b>	<b>(28,758)</b>	<b>3,206</b>	<b>1,054</b>
<b>Unrestricted funds</b>					
Core costs fund	904	1,205	(2,176)	2,553	<b>2,486</b>
General programme funds	52	3,166	-	(3,218)	-
<b>Total</b>	<b>956</b>	<b>4,371</b>	<b>(2,176)</b>	<b>(665)</b>	<b>2,486</b>
<b>Total Charity Funds</b>	<b>2,010</b>	<b>29,923</b>	<b>(30,934)</b>	<b>2,541</b>	<b>3,540</b>

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 2021

#### 14. Staff costs and numbers

	<b>Group</b> <b>2021</b> <b>£'000</b>	<b>Charity</b> <b>2021</b> <b>£'000</b>	Group 2020 £'000	Charity 2020 £'000
Salaries and wages	5,546	2,915	5,546	2,524
Social security costs	594	333	553	266
Pension costs	572	292	568	250
Total salary costs	<u>6,712</u>	<u>3,540</u>	<u>6,667</u>	<u>3,040</u>
Other staff costs	<u>71</u>	<u>37</u>	<u>104</u>	<u>78</u>
<b>Total staff cost</b>	<b><u>6,783</u></b>	<b><u>3,577</u></b>	<b><u>6,771</u></b>	<b><u>3,118</u></b>

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

Included in salaries and wages were redundancy and ex-gratia severance payments totalling £35,873 (2019/20 – £12,486).

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

	<b>Group</b> <b>2021</b> <b>No.</b>	<b>Charity</b> <b>2021</b> <b>No.</b>	Group 2020 No.	Charity 2020 No.
Programmes	77	24	92	26
Support services	23	18	18	14
Fundraising	<u>5</u>	<u>5</u>	<u>4</u>	<u>4</u>
	<b><u>105</u></b>	<b><u>47</u></b>	<b><u>114</u></b>	<b><u>44</u></b>

## Notes to the Accounts

### For the year ended 31 August 2021

#### 14. 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 2021 No.	Charity 2021 No.	Group 2020 No.	Charity 2020 No.
£210,001 - £220,000	1	1	-	-
£200,001 - £210,000	-	-	1	1
£150,001 - £160,000	1	1	1	1
£110,001 - £120,000	2	1	1	1
£100,001 - £110,000	2	2	1	-
£90,001 - £100,000	1	-	1	1
£80,001 - £90,000	4	4	4	3
£70,001 - £80,000	6	3	5	1
£60,001 - £70,000	10	4	7	4

The pension contributions made on behalf of the above employees were £187.4k (2019/20 – £165.8k) in the group and £133.2k (2019/20 – £95.2k) in the charity. No benefit other than pension has been provided to employees.

Total remuneration paid to charity key management personnel was £652k (2019/20 – £620k).

#### 15. Directors' remuneration and expenses

The charity did not pay any remuneration to its trustees (2019/20 – nil). No expenses were reimbursed to or paid on behalf of trustees during the year.

## Notes to the Accounts

### For the year ended 31 August 2021

#### 16. Investments in subsidiaries

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

	Ark UK Programmes £'000	Ark (South Africa) Ltd £'000	EdCity Office £'000	EdCity Development Ltd £'000	EdCity Management Company Ltd £'000
<b>2021</b>					
Income	5,278	342	11,521	2,260	-
Expenditure	(5,859)	(394)	(168)	(2,260)	(1)
Net gains on investments	785	-	589	-	-
<b>Net movement in funds</b>	<b>204</b>	<b>(52)</b>	<b>11,942</b>	<b>-</b>	<b>(1)</b>
Total funds brought forward	9,233	71	7,680	-	(2)
<b>Total funds carried forward</b>	<b>9,437</b>	<b>19</b>	<b>19,622</b>	<b>-</b>	<b>(3)</b>
Fixed assets	7,028	-	10,705	-	-
Current assets	4,176	284	10,460	6,538	2
Liabilities	(1,767)	(265)	(1,543)	(6,538)	(3)
Share capital					2
<b>Total funds</b>	<b>9,437</b>	<b>19</b>	<b>19,622</b>	<b>-</b>	<b>(1)</b>

#### 17. Related party transactions

Ark made no new grants to its sister charity Ark Schools (2019/20 - £nil) to cover the core costs of the charity to 31 August 2021. £8.9m grants were made by Ark in support of Ark Schools' programmes (2019/20 - £2.4m). £0.3m grants were made by Ark in support of Ark Schools' academies (2019/20 - £2.8m). At the year end the unpaid grant allocated to Ark Schools was £14.6m (2019/20 - £13.8m), 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.

## Notes to the Accounts

### For the year ended 31 August 2021

#### 17. Related party transactions (continued)

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 £456k fee rebates from MW Eureka Fund for its Core operations and EdCity (2019/20 - £514k). This was 100% of the fee charged for managing the investments.

In 2020/21, the charity was gifted £4.3m of shares in the MW Eureka Fund from the Jagclif Charitable Trust. The carrying value of all shares gifted to the charity at the 31 August 2021 was £14.4m (2019/20 - £12.8m). No shares were disposed outside of the group during the year.

£1.2m (2019/20 - £1.4m) 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 the Ark Academy, an Ark Schools academy and Ark unrestricted funds. Funds restricted to Ark Academy were transferred to the school during the reporting period.

£7.0m (2019/20 - £1.2m) income was received in the year from the Sequoia Trust. £4.3m was restricted to EdCity and was transferred to EdCity office in year. £2.8m was restricted to the Ark Schools Coronavirus Fund. £0.8m (2019/20 - £1.2m) was remaining at year end and is included in creditors at 31 August 2021. Sir Paul Marshall is a trustee of the Sequoia Trust and is also a trustee of Ark. £4.3m in respect of a previous gift of shares for EdCity was repaid to the Sequoia Charitable Trust in 2020/21, to settle the £4.3m creditor balance owing at end of 2019/20.

£1.2m (2019/20 - £1.0m) 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. The full balance was remaining and is included in creditors at 31 August 2021.

Marshall Wace Asset Management Ltd Match-funded £37k of donations made to Ark Schools (2019/20 - £nil). Anthony Clake, Sir Paul Marshall and Ian Wace are Directors of Marshall Wace Asset Management Ltd.

Other trustee donations totalled £0.1m (2019/20 - £0.1m).

Ark is holding £3.5m received from Ambition Institute which is intended to be utilised for a capital investment for the benefit of Ambition Institute. Ambition Institute was launched in March 2019 following the merger of two Ark-incubated charities, Ambition School Leadership and the Institute for Teaching. Ark may repay any portion of the amount at any time, with interest accrued at a fixed margin above the Bank of England Base Rate. No amounts (2019/20 - £2m) were repaid in the year leaving £3.5m outstanding at the year-end (2019/20 - £3.5m). £12.5k cash was paid from Ark to the charity as interest (2019/20 - £nil), £nil (2019/20 - £38k) was held in creditors at the year-end for interest accrued on the loan.

Ark is also affiliated to Absolute Return for Kids, US, Inc. (Ark US), a US philanthropic organisation that shares the charity's objectives. During the year Ark received grants of £nil (\$nil) from Ark US (2020 - £0.2m (\$0.2m)).



## Notes to the Accounts

### For the year ended 31 August 2021

#### 18. Operating lease commitments

The amounts payable in respect of operating leases shown below are analysed according to the expiry of the leases.

	<b>Group</b>	<b>Charity</b>	<i>Group</i>	<i>Charity</i>
	<b>2021</b>	<b>2021</b>	<i>2020</i>	<i>2020</i>
	<b>£'000</b>	<b>£'000</b>	<i>£'000</i>	<i>£'000</i>
Within one year	-	-	3	-
	-	-	3	-

#### 19. Notes to the consolidated statement of cash flows

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

	<b>Group</b>	<i>Group</i>
	<b>2021</b>	<i>2020</i>
	<b>£'000</b>	<i>£'000</i>
Net income (expenditure) as per the Statement of Financial Activities	<b>13,622</b>	(8,418)
Adjustments for:		
(Gains) on investments	<b>(4,790)</b>	(1,892)
Dividends, interest, and rents from investments	<b>(549)</b>	(628)
Expenditure on endowments	-	931
Decrease (Increase) in debtors	<b>87</b>	(1,308)
(Decrease) in creditors (excluding endowment)	<b>(3,127)</b>	(3,835)
<b>Net cash provided by (used in) operating activities</b>	<b>5,243</b>	(15,150)

#### 20. 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 2021

#### 21. Discontinued operations

##### Now Teach

On 1 September 2020, Now Teach became an independent charity and was included within Ark UK Programmes' accounts for the last time. Income and expenditure included in the accounts relating to Now Teach in 2019/20 is shown below.

The Now Teach fund balance of £706k has been shown as a transfer out in the 2020/21 accounts on the face of the statement of financial activities.

	Year ended 31 August 2020 Total £000
<b>Income from:</b>	
Donations and legacies:	
Grants and donations	428
Donated services	288
Charitable activities	
Programme fees	1,087
<b>Total income</b>	<b>1,803</b>
<b>Expenditure on:</b>	
Charitable activities	
Support to programmes	1,437
<b>Total expenditure</b>	<b>1,437</b>
<b>Net income</b>	<b>366</b>

#### 22. Post balance sheet event

Since the end of the financial year, the Master Development Agreement in respect to the development of EdCity has been signed between Ark Schools, EdCity Office (ECO), London Borough of Hammersmith and Fulham (LBHF) and EdCity Development Ltd (ECDL). A loan agreement with the London Borough of Hammersmith and Fulham has been signed for £39m between ECO and LBHF, with Ark as a guarantor to the loan to a maximum liability of £10m.

Since the end of the financial year, ECDL has entered a Design and Build Agreement. This transfers most of the price risk from Ark/EdCity to the Contractor.

The Global Schools Forum became independent of Ark on 1 October 2021.

## Notes to the Accounts

### For the year ended 31 August 2021

#### 23. Comparative consolidated statement of financial activities for the year ended 31 August 2020

	<i>Unrestricted</i> £'000	<i>Restricted</i> £'000	<i>Endowments</i> £'000	<i>Year ended</i> <i>31-Aug-20</i> <i>Total</i> £'000
<b><i>Income and endowments from:</i></b>				
Donations and legacies				
Donations	1,360	3,135	-	4,495
Donated services	1,196	13	-	1,209
Charitable activities	-	2,891	-	2,891
Investment income	187	441	-	628
Other trading activities				
Non-charitable trading funds	-	1,364	-	1,364
Other	3	-	-	3
Continuing operations	2,746	7,844	-	10,590
Discontinued operations	-	1,803	-	1,803
<b>Total</b>	<b>2,746</b>	<b>9,647</b>	<b>-</b>	<b>12,393</b>
<b><i>Expenditure on:</i></b>				
Raising funds	583	-	58	641
Charitable activities	1,672	17,853	931	20,456
Continuing operations	2,255	17,853	989	21,097
Discontinued operations	-	1,437	-	1,437
<b>Total</b>	<b>2,255</b>	<b>19,290</b>	<b>989</b>	<b>22,534</b>
Net income (expenditure) before gains on investment and losses on foreign exchange	491	(9,643)	(989)	(10,141)
Net gains on investments	1,236	572	83	1,891
(Losses) on foreign currency transactions	(168)	-	-	(168)
<b>Net income/ (expenditure)</b>	<b>1,559</b>	<b>(9,071)</b>	<b>(906)</b>	<b>(8,418)</b>
<i>Fund transfers</i>	(2,811)	2,811	-	-
<b>Net movement in funds</b>	<b>(1,252)</b>	<b>(6,260)</b>	<b>(906)</b>	<b>(8,418)</b>
<b><i>Reconciliation of funds</i></b>				
Total funds brought forward	2,208	18,685	6,518	27,411
<b>Total funds carried forward</b>	<b>956</b>	<b>12,425</b>	<b>5,612</b>	<b>18,993</b>