



Ark Schools

Consolidated annual report and financial statements

31 August 2024

Company limited by guarantee, registration number 05112090 (England and Wales)

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Reference and administrative details

Member	Absolute Return for Kids (referred to within these accounts as 'Ark')
Trustees	Tina Alexandrou (Appointed as Chair on 12 April 2024) Lord Stanley Fink Fiona Forbes Gerard Griffin Richard King Anthony Williams Lucy Heller
Company Secretary	Elizabeth Dawson (Resigned 24 May 2024) Megan Mannion (Appointed 24 May 2024, resigned 27 September 2024) Kathryn Godfrey (Appointed 27 September 2024)
Senior Management Team	Jerry Collins Elizabeth Dawson (Resigned 24 May 2024) Rose Dixon (Appointed 4 March 2024) Laurie Grist Lucy Heller Sarah Pearson (Resigned 26 July 2024) Jacqueline Russell Maire Sloman (Appointed 3 June 2024) Venessa Willms
Registered office	1EdCity EdCity Walk London W12 7TF
Registration number	05112090 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Lloyds Bank plc 95 George Street Croydon CR9 2NS
Solicitors	Stone King LLP Boundary House 91 Charterhouse Street London EC1M 6HR

Directors' report (including strategic report)

Year to 31 August 2024

The directors, who are also trustees of the charitable company, Ark Schools, present their annual report and the audited consolidated financial statements of Ark Schools for the year to 31 August 2024 and its subsidiary company, Ark Academies Projects Limited (registered company in England and Wales number 04101629), together known as 'the Group'.

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and it is also the report of the trustees for the purposes of the Companies Act 2006.

The financial statements have been prepared in accordance with the accounting policies set out on pages 46 to 53 and comply with the charitable company's memorandum and articles of association, applicable laws and the requirements of the 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 United Kingdom and Republic of Ireland (FRS 102).

Objectives and activities

Objects and Aims

Ark Schools' charitable objects, as laid out within our governing document, are to advance for the public benefit education in the United Kingdom, in particular but without prejudice to, the generality of the foregoing by:

- (a) Establishing, maintaining, carrying on, managing, and developing schools offering a broad curriculum with a strong emphasis on, but in no way limited to, one or a combination of the specialisms specified in the funding agreements entered into between the Trust and the Secretary of State.
- (b) Providing childcare facilities and adult training to develop the capacity and skills of parents-to-be and parents with children primarily but not exclusively under five in such a way that they are better able to identify and help meet the needs of children.

Public benefit

The trustees have referred to the Charity Commission guidance on public benefit when reviewing the charitable company's objectives and aims and planning future activities and consider that the charitable company's aims are for the public benefit.

Directors' report (including strategic report)

Year to 31 August 2024

Strategic report: achievements and plans for the future

Past Achievements

We have made good progress over the last two decades towards our vision that all children have access to a great education and real choices in life.

Today, Ark Schools serves 30,000 students in our network of 39 schools across Birmingham, Hastings, London, and Portsmouth. The wider work of the charity has also been instrumental in raising standards beyond Ark Schools, influencing the system by sharing what we know to benefit children nationally.

Through our work with Ark Start, Ark's nursery programme, we can now provide education from two to 18 – working throughout a child's school journey, to reduce the achievement gap between more and less advantaged children.

There remains a strong need for schools that can deliver for disadvantaged students. Post-pandemic, we have seen:

- A reversal in gains that had been made to close the attainment gap between disadvantaged students and their peers.
- One million children living in destitution in 2023, nearly three times as many as in 2017.
- One in five young people are now living with a mental health concern, compared to one in nine in before Covid.
- Young people are now twice as likely to be persistently absent from school.

In this context, we are pleased to have made good progress in all of our strategic aims over the past year.

The year in summary

Highlights from the past year include:

- Once again, Ark Schools was among the highest performing multi-academy trusts for Key Stage 2 primary results.
- The number of students progressing to top third universities rose dramatically (13 percentage points up on the previous year).
- Exceptional Progress 8 performance placed four Ark secondary schools in the top five percent of all schools across the country.
- Following 17 Ofsted inspections, 36 of our 39 schools are now rated Good or Outstanding.
- We expanded our personal development offer with an exciting new pilot arts programme in partnership with the Clore Duffield Foundation.
- 190 new teachers completed the Ark Teacher Training programme – the eleventh and biggest cohort to date.

Directors' report (including strategic report) Year to 31 August 2024

Strategic report: achievements and plans for the future (continued)

The year in summary (continued)

Highlights from the past year (continued)

- Phase one of the EdCity development completed, including the opening of Ark White City Primary and WEST Youth Zone. The Prince of Wales visited the centre and met with students from the local community. In September 2024, Ark & Ark Schools moved into the new office at 1EdCity. We are grateful to the Ark trustees, to the London Borough of Hammersmith and Fulham, and to the other partners who have worked to make EdCity a reality.

Strong student performance, with results for disadvantaged students well above national averages

- A child leaving an Ark primary school was 15 percentage points more likely to be on track in reading, writing and Maths than the national average, with 76 percent achieving the expected standard compared to 61 percent nationally. Children from disadvantaged backgrounds in Ark schools are now more likely to meet the expected standard than non-disadvantaged children nationally (69 v 67 percent).
- At GCSE, 66 percent of all Ark students achieved 4+ in English and Maths, up two percentage points on last year. Students achieving 5+ in English and Maths rose to 47 percent, up three percentage points compared to the previous year.
- Pupil premium students taking the English Baccalaureate (EBACC) made better progress than all pupils nationally.
- Many of our schools made significant improvements in outcomes, including Ark Kings (+6 percentage points) and Ark Charter (+12 percentage points) for 4+ grades in English and Maths.
- Exceptionally high progress scores placed four of our schools amongst the top performing secondaries in the country. Provisional data shows that Ark Greenwich Free School (+1.4) was in the top 15 schools nationally, King Solomon Academy (+1.18) in the top one percent, Ark Bolingbroke (+1.05) in the top two percent, and Ark Isaac Newton (+0.91) in the top five percent. Ark students eligible for pupil premium had an average progress score of -0.03 compared to a national average for disadvantaged students of -0.57. This means that, on average, disadvantaged Ark students made over half a grade more progress than disadvantaged students nationally.
- In Key Stage 5, 80 percent of all A level grades were A*-C, up three percentage points on 2023 and four percentage points above the national average. The proportion of students achieving three or more A*-C grades also increased by three percentage points, to 65 percent.

Directors' report (including strategic report) Year to 31 August 2024

Strategic report: achievements and plans for the future (continued)

The year in summary (continued)

Strong student performance, with results for disadvantaged students well above national averages (continued)

- Forty-one percent of students taking A level-equivalent BTEC qualifications achieved distinctions graded D*DD or higher, two percentage points up on last year.
- Alps grades (which measure the performance of our schools given the starting points of their students) for both A-level and BTEC remain in line with last year at a grade 4 for both qualifications. This indicates that progress is above average.
- Eighty-three percent of all Ark sixth form students progressed to university – more than twice the national average of 37 percent. Of those going to university, 70 percent are progressing to a top third university, a big jump up from 55 percent in 2023.
- Ten students secured places at Oxford or Cambridge. Fourteen went on to high-quality degree apprenticeships with organisations such as Bloomberg and Accenture.
- Bursaries totalling £970k were awarded to 58 students to support university costs. 76 percent of bursary awardees are the first generation in their family to attend university.

More Ark schools are now good or outstanding

There were seventeen Ofsted inspections in Ark schools this year. All bar one of the judgements was Good or Outstanding.

- Ark Pioneer and Ark Soane, both new schools, received Outstanding grades on their first inspections. Three other schools retained their Outstanding grades and Ark Little Ridge was upgraded from Good to Outstanding.
- We were particularly pleased that both Ark Kings and Ark St Albans now have Good grades.
- Ark Alexandra was judged Good in all areas, except behaviour, which meant the school retained its Requires Improvement grading. The report recognised that the school sets high expectations for behaviour and attendance, but the impact of recent improvements in these areas was yet to be fully realised.

In light of the government's decision to end one-word judgements, we will be revising how we communicate Ofsted judgements over the upcoming year.

Directors' report (including strategic report) Year to 31 August 2024

Strategic report: achievements and plans for the future (continued)

The year in summary (continued)

Our enrichment and personal development programmes are increasing wellbeing and developing skills for work and life

- Fifteen years after launching Ark Music, we are seeing what is possible for music in state schools and remain determined to ensure that every child has a rich and broad musical experience. Across the network, 4,000 students took part in free music-making activities beyond core music lessons. Ark students from disadvantaged backgrounds are 50 percent more likely to pass their Music GCSE than disadvantaged students nationally (75 percent compared to 50 percent). Eight Ark students sing with the National Youth Choir of Great Britain.
- Ark Sport was launched in 2022 so that every child attending an Ark school could develop a love of movement and find a sport that they enjoy. In just two years, it has transformed the sporting culture of our schools: all 30,000 Ark students have increased access to free clubs, over 2,500 have entered competitions and nearly 100 have been selected for a scholarship. Two scholars won gold medals this year at the English Schools Track and Field Championships.
- The Ark Clore Duffield Cultural Learning Programme successfully completed its first year. The pilot, which will run for another three years and expand into other regions across England, is designed to develop a new approach to arts education. We want to see how school trusts can use their scale and strategic oversight to connect with local, regional, and national arts organisations in meaningful ways. This year, the focus was on arts engagement, including providing activities for 3,000 pupils in Hastings as well as training for 500 teachers. Partners include the Tate, the Royal Opera House, and the National Theatre.
- Historically, Personal Development has not had the same rigour or profile in schools as core subjects. Through our Personal Development Framework, expectations for best practice have now been standardised. The framework is being used by all 39 schools to guide their implementation journey across ten strands of work. All schools are now delivering good or outstanding Personal Development (judged either by Ofsted or internal monitoring visits).

Directors' report (including strategic report) Year to 31 August 2024

Strategic report: achievements and plans for the future (continued)

The year in summary (continued)

We have responded to the near trebling of student mental health concerns since 2019

Through our Mentally Healthy Schools strategy, we are providing in-school specialist services so that any student can access the help they need, when they need it. We are embedding preventative approaches to mental health into daily school life, so that every Ark school can be a mentally healthy school. The strategy is delivered in partnership with leading mental health charities, Place2Be and Healthy Minds at Work. This year, nearly 2,500 students attended group support sessions and more than 500 had specialist counselling.

Our AI strategy launched, with a focus on student outcomes and organisational efficiency

Increasingly, we see that Artificial Intelligence (AI) has the potential to help solve some of education's most persistent challenges. But there are also risks in the areas of data privacy, cyber security, and over-reliance on AI generated content. During the past academic year, we delivered AI awareness training to all teaching staff across Ark schools, and bespoke training sessions for a range of teaching, operations, and central staff. Training has focused on the safe and productive use of Large Language Models, with Copilot being our preferred tool.

Attendance remains a focus

School absence is strongly linked to outcomes, so improving attendance remains a key focus area. While the national figures have yet to be published for 2023/24, we have sought to build on the foundations of the previous year which saw persistent absence among Ark's students who receive Free School Meals significantly lower than the national average (21.3% vs 36.5%).

Ark Learning Institute established to bring together our professional development offer

We believe Ark School's approach to professional development is one of our most distinct qualities, and essential to our mission. Through the Ark Learning Institute, we are bringing all of our training functions together into an organisation that will serve the development of over 3,500 employees and impact the wider education sector. The Institute launched in October 2024 and operates from EdCity, where it can take advantage of the exceptional new training and workshop facilities.

Directors' report (including strategic report) Year to 31 August 2024

Strategic report: achievements and plans for the future (continued)

Our schools and the wider work of Ark

Ark's wider work as a charity continued to benefit Ark Schools this year.

EdCity

In October 2023, Ark White City Primary opened at the EdCity campus in West London. Ark Schools' central team followed, moving into new offices at 1EdCity over the summer. The space includes training and event facilities, designed to bring mission-aligned organisations and the sector together to focus on improving the lives of children, especially through education.

EdCity is a unique not-for-profit partnership between Ark and the London Borough of Hammersmith & Fulham. The ambitious £150m regeneration project is designed to open up social, economic, and educational opportunities for the White City community of every generation, from infants to adults. When completed, the campus will include the primary school and office block, as well as a nursery, a youth zone, an adult education centre, and 132 affordable homes.

Ark Start

As a network, we know that we cannot achieve our ambitions for every child without solving the inequity that exists in the early years. Ark Start was set up by Ark as an independent nursery group, partnering with Ark Schools, to provide quality early years care to children who were not able to access this previously. Ark Oval and Ark John Archer were the first to have an Ark Start nursery and in 2024/25 two further sites will open at Ark Globe and Ark Brunel. In July, Ark Start welcomed Bridget Phillipson to Ark Start Oval for her very first visit as the new Secretary of State for Education.

Ark Curriculum Plus

Ark Curriculum Plus (ACP) continues to use what we have learned in Ark schools to support improved subject outcomes in over 700 schools nationally. This year, ACP launched new programmes in geography and science and partnered with Ambition Institute to develop a new National Professional Qualification for Leading Primary Maths (NPQLPM).

Directors' report (including strategic report) Year to 31 August 2024

Strategic report: achievements and plans for the future (continued)

Plans for the Future

The coming year is a period of transition for Ark Schools. We will further embed existing priorities from the 2021-24 strategic plan and use the year to set our longer-term direction and future goals. Ark School's 2024/25 network priorities are:

- **Excellent schools**
We will continue to drive quality of teaching through targeted development opportunities, with the launch of the Ark Learning Institute as a major milestone. Schools will also be supported to increase impact through our reading and personal development strategies. We will test which AI and digital innovation tools can help drive academic outcomes and operational sustainability.
- **Sustainable organisation**
Apart from Early Years, there is unlikely to be significant additional public funding for schools in the short to medium term. We will increase financial sustainability by improving operational effectiveness where we can, through better systems, tools, and more efficient structures. Schools will also be supported to fundraise for items such as sports equipment and instruments through trusts and foundations.
- **Workforce and recruitment**
This year we will trial new approaches to flexible working, improve professional development for operations staff, and continue to focus on recruitment and retention.

The Ark Learning Institute aims to increase the number of new teacher trainees by 10 percent in the coming year, and to further build upon our 200 school partnerships.
- **Ark Share**
Through our wider Ark programmes, we will aim to increase our impact on outcomes for children within and beyond Ark's current network. As we celebrate the move to EdCity, the focus will be on activating the new space as a centre for education and securing rental terms for the office building.

Ark's school-based programmes will also grow their impact:
 - Ark Start's main aim for 2024/25 will be to drive expansion (to eight sites) and grow its profile as a model for early years.
 - Ark Curriculum Plus will launch its English Mastery Primary programme nationally and aims to increase adoption of its recently launched Geography and Science programmes.
- **Future strategy**
We have begun work on the formation of a new ten-year strategy and three-year strategic plan that will set out our aspirations and drive our activity over the coming years.

Directors' report (including strategic report)

Year to 31 August 2024

Structure, governance, and management

Constitution

Ark Schools was established in 2004. It is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The directors of Ark Schools are also the trustees of the charitable company for the purposes of charity law. Ark Schools' sponsor charity, Absolute Return for Kids (referred to within these accounts as 'Ark'), provides a separate annual report and accounts on its work. Details of the trustees who served during the year, and to the date these accounts are approved, are included in the Reference and Administrative Details on page 3.

Member's liability

The member of the charitable company is the principal sponsor, Ark. As the member, Ark is liable to contribute a maximum of £10 to the company's assets if it should be wound up while Ark is a member or within one year after it ceases to be a member, for payment of the charitable company's debts and liabilities.

Trustees' indemnities

In accordance with normal commercial practice, Ark Schools insures its trustees against errors, negligent acts, or omissions relating to their work for Ark Schools for up to £2m on any single claim. Four trustees served as Chairs or Governors of an Ark school local governing body for all or part of the year.

Method of recruitment and appointment of trustees

The Articles of Association require at least three trustees to hold office at any given time. The trustees who served during the year are shown on page 3. When new trustees are to be appointed, the Board approves an appropriate process and criteria for recruitment. This includes a review of the skill and capability requirements of the Board, the current needs of the school network, good practice governance for multi-academy trusts, and the requirements of the charitable company's governing documents.

Policies and procedures for the induction and training of trustees

Trustees are briefed regularly by the senior management team on educational, financial, and other Ark Schools matters through a combination of briefings at Board meetings, other sessions, visits to schools and individual meetings. When new trustees join the Board, tailored induction training is arranged to give new trustees a good understanding of the wider education context, Ark Schools' mission and aspirations, the operation of the network, and their governance responsibilities.

Directors' report (including strategic report) Year to 31 August 2024

Structure, governance, and management (continued)

Organisational structure

The trustees set general policy, approve the annual plan and budget, monitor performance against the plan and budget, and make major decisions about the direction of the charitable company, capital expenditure, and senior staff appointments.

The trustees delegate the day-to-day management responsibility to the senior management team, who are listed on page 3, led by the Managing Director, Lucy Heller. The running of each individual school is delegated to its Principal.

There is a local governing body (LGB) attached to each school. The LGB provides local challenge and support to the school, reviewing and monitoring school performance data, annual school plans and financial reports. The LGB are consulted on the budget prior to Board approval and are kept informed on internal audit outcomes. Parental and community engagement is a key element of the LGB, considering local stakeholder voice and participating in local school events.

The organisational structure of Ark Schools' wholly owned subsidiary is described within the "Related Parties and other Connected Charities and Organisations" section below.

Arrangements for setting key management pay and remuneration

The trustees consider that they and the senior management team comprise the key management personnel of Ark Schools in charge of directing, controlling, running, and operating the charitable company on a day-to-day basis. Lucy Heller is an employee of Ark, as disclosed in note 24. None of the trustees receive any remuneration for their services as trustees.

Ark Schools' senior management team salaries are set on appointment and follow market conditions. The Managing Director of Ark Schools approves all senior management team salaries on appointment. A remuneration committee recommends to the Board the pay assumptions to be used throughout the network. The salaries of Principals are reviewed by the remuneration committee as are all central salary increases over £5k. The Managing Director's salary is paid by Ark and is decided by a subcommittee of the Ark Board.

Fundraising

Ark Schools is supported to raise funds by a small team of professional fundraisers employed by our sponsor charity, Ark. Ark fundraises from a defined list of individuals, companies, and charitable trusts and foundations. This list is carefully considered, and approaches are only made to those we already have a connection to, or we think may have an interest in Ark's work.

Ark does not conduct mass mailing or telephone campaign fundraising and does not outsource fundraising activities. Our schools conduct their own fundraising and may use fundraising platforms such as Just Giving to promote specific school campaigns.

Donor data is handled securely and with care in accordance with statutory obligations. Ark is a member of the Fundraising Regulator and complies with advice and guidance set by it. Ark has never received any fundraising complaints.

Directors' report (including strategic report) Year to 31 August 2024

Employee involvement

Ark Schools is a collegiate network, encouraging staff contributions at all levels and close collaboration between the schools. Principals meet regularly to share knowledge and good practice. The Ark Schools training programme provides information and access to internal and external professional development and support. Network days are held for subject specific training. New staff are fully inducted, and teachers take part in training before the start of and during each school year. Staff surveys are conducted on an annual basis and the feedback shared across the network and with trustees.

Disabled employees

Ark Schools ensures that training, career development, and promotion opportunities are available to all employees. Applications for employment by disabled people are given full and fair consideration. When employees become disabled, every effort is made to meet their needs so that their employment may continue. Some school buildings have restricted access in areas that have yet to be modernised. In such cases, the schools manage access through room allocations. Modernised and new buildings are designed to comply with statutory regulations for disabled access.

Related Parties and other Connected Charities and Organisations

The following are connected organisations within the meaning of the latest Accounts Direction issued by the Education and Skills Funding Agency:

- Absolute Return for Kids ('Ark') – Company no. 04589451, Charity no. 1095322 (see note 23)
- Ark UK Programmes – Company no. 05932797, Charity no. 1137932 (see note 23)
- Ark Academies Projects Ltd – Company no. 04101629 (see note 23 and below)
- EdCity Office – Company no. 11596797, Charity no. 1184547 (see note 23)
- EdCity Management Company Limited – Company no. 11528726 (see note 23)
- EdCity Development Limited – Company no. 1151870 (see note 23)

Ark Academies Projects Limited is a wholly owned trading subsidiary of Ark Schools. The company's principal activity is the provision of nursery education and the letting of facilities at several schools operated by Ark Schools. The results of the trading subsidiary have been consolidated in arriving at the group figures contained in these financial statements.

EdCity Office, EdCity Management Company Limited and EdCity Development Limited are Special Purpose Vehicles which were established to manage the EdCity project. Ark (company no. 04589451) is the sole member of these companies and a shareholder. Ark UK Programmes (company no. 05932797) is a 100% subsidiary of Ark.

Directors' report (including strategic report) Year to 31 August 2024

Engagement with parents, students, and the community

Trustees see their responsibilities to understand and consider the views of students and parents as stakeholders as key to the success of individual schools and the network. Student voice is a regular part of school life and channels of communication are available to parents both at school and trust level. There are two parent governor spaces on each local governing body providing an additional layer of engagement. Consultations are held as necessary both at school and community level before decisions are taken.

Engagement with suppliers and other business relationships

Ark Schools has a procurement code of practice which defines the processes that the organisation must follow to tender for new or existing contracts. All contracts over £50,000 must be formally tendered. Decision making follows our Decision Making Framework and Financial Scheme of Delegation, which is overseen by our Risk and Audit Committee. We follow the guidelines set out in the Academies Trust Handbook, including ensuring that all trustees and local governors fully disclose any interests with details published on our website where relevant.

Promoting the success of Ark Schools

In making decisions, the trustees and senior management team aim always to work towards giving children and young people the best start in life. In doing this, we are mindful of the pressures on our teaching and operational staff at schools and in network roles. Our schools are often at the heart of our communities, and we encourage interaction at a local community level. We strive for the highest standard of conduct and are always mindful to follow the seven principles of public life.

Directors' report (including strategic report) Year to 31 August 2024

Streamlined energy and carbon reporting

The Energy and Carbon Reporting Regulations came into force on 1 April 2019. As the trust consumes more than 40,000 kWh of energy, we report below our energy consumption for the year to 31 August 2024.

UK Greenhouse gas emissions and energy use data	2023/24	2022/23
Energy consumption used to calculate emissions (kWh)	34,857,225	45,638,712
Energy consumption breakdown (kWh) (optional)		
· gas	20,275,389	30,647,053
· electricity	14,319,917	14,795,374
· transport fuel	261,919	196,285
<u>Scope 1 emissions in metric tonnes CO₂e</u>		
Gas consumption	3,708.37	5,606.23
Owned transport – mini-buses	20.47	14.02
Total	3,728.84	5,620.25
<u>Scope 2 emissions in metric tonnes CO₂e</u>		
Purchased electricity	2,965	3,064
<u>Scope 3 emissions in metric tonnes CO₂e</u>		
Business travel in employee-owned vehicles	41.91	32.85
Total gross emissions in metric tonnes CO₂e	6,735.75	8,717.10
<u>Intensity ratio</u>		
Tonnes CO ₂ e per pupil	0.22	0.29
Pupil Numbers	30,424	30,187

Quantification and reporting methodology

We follow the Government's 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2023 UK Government's Conversion Factors for Company Reporting.

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO₂e per pupil, the recommended ratio for the sector.

Directors' report (including strategic report) Year to 31 August 2024

Streamlined energy and carbon reporting (continued)

Measures taken to improve energy efficiency

The trust has been developing its overarching decarbonisation strategy since 2019 and has the ambition to reduce both its electricity and gas carbon by 75 percent by 2030. To meet this aim, we have completed comprehensive energy surveys of our schools and are now actively rolling out a programme of LED and photovoltaic installations. All our schools have smart meters to help us get a more detailed picture of consumption so we can target reduced consumption. We are using AI technology in our more complex schools to help us manage our building management systems. This year, we hired an Energy Manager to work with our schools on their energy reduction plans. We are pleased to see a real reduction in our gas consumption this year and hope to see a step change in electricity usage in the coming year.

Trade union facility time

There were 38 (2022/23: 53) Ark Schools' employees and 30 (2022/23: 49) expressed as full-time equivalents who were relevant trade union officials in 2023/24. None (2022/23: seven) of these employees spent between 51 percent and 99 percent of their contracted hours on facility time, 34 of these employees (2022/23: 42) spent between 1 percent and 50 percent of their contracted hours on facility time, and four of these employees (2022/23: four) spent none of their contracted hours on facility time. The total cost of the facility time to Ark Schools was £28k in 2023/24 (2022/23: £33k), equating to 0.013 percent (2022/23: 0.017 percent) of its total pay bill of £213.5m (2022/23: £197.3m) in the same period. The total time spent on trade union activities as a percentage of total paid facility time hours was 100 percent (2022/23: 100 percent).

Going concern

The trustees are confident that, despite the current financial challenges, Ark Schools has sufficient resources to continue to operate for the foreseeable future. The trustees have looked at the financial position, including income, expenditure, and reserves, on our beneficiaries, and employees. While we acknowledge the increased cost pressures on the day-to-day operations, action is being taken to bring the network to an operating surplus, as set out in the section below, and therefore we do not consider these to be a cause for material uncertainty in respect of Ark Schools' ability to continue as a going concern. The financial statements have therefore been prepared on a going concern basis. The principal accounting policies give further information.

Directors' report (including strategic report)

Year to 31 August 2024

Financial review

A summary of the results for the year is included in the statement of financial activities on page 42. The operational result for the year (which excludes capital income and expenditure, buildings transferred into the network, and non-cash pension adjustments in respect of defined benefit schemes) is summarised below:

Income and expenditure	2024	2023
Years ended 31 August	£m	£m
DfE revenue grants	244.4	230.3
Other grants and income (excluding capital)	15.7	13.6
Other trading activities	3.4	3.1
Voluntary income (excluding capital)	6.6	6.4
Total operating income	270.1	253.4
Academy Educational Operations		
- Direct costs excluding depreciation	141.4	130.8
- Educational support costs excluding capital	126.1	117.5
- Development, Governance, and fundraising	4.1	3.6
Total operating expenditure	271.6	251.9
Net operating income	(1.5)	1.5

This year we made a conscious decision to invest in educational outcomes and ensure our pupils have the support they need. Naturally, this necessary investment has incurred additional costs, and this has impacted on the financial results in several of our schools, resulting in a £1.5m deficit for the network. The challenge of low-income inflation with high-cost inflation has also hit all schools, with the sustainability of our London primaries remaining a focus. We are now actively looking at a review of our cost base to identify efficiencies. This efficiency and effectiveness drive is fully supported by our Risk and Audit Committee, with regular reporting to our full Trustee Board. A full reconciliation of the operating result is provided at note 29 to the financial statements.

In addition to our investment in education, we remain committed to ensure all our schools are fit for purpose. We have continued to invest in our IT and estates infrastructure. Our focus has been on roof and window replacements and green initiatives, with an active campaign to install LEDs and photovoltaics in our schools to reduce energy costs. These investments are delivering results with consumption levels reducing. Total capital additions were £16.8m in 2023/24 (2022/23: £23.8m). While most additions were funded by capital income, a significant proportion was funded by revenue reserves. This, alongside the operating deficit, has resulted in a net decline in our revenue reserves of £5.5m (2022/23: £3.4m).

Directors' report (including strategic report)

Year to 31 August 2024

Financial review (continued)

Our target remains to hold school reserves at 3 percent of annual operating income for long term security and investment in our estates and IT infrastructure. For this purpose, reserves are classified as the balance of restricted GAG reserves, capital and IT reserves, and any unrestricted reserves. We have invested heavily in improving educational outcomes, and with these now secure in the majority of our schools, we are confident that we can return to this target.

Summary of assets and liabilities

As at 31 August	2024	2023
	£m	£m
Fixed assets	496.3	499.7
Current assets	48.3	63.6
Current liabilities	(34.7)	(45.1)
Total assets less current liabilities	509.9	518.2
Liabilities due after one year	(1.8)	(1.8)
Pension deficit	(1.5)	(2.2)
Net assets	506.6	514.2

Represented by:

Fixed assets fund	502.6	505.4
Pension reserve	(1.5)	(2.2)
Revenue reserves		
- Restricted	3.3	9.2
- Unrestricted	2.2	1.8
Grand total	506.6	514.2

Fixed assets have decreased to £496.3m (2022/23: £499.7m). The total fixed assets balance includes £16.5m for our new Ark White City Primary which opened to pupils during the year. This new build, which is part of the EdCity development, was only possible through generous donations from Ark who fully funded the rebuild.

Ark Soane, which opened to pupils in 2022/23, is awaiting formal practical completion of their site and is currently occupying under a license to occupy. Therefore, the building is not included in fixed assets.

The pension deficit has decreased to £1.5m from £2.2m. This is a 32 percent decrease in pension liability, in line with the sector average. There has been no major change to the nature of the liabilities. The valuation is based on spot rates at 31 August 2024 and subject to stock market fluctuations.

Directors' report (including strategic report) Year to 31 August 2024

Financial review (continued)

Thirty-seven schools would have ended the year with a pension asset. These have been capped to a nil liability position as required under FRS 102 and under the terms of funding agreements.

School capital reserves increased by £0.6m (2022/23: £0.4m increase). These reserves are held to fund future investment in estate and IT infrastructure. All schools have ten-year IT refresh plans.

Financial outlook for 2024/25

While we are grateful for the additional Core Schools Budget Grant to fund the teachers' pay award, the financial outlook for 2024/25 continues to be extremely challenging. Schools are budgeting an operating surplus of £2.3m in 2024/25 and we will work with them to ensure that this is delivered. In addition, we are undertaking a full review of our cost base, focusing on efficiencies and effectiveness, fully supported by our Risk and Audit Committee and Board. This will focus initially on curriculum efficiencies, catering and energy. While curriculum efficiencies will take time to implement, we expect to deliver savings on energy and catering in 2024/25. We expect capital spending to continue to be high as we deliver projects to replace roofs, windows, and lighting with new LED lights. In addition to ensuring financial sustainability and delivering on our core objective of delivering excellent schools, we are now developing our new ten-year strategic plan which will be launched in September 2025.

Financial report for the year

Operating income

Total operating income was £270.1m (2022/23: £253.4m). Approximately 90 percent of operating income comes from the DfE as recurrent grants (2022/23: 91 percent). These grants and the associated expenditure are included within restricted funds in the statement of financial activities. For the year ended 31 August 2024, DfE/ESFA revenue grants were £244.4m (2022/23: £230.3m) which are all restricted to core school activities.

Non-core activity is funded separately. For the year ended 31 August 2024, other grants and income were £15.7m (2023: £13.6m). Lettings income and Ark Ayrton nursery generated £3.4m (2022/23: £3.1m). Additional voluntary income from the sponsor organisation, Ark, and its subsidiaries and others amounted to £6.6m (2022/23: £6.4m).

Operating expenditure

Total operating expenditure for the year ended 31 August 2024 was £271.6m (2022/23: £251.9m). Direct costs excluding depreciation accounted for 52 percent (2022/23: 52 percent) of the total operating expenditure. The network continues to be supported by voluntary income for specific network programmes.

Directors' report (including strategic report) Year to 31 August 2024

Financial report for the year (continued)

Impact of capital items, depreciation, and pension scheme adjustments

Once voluntary income, capital grants, net asset transfers from Local Authorities, depreciation, and pension scheme adjustments were included, the outcome for the year to 31 August 2024 was a net decrease in funds of £7.6m (2022/23: increase of £19.2m). This net decrease includes a £0.7m increase in funds in the pension liability. Total income was £285.1m (2022/23: £272.7m). This includes a £1.7m capital grant from Ark for the Ark White City Primary development on the EdCity site, bringing the total capital grant from Ark for the project to £16.5m.

Academies are funded by the ESFA and the DfE for both school operations and capital projects and the way income is recognised has three important consequences for Ark Schools' financial statements:

- Capital grant receipts from the DfE are recorded as income in the income and expenditure account. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (Charities SORP FRS 102), these grants are shown in the Statement of Financial Activities as restricted income under the fixed assets fund.
- Ark Schools capitalises the school buildings it leases on a long-term basis but does not receive recurring capital grants at levels that fully offset the depreciation charges on the whole estate. The restricted fixed assets fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned. This leads to accounting deficits once the grant programmes are completed. These deficits do not represent a cash shortfall.
- Ark Schools is required to record any change in the attributable share of local government pension scheme surpluses or deficits, although the trustees have no control over the management of the pension funds, their financial arrangements or investment decisions. The network is required to remain a member of these pension schemes. Additionally, Ark Schools assumes the pension liability of new schools that join the network thus increasing the overall liability. Ark Schools accepts its financial responsibilities and has fully implemented the provisions of section 28 of FRS 102 relating to the pension schemes. Ark Schools understands that with effect from 18 July 2013, in the unlikely event that an academy trust ceased operating altogether, Parliament has agreed, at the request of the Secretary of State for Education, that the DfE would meet any outstanding pension liability. On 21 July 2022, the DfE reaffirmed its commitment to the guarantee, with a parliamentary minute published on the GOV.UK website.

Directors' report (including strategic report) Year to 31 August 2024

Financial report for the year (continued)

Net assets

At 31 August 2024, net assets were £506.6m (2022/23: £514.2m) and the net book value of tangible fixed assets was £496.3m (2022/23: £499.7m). The majority of assets are long term leasehold school buildings that have been granted to Ark Schools by the owners of the freehold, typically the Local Authority, Diocese or Charitable Foundation.

At 31 August 2024, investments were £0.155m (2022/23: £0.138m). Investments relate to surplus school funds that are invested with a fund manager (see note 23).

Reserves policy and financial position

Restricted revenue reserves relate to unspent income from donors that are school or project specific.

Total funds at 31 August 2024 were £506.6m (2022/23: £514.2m), which consisted of £504.4m restricted funds (2022/23: £512.4m) and £2.2m unrestricted funds (2022/23: £1.8m). Of the total restricted funds, £3.3m (2022/23: £9.2m) represents revenue reserves which are restricted by the donor for specific schools or projects.

The level of available reserves, defined as unrestricted reserves plus restricted GAG and other donations, is kept under close review by the directors as there is a need for schools to continue investing in their capital and infrastructure while holding adequate working capital.

The directors believe that schools should target an amount, equivalent to at least 3 percent of their annual operating income, for long-term security and for capital and IT infrastructure projects to ensure our school estate remains fit for purpose. These reserves are in addition to reserves held centrally. We allow schools to include their capital and IT reserves in this target, as we encourage schools to actively set aside funds for these purposes. Currently, 16 (2022/23: 13) schools fail to meet this threshold and we are working with them as part of our long-term planning process to improve the level of reserves they hold.

During the year, we transferred nil (2022/23: £1.9m) from unrestricted funds and £4.0m (2022/23: £3.0m) from restricted funds to fund capital expenditure. Each school is encouraged to have a dedicated IT reserve. This totals £3.7m (2022/23: £3.2m). This amount, alongside capital reserves, is included in the restricted fixed assets fund (see note 16 to the financial statements). This is to ensure schools have adequate funds available to invest in IT infrastructure.

Our combined reserves, which include revenue reserves plus capital and IT reserves, total £11.9m, 4.4% of operating income. The directors are confident that there are funds in place to maintain the school estate and infrastructure, and that the level of reserves provides sufficient contingency to cover unforeseen events.

Included within restricted funds is the pension reserve deficit of £1.5m (see note 20) (2022/23: £2.2m), as noted earlier in this report. The local government pension schemes to which this relates are funded schemes and therefore employers' pension contributions fluctuate with triennial valuations of the deficit to be funded.

Financial report for the year (continued)

Reserves policy and financial position (continued)

As noted in the Directors' Report of previous annual accounts, it is unlikely that Ark Schools will be liable for lump sum amounts and the increased pension contribution will be met through budgeted annual income. Accordingly, there is no direct impact on Ark Schools' free reserves in recognising

Directors' report (including strategic report) Year to 31 August 2024

the deficit.

Individual school deficits

15 schools had a deficit in their revenue reserves at the end of 2023/24 (2022/23: 13). Arrangements are in place to support these schools through this difficult period by way of intra-academy loans with careful and strict monitoring of their financial budget and performance. All schools have detailed five-year plans, and we expect all to return to financial sustainability over the medium term. The reserves of all schools are detailed in note 16.

Investment policy

All surplus funds are invested to generate the best possible returns without incurring undue risk. Mostly, this is invested with our commercial banking partner through current and deposit accounts or short-term investments on the money market which can generate higher levels of return. In addition, Ark Schools can invest funds via Ark UK Programmes through JP Morgan on a longer-term basis. Funds can be added to this at any time, but only when they are not required for at least 12 months.

Risks and uncertainties

The trustees have assessed the major risks and uncertainties to which Ark Schools is exposed. During the academic year, the Ark Schools risk register was fully updated and subject to detailed review by the Risk and Audit Committee. Particular attention was paid to risks around staff retention, safeguarding, financial sustainability, and cyber risk.

Trustees also reviewed and discussed the Strategic and Operational Risk Registers, particularly focusing on safeguarding and financial pressures. The trustees have also considered their responsibilities to ensure that the Trust's estate is safe, well-maintained, and complies with relevant legislation, by reviewing risk registers and regularly receiving updates on the estate through the Risk and Audit Committee.

Risk management

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

The trustees receive regular reports on key risks including educational outcomes, safeguarding, school operations, financial health, and project delivery. Ark Schools has an effective system of internal financial control, and this is explained in more detail in the governance statement.

Risks and uncertainties (continued)

Risk management (continued)

Operating procedures and internal controls are regularly reviewed and updated by the senior management team with oversight from trustees in response to ongoing delivery and in line with all relevant guidance. Internal audit reports are used to inform Ark Schools' risk register and the internal audit programme for the year.

During the 2023/24 financial year, trustees continued to review the internal control environment across the education, operations, and finance teams. The trustees also continued to receive regular reports according to the Board assurance framework encompassing oversight of provision across safeguarding, HR, finance, procurement, health and safety, fire safety, IT, data protection and information security.

Directors' report (including strategic report)

Year to 31 August 2024

The Ark Schools policy framework and a range of good practice resources made available to schools by the governance team was regularly refreshed to provide continued clarity around workflows, processes, and procedures, and to ensure consistency across the network. Where significant risks remain, the Board has ensured that, where possible, Ark Schools maintains adequate insurance cover.

The trustees have assessed the major risks and uncertainties to which Ark Schools is exposed and confirm that these are as follows:

- The failure of school leadership, which leads to the failure of an individual school and the possibility of the school being re-brokered to another Trust. This impacts on Ark Schools' ability to grow as a Trust. To mitigate this, we have a regional structure in place to ensure there is appropriate oversight and an internal assurance system of monitoring visits across the Trust.
- The shortage of qualified teachers, with many of our schools working hard to recruit the specialisms they require. Staff retention and turnover continue to be high, and it is not uncommon to have vacancies in key roles. We have expanded Ark Teaching Training and developed the Ark Learning Institute, providing new learning and development opportunities. We have also piloted flexible working within schools and provided support through the Employee Assistance Programme.
- The risk of a failure of safeguarding and pastoral systems. We have dedicated training for our Designated Safeguarding Leads, safeguarding governors, and wider staff. The Ark Schools Board has also appointed a safeguarding link trustee. Regular school audits are undertaken by the Head of Safeguarding and regular reporting and analysis of trends ensures we constantly review the effectiveness of our systems of control. We have implemented SENSO software monitoring on our students' digital devices.
- Demographic trends that, despite the overall increase in the school population, mean some Ark schools are at risk of being undersubscribed. We continue to work with local communities and encourage schools to work together to mitigate the impact of these changes.

Directors' report (including strategic report) Year to 31 August 2024

Risks and uncertainties (continued)

Risk management (continued)

- Cyber-attack, given the increasing number of attacks within the sector. We have worked to ensure our systems are protected and backed up and that if we need to restore systems, this can be done quickly and efficiently. Multi-factor authentication has been implemented and we continue to train our staff on the risks presented including those around phishing activity. We continue to review our set up and procedures to ensure systems are as robust as they can be. We are pleased to receive Cyber Essentials accreditation for our central systems and are now in the process of extending this accreditation to our schools.
- The effect of increasing costs, many of which are unfunded. We have again seen significant increases in support and teaching staff, our electricity costs and particularly food, print and paper costs. While we are grateful for the additional government income to support cost increases, as a network these challenges remain considerable.
- The risk of reserves being further depleted due to financial overspends. All schools have plans to achieve financial sustainability which are continually reviewed. Any item of exceptional spend, including on capital, must be authorised via a project expenditure request which itemises how the project is to be funded.
- Supplier fraud, especially due to the increased sophistication of attempts, continues to concern the trustees. All new suppliers must be set up centrally and we are constantly reviewing our due diligence procedures to ensure the integrity of our supplier base.
- The quality of our estate. Trustees review the asbestos register and are aware that RAAC remains at Ark Boulton resulting in the kitchen remaining out of action. We undertake detailed condition survey reports and annual health and safety checks. We continue to work with the DfE on mitigation for the final RAAC removal.

Financial risk management objectives and policies

Ark Schools has cash balances and other working capital balances. The main risk is liquidity risk.

Liquidity risk

The charitable company manages its cash resources, including sufficient working capital, so that all its operating needs will be met even if it is unable to access short-term borrowing. Surplus cash is invested in accordance with the investment policy.

Interest rate risk

In accordance with ESFA requirements, Ark Schools is not able to enter debt finance arrangements without the prior approval of the ESFA. Trustees continue to monitor interest rate risk.

Directors' report (including strategic report) Year to 31 August 2024

Risks and uncertainties (continued)

Other risks

The group is exposed to price risks but is funded by the Government on the same basis as other schools and budgets its expenditure accordingly. Nearly all funding comes from the Government, so credit risk is negligible.

Auditor

So far as the directors are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees' report, incorporating a strategic report, was approved by order of the Board of trustees, as the company trustees, on 11th December 2024, and signed on the Board's behalf by Tina Alexandrou:

A handwritten signature in black ink, appearing to read 'Tina Alexandrou', written in a cursive style.

Trustee

Governance statement Year to 31 August 2024

Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Ark Schools has an effective and appropriate system of financial and management control. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The trustees have delegated to the Managing Director, as Accounting Officer, responsibility for maintaining this system and for ensuring that it meets the requirements of the funding agreement between Ark Schools and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the Board any material weaknesses or breakdown in internal control. The Trustees also receive the Academy Trust Handbook each year and letters to the Accounting Officer from the ESFA.

Governance

The information here supplements the directors' report and the statement of directors' responsibilities. The Board has formally met five times during the last year and continued to operate effectively, reviewing a full range of reports as set out in the annual agenda plan.

The Board maintains additional oversight of Ark Schools' education and financial delivery and public funds in between meetings, including the review of management accounts, through updates on key strategic projects provided by correspondence, and regular meetings between the Chair and Managing Director.

Director	Number of meetings attended	Out of a possible
Tina (Christina) Alexandrou (Chair as of 12 April 2024)	5	5
Fiona Forbes	5	5
Lord Stanley Fink	3	5
Gerard Griffin	3	5
Lucy Heller	5	5
Richard King	5	5
Sir Paul Marshall (Chair - Resigned 12 April 2024)	3	3
Anthony Williams	4	5

Sir Paul Marshall stepped down from the Ark Schools Board on 12 April 2024. Tina Alexandrou was subsequently appointed as Chair of the Ark Schools Board.

In addition to the Board meetings, Ark Schools operates a Risk and Audit Committee which is chaired by one of the trustees (see below). This provides significant scrutiny outside of Board meetings, and regular updates on significant matters are shared by the Committee to the Board.

Governance statement Year to 31 August 2024

Conflicts of interest

Ark Schools manages its Conflicts of Interest policy by publishing a Register of Interests for all directors on its website, regularly reviewing its Conflicts of Interest policy, and Declarations of Interests being a standing item on the agenda of each Board and Committee meeting. The Risk and Audit Committee also reviews and approves any Related Party Transactions in relation to other entities related to Ark Schools.

Committees

The Risk and Audit Committee is a sub-committee of the main Board. It supports the Board to oversee the controls environment and risk management within the network. The committee exists to secure probity and efficiency in the management and expenditure by Ark Schools of income from all sources: public funding, donations and investment, and commercial income, and review compliance with the ESFA Academy Trust Handbook.

Attendance at the Risk and Audit Committee meetings in the year was as follows:

Committee member	Number of meetings attended	Out of a possible
Gerard Griffin	2	4
*Stephen West	3	4
*Lucy Slinger (Resigned 31 December 2023)	2	2
**Lynne Counsell (Leave of absence effective from January 2024)	1	2
Richard King (Chair)	4	4

**Denotes Non-Executive Co-Opted Committee Member*

***Denotes Non-Executive Co-Opted Associate Member*

Lucy Slinger stepped down from the Risk and Audit Committee on 31 December 2023. Gerard Griffin stepped down from the Risk and Audit Committee on 31 August 2024 and was replaced by Anthony Williams, a Trustee of Ark Schools, from 1 September 2024. Lynne Counsell is taking a leave of absence from the committee, effective from January 2024.

Governance reviews

We continue to review the skills on an annual basis across our Board, committee, and local governing bodies to ensure that we have the right support for our schools. The Board review is led by the adviser to the Board and is based on the DfE '21 questions' and Confederation of School Trusts guidance. In 2021-22, we piloted a new assessment model and skills audit for our local governing bodies which was used across the network in 2023-24.

Governance statement Year to 31 August 2024

Review of value for money

As Accounting Officer, the Managing Director has responsibility for ensuring that Ark Schools delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes as well as estates safety and management, achieved in return for the taxpayer resources received. The Accounting Officer considers how the charitable company's use of its resources has provided good value for money during the academic year, and reports to the Board of trustees where value for money can be improved, including the use of benchmarking data where available.

Ark Schools has delivered and improved value for money during the year by:

1) Delivering results

Our schools provide a rich education across all subjects. Music, sport, learning outdoors and other activities are offered alongside the core curriculum. We are particularly proud of our strong student performance with our disadvantaged students achieving significantly ahead of the national average. Students receive strong support as they make decisions about careers and higher education with more than 83 percent of sixth formers going on to university this year and almost 70 percent going to a "top third" university or a "top 100" apprenticeship provider. Our vision remains to ensure that all children have access to a great education and real choices in life.

2) Cost & budget management

We have invested in strong regional finance teams to improve the quality and accuracy of budgeting and forecasting, to ensure Principals have the information they need to make informed decisions. We actively issue benchmarking information and share learning. Working closely with Principals and Regional Directors, we continue to develop our integrated curriculum financial planning model to assess the efficiency and effectiveness of staffing structures and deliver the best curriculum with the funding available. All schools have five-year plans, and the expectation is that they will be financially sustainable over the medium term. We are actively working with schools to reduce supply, catering costs, and energy consumption and to look at ways our operations can become more efficient.

3) Procurement & financial controls

The Ark Schools procurement policy requires schools to make purchases from approved suppliers to guarantee the best possible value for money. We have a central procurement team who support our schools in achieving value for money. Each year, we review all our spend and look at ways we can improve the management of our cost base either through new regional or network contracts or retendering existing agreements.

4) Fundraising

Ark continued to raise funds for our schools. £3.9m was received from Ark and its subsidiaries, including £1.7m for the development of the new Ark White City Primary. This took the total amount donated for the school to £16.5m, all of which was funded by Ark. Funds are actively sought to support our schools for curriculum programmes, academic intervention, and mental health. All costs of fundraising are covered by Ark.

Governance statement Year to 31 August 2024

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore provide reasonable but not absolute assurance of effectiveness. It is based on established processes designed to identify and prioritise risks, to assess the probability and possible impact of significant risks, and to manage them efficiently, effectively, and economically. The system of internal control operated during the year to 31 August 2024 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The trustees have reviewed the main risks to Ark Schools together with the operating, financial and compliance controls in place to mitigate these risks. The trustees are of the view that there was a robust process for identifying, evaluating, and managing significant risks in place for the year to 31 August 2024 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the trustees.

The Risk and Control Framework

Ark Schools' system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. It includes:

- comprehensive financial monitoring systems with an annual budget and periodic financial reports showing performance against budgets or forecasts which are reviewed and where relevant approved by the Board.
- regular reviews by the Board of major purchase plans, capital works and expenditure.
- setting targets to measure financial and other performance.
- delegation of authority and segregation of duties.
- identification and management of risks.

Ark Schools appoints an independent audit firm to carry out a programme of internal audit visits each year. The use of an external provider to complement audits undertaken by Ark Schools' Heads of Department reflects the size and scale of Ark Schools' operations.

The trustees approved the appointment of Beever and Struthers as internal auditors at their meeting on 1 December 2022 to provide independent assurance to the Board that its financial and other controls and risk management procedures were operating effectively. Reports are made available to the Board, Risk and Audit Committee, and local governing bodies of relevant schools. This year, twelve schools were visited, testing eighteen core controls. While some improvements to procedures have been recommended, no material control weaknesses were reported this year.

Governance statement Year to 31 August 2024

The Risk and Control Framework (continued)

Detailed internal control checks are performed as part of the programme of visits and include the following:

- Detailed internal control checks on key areas of the Balance Sheet and Income and Expenditure Account.
- Budget setting and monitoring to include evidence of proper presentation to the local governing body and the scrutiny applied.
- Observation as to whether the school has entered into any education service level agreements with suppliers and the controls over those contracts.

The Beever and Struthers internal audit report is one of several sources of assurance obtained by the Risk and Audit Committee from internal and external sources. Other reports include, but are not limited to, compliance of our Single Central Register, the condition of our buildings from independent building surveyors, and on fire safety and health and safety compliance from external consultants.

Review of Effectiveness

As Accounting Officer, the Managing Director is responsible for reviewing the effectiveness of the system of internal control. During the year, this review has been informed by:

- the work of the internal and external auditors.
- the financial management and governance self-assessment process.
- the work of the staff responsible for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Risk and Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Conclusion

Based on the advice of the Risk and Audit Committee and the Accounting Officer, the Board of trustees is of the opinion that the academy trust has an adequate and effective framework for governance, risk management and control.

Approved by order of the Board of trustees on 11th December 2024 and signed on its behalf by:



Tina Alexandrou
Trustee



Lucy Heller
Accounting Officer

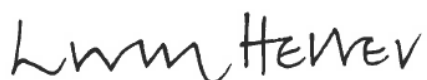
Statement of regularity, propriety, and compliance Year to 31 August 2024

As Accounting Officer for Ark Schools, I have considered my responsibility to notify the Board and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety, and non-compliance with ESFA terms and conditions of funding including for estates safety and management, under the funding agreement between the academy trust and the Secretary of State for Education. As part of my consideration, I have had due regard to the requirements of the Academy Trust Handbook 2023, including responsibilities for estates safety and management.

I confirm that I and the Board can identify any material irregular or improper use of funds by Ark Schools or material non-compliance with the terms and conditions of funding under Ark Schools funding agreement and the Academy Trust Handbook 2023.

I confirm that no instances of material irregularity, impropriety, or funding non-compliance have been discovered to date. I have reached this conclusion through oversight of internal controls and scrutiny functions, in addition to reviewing other sources of assurance.

If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and ESFA.



Lucy Heller
Accounting Officer

Date: 11th December 2024

Statement of directors' responsibilities

31 August 2024

The directors (who act as the trustees of the charitable company for the purposes of charity law) are responsible for preparing the directors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently.
- observe the methods and principles in the Charities' Statement of Recommended Practice (the Charities' SORP) 2019 and the Academies Direction 2023 to 2024.
- make judgments and estimates that are reasonable and prudent.
- state whether applicable United Kingdom Accounting Standards FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and group 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 charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA and DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of directors and signed on its behalf by:



Tina Alexandrou

Trustee

Date: 11th December 2024

Independent auditor's report to the member of Ark Schools

31 August 2024

Opinion

We have audited the financial statements of Ark Schools (the 'charitable parent company') and its subsidiary (the 'group') for the year ended 31 August 2024 which comprise the group statement of financial activities, the group and charitable parent company balance sheets, the group 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, 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), 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) (the Charities SORP 2019) and the Academies Accounts Direction 2023 to 2024.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the charitable parent company's affairs as at 31 August 2024, and of the group's income and expenditure for the period then ended.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- have been prepared in accordance with the requirements of the Companies Act 2006.
- have been prepared in accordance with the Charities SORP 2019 and Academies Accounts Direction 2023 to 2024.

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 or 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.

Independent auditor's report to the member of Ark Schools

31 August 2024

Conclusions relating to going concern (continued)

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report, which includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the director's report, which 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Independent auditor's report to the member of Ark Schools

31 August 2024

Responsibilities of directors

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 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 group through discussions with management, and from our knowledge of the academy trust sector.
- the 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 considered the legal and regulatory frameworks that are applicable to the group and determined that the most significant are the Companies Act 2006, the Charities SORP 2019, the Academies Accounts Direction 2023 to 2024, the Academy Trust Handbook 2023, and the academy trust's funding agreement with the ESFA as well as legislation pertaining to safeguarding in the UK.

Independent auditor's report to the member of Ark Schools

31 August 2024

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

- we understood how the group is complying with those legal and regulatory frameworks by making inquiries to management and those responsible for legal, compliance, and governance procedures. We corroborated our inquiries through our review of the minutes of trustees' meetings and the subsidiary company directors' meetings and papers provided to the trustees and directors.
- we planned and carried out a separate limited assurance engagement in respect of regularity, propriety, and compliance in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by the ESFA, as set out in our separate independent reporting accountant's assurance report on regularity.

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

- making enquiries of management and those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected, and alleged fraud.
- 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.
- tested the authorisation of expenditure as part of our substantive testing thereon.
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias.
- used data analytics to identify any significant or unusual transactions and identify the rationale for them.

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 trustees' meetings and subsidiary company directors' meetings.
- enquiring of management and those charged with governance as to actual and potential litigation and claims.
- reviewing any available correspondence with Ofsted, ESFA, and HMRC.

Independent auditor's report to the member of Ark Schools

31 August 2024

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

- the work undertaken in relation to the limited assurance engagement in respect of regularity, propriety, and compliance in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by the ESFA, as set out in our separate independent reporting accountant's assurance report on regularity.

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. International Standards on Auditing 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.

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

Independent auditor's report to the member of Ark Schools

31 August 2024

Use of our report

This report is made solely to the charitable company's member, 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 member 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 member 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

17 December 2024

Independent reporting accountant's report on regularity

31 August 2024

Independent reporting accountant's assurance report on regularity to Ark Schools and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 31 July 2023 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2023 to 2024, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Ark Schools during the period from 1 September 2023 to 31 August 2024 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Ark Schools and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Ark Schools and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Ark Schools and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Ark Schools' Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Ark Schools' amended and restated master funding agreement dated 28 August 2013 with the Secretary of State for Education and the Academy Trust Handbook, extant from 1 September 2023, for ensuring that expenditure disbursed, and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2023 to 2024. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed, and income received during the period from 1 September 2023 to 31 August 2024 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Independent reporting accountant's report on regularity

31 August 2024

Approach (continued)

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Ark Schools' income and expenditure.

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across all of Ark Schools' activities.
- Further testing and reviewing of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary.
- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period from 1 September 2023 to 31 August 2024 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

17 December 2024

Consolidated statement of financial activities

Year to 31 August 2024

		Restricted funds				2024 Total funds £'000	2023 Total funds £'000
		Unrestricted funds £'000	General funds £'000	Pension reserve £'000	Fixed assets fund £'000		
Income from:							
Donations and capital grants	2	—	3,628	—	14,184	17,812	21,427
Other trading activities	3	1,940	1,095	—	—	3,035	2,981
Investments and interest receivable		288	34	—	—	322	104
Income from charitable activities							
. Funding for Ark Schools' educational operations	4	15	259,789	—	—	259,804	245,387
. Project management grants	5	—	307	—	—	307	215
. Teaching School		—	543	—	—	543	456
Other income	6	119	2,399	775	—	3,293	2,152
Total income		2,362	267,795	775	14,184	285,116	272,722
Expenditure on:							
Raising funds	8a	1,950	—	—	—	1,950	1,694
Charitable activities							
. Ark Schools' educational operations	8b	10	267,331	—	20,928	288,269	269,405
. Development costs	8d	1	1,962	—	—	1,963	1,708
. Teaching School	8e	—	443	—	—	443	288
Total expenditure	7	1,961	269,736	—	20,928	292,625	273,095
Net income (expenditure) before investment gains and losses							
		401	(1,941)	775	(6,744)	(7,509)	(373)
Net gains on investments		—	17	—	—	17	2
Net income (expenditure) before transfers							
		401	(1,924)	775	(6,744)	(7,492)	(371)
Gross transfers between funds	16	—	(3,985)	—	3,985	—	—
Net income (expenditure)							
		401	(5,909)	775	(2,759)	(7,492)	(371)
Other recognised gains and losses							
Actuarial (losses) gains on defined benefit pension schemes	19	—	—	(129)	—	(129)	19,545
Net movement in funds							
		401	(5,909)	646	(2,759)	(7,621)	19,174
Fund balances brought forward at 1 September 2023	16	1,793	9,185	(2,175)	505,368	514,171	494,997
Fund balances carried forward at 31 August 2024		2,194	3,276	(1,529)	502,609	506,550	514,171

All the group's activities derived from continuing operations. All recognised gains and losses are included in the above statement of financial activities. For management purposes, the operational surplus or loss for any given year is deemed to equal net (expenditure) income before transfers, in respect of the unrestricted funds and the restricted general funds. For the year ended 31 August 2024, this equated to an operational deficit of £1,523k which is made up of a £411k surplus in unrestricted funds and a £1,951k deficit in restricted general funds (2022/23: operational surplus of £1,478k). See note 29 for a reconciliation.

Balance sheets

		2024		2023	
		Group	Ark	Group	Ark
		£'000	Schools £'000	£'000	Schools £'000
Fixed assets					
Tangible assets	12	496,179	496,182	499,537	499,537
Investments		155	155	138	138
		496,334	496,337	499,675	499,675
Current assets					
Debtors	14	29,562	31,171	22,536	23,848
Short term deposits		3,197	3,197	5,027	5,027
Cash at bank and in hand		15,582	15,535	36,048	35,977
		48,341	49,903	63,611	64,852
Creditors: amounts falling due within one year	15	(34,796)	(36,361)	(45,140)	(46,381)
Net current assets		13,545	13,542	18,471	18,471
Total assets less current liabilities		509,879	509,879	518,146	518,146
Creditors: amounts falling due after one year	15	(1,800)	(1,800)	(1,800)	(1,800)
Net assets excluding pension liability		508,079	508,079	516,346	516,346
Pension scheme liability	19	(1,529)	(1,529)	(2,175)	(2,175)
Net assets including pension liability		506,550	506,550	514,171	514,171
The funds of the charity					
Income funds					
Restricted funds	16				
. Fixed assets fund		502,609	502,609	505,368	505,368
. General funds		3,276	3,276	9,185	9,185
. Pension reserve		(1,529)	(1,529)	(2,175)	(2,175)
		504,356	504,356	512,378	512,378
Unrestricted funds	16				
. General funds		1,949	1,949	1,548	1,548
. Designated funds		245	245	245	245
		2,194	2,194	1,793	1,793
		506,550	506,550	514,171	514,171

Approved by the Board of directors and signed on their behalf by Tina Alexandrou:



Date: 11th December 2024

Company registration number: 05112090

Ark Schools

Consolidated statement of cash flows

Year to 31 August 2024

	Notes	2024 £'000	2023 £'000
Net cash flows from operating activities			
Net cash (used in) provided by operating activities	A	(19,972)	1,645
Cash flows from investing activities			
	B	(494)	(8,361)
Change in cash and cash equivalents in the reporting period			
		(20,466)	(6,716)
Cash and cash equivalents at 1 September 2023			
	C	36,048	42,764
Cash and cash equivalents at 31 August 2024			
	C	15,582	36,048

A Reconciliation of net income (expenditure) to net cash flow from operating activities

	2024 £'000	2023 £'000
Net expenditure (as per the statement of financial activities)	(7,509)	(373)
Adjustments for:		
Capital funding grants	(14,184)	(19,353)
Defined benefit pension scheme service cost adjustment (note 20)	(695)	2,020
Defined benefit pension scheme finance cost adjustment (note 20)	(80)	665
Depreciation (note 12)	20,183	18,444
Loss on disposal of tangible fixed assets	1	—
Interest receivable	(322)	(104)
(Increase) in debtors	(7,026)	(5,244)
(Decrease) Increase in creditors	(10,340)	5,594
Net cash (used in) provided by operating activities	(19,972)	1,645

B Cash flows from investing activities

	2024 £'000	2023 £'000
Purchase of tangible fixed assets	(16,830)	(23,804)
Capital grants received	14,184	19,353
Investment income received	322	104
Movement in short term deposits	1,830	(4,014)
Net cash (used in) investing activities	(494)	(8,361)

C Analysis of cash and cash equivalents

	At 31 August 2024 £'000	At 31 August 2023 £'000
Cash at bank and in hand	15,582	36,048
Total cash and cash equivalents	15,582	36,048

Consolidated statement of cash flows

Year to 31 August 2024

D Analysis of changes in net debt

	At 1 September 2023 £'000	Cash flows £'000	At 31 August 2024 £'000
Cash and cash equivalents			
Cash at bank and in hand	36,048	(20,466)	15,582
Debt			
ESFA loan	(1,800)	—	(1,800)
	<u>34,248</u>	<u>(20,466)</u>	<u>13,782</u>

Principal accounting policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements, and key sources of estimation uncertainty, is set out below.

Basis of preparation

The financial statements have been prepared under the historical cost convention (unless otherwise stated in the relevant accounting policies below or the notes to the financial statements) in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), 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) (Charities SORP (FRS 102)), the Academies Accounts Direction 2023 to 2024 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Ark Schools meets the definition of a public benefit entity under FRS 102.

The financial statements are presented in sterling to the nearest thousand pound.

Basis of consolidation

The consolidated statement of financial activities and group balance sheet includes the financial statements of Ark Schools and its wholly owned trading subsidiary, Ark Academies Projects Limited, made up to the balance sheet date.

No separate statement of financial activities has been presented for Ark Schools alone, as permitted by section 408 of the Companies Act 2006.

Assessment of going concern

The directors assess whether the use of going concern is appropriate i.e., whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of Ark Schools to continue as a going concern.

The directors make this going concern assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements. Despite the challenges from the current economic climate, the directors have concluded that Ark Schools has adequate resources to continue in operational existence for the foreseeable future. The trustees have looked at the financial position, including income, expenditure, and reserves, on our beneficiaries, and employees. While the increased cost pressures on the day-to-day operations is acknowledged, action is being taken to bring the network to an operating surplus and there is no material uncertainty in respect of Ark Schools' ability to continue as a going concern. The financial statements have therefore been prepared on a going concern basis. The principal accounting policies give further information.

Income

All income is recognised when Ark Schools has entitlement to the funds, the receipt is probable, and the amount can be measured reliably.

Principal accounting policies

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable, and the amount can be reliably measured.

Capital grants

Capital grants are recognised when the trust is deemed to be entitled to the funds subject to any conditions being met. Such conditions may include Ark Schools approving and contractually committing to the project being funded; and sufficient funding being secured by Ark Schools to fully fund the capital project. Capital grants are not deferred over the life of the asset on which they are expended.

Sponsorship income

Sponsorship income provided to Ark Schools which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable, and it can be measured reliably.

Trading activities and other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent Ark Schools has provided the goods or services.

Grants receivable

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions, there is no unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant (GAG) is recognised in full in the statement of financial activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Transfer on conversion

Schools joining the Ark Schools network transfer identifiable assets and liabilities and the operation of the predecessor school. The assets and liabilities transferred have been valued at their fair value, being a reasonable estimate of the current market value that the directors would expect to pay in an open market for an equivalent item. The amounts are recognised under the appropriate balance sheet categories at the point when the risks and rewards of ownership pass to Ark Schools. A corresponding amount is recognised as donations income in the statement of financial activities and analysed under unrestricted funds, restricted general funds, and restricted fixed asset funds.

Principal accounting policies

Transfer of existing academies into the trust

Where assets are received on the transfer of an existing academy into the Ark Schools network, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to Ark Schools, which is on signing of the transfer agreement with the transferring trust. An equal amount of income is recognised for the transfer of an existing academy into the Ark Schools network within donations and capital grant income.

Donated fixed assets (excluding transfers on conversion/transfers from other trusts)

Where the donated good is a fixed asset, it is initially recognised at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The donation is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Ark Schools' accounting policies.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity.

All expenditure is inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by Ark Schools to raise funds for its charitable purposes and includes costs of all fundraising activities, events, and non-charitable trading.

Expenditure on charitable activities

These are costs incurred on the Ark Schools' educational operations, including support costs and costs relating to the governance of Ark Schools and are apportioned to charitable activities.

The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Agency Arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the academy trust does not have control over the charitable application of the funds. The academy trust can use up to 5 percent of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid, and any balances held are disclosed in note 26.

Tangible fixed assets

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants or where they are gifted, either from the government or from the private sector, they are included in the balance sheet at cost or at an appropriate value and are depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the

Principal accounting policies

asset, the related grants are credited to a restricted fixed assets fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost (or original valuation, taken subsequently to be the deemed cost) of each asset on a straight-line basis over its expected useful life as follows:

◆ Furniture, fittings, and equipment	25 percent p.a.
◆ Computer equipment	50 percent p.a.
◆ Motor vehicles	25 percent p.a.
◆ Freehold & leasehold buildings	2 percent p.a.
◆ Leasehold improvements	2 percent to 25 percent p.a.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

The cost of buildings constructed under the UK Government's programmes as funded through local authorities, are recognised in the statement of financial activities as voluntary income in the period in which the buildings are brought into use. No value is brought into the financial statements before this time. A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities.

Properties occupied under operating lease arrangements are not capitalised. This includes any properties developed under a Private Finance Initiative (PFI) agreement, where Ark Schools is not directly party to the PFI agreement itself and rather the local authority has directly contracted with the PFI contractor, and Ark Schools has contracted with the local authority to make financial contributions towards facilities management.

Under such arrangements, the school premises are maintained and managed for a period of 25 years by the PFI contractor subject to contractual annual fees payable by the academy. Upon expiry of the PFI contract, the residual benefit of the premises passes to the academy as a result of a 125-year lease granted to them.

Principal accounting policies

Tangible fixed assets (continued)

As Ark Schools only enjoys the benefits of the premises subject to the restrictions under the PFI agreement over the initial 25-year term, the academy does not substantially hold all of the risks and rewards of ownership of the premises during this period and the property is therefore accounted for as an operating lease. The annual charges payable by Ark Schools under the sub-agreement are expensed to the statement of financial activities as maintenance expenditure.

Investments

Ark Schools' shareholding in its wholly owned subsidiary, Ark Academies Projects Limited, is included on Ark Schools' balance sheet at the cost of the share capital owned.

Other investments are included on the balance sheet at fair value. Unrealised and realised gains (or losses) on such investments are credited (or debited) to the statement of financial activities.

Debtors

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.

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.

Liabilities

Liabilities 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. Liabilities are recognised at the amount that Ark Schools anticipates it will pay to settle the debt or the amount it has received as advanced payment for the goods or services it must provide.

Provisions

Provisions are recognised when Ark Schools has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Principal accounting policies

Fund accounting

The unrestricted funds represent monies which may be applied for any purpose within the Ark Schools' objects.

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

The restricted fixed assets fund comprises resources which are to be applied to specific capital purposes imposed by the ESFA and other funders where the asset acquired or created is held for a specific purpose.

Leased assets

Rentals under operating leases are charged on a straight-line basis over the lease term.

Financial instruments

Ark Schools only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of Ark Schools and their measurement basis are as follows:

- Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments. Amounts due from Ark Schools' wholly owned subsidiary is held at face value less any impairment. Listed investments held by Ark Schools are also considered to be basic financial instruments. The investments are initially recognised at cost and subsequently carried on the balance sheet at fair value. Changes in the fair value are reflected as investment gains or losses through the statement of financial activities.
- Cash at bank – is classified as a basic financial instrument and is measured at face value.
- Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Taxation

Ark Schools is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, Ark Schools is exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Principal accounting policies

Pensions Benefits

Retirement benefits to employees of Ark Schools are provided by the Teachers' Pension Scheme ('TPS') and various Local Government Pension Schemes ('LGPS') or to The Pensions Trust ('TPT'). Staff employed in the central office are auto enrolled either to LGPS or TPS depending on their role unless they opt out and request to join TPT. The TPS and LGPS are defined benefit schemes and the TPT is a money purchase arrangement.

The TPS is an unfunded scheme, and contributions are calculated so as to spread the cost of pensions over employees' working lives with Ark Schools in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS are funded schemes, and the assets are held separately from those of Ark Schools in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements, and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Ark Schools participates in several different schemes with various local authorities. If the present value of any given scheme's defined benefit obligation at the reporting date is less than the fair value of its plan assets at that date, the plan would be in surplus. Surpluses can only be recognised as an asset to the extent that the Trust is able to recover the surplus, either through reduced contributions in the future or through refunds from the plan. If the surpluses are unable to be recovered, as is the case under the terms of academy funding agreements, the liability is capped at zero.

Principal accounting policies

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The directors of Ark Schools make estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact on the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 August 2024. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability. The asset in the scheme is judged to be non-recoverable as Ark Schools, under FRS 102 28.22, has no unconditional right to a refund from the scheme in respect of this asset.
- The net book value of tangible fixed assets is based on the original cost of the asset net of provision for depreciation. The depreciation provision to date is based on the directors' assessment of the estimated useful economic lives of such assets.
- The values attributed to properties donated to Ark Schools are initially recognised either based on historical cost, an independent professional valuation or through an estimate determined by Ark Schools' management. The property's condition, the nature of educational use, and the geographical location are taken into consideration in estimating the value.
- The treatment of our lease agreement with EdCity Office is as an operating lease rather than a finance lease. This is based on the terms of the lease agreement between Ark Schools and EdCity Office.
- The values attributed to donated assets (other than properties) are initially recognised based on the estimated commercial value of the asset at the time of the donation.

Notes to the financial statements 31 August 2024

1. General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, all schools within the Ark Schools network were subject to limits at 31 August 2024 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12 percent of GAG could be carried forward, of which up to 2 percent could be used for general recurrent purposes, with any balance being available for premises / capital purposes. No schools within the Ark Schools network exceeded these limits during the current or prior years.

2. Donations and capital grants

	Unrestricted general funds £'000	Restricted general funds £'000	Restricted fixed assets fund £'000	2024 Total funds £'000	2023 Total funds £'000
2024					
Donations – capital grant ESFA	—	—	9,584	9,584	5,649
Devolved formula capital allocations	—	—	597	597	1,723
Academy main building grants	—	—	1,737	1,737	2,344
Local authority ICT capital grants	—	—	54	54	46
Donations – other	—	1,612	531	2,143	1,137
Donations – Ark and subsidiaries (note 23)	—	1,879	1,681	3,560	10,434
Ark Schools Coronavirus Fund - Ark (note 23)	—	137	—	137	94
	—	3,628	14,184	17,812	21,427
2023					
Donations – capital grant ESFA	—	—	5,649	5,649	5,649
Devolved formula capital allocations	—	—	1,723	1,723	1,723
Academy main building grants	—	—	2,344	2,344	2,344
Local authority ICT capital grants	—	—	46	46	46
Donations – other	—	1,055	82	1,137	1,137
Donations – Ark and subsidiaries (note 23)	—	927	9,507	10,434	10,434
Ark Schools Coronavirus Fund - Ark (note 23)	—	94	—	94	94
	—	2,076	19,351	21,427	21,427

Notes to the financial statements 31 August 2024

3. Other trading activities

	Unrestricted general funds £'000	Restricted general funds £'000	2024 Total funds £'000	2023 Total funds £'000
Year to 31 August 2024				
Nursery fees	—	203	203	226
Hire of facilities	1,940	855	2,795	2,717
Catering income from staff	—	37	37	38
	<u>1,940</u>	<u>1,095</u>	<u>3,035</u>	<u>2,981</u>

All other trading income in 2023 was unrestricted in nature.

4. Funding for Ark Schools' educational operations

	Unrestricted general funds £'000	Restricted general funds £'000	2024 Total funds £'000	2023 Total funds £'000
Year to 31 August 2024				
DfE/ESFA revenue grants				
General annual grant (GAG)	—	192,944	192,944	183,290
Other DfE / ESFA grants				
. Universal Infant Free School Meals	—	1,392	1,392	1,047
. Start up A	—	94	94	187
. Start up B	—	270	270	274
. Pupil Premium	—	14,783	14,783	14,080
. 16-19 Core Education Funding	—	15,315	15,315	14,348
. Schools Supplementary Grant	—	—	—	5,358
. Mainstream Schools Annual Grant	—	6,820	6,820	2,821
. Teachers Pay Grant	—	3,500	3,500	27
. Teachers Pension Employer Contribution Grant	—	710	710	599
. Teachers Pension Grant	—	1,816	1,816	—
. Other DfE/ESFA Grants	15	2,875	2,890	3,064
	<u>15</u>	<u>240,519</u>	<u>240,534</u>	<u>225,095</u>
Other grants				
Local authority funding	—	11,492	11,492	10,980
Extended schools programme	—	541	541	481
Miscellaneous grants	—	313	313	368
	<u>—</u>	<u>12,346</u>	<u>12,346</u>	<u>11,829</u>
Other income				
School meals income	—	2,767	2,767	2,918
School uniform sales	—	51	51	49
Parent contributions to school trip costs	—	769	769	786
	<u>—</u>	<u>3,587</u>	<u>3,587</u>	<u>3,753</u>
COVID-19 additional funding (DfE/ESFA)				
Recovery Premium Grant	—	2,903	2,903	3,383
Other DfE/ESFA COVID-19 funding	—	434	434	1,327
	<u>—</u>	<u>3,337</u>	<u>3,337</u>	<u>4,710</u>
	<u>15</u>	<u>259,789</u>	<u>259,804</u>	<u>245,387</u>

Notes to the financial statements 31 August 2024

4. Funding for Ark Schools' educational operations (continued)

Year to 31 August 2023	Unrestricted general funds £'000	Restricted general funds £'000	2023 Total funds £'000
DfE/ESFA revenue grants			
General annual grant (GAG)	—	183,290	183,290
Other DfE / ESFA grants			
. Universal Infant Free School Meals	—	1,047	1,047
. Start up A	—	187	187
. Start up B	—	274	274
. Pupil Premium	—	14,080	14,080
. 16-19 Core Education Funding	—	14,348	14,348
. Schools Supplementary Grant	—	5,358	5,358
. Mainstream Schools Annual Grant	—	2,821	2,821
. Teachers Pay Grant	—	27	27
. Teachers Pension Employer Contribution Grant	—	599	599
. Other DfE/ESFA Grants	—	3,064	3,064
	—	225,095	225,095
Other grants			
Local authority funding	—	10,980	10,980
Extended schools programme	481	—	481
Miscellaneous grants	26	342	368
	507	11,322	11,829
Other income			
School meals income	2,918	—	2,918
School uniform sales	49	—	49
Parent contributions to school trip costs	786	—	786
	3,753	—	3,753
COVID-19 additional funding (DfE/ESFA)			
Recovery Premium Grant	—	3,383	3,383
Other DfE/ESFA COVID-19 funding	—	1,327	1,327
	—	4,710	4,710
	4,260	241,127	245,387

Notes to the financial statements 31 August 2024

5. Project management grants

	Restricted general funds	
	2024 £'000	2023 £'000
Project management grant	307	215

Project management grants are received from Ark in relation to activities in preparation for the opening of new academies and academy building projects (note 23).

6. Other income

	2024	2023
	£'000	£'000
Pension interest income (note 20)	775	—
Miscellaneous income	2,518	2,152
	3,293	2,152

All amounts above are restricted in nature for the year ended 31 August 2024 (2023: none) with the exception of £119k of miscellaneous income which is unrestricted (2023: £2,152k).

Miscellaneous income comprises self-generated income including income derived from Ark Teacher Training, network programmes, and consultancy services.

Notes to the financial statements 31 August 2024

7. Expenditure

Year to 31 August 2024	Staff costs (note 9) £'000	Premises £'000	Other costs £'000	Total 2024 £'000	Total 2023 £'000
Raising funds (note 8a)					
. Direct costs	522	—	13	535	448
. Support costs	56	1,343	16	1,415	1,246
	578	1,343	29	1,950	1,694
Educational operations					
. Direct costs (note 8b)	124,407	20,183	17,028	161,618	149,306
. Educational support costs (note 8b)	87,859	—	38,615	126,474	119,918
. Governance costs (note 8c)	—	—	177	177	181
	212,266	20,183	55,820	288,269	269,405
Development costs (note 8d)	288	13	1,662	1,963	1,708
Teaching School (note 8e)	348	—	95	443	288
	213,480	21,539	57,606	292,625	273,095

Year to 31 August 2023	Staff costs (note 9) £'000	Premises £'000	Other costs £'000	Total 2023 £'000
Raising funds (note 8a)				
. Direct costs	443	—	5	448
. Support costs	33	1,194	19	1,246
	476	1,194	24	1,694
Educational operations				
. Direct costs (note 8b)	113,863	18,444	16,999	149,306
. Educational support costs (note 8b)	82,568	—	37,350	119,918
. Governance costs (note 8c)	—	—	181	181
	196,431	18,444	54,530	269,405
Development costs (note 8d)	160	30	1,518	1,708
Teaching School (note 8e)	235	—	53	288
	197,302	19,668	56,125	273,095

Notes to the financial statements 31 August 2024

7. Expenditure (continued)

Net expenditure for the year is stated after charging:

	2024 £'000	2023 £'000
Operating lease rentals		
. Plant and machinery	844	677
Depreciation	20,183	18,444
Loss (gain) on disposal of fixed assets	1	(5)
Fees payable to external auditor for:		
. Statutory audit services	101	95
. Other services	54	51
Unrecoverable debt (see below)	389	—
Cash losses (see below)	—	—

Unrecoverable debt and cash losses

£389k bad debt was written off in the year as unrecoverable debt, following the liquidation of Schools Lettings Solutions (SLS). SLS provided a lettings service to eleven schools within the trust. Approval to write off the debt was received from the ESFA.

There were no reportable instances of fraud during the year (2023: none).

8a. Cost of raising funds

	2024 Total funds £'000	2023 Total funds £'000
Lettings and nursery	1,950	1,694

The surplus from trading activities totalled £1.52m in the year (2023: surplus of £1.25m). See note 13.

Notes to the financial statements 31 August 2024

8b. Ark Schools' charitable educational operations

	2024	2023
	Total	Total
	funds	funds
	£'000	£'000
Direct costs		
Staff costs	124,407	113,863
Depreciation	20,183	18,444
Educational supplies	5,225	5,797
Examination fees	3,076	2,654
Transport costs	223	210
Other pupil support costs	7,291	6,724
Extended schools programme	1,213	1,614
	161,618	149,306
Educational support costs		
Staff costs	87,859	80,550
Pension service cost (note 20)	—	2,018
Recruitment and other staff costs	2,864	3,128
Catering contract	7,084	6,880
Printing and stationery	2,552	2,558
Office overhead	251	291
Heat and light	4,471	4,231
Premises (including buildings insurance)*	16,766	14,856
Legal costs – other	115	76
Technology costs	3,720	3,616
Finance costs and interest/charges payable	76	730
Other expenses	699	916
Small equipment less than £2,000 expensed	16	73
Loss/ (Gain) on disposal of tangible fixed assets	1	(5)
	126,474	119,918
Governance costs (note 8c)	177	181
	288,269	269,405

*This includes £730k of expenditure on making good RAAC defects across the network as funded by capital grants.

Notes to the financial statements 31 August 2024

8c. Governance costs

	2024	2023
	Total	Total
	funds	funds
	£'000	£'000
Audit of group financial statements*		
. Current year	145	141
. Prior year under provision	—	3
Other expenses including internal audit services	32	37
	177	181

*This also includes regularity assurance and Teacher's Pension end of year certificate assurance.

8d. Other development costs

	2024	2023
	Total	Total
	funds	funds
	£'000	£'000
Project implementation		
Staff costs	288	160
Building costs	14	30
Project implementation	2	6
Research and marketing	158	131
Miscellaneous costs	11	17
	473	344
Continuing professional development		
Education development	564	385
Staff training and induction	926	979
	1,490	1,364
	1,963	1,708

Development costs relate to the opening of new academies and new academy buildings, as well as continuing professional development and transition costs of open academies.

All amounts above are restricted in nature for the year ended 31 August 2024 (2023: all) with the exception of £1k of project implementation which is unrestricted (2023: nil).

Notes to the financial statements 31 August 2024

8e. Teaching School expenditure

	2024 Total funds £'000	2023 Total funds £'000
Direct costs		
Staff costs	348	235
	348	235
Continuing professional development		
Education development	95	53
	95	53
	443	288

9. Staff

a. Staff costs and other employee benefits

Staff costs during the period were as follows:

	2024 £'000	2023 £'000
Wages and salaries	155,477	141,297
Social security costs	15,883	14,662
Pension costs	31,786	29,614
Apprenticeship levy	768	696
	203,914	186,269
Supply staff costs	9,172	10,888
Severance	175	135
Redundancy	219	10
	213,480	197,302

b. Severance payments

The academy trust paid 8 severance payments in the year, disclosed in the following bands:

	2024 No.	2023 No.
£0 - £25,000	5	12
£25,001 - £50,000	4	—

Notes to the financial statements 31 August 2024

9. Staff (continued)

c. Staff numbers – full-time equivalent

The average full-time equivalent number of persons employed by the group during the year ended 31 August 2024, analysed by function, was as follows:

	2024 No.	2023 No.
Charitable activities		
Teachers	1,695	1,677
Education support and administration staff	1,579	1,496
Management	149	163
	3,423	3,336

d. Staff numbers – headcount

The average gross number of persons employed by the group during the year ended 31 August 2024, analysed by function, was as follows:

	2024 No.	2023 No.
Charitable activities		
Teachers	1,764	1,736
Education support and administration	1,923	1,854
Management	154	168
	3,841	3,758

e. Higher paid staff

The number of full-time equivalent employees during the period who earned over £60,000 in the year (including benefits and bonuses but excluding pension contributions) was as follows:

	2024 Number	2023 Number
£60,001 - £70,000	255	191
£70,001 - £80,000	124	65
£80,001 - £90,000	62	44
£90,001 - £100,000	31	17
£100,001 - £110,000	11	8
£110,001 - £120,000	6	8
£120,001 - £130,000	3	5
£130,001 - £140,000	4	3
£140,001 - £150,000	7	3
£150,001 - £160,000	3	3
£160,001 - £170,000	2	1
£180,001 - £190,000	—	3
£190,001 - £200,000	3	—
	511	351

10. Key management personnel

The key management personnel of Ark Schools comprise the directors and the senior management team as listed on page 3, although seven members of the team (5 FTE) are paid by

Notes to the financial statements 31 August 2024

the sponsor organisation, Absolute Return for Kids (“Ark”). The total amount of employee benefits (including pension and social security contributions) received by key management personnel for their services, which was paid by Ark Schools was £827,725 (2023: £917,140). In addition, £655,281 was paid to key management personnel of Ark Schools by Ark, including employee benefits received by the Managing Director (see note 24).

11. Central services/holdback

The central team at Ark Schools fulfils several functions including education support, training/CPD coordination, HR, financial and management accounting, legal support, and governance services. In addition, the central team provides:

- Corporate governance and reporting, in line with the obligations imposed by company and charity law as well as by the DfE and the ESFA
- Risk management and quality assurance
- Central administration
- New project management service

The academy funding model allocates all funding directly to schools, including elements that are intended to cover costs incurred at the central office. The central holdback is computed at 5 percent of the general annual grant (2023: 5 percent). The amounts charged to each school are detailed below. The centre also negotiates contracts on behalf of schools and charge these costs to each school.

Notes to the financial statements 31 August 2024

11. Central services/holdback (continued)

	2024 £'000	2023 £'000
All through Schools		
Ark	547	517
Burlington Danes	405	457
Globe	571	529
Isaac Newton	549	520
John Keats	590	555
Kings	321	334
King Solomon	460	451
Victoria	481	437
Secondary Schools		
Acton	346	357
Alexandra	542	533
All Saints	316	301
Blake	255	177
Bolingbroke	287	264
Boulton	351	334
Charter	349	321
Elvin	510	451
Evelyn Grace	218	212
Greenwich	258	236
Pioneer	331	243
Putney	378	341
St Alban's	367	356
Walworth	477	462
Soane	218	134
Primary Schools		
Atwood	120	112
Ayrton	128	122
Bentworth	60	57
Brunel	95	97
Blacklands	146	139
Byron	114	104
Castledown	102	90
Conway	67	64
Dickens	121	113
Franklin	158	154
John Archer	73	70
Little Ridge	101	96
Oval	165	152
Priory	117	110
White City Primary (formerly Swift)	102	60
Tindal	114	109
Total central services income	10,910	10,171

Notes to the financial statements 31 August 2024

12. Tangible fixed assets

Group	Freehold land and buildings £'000	Long leasehold buildings £'000	Leasehold improvements £'000	IT equipment £'000	Furniture, and equipment £'000	Motor vehicles £'000	Assets under construction £'000	Total £'000
Cost								
At 1 September 2023	16,550	541,163	26,616	30,726	28,469	100	21,800	665,424
Reclassifications	—	16,524	5,059	—	96	32	(21,711)	—
Additions	—	107	6,149	2,710	977	15	6,868	16,826
Disposals	—	(3,058)	(98)	(2,429)	(378)	—	—	(5,963)
At 31 August 2024	16,550	554,736	37,726	31,007	29,164	147	6,957	676,287
Depreciation								
At 1 September 2023	1,465	106,941	4,001	28,124	25,278	78	—	165,887
Charge for the year	236	13,471	1,043	3,642	1,767	24	—	20,183
Disposals	—	(3,058)	(98)	(2,428)	(378)	—	—	(5,962)
At 31 August 2024	1,701	117,354	4,946	29,338	26,667	102	—	180,108
Net book value								
At 31 August 2024	14,849	437,382	32,780	1,669	2,497	45	6,957	496,179
At 31 August 2023	15,085	434,222	22,615	2,602	3,191	22	21,800	499,537

Ark Schools	Freehold land and buildings £'000	Long leasehold buildings £'000	Leasehold improvements £'000	IT equipment £'000	Furniture, and equipment £'000	Motor vehicles £'000	Assets under construction £'000	Total £'000
Cost								
At 1 September 2023	16,550	541,163	26,616	30,722	28,446	100	21,800	665,397
Reclassifications	—	16,524	5,059	—	96	32	(21,711)	—
Additions	—	107	6,150	2,710	977	15	6,868	16,827
Disposals	—	(3,058)	(98)	(2,429)	(379)	—	—	(5,964)
At 31 August 2024	16,550	554,736	37,727	31,003	29,140	147	6,957	676,260
Depreciation								
At 1 September 2023	1,465	106,941	4,001	28,121	25,254	78	—	165,860
Charge for the year	236	13,471	1,043	3,642	1,767	24	—	20,183
Disposals	—	(3,058)	(98)	(2,423)	(386)	—	—	(5,965)
At 31 August 2024	1,701	117,354	4,946	29,340	26,635	102	—	180,078
Net book value								
At 31 August 2024	14,849	437,382	32,781	1,663	2,505	45	6,957	496,182
At 31 August 2023	15,085	434,222	22,615	2,601	3,192	22	21,800	499,537

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

£1.7m of the additions made in the year relate to the new White City Primary on the EdCity development. This brings the total value of the asset to £16.5m, all of which was donated by Ark. The asset was reclassified in the year from assets under construction to long leasehold buildings.

Notes to the financial statements 31 August 2024

13. Wholly owned trading subsidiary

Ark Academies Projects Limited is a wholly owned subsidiary of Ark Schools. The following is a summary of the financial statements of Ark Academies Projects Limited for the year ended 31 August 2024, which has been included in the consolidated financial statements.

During the year ended 31 August 2024, the company's principal activities were the provision of nursery education, fees for license to occupy land, and the letting of facilities through a number of schools operated by Ark Schools.

	2024 £'000	2023 £'000
Turnover	3,485	3,274
Cost of sales	(1,958)	(2,026)
Gross profit	1,527	1,248
Administrative expenses	(6)	(2)
Retained profit before charitable donation under Gift Aid at 31 August	1,521	1,246
Charitable donation under Gift Aid	(1,521)	(1,246)
Retained profit after charitable donation under Gift Aid at 31 August	—	—
Retained earnings brought forward at 1 September	—	—
Retained earnings carry forward at 31 August	—	—

The £1 issued share capital of Ark Academies Projects Limited is wholly owned by Ark Schools.

Turnover and cost of sales for the year ended 31 August 2023 have both been grossed up by £1,055k in order for the treatment of lettings income in both years to be consistent. There is no impact on the company's reported profit or charitable donation made in that year.

14. Debtors

	Group 2024 £'000	Ark Schools 2024 £'000	Group 2023 £'000	Ark Schools 2023 £'000
Trade debtors	680	683	653	653
Amounts due from DfE/ESFA	4,930	4,930	3,278	3,278
Sponsorship due from Ark	9,477	9,477	9,371	9,371
Other debtors	2,288	2,312	2,124	2,124
Prepayments and accrued income	4,912	4,878	4,070	4,032
Amounts due from subsidiary	—	1,616	—	1,350
VAT recoverable	7,275	7,275	3,040	3,040
	29,562	31,171	22,536	23,848

Notes to the financial statements 31 August 2024

15. Creditors: amounts falling due within one year

	Group 2024 £'000	Ark Schools 2024 £'000	Group 2023 £'000	Ark Schools 2023 £'000
Trade creditors	5,822	5,822	7,179	7,179
Taxation and social security	3,938	3,938	3,742	3,742
Accruals	7,702	7,702	11,168	11,168
Deferred income	12,500	12,497	18,655	18,651
ESFA creditor – abatement of GAG	428	428	40	40
Other creditors	4,406	4,449	4,356	4,355
Amounts owed to subsidiary	—	1,525	—	1,246
	34,796	36,361	45,140	46,381

	2024 £'000	2023 £'000
Deferred income		
Deferred income at 1 September	18,655	21,054
Amounts deferred in the year	8,404	8,231
Amounts released from previous years	(14,559)	(10,630)
Deferred income at 31 August	12,500	18,655

During the year ended 31 August 2024, Ark Schools received funding in advance for Universal Infant Free School Meals for the period September 2024 to March 2025 and from local authority sources (Special Educational Needs, Early Years and Foundation Stage and other local authority income). The balance of deferred income also includes capital grant funding which has not yet been recognised as income due to conditions of entitlement not being met at the balance sheet date.

Creditors: amounts falling due after one year

	Group 2024 £'000	Ark Schools 2024 £'000	Group 2023 £'000	Ark Schools 2023 £'000
ESFA loan	1,800	1,800	1,800	1,800
	1,800	1,800	1,800	1,800

The above loan relates to an advance made by the ESFA to Ark Schools in 2018/19 for Ark William Parker Academy, which merged with Ark Helenswood Academy to become Ark Alexandra Academy on 1 September 2019. The DfE has confirmed that they will pause the repayments of the loan, originally anticipated to commence in September 2024, pending a review of the financial sustainability of Ark Alexandra. The discussion is anticipated to take place in 2024/25. We are confident that this is correctly classified as a long term creditor.

Notes to the financial statements 31 August 2024

16. Funds

Group	At 1 September 2023 £'000	Income £'000	Expenditure £'000	Transfers and other gains and losses £'000	At 31 August 2024 £'000
Restricted fixed assets fund					
DfE fixed assets fund	206,429	—	(4,129)	—	202,300
Ark sponsorship fixed assets fund	16,352	1,681	(332)	—	17,701
Devolved Formula Capital and School Condition Allocation	11,470	10,181	(753)	—	20,898
Other fixed assets funds	271,117	2,322	(15,714)	3,985	261,710
	<u>505,368</u>	<u>14,184</u>	<u>(20,928)</u>	<u>3,985</u>	<u>502,609</u>
Restricted general funds					
General Annual Grant (GAG) (note 4)	5,897	192,944	(194,517)	(3,985)	339
Start up and lead in (note 4)	—	364	(364)	—	—
Pupil Premium	—	14,783	(14,783)	—	—
16-19 Core Funding	—	15,315	(15,315)	—	—
Universal Infant Free School Meals	—	1,394	(1,394)	—	—
Mainstream Schools Annual Grant	—	6,820	(6,820)	—	—
Teachers Pay Grant	—	3,500	(3,500)	—	—
Teachers Pension Employer Contribution Grant	—	710	(710)	—	—
Teachers Pension Grant	—	1,816	(1,816)	—	—
Other DfE/ESFA grants (note 4)	—	2,875	(2,875)	—	—
Recovery Premium Grant	—	2,904	(2,904)	—	—
Other DfE/ESFA COVID-19 funding	—	434	(434)	—	—
Donations from Ark					
Ark Schools Coronavirus Fund	—	137	(137)	—	—
Ark Programme Grants	1,482	1,879	(2,215)	—	1,146
Teaching School	454	543	(443)	—	554
UK programmes – grants	448	—	—	(293)	155
Local authority grants	111	11,492	(11,492)	—	111
Other donations	793	9,885	(10,017)	310	971
	<u>9,185</u>	<u>267,795</u>	<u>(269,736)</u>	<u>(3,968)</u>	<u>3,276</u>
Pension reserve	<u>(2,175)</u>	<u>775</u>	<u>—</u>	<u>(129)</u>	<u>(1,529)</u>
Total restricted funds	<u>512,378</u>	<u>282,754</u>	<u>(290,664)</u>	<u>(112)</u>	<u>504,356</u>
Unrestricted funds					
Unrestricted general funds					
. Other unrestricted funds	1,548	2,362	(1,961)	—	1,949
. Designated funds	245	—	—	—	245
Total unrestricted funds	<u>1,793</u>	<u>2,362</u>	<u>(1,961)</u>	<u>—</u>	<u>2,194</u>
Total funds	<u>514,171</u>	<u>285,116</u>	<u>(292,625)</u>	<u>(112)</u>	<u>506,550</u>

Notes to the financial statements 31 August 2024

16. Funds (continued)

The purposes for which the funds are to be applied are as follows:

Restricted fixed assets fund

This fund equates to the net book value of Ark Schools' tangible fixed assets plus funding received from central/local government and other donors for capital which has not been expended by the balance sheet date. The capital funding may be used to complete capital projects or undertake maintenance works on existing tangible fixed assets.

The fund balance includes the carrying value of school buildings (and other tangible fixed assets) inherited by Ark Schools where a school has converted or joined Ark Schools from another academy trust.

Transfers from either general funds or unrestricted funds to the restricted fixed assets fund are made where a shortfall exists in the capital reserves available to fully fund the cost of tangible fixed assets owned by Ark Schools.

Restricted general funds

Restricted general funds represent the balance of funds available from revenue grants received from local/central government and other donors, the application of which is limited to the conditions imposed by the grantor/donor.

The principal funding receivable from the government is the General Annual Grant (GAG) provided by the ESFA. Under the funding agreement with the Secretary of State, Ark Schools was subject to limits on the amount of GAG that it could carry forward at 31 August 2024. Note 1 discloses that these limits were not exceeded. Transfers from other restricted funds or unrestricted funds to the GAG fund have been made in order to cover the deficit which would otherwise have existed in this fund.

Pension reserve

The pension reserve is equal to Ark Schools' share of the deficit within the various Local Government Pension Schemes in which Ark Schools participates.

Unrestricted funds

The unrestricted general funds represent monies which may be applied for any purpose within the Ark Schools' objects. The designated fund balances relate to amounts set aside for specific future projects. During the year, we transferred £4.0m (2023: £4.9m) from revenue funds to fund in-year capital expenditure.

Transfers from unrestricted general funds to restricted general funds are made in order to cover any shortfall which would otherwise exist on restricted general funds due to insufficient funding being receivable.

Notes to the financial statements 31 August 2024

16. Funds (continued)

Analysis of fund balance by academy

The table below provides further analysis of the fund balances attributable to each school and the central function including:

- **Revenue reserves**, comprising the aggregate balance of the restricted general funds and unrestricted funds.
- **Capital reserves** being funding received by schools to address their own priorities but unspent at the balance sheet date. The funds will be used for improvements to buildings and other facilities including repairs, refurbishment, and minor works.
- **General capital reserves** representing funds set aside for specific contractual reasons (maintenance on sports facilities etc.) These balances are included as part of Ark Schools' restricted fixed assets fund.
- **IT reserves**, being other amounts designated as at the balance sheet date for future expenditure on IT equipment and upgrades.

Notes to the financial statements 31 August 2024

16. Funds (continued)

Analysis of fund balance by academy (continued)

	2024 Revenue reserves £'000	2024 Capital reserves £'000	2024 General Capital reserves £'000	2024 IT reserves £'000	2024 Total reserves £'000	2023 Total reserves £'000
All through Schools						
Ark	637	64	59	149	909	1,012
Burlington Danes	556	36	—	232	824	862
Globe	788	151	—	17	956	1,152
Isaac Newton	1,017	213	150	190	1,570	1,456
John Keats	669	62	—	121	852	1,006
Kings	600	145	—	240	985	1,472
King Solomon	395	3	—	136	534	1,083
Victoria	(78)	108	—	216	246	297
Secondary Schools						
Acton	361	134	—	99	594	781
All Saints	836	67	—	90	993	1,035
Alexandra	(5,916)	36	110	159	(5,611)	(4,945)
Blake	(854)	20	—	—	(834)	(803)
Bolingbroke	(909)	31	—	57	(821)	(668)
Boulton	431	98	—	608	1,137	1,465
Charter	(1,294)	3	—	57	(1,234)	(887)
Elvin	692	34	—	—	726	1,118
Evelyn Grace	(182)	67	—	113	(2)	635
Greenwich	797	94	—	158	1,049	1,011
Pioneer	31	3	—	5	39	91
Putney	(1,693)	68	—	75	(1,550)	(1,368)
Soane	(16)	1	—	—	(15)	(228)
St Alban's	368	145	—	352	865	500
Walworth	316	1	—	222	539	568
Primary Schools						
Atwood	97	102	—	34	233	405
Ayrton	114	28	—	11	153	116
Bentworth	(230)	34	—	50	(146)	(117)
Brunel	187	41	—	46	274	368
Blacklands	547	85	—	15	647	766
Byron	(424)	41	—	—	(383)	(207)
Castledown	559	59	—	13	631	554
Conway	(244)	64	—	45	(135)	(29)
Dickens	264	27	—	11	302	327
Franklin	1,303	84	—	29	1,416	1,452
John Archer	(678)	36	—	36	(606)	(615)
Little Ridge	241	3	—	13	257	241
Oval	(525)	29	—	40	(456)	(208)
Priory	(5)	57	—	9	61	146
Tindal	596	48	—	15	659	1,133
White City Primary (formerly Swift)	(1,487)	48	—	43	(1,396)	(1,116)
Hastings Opportunity Area	—	—	—	—	—	18
Teaching School Hub	554	—	—	—	554	455
Ark Schools Central	7,049	35	—	—	7,084	6,475
	5,470	2,405	319	3,706	11,900	16,809

Notes to the financial statements 31 August 2024

16. Funds (continued)

Analysis of fund balance by academy (continued)

	2024 £'000	2023 £'000
Total revenue reserves (as per above)	5,470	10,978
Fixed asset fund (including unspent capital reserves above)	502,609	505,368
Pension reserve	<u>(1,529)</u>	<u>(2,175)</u>
Total	506,550	514,171

- Alexandra had a net funds deficit of £5,611k as at 31 August 2024 (2023: deficit of £4,945k). Alexandra was created through the merger of William Parker and Helenswood in September 2019. The school is expected to move to sustainability in the medium term. It continues to be supported by Ark Schools and by a £1.8m DfE loan as noted in note 15.
- Blake had a net funds deficit of £834k as at 31 August 2024 (2023: deficit of £803k). Blake was a new start school which opened in September 2020. As pupil numbers grow through the secondary phase, the school will recover to achieve a positive funds balance.
- Bolingbroke had a net funds deficit of £821k as at 31 August 2024 (2023: deficit of £668k). Bolingbroke is expected to generate a surplus from 2024/25 and to return to a financial equilibrium in the medium term.
- Charter had a net funds deficit of £1,234k as at 31 August 2024 (2023: deficit of £887k). Charter is now expected to generate a small in-year surplus and return to financial equilibrium in the medium term.
- Evelyn Grace had a net funds deficit of £2k as at 31 August 2024 (2023: surplus of £635k). Evelyn Grace has historically generated surpluses and has a business plan in place to support the school.
- Putney had a net funds deficit of £1,550k as at 31 August 2024 (2023: deficit of £1,368k). Putney has a business plan in place and is expected to return to financial equilibrium in the medium term.
- Soane had a net funds deficit of £15k as at 31 August 2024 (2023: deficit of £228k). Soane was a new school in 2021/22. As pupil numbers grow through the secondary phase, the school will recover to achieve a positive funds balance.
- Bentworth had a net funds deficit of £146k as at 31 August 2024 (2023: deficit of £117k). Bentworth has historically generated surpluses and has a business plan in place to support the school.
- Byron had a net funds deficit of £383k as at 31 August 2024 (2023: deficit of £207k). Byron has historically generated surpluses, has a business plan in place and is expected to start generating surpluses within the next two years.
- Conway had a net funds deficit of £135k as at 31 August 2024 (2023: deficit of £29k). Conway has a sustainable business plan and is expected to restart generating surpluses within the next three years.

Notes to the financial statements 31 August 2024

16. Funds (continued)

Analysis of fund balance by academy (continued)

- John Archer had a net funds deficit of £606k as at 31 August 2024 (2023: deficit of £615k). John Archer has a sustainable business plan and is expected to start generating surpluses within the next three years.
- Oval had a net funds deficit of £456k as at 31 August 2024 (2023: deficit of £208k). Oval has historically generated surpluses and is developing a business plan to start generating surpluses within the next three years.
- On 1 September 2023, Swift merged with Burlington Danes Primary to become White City Primary, opening in a new building within the EdCity development. White City Primary had a net funds deficit of £1,396k as at 31 August 2024 (2023: deficit of £1,116k). The school is developing a sustainable business plan and the long-term outlook for the school is positive.

16. Funds (continued)

Comparative information

	At 1 September 2022 £'000	Income	Expenditure	Transfers and other gains and losses	At 31 August 2023 £'000
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Notes to the financial statements 31 August 2024

Group	£'000	£'000	£'000	£'000	£'000
Restricted fixed assets fund					
DfE fixed assets fund	210,642	—	(4,213)	—	206,429
Ark sponsorship fixed assets fund	6,989	9,507	(144)	—	16,352
Devolved Formula Capital and School Condition Allocation	4,577	7,370	(477)	—	11,470
Other fixed assets funds	277,434	2,474	(13,683)	4,892	271,117
	<u>499,642</u>	<u>19,351</u>	<u>(18,517)</u>	<u>4,892</u>	<u>505,368</u>
Restricted general funds					
General Annual Grant (GAG) (note 4)	8,890	197,638	(197,638)	(2,993)	5,897
Start up and lead in (note 4)	—	461	(461)	—	—
Pupil Premium	—	14,080	(14,080)	—	—
Universal Infant Free School Meals	—	1,047	(1,047)	—	—
Schools Supplementary Grant	—	5,358	(5,358)	—	—
Mainstream Schools Annual Grant	—	2,821	(2,821)	—	—
Other DfE/ESFA grants (note 4)	—	3,690	(3,690)	—	—
Recovery Premium Grant	—	3,384	(3,384)	—	—
Other DfE/ESFA COVID-19 funding	—	1,327	(1,327)	—	—
Donations from Ark					
Ark Schools Coronavirus Fund	—	94	(94)	—	—
Ark Programme Grants	1,482	927	(927)	—	1,482
Teaching School	286	456	(288)	—	454
UK programmes – grants	446	—	—	2	448
Local authority grants	111	10,980	(10,980)	—	111
Other donations	1,320	2,666	(3,193)	—	793
	<u>12,535</u>	<u>244,929</u>	<u>(245,288)</u>	<u>(2,991)</u>	<u>9,185</u>
Pension reserve	<u>(19,037)</u>	<u>—</u>	<u>(2,683)</u>	<u>19,545</u>	<u>(2,175)</u>
Total restricted funds	<u>493,140</u>	<u>264,280</u>	<u>(266,488)</u>	<u>21,446</u>	<u>512,378</u>
Unrestricted funds					
Unrestricted general funds					
. Other unrestricted funds	1,612	8,442	(6,607)	(1,899)	1,548
. Designated funds	245	—	—	—	245
Total unrestricted funds	<u>1,857</u>	<u>8,442</u>	<u>(6,607)</u>	<u>(1,899)</u>	<u>1,793</u>
Total funds	<u>494,997</u>	<u>272,722</u>	<u>(273,095)</u>	<u>19,547</u>	<u>514,171</u>

Notes to the financial statements 31 August 2024

17. Expenditure Analysis – analysis of cost by academy

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs (excluding depreciation and losses on disposal of assets) £'000	2024 Total £'000	2023 Total £'000
All through Schools						
Ark	9,375	1,407	150	1,999	12,931	12,197
Burlington Danes	5,973	884	252	2,024	9,133	10,617
Globe	8,205	1,109	292	3,309	12,915	11,765
Isaac Newton	8,249	1,376	197	2,096	11,918	11,231
John Keats	9,487	1,302	312	2,241	13,342	13,022
Kings	5,107	1,131	146	1,486	7,870	8,003
King Solomon	8,416	836	153	2,590	11,995	10,952
Victoria	7,307	1,237	180	2,255	10,979	10,068
Secondary Schools						
Acton	5,320	398	262	2,606	8,586	8,536
All Saints	4,216	1,080	116	1,412	6,824	6,918
Alexandra	8,599	1,391	331	1,907	12,228	11,081
Blake	3,602	536	134	1,348	5,620	4,460
Bolingbroke	4,169	839	258	1,562	6,828	6,172
Boulton	5,078	740	141	1,774	7,733	7,376
Charter	5,232	879	147	1,495	7,753	7,282
Elvin	7,612	1,145	258	2,248	11,263	10,173
Evelyn Grace	3,181	649	73	1,730	5,633	5,268
Greenwich	3,396	419	180	1,300	5,295	5,212
Pioneer	5,136	916	209	1,459	7,720	5,650
Putney	6,293	780	170	1,713	8,956	8,046
Soane	3,063	393	108	1,159	4,723	3,342
St Alban's	5,377	803	114	1,336	7,630	7,462
Walworth	6,699	1,179	180	2,289	10,347	10,530
Primary Schools				0		
Atwood	2,198	429	77	550	3,254	3,210
Ayrton	2,089	335	71	534	3,029	3,071
Bentworth	1,069	200	23	282	1,574	1,622
Brunel	1,868	164	56	541	2,629	2,662
Blacklands	2,396	420	57	464	3,337	3,054
Byron	1,875	313	55	581	2,824	2,579
Castledown	1,741	189	54	471	2,455	2,226
Conway	998	302	34	401	1,735	1,633
Dickens	2,105	349	70	519	3,043	2,970
Franklin	2,689	526	72	713	4,000	3,684
John Archer	1,107	247	40	377	1,771	1,889
Little Ridge	1,769	265	39	421	2,494	2,276
Oval	2,904	566	138	624	4,232	3,981
Priory	2,123	325	69	546	3,063	2,913
White City Primary (formerly Swift)	2,087	309	63	564	3,023	1,956
Tindal	2,012	384	74	485	2,955	2,733
Hastings Opportunity Area	—	—	—	—	—	21
Teaching School Hub	313	56	—	75	444	288
Ark Schools Central	302	15,357	—	4	15,663	14,753
Ark Schools excluding subsidiaries	170,737	42,165	5,355	51,490	269,747	252,884

Notes to the financial statements 31 August 2024

18. Analysis of net assets between funds

Group	Restricted funds				Total funds 2024 £'000
	Unrestricted funds £'000	General funds £'000	Pension reserve £'000	Fixed assets fund £'000	
Fund balances at 31 August 2024 are represented by:					
Tangible and investment assets	—	155	—	496,179	496,334
Current assets	2,194	28,906	—	17,241	48,341
Creditors: amounts falling due within one year	—	(23,985)	—	(10,811)	(34,796)
Creditors: amounts due after one year	—	(1,800)	—	—	(1,800)
Pension scheme liability	—	—	(1,529)	—	(1,529)
	<u>2,194</u>	<u>3,276</u>	<u>(1,529)</u>	<u>502,609</u>	<u>506,550</u>

Ark Schools	Restricted funds				Total funds 2024 £'000
	Unrestricted funds £'000	General funds £'000	Pension reserve £'000	Fixed assets fund £'000	
Fund balances at 31 August 2024 are represented by:					
Tangible and investment assets	—	155	—	496,182	496,337
Current assets	2,194	30,471	—	17,238	49,903
Creditors: amounts falling due within one year	—	(25,550)	—	(10,811)	(36,361)
Creditors: amounts due after one year	—	(1,800)	—	—	(1,800)
Pension scheme liability	—	—	(1,529)	—	(1,529)
	<u>2,194</u>	<u>3,276</u>	<u>(1,529)</u>	<u>502,609</u>	<u>506,550</u>

19. Member Liability

The member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while it is a member, or within one year after it ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before it ceases to be a member.

20. Pensions and similar obligations

Ark Schools' employees belong to one of three principal pension arrangements: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; the Local Government Pensions Scheme (LGPS) for non-teaching staff (both are defined benefit schemes) and a money purchase arrangement for Ark Schools' employees employed by the central office who do not work directly and specifically for any academy, who have opted out of the LGPS.

The latest actuarial valuation of the TPS related to the period ended 31 March 2020 and of the LGPS to the period ended 31 March 2022.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial period.

Notes to the financial statements 31 August 2024

20. Pensions and similar obligations (continued)

Central Office Money Purchase Scheme

Ark Schools' staff employed in the central office who do not work directly or specifically for any school, and those who have opted not to join the Local Government Pension Scheme, have the option to join a non-contributory scheme administered by The Pensions Trust.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer make contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every four years. The aim of the review is to ensure scheme costs are recognised and managed appropriately and the review specifies the level of future contributions.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education on 27 October 2023, with the SCAPE rate, set by HMT, applying a notional investment return based on 1.7percent above the rate of CPI. The key elements of the valuation outcome are:

- employer contribution rates set at 28.68 percent of pensionable pay (including a 0.08 percent administration levy). This is an increase of 5% in employer contributions and the cost control result is such that no change in member benefits is needed.
- Total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262,000 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222,200 million, giving a notional past service deficit of £39,800 million. The next valuation result is due to be implemented from 1 April 2027.

The result of this valuation will be implemented from 1 April 2024. The next valuation result is due to be implemented from 1 April 2028.

The employer's pension costs paid to TPS in the period amounted to £20,881k (2023: £17,964k).

A copy of the valuation report and supporting documentation is at

<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>.

Notes to the financial statements 31 August 2024

20. Pensions and similar obligations (continued)

Valuation of the Teachers' Pension Scheme (continued)

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The academy trust is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, the academy trust has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above, the information available on the scheme.

Local Government Pension Scheme (LGPS)

Each LGPS is a multi-employer funded defined-benefit scheme, with the assets held in separate trustee-administered funds. Ark Schools is currently part of sixteen different funds. The total contribution made (as referenced by the scheme actuaries) for the year ended 31 August 2024 was £10,537k (2023: £9,626k), of which employees' contributions totalled £2,849k (2023: £2,595k) and employers' contributions totalled £7,688k (2023: £7,031k). The agreed contribution rates for future years are between 13.5 percent and 31.4 percent for employers and between 5.5 percent and 12.5 percent for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to guarantee that in the event of an academy trust closing, outstanding LGPS liabilities would be met by the DfE.

The guarantee came into force on 18 July 2013, and on 21 July 2022, the Department for Education reaffirmed its commitment to the guarantee with a parliamentary minute published on the GOV.UK website.

Notes to the financial statements 31 August 2024

20. Pensions and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Pension Fund – Administering Authority

Greater London

City of Westminster

London Borough of Brent

London Borough of Barnet

London Borough of Croydon

London Borough of Ealing

London Borough of Enfield

London Borough of Greenwich

London Borough of Hammersmith and Fulham

London Borough of Lambeth

London Borough of Redbridge

London Borough of Southwark

Royal Borough of Kensington & Chelsea

London Borough of Wandsworth

East Sussex

East Sussex County Council

Hampshire

Hampshire County Council

West Midlands

West Midlands Fund

Academies

Atwood*

King Solomon*

Ark*

Elvin*

Franklin*

Pioneer*

Blake*

Oval*

Acton

Byron*

Priory*

Soane*

John Keats*

Greenwich*

Bentworth

Burlington Danes*

Conway*

White City

Evelyn Grace*

Isaac Newton*

All Saints*

Globe*

Walworth*

Brunel*

Bolingbroke*

Putney*

John Archer*

Alexandra*

Blacklands*

Little Ridge*

Castledown*

Ayrton*

Charter*

Dickens*

Boulton*

Kings*

St Alban's*

Tindal*

Victoria*

*These schools have schemes that have been valued at a net asset position. Under the rules of the schemes, the surpluses are not recoverable, and as such, the recognition of these surpluses on the balance sheet has been restricted by its ceiling amount as calculated by the scheme actuaries. The adjustment for this 'asset ceiling' of £31,553k has been offset against the overall actuarial gain for the year.

Notes to the financial statements 31 August 2024

20. Pensions and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Range of principal actuarial assumptions:

	2024 percent Average	2023 percent Average
Rate of increase in salaries	3.65	3.85
Rate of increase in pension payments	2.65	2.85
Discount rates	5.00	5.25
Inflation assumptions	2.65	2.85

The current mortality assumptions included sufficient allowance for future improvements in mortality rates. The range of assumed life expectations in years beyond the retirement age of 65 across the funds are:

	2024 Lowest	2024 Highest	2023 Lowest	2023 Highest
Retiring today				
Males	19.2	22.0	19.8	22.7
Females	22.6	24.6	23.1	25.1
Retiring in 20 years				
Males	20.5	22.3	22.2	22.9
Females	24.1	25.6	24.7	26.1

	At 31 August 2024 £'000	At 31 August 2023 £'000
Sensitivity analysis – increase (decrease) in overall deficit		
Discount rate +0.1percent	(2,576)	(2,290)
Discount rate -0.1percent	2,648	2,354
Mortality assumption – 1 year increase	2,542	2,213
Mortality assumption – 1 year decrease	(2,308)	(2,012)
CPI rate +0.1percent	2,668	2,370
CPI rate -0.1percent	(2,599)	(2,309)

Notes to the financial statements 31 August 2024

20. Pensions and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

	Fair value at 31 August 2024 £'000	Fair value at 31 August 2023 £'000
Ark Schools' share of the assets in the schemes was as follows:		
Equities	64,418	59,429
Corporate/government bonds	32,139	15,682
Property	9,484	7,760
Cash	3,388	2,524
Other	7,611	18,846
Total market value of assets	117,040	104,241

	2024 £'000	2023 £'000
The amounts recognised in statement of financial activities were as follows:		
Current service cost	6,589	8,679
Net finance cost	(80)	665
Admin expenses	404	370
Total amount recognised in the SOFA	6,913	9,714

	2024 £'000	2023 £'000
Movements on the overall deficit during the year was as follows:		
Deficit at 1 September 2023	(2,175)	(19,037)
Current service cost	(6,589)	(8,679)
Administration cost	(404)	(370)
Employer contributions	7,688	7,031
Net finance cost	80	(665)
Actuarial gain (loss)	(129)	19,545
At 31 August 2024	(1,529)	(2,175)

	2024 £'000	2023 £'000
Changes in the present value of defined benefit obligations were as follows:		
At 1 September 2023	106,415	123,939
Current service cost	6,589	8,679
Interest cost	5,631	5,299
Employee contributions	2,849	2,595
Actuarial (gain) loss	(1,871)	(33,086)
Benefits paid	(1,044)	(1,011)
At 31 August 2024	118,569	106,415

Notes to the financial statements 31 August 2024

20. Pensions and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Movements in the present value of defined benefit assets were as follows:	2024 £'000	2023 £'000
At 1 September 2023	104,240	104,902
Expected return on assets	5,711	4,634
Administration expenses	(404)	(370)
Employer contributions	7,688	7,031
Employee contributions	2,849	2,595
Actuarial (loss) gain	(2,000)	(13,541)
Benefits paid	(1,044)	(1,011)
At 31 August 2024	117,040	104,240

The five years history of experience adjustments is as follows:

	2024 £'000	2023 £'000	2022 £'000	2021 £'000	2020 £'000
Present value of scheme obligations	(118,569)	(106,415)	(123,939)	(201,565)	(148,617)
Fair value of assets	117,040	104,240	104,902	111,123	84,761
Net deficit in schemes	(1,529)	(2,175)	(19,037)	(90,442)	(63,856)
Experience (loss) gain on scheme assets	(2,000)	(13,541)	(15,307)	18,330	314
Experience gain (loss) on scheme liabilities	1,871	33,086	104,355	(34,225)	(1,205)

21. Lease commitments

At 31 August 2024, the total of Ark Schools' future minimum lease payments under non-cancellable operating leases in relation to buildings, plant and machinery was:

	2024 £'000	2023 £'000
Amounts due within one year	1,159	677
Amounts due between one and five years	2,650	371
Amounts due after five years	2,239	—
	6,048	1,048

In the year, Ark Schools entered into a new twenty-five-year lease with EdCity Office, a 100% subsidiary of Ark, in the new EdCity development. This lease agreement was approved by the Secretary of State. The lease commenced on 1st September 2024. There are allowances to break the lease at ten year intervals.

Notes to the financial statements 31 August 2024

21. Lease commitments (continued)

The property occupied by Ark Kings Academy was financed by a Private Finance Initiative agreement between the PFI contractor and the local authority (the owner of the freehold). Ark Schools is subject to a sub-agreement with the Local Authority which requires Ark Schools to make an annual contribution towards facilities management for a period of 25 years expiring on 30 April 2042. At 31 August 2024, the total of Ark Schools' future minimum commitments under this sub-agreement was as follows:

Property occupied by Ark Kings Academy	2024	2023
	£'000	£'000
Amounts due within one year	100	98
Amounts due between one and five years	541	528
Amounts due after five years	1,657	2,690
	2,298	3,316

The property occupied by Ark Acton Academy was financed by a Private Finance Initiative agreement between the PFI contractor and the local authority (the owner of the freehold). Ark Schools is subject to a sub-agreement with the Local Authority which requires Ark Schools to make an annual contribution towards facilities management for a period of 13 years expiring on 31 July 2032. At 31 August 2024, the total of Ark Schools' future minimum commitments under this sub-agreement was as follows:

Property occupied by Ark Acton Academy	2024	2023
	£'000	£'000
Amounts due within one year	853	816
Amounts due between one and five years	4,266	4,081
Amounts due after five years	1,706	2,449
	6,825	7,346

22. Capital commitments

At 31 August 2024, the group had capital commitments as follows:

	2024	2023
	£'000	£'000
Contracted for but not provided in the financial statements	3,475	5,064

Notes to the financial statements 31 August 2024

23. Related party transactions

Transactions with Ark

Ark Schools is sponsored by Ark, which is also the only member of Ark Schools. Ark is a charitable company and has one director (2023: two) in common with Ark Schools.

During the year, Ark and its subsidiaries donated £3.9m (2023: £10.7m) with £3.7m (2023: £10.5m) included in donations from Ark in note 2: £1.7m towards the new White City Primary building (2023: £9.5m); £1.1m donations for extracurricular programmes, music and pathways and enrichment (2023: £0.8m); £0.1m from trustees, sponsors and corporates for the Ark Schools Coronavirus Appeal (2023: £0.1m); £0.3m from trustees towards Mental Health initiatives (2023: £0.1m); £0.1m towards digital transformation, data modernisation and website development (2023: £0.1m); and £0.3m to the Ark Learning Institute (2023: nil).

There was £9.5m (2023: £9.4m) of sponsorship due from Ark included in the debtors note 14.

A further £0.3m (2023: £0.2m) relating to amounts received to fund Ark Schools' Projects team is included in note 5.

Ark Schools' central team shares offices with Ark. Ark Schools has made payments on behalf of Ark. These are recharged to Ark based on an agreed apportionment of actual usage where possible, and otherwise in proportion to the number of desk spaces occupied by each entity's staff. The amounts recharged in respect of the year ended 31 August 2024 to Ark are included in the table below. None of these recharges were included in creditors at the year-end (2023: £75k in 'Other Creditors').

	2024 £'000	2023 £'000
Recharged to Ark		
Rent and service charges	762	683
IT service costs	156	147
Technology services	21	20
	939	850

Notes to the financial statements 31 August 2024

23. Related party transactions (continued)

Transactions with Ark UK Programmes

Ark has a charitable subsidiary, Ark UK Programmes which carries out educational work in the UK, principally in relation to provision of extended school programmes at the schools operated by Ark Schools.

Ark Schools made payments of £227k (2023: £138k) to Ark UK Programmes for the provision of Mathematics Mastery and English Mastery resources and training, and shared supplier accounts.

Ark UK Programmes administers the endowment funds for the benefit of certain Ark academies. Each of the academies run by Ark Schools and opened pre-September 2011 was granted an endowment to support the academy in the future. For some of the academies this was a condition of the funding agreement, but for four, this is in addition to the sponsor capital contribution stipulated in the funding agreement. The initial endowments were received by Ark UK Programmes via Ark and invested as part of a listed investment portfolio. At 31 August 2024, the value of the amounts held by Ark UK Programmes in relation to the above endowments was £5.4m (2023: £5.1m). £0.3m (2023: £1.0m) was withdrawn from endowments during the year ended 31 August 2024. No balances were owed to Ark Schools by Ark UK Programmes in respect of these withdrawals.

In addition to the endowments above, surplus funds earned by certain schools within the network may be transferred to Ark UK Programmes for investment in the same listed investments portfolio. At 31 August 2024, Ark UK Programmes had invested a cumulative amount of £155k in respect of Ark King Solomon Academy (2023: £138k) as part of their investment strategy. During the year, the cumulative unrealised gain amount of £17k (2023: £2k) has been recognised through Ark Schools' statement of financial activities. The investment balance is owed to Ark Schools by Ark UK Programmes and included on the balance sheet.

Transactions with other related parties

No donations were received in the year from Jagclif Charitable Trust (2023: £0.1m).

The academy trust conducted the above related party transactions in accordance with the requirements of the Academy Trust Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with their financial regulations and procurement procedures.

Notes to the financial statements 31 August 2024

24. Directors' emoluments

The Managing Director is also a statutory director of Ark Schools. The total amount of employee benefits paid by Ark Schools received by the Managing Director, Lucy Heller, was nil (2023: nil). The total paid to the Managing Director, as the CEO of Ark (rather than as Trustee of Ark Schools), was £214,931 (2023: £208,671). In addition, a pension contribution of 11 percent was made, totalling £23,642 (2023: a pension contribution of £7,651 plus £13,249 cash in lieu of pension).

No directors of the company received any payment or other emoluments from Ark Schools in the reporting period (2023: none). No directors had any beneficial interest in any contract with Ark Schools during the year (2023: none).

25. Directors', Governors', and Officers' insurance

In accordance with normal commercial practice, the trust has purchased insurance to protect directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business with cover up to £2m in the aggregate inclusive of costs. The insurance additionally provides for corporate legal liability and employment practices liability. For the year ended 31 August 2024, the premium is £15,179 (2023: £7,651). The cost of this insurance is included in the total insurance cost.

26. Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2024, the academy trust received £312k and disbursed £382k from the fund. As at 31 August 2024, the cumulative unspent 16-19 bursary fund is £276k, of which nil relates to undistributed funding that is repayable to ESFA. Comparatives for the accounting period ending 31 August 2023 are £285k received, £323k disbursed, total cumulative unspent fund of £206k of which nil was repayable to ESFA.

The trust also receives and distributes teacher training bursaries as agent for the DfE.

	2024 £'000	2023 £'000
16-19 bursaries	312	285
Teacher training bursaries	2,054	1,518
	2,366	1,803

An amount of £nil is held in other creditors at the end of the year repayable to the DfE (2023: £nil).

27. Taxation

Ark Schools is a charity (by statute) and therefore is not liable to income tax or corporation tax on income from charitable activities, as it falls within the exemptions available to registered charities.

Notes to the financial statements 31 August 2024

28. Comparative statement of financial activities

		Unrestricted funds £'000	General funds £'000	Pension reserve £'000	Fixed assets fund £'000	2023 Total funds £'000
Income from:						
Donations and capital grants	2	—	2,076	—	19,351	21,427
Other trading activities	3	2,981	—	—	—	2,981
Investments and interest receivable		104	—	—	—	104
Income from charitable activities						
. Funding for Ark Schools' educational operations	4	4,260	241,127	—	—	245,387
. Project management grants	5	—	215	—	—	215
. Teaching School		—	456	—	—	456
Other income	6	2,152	—	—	—	2,152
Total income		9,497	243,874	—	19,351	272,722
Expenditure on:						
Raising funds	8a	1,694	—	—	—	1,694
Charitable activities						
. Ark Schools' educational operations	8b	5,968	242,237	2,683	18,517	269,405
. Development costs	8d	—	1,708	—	—	1,708
. Teaching School	8e	—	288	—	—	288
Total expenditure	7	7,662	244,233	2,683	18,517	273,095
Net income (expenditure) before investment gains and losses		1,835	(359)	(2,683)	834	(373)
Net gains (losses) on investments		—	2	—	—	2
Net income (expenditure) before transfers		1,835	(357)	(2,683)	834	(371)
Gross transfers between funds	16	(1,899)	(2,993)	—	4,892	—
Net (expenditure) income		(64)	(3,350)	(2,683)	5,726	(371)
Other recognised gains and losses						
Actuarial gains on defined benefit pension schemes	19	—	—	19,545	—	19,545
Net movement in funds		(64)	(3,350)	16,862	5,726	19,174
Fund balances brought forward at 1 September 2022	16	1,857	12,535	(19,037)	499,642	494,997
Fund balances carried forward at 31 August 2023		1,793	9,185	(2,175)	505,368	514,171

Notes to the financial statements 31 August 2024

29. Reconciliation of operating position

Year ended 31 August 2024

General funds			Total Revenue Reserves £'000	Other funds		Total funds £'000
	Unrestricted funds £'000	Restricted funds £'000		Pension Reserve £'000	Fixed assets fund £'000	
Fund balance brought forward	1,793	9,185	10,978	(2,175)	505,368	514,171
Fund balance carried forward	2,194	3,276	5,470	(1,529)	502,609	506,550
Net increase (decrease) in funds (as per the statement of financial activities)	401	(5,909)	(5,508)	646	(2,759)	(7,621)
Add:						
Transfer of revenue to fixed assets fund			3,985			
Operational deficit			(1,523)			

The operating deficit disclosed is deemed to equal net income before transfers in respect of the unrestricted funds and the restricted general funds. It excludes capital income and expenditure, buildings transferred into the network, non-cash pension adjustments in respect of defined benefit schemes, and any inherited revenue reserves.

Year ended 31 August 2023

General funds			Total Revenue Reserves £'000	Other funds		Total funds £'000
	Unrestricted funds £'000	Restricted funds £'000		Pension Reserve £'000	Fixed assets fund £'000	
Fund balance brought forward	1,857	12,535	14,392	(19,037)	499,642	494,997
Fund balance carried forward	1,793	9,185	10,978	(2,175)	505,368	514,171
Net (decrease) / increase in funds (as per the statement of financial activities)	(64)	(3,350)	(3,414)	16,862	5,726	19,174
Add:						
Transfer of revenue to fixed assets fund			4,892			
Operational surplus			1,478			