

# **Absolute Return for Kids (ARK)**

## **Report and Accounts**

30 September 2003

# Absolute Return for Kids (ARK)

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Registered No: 4589451

## **Directors**

Arpad Busson (Chairman)  
Paul Dunning  
Kevin Gundle  
Paul Marshall  
Jennifer Moses  
Blaine Tomlinson  
Ian Wace

## **Managing Director**

Teresa Albor

## **Bankers**

HSBC Republic  
31 Hill Street  
London  
W1J 5LS

## **Solicitors**

Boodle Hatfield  
61 Brook Street  
London  
W1K 4BL

## **Auditors**

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

## **Registered office**

27 Queen Anne's Gate  
London  
SW1H 9BU

Tel: 020 7222 9272

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**Charity Number: 1095322**

## Directors' report

The directors present their report and the audited accounts for the period from 13 November 2002 to 30 September 2003.

### Objectives and principal activities

Absolute Return for Kids (ARK) seeks to transform the lives of children who have become victims of abuse, disability, illness and poverty. ARK has also extended its scope to provide antiretroviral drug treatment to mothers suffering from HIV/AIDS.

This is achieved by raising funds to support charitable projects in the UK and overseas. ARK comprehensively researches those charities seeking its assistance, and will only provide support when ARK has a high degree of confidence that funds will be efficiently and effectively deployed. To encourage others to give, the directors ensure that the administrative costs will be met by way of sponsorship and other means so that every penny of every donation goes to the selected charities

### Financial review and results

This is the first period of operation of the Company, which was formed 13 November 2002 to succeed the Charitable Trust of the same name. The Company took on operations previously carried out by the Trust from 1 April 2003. The transfer of the assets and liabilities of the Trust was accepted by resolution 18 September 2003. The comparative figures represent results of the business transferred from ARK Charitable Trust for the period 1 December 2002 to 30 September 2002.

During the period, a Charity Dinner was staged for the alternative investments industry at Billingsgate in May. The directors consider this event to have been a success with funds raised of approximately £4m. This allowed the organisation to commit a similar sum in grants to a range of selected projects in the UK (Home-Start, Teens and Toddlers, Greenhouse Schools and Somerset House Arts Fund) and overseas, further developing ARK's work in the deinstitutionalisation of orphaned children in Romania and a major initiative in South Africa, in collaboration with the South African Government, to provide antiretroviral drug treatment to mothers suffering from HIV/AIDS.

During the year funds were raised through a Charity Challenge trek to Morocco and a substantial donation was received from Execution Ltd through a "Trading Day" when commissions earned on trading financial instruments were donated to charity.

### Risk review

The trustees have assumed responsibility for identifying the types of risks faced by ARK in pursuing its charitable objectives. They have presided over the establishment of formal procedures in every aspect of the business designed to mitigate these risks, and have ensured that employees are both fully aware of these procedures and of the implications of failing to implement them. They are satisfied that these controls, and in particular the financial ones, comply in all material respects with guidelines issued by the Charity Commission.

### Directors and their interests

The following individuals served as directors during the year:

Arpad Busson (Chairman)  
Paul Dunning  
Kevin Gundle  
Paul Marshall  
Jennifer Moses  
Blaine Tomlinson  
Ian Wace

None of the directors had any beneficial interest in the company and no remuneration is permitted to be paid to the directors under the Company's Articles of Association.

## Directors' report

### Reserves policy

The trustees will ensure that all administrative, management and staff costs will be met by way of sponsorship and other means for the foreseeable future. For this reason, the trustees feel that it is not necessary for the charity to establish a reserve to cover these costs.

### Absolute Return for Kids (ARK) Trading Limited

A subsidiary company, ARK Trading Limited, was incorporated on 3 November 2000 with the sole purpose of raising funds for the Charity. Trustees, Paul Dunning, Kevin Gundle, and Blaine Tomlinson are directors of the Company. ARK Trading donated all of its profit (£1,231) (2002 - £1,929) to its parent company, Absolute Return for Kids (ARK)

### Auditors

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

On behalf of the Board

Director

8 December 2003

## **Statement of directors' responsibilities in respect of the accounts**

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the financial activities of the group for that year. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

# **Independent auditors' report**

## **to the members of Absolute Return for Kids (ARK)**

We have audited the company's accounts for the period ended 30 September 2003 which comprise the Consolidated Statement of Financial Activities and of Income and Expenditure, Consolidated Balance Sheet, Company Balance Sheet and the related notes 1 to 15. These accounts have been prepared on the basis of the accounting policies set out therein.

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

### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the Company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

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

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

### **Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 30 September 2003 and of the net outgoings of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP  
Registered Auditor  
London  
8 December 2003

## Consolidated statement of financial activities

for the year ended 30 September 2003

		<i>Year ended 30 September</i>	<i>Period ended 30 September</i>
	<i>Unrestricted</i>	<i>Restricted</i>	<i>Total</i>
<i>Notes</i>	<i>£</i>	<i>£</i>	<i>£</i>
<b><i>Incoming resources</i></b>			
Donations and gifts	2 711,793	68,804	780,597
Activities for generating funds:			
Fundraising events	1,655,784	2,462,355	4,118,139
Commercial trading operations	14,785	–	14,785
Interest receivable	43,566	–	43,566
<b><i>Total incoming resources</i></b>	<b>2,425,928</b>	<b>2,531,159</b>	<b>4,957,087</b>
<b><i>Resources expended</i></b>			
Cost of generating funds:			
Commercial trading operations	14,156	–	14,156
Fundraising events	313,500	–	313,500
	<b>327,656</b>	<b>–</b>	<b>327,656</b>
<b><i>Charitable expenditure</i></b>			
Costs of activities in furtherance of the Charity's objectives:			
Grants	13 1,552,287	2,860,334	4,412,621
Support costs	216,186	–	216,186
Management and administration	143,785	–	143,785
	<b>1,912,258</b>	<b>2,860,334</b>	<b>4,772,592</b>
<b><i>Total resources expended</i></b>	<b>3 2,239,914</b>	<b>2,860,334</b>	<b>5,100,248</b>
<b><i>Net incoming/(outgoing) resources</i></b>	<b>186,014</b>	<b>(329,175)</b>	<b>(143,161)</b>
<b><i>Net movement in funds</i></b>			
Total funds brought forward	4 27,272	586,580	613,852
<b><i>Funds at 30 September 2003</i></b>	<b>213,286</b>	<b>257,405</b>	<b>470,691</b>

All of the group's activities are classed as continuing. Movements on reserves and all recognised gains and losses are shown above.

## Consolidated balance sheet

at 30 September 2003

	<i>Notes</i>	<i>2003</i> £	<i>2002</i> £
<b>Fixed assets</b>			
Tangible fixed assets	6	2,954	6,887
Investment in subsidiary	7	–	–
		<hr/>	<hr/>
		2,954	6,887
<b>Current assets</b>			
Debtors	8	2,689,244	1,769,038
Cash at bank and in hand		2,716,158	775,562
		<hr/>	<hr/>
		5,405,402	2,544,600
<b>Creditors:</b> amounts falling due within one year	9	(2,656,964)	(1,489,465)
		<hr/>	<hr/>
<b>Net current assets</b>		2,748,438	1,055,135
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		2,751,392	1,062,022
<b>Creditors:</b> amounts falling due within one year	10	(2,280,702)	(448,170)
		<hr/>	<hr/>
<b>Net assets</b>		470,690	613,852
		<hr/> <hr/>	<hr/> <hr/>
<b>Funds</b>			
General funds		154,222	12,237
Core costs		59,063	15,035
Restricted funds	11	257,405	586,580
		<hr/>	<hr/>
<b>Total funds</b>	4	470,690	613,852
		<hr/> <hr/>	<hr/> <hr/>

Approved by the Board of directors on 8 December 2003 and signed on its behalf by

Chairman

## Company balance sheet

at 30 September 2003

	<i>Notes</i>	<i>2003</i> £	<i>2002</i> £
<b>Fixed assets</b>			
Tangible fixed assets	6	2,954	6,887
Investment in subsidiary	7	1	1
		<u>2,955</u>	<u>6,888</u>
<b>Current assets</b>			
Debtors	8	2,729,940	1,770,968
Cash at bank and in hand		2,675,461	762,282
		<u>5,405,401</u>	<u>2,533,250</u>
<b>Creditors:</b> amounts falling due within one year	9	(2,656,964)	(1,478,116)
		<u>2,748,437</u>	<u>1,055,134</u>
<b>Net current assets</b>		<u>2,751,392</u>	<u>1,062,022</u>
<b>Total assets less current liabilities</b>		<u>2,751,392</u>	<u>1,062,022</u>
<b>Creditors:</b> amounts falling due within one year	10	(2,280,702)	(448,170)
		<u>470,690</u>	<u>613,852</u>
<b>Net assets</b>		<u><u>470,690</u></u>	<u><u>613,852</u></u>
<b>Funds</b>			
General funds		154,222	12,237
Core costs		59,063	15,035
Restricted funds	11	257,405	586,580
	4	<u>470,690</u>	<u>613,852</u>
		<u><u>470,690</u></u>	<u><u>613,852</u></u>

Approved by the Board of directors on 8 December 2003 and signed on its behalf by

Chairman

## Notes to the accounts

at 30 September 2003

### 1. Accounting policies

#### Basis of accounting

The company was formed on 13 November 2000. On 1 April 2003, the business previously carried on by the ARK charitable trust was transferred to the company and the residual assets and liabilities of the trust were transferred to the company by resolution on 1 September 2003.

These accounts are the first statutory accounts for the company and reflect the results for the year to 30 September 2003. The accounts consolidate the accounts of the company and its subsidiary undertaking drawn up to 30 September 2003. The group has taken advantage of the exemption under section 230 of the Companies Act not to present a Statement of Financial Activities for the company.

The accounts have been prepared in accordance with applicable accounting standards, under the historical cost convention and in accordance with the Statement of Recommended Practice 'Accounting by Charities'.

The transfer of the business previously carried on by the ARK charitable trust has been accounted for in accordance with the principles of merger accounting since the directors of the company at the date of transfer were the same as the trustees of the ARK charitable trust and their rights and responsibilities, relative to each other were unchanged.

Under the principles of merger accounting, the assets and liabilities of the ARK charitable trust have been brought in at their book values. The comparative figures represent the results of the business transferred from the ARK charitable trust for the period 1 December 2001 to 30 September 2002.

The accounts consolidate Absolute Return for Kids (ARK) and its trading subsidiary Absolute Return for Kids (ARK) Trading Limited.

#### Cash flow statement

The accounts do not include a statement of cash flows because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under FRS1 (Revised) Statement of Cash Flows.

#### Incoming resources

All income is accounted for on a receivable basis.

#### Fund accounting

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

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

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

#### Resources expended

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

Fund raising and publicity costs are those incurred in seeking donations for the charity and in publicising the work of the charity.

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

## Notes to the accounts

at 30 September 2003

### 1. Accounting policies (continued)

#### Tangible fixed assets and depreciation

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

Computer equipment – 50% per annum

#### Stock

Stock (t-shirts) is carried at the lower of cost and net realisable value. Stock held at the year end was acquired at nil cost.

### 2. Donations

	<i>Year ended</i> 30 September 2003	<i>10 months</i> <i>ended</i> 30 September 2002
	£	£
Contributions to Core costs	364,000	290,000
General donations	331,161	104,371
Sponsorship of Challenge Trekkers	45,436	37,878
In kind donation of office space	40,000	40,000
	<u>780,597</u>	<u>472,249</u>

### 3. Total resources expended

Resources expended represent the following direct and apportioned costs.

	<i>Grants</i>	<i>Costs of</i> <i>generating</i> <i>funds</i>	<i>Support</i> <i>costs</i>	<i>Management</i> <i>and</i> <i>administration</i>	<i>Total</i>
	£	£	£	£	£
Commercial trading generating	–	14,156	–	–	14,156
Grants to projects	4,412,621	–	–	–	4,412,621
Activities	–	313,500	–	–	313,500
Consultancy	–	–	79,482	–	79,482
Staff costs	–	–	95,750	95,751	191,501
Office costs	–	–	36,033	36,032	72,065
Depreciation	–	–	4,921	4,921	9,842
Support costs of US associate	–	–	–	7,081	7,081
	<u>4,412,621</u>	<u>327,656</u>	<u>216,186</u>	<u>143,785</u>	<u>5,100,248</u>
10 months ended 30 September 2002	<u>2,544,554</u>	<u>354,134</u>	<u>165,200</u>	<u>149,765</u>	<u>3,213,653</u>

The auditors, Ernst & Young LLP, are providing the audit of ARK and its trading subsidiary pro bono.

## Notes to the accounts

at 30 September 2003

### 4. Total funds

	<i>At</i> <i>1 October</i> 2002 £	<i>Incoming</i> £	<i>Outgoing</i> £	<i>At</i> <i>30 September</i> 2003 £
Restricted funds	586,580	2,505,754	(2,834,929)	257,405
Unrestricted funds	27,272	2,425,928	(2,239,915)	213,285
Total funds	<u>613,852</u>	<u>4,931,682</u>	<u>(5,074,844)</u>	<u>470,690</u>

### 5. Staff costs and numbers

	<i>Year ended</i> <i>30 September</i> 2003 £	<i>10 months</i> <i>ended</i> <i>30 September</i> 2002 £
Salaries and wages	142,048	101,969
Social Security Costs	14,019	7,662
	<u>No.</u>	<u>No.</u>
The average number of staff employed during the period was	4	3

### 6. Tangible fixed assets

<i>Group and charity</i>	<i>Computer</i> <i>equipment</i> £	<i>Total</i> £
Cost:		
At 1 October 2002	22,109	22,109
Additions	5,909	5,909
At 30 September 2003	<u>28,018</u>	<u>28,018</u>
Depreciation:		
At 1 October 2002	15,222	15,222
Charge for the year	9,842	9,842
At 30 September 2003	<u>25,064</u>	<u>25,064</u>
Net book value:		
At 30 September 2003	2,954	2,954
At 30 September 2002	<u>6,887</u>	<u>6,887</u>

All tangible fixed assets were owned by the charity. The trading subsidiary held no tangible fixed assets in the period under review.

## Notes to the accounts

at 30 September 2003

### 6. Tangible fixed assets (continued)

The entire net book value at 30 September 2003 represents fixed assets used for the management and administration of the charity.

### 7. Investments

#### *Company*

The investment held by the company (2002 – By ARK charitable trust) consists of one £1 ordinary share, at cost, in the subsidiary company, Absolute Return for Kids (ARK) Trading Limited.

### 8. Debtors

	<i>Group</i> 2003 £	<i>Charity</i> 2003 £	<i>Group</i> 2002 £	<i>Charity</i> 2002 £
Charity evening pledges	1,676,000	1,676,000	–	–
Friends of ARK	1,003,264	1,003,264	–	–
Gift Aid payment due from TACT Trading	–	1,231	–	1,930
TACT Trading Intercompany account	–	39,465	–	–
Other debtors	9,980	9,980	1,769,038	1,769,038
	<u>2,689,244</u>	<u>2,729,940</u>	<u>1,769,038</u>	<u>1,770,968</u>

### 9. Creditors: amounts falling due within one year

	<i>Group</i> 2003 £	<i>Charity</i> 2003 £	<i>Group</i> 2002 £	<i>Charity</i> 2002 £
Donations to be made to beneficiary charities	2,552,401	2,552,401	1,419,269	1,419,269
Accruals	104,563	104,563	66,802	52,052
PAYE/NIC creditor	–	–	3,394	3,394
TACT Trading intercompany account	–	–	–	3,401
	<u>2,656,964</u>	<u>2,656,964</u>	<u>1,489,465</u>	<u>1,478,116</u>

### 10. Creditors: amounts falling due after more than one year

	<i>Group</i> 2003 £	<i>Charity</i> 2003 £	<i>Group</i> 2002 £	<i>Charity</i> 2002 £
Donations to be made to beneficiary charities	2,280,702	2,280,702	488,170	488,170

## Notes to the accounts

at 30 September 2003

### 11. Restricted funds

	<i>At</i> <i>1 October</i> 2002 £	<i>Incoming</i> £	<i>Outgoing</i> £	<i>At</i> <i>30 September</i> 2003 £
Romania	–	404,000	(404,000)	–
South Africa ARV Programme	–	2,054,950	(2,054,950)	–
Youth Inclusion Programmes	232,000	25,405	–	257,405
UK	354,580	46,804	(401,384)	–
	<u>586,580</u>	<u>2,531,159</u>	<u>(2,860,334)</u>	<u>257,405</u>

### 12. Directors' remuneration and expenses

The directors received no remuneration from the charity.

### 13. Aid Granted

The charity grants made during the year were as follows:

	<i>Year ended</i> <i>30 September</i> 2003 £	<i>10 months</i> <i>ended</i> <i>30 September</i> 2002 £
Home start	445,121	300,307
Hope and Homes for Children	1,128,000	1,500,000
Amelia's House	29,500	–
South Africa	2,500,000	–
Greenhouse Schools	50,000	–
Teens and Toddlers	260,000	–
Somerset House Arts (reduction in grant awarded)	–	100,000
The Foundation Children's Hospital Kantha Bopha (2002: release of overprovision)	–	(30,600)
New Philanthropy Capital	–	49,420
Crime Concern	–	99,827
One to One	–	525,600
Total	<u>4,412,621</u>	<u>2,544,554</u>

## Notes to the accounts

at 30 September 2003

### 14. Related party transactions

The charitable company's trading subsidiary, Absolute Return for Kids (ARK) Trading Ltd, generated a surplus of £1,231 (2002 - £1,929). This was donated entirely to ARK under the Gift Aid Scheme.

ARK is also affiliated to Friends of Absolute Return for Kids, Inc. ("Friends of ARK"), a philanthropic organisation which provides grants to organisations whose activities include transforming the lives of children who have become the victims of abuse, disability, illness and poverty.

A Grantmaking Committee, consisting of members of the Boards of Directors of both ARK and Friends of ARK, researches charities and projects seeking financial support to make funding recommendations to the Board of Directors of ARK and of Friends of ARK.

Friends of ARK donated £1,003,264 to ARK in relation to the period ended 30 September 2003. This is shown as a debtor in the accounts.

### 15. Post balance sheet events

On 6 November 2003, the Charity registered a second trading subsidiary, ARK (South Africa) Ltd.

The main activity of this company will be to distribute antiretroviral drugs to mothers suffering from HIV/AIDs within South Africa as part of a government sponsored programme.