

Absolute Return for Kids (ARK)

Report and Accounts

30 September 2005

Absolute Return for Kids (ARK)

Registered No: 4589451

Directors

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

Managing Director

Paul Bernstein

Auditors

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

Bankers

HSBC Private Bank (UK) Limited
78 St James's Street
London
SW1A 1JB

Solicitors

Boodle Hatfield
89 New Bond Street
London
W1S 1DA

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Charity Number: 1095322

Directors' report

The directors present their report and the audited accounts for the year ended 30 September 2005.

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.

This is achieved by raising funds to support charitable projects in the UK and overseas. ARK researches those programmes seeking its assistance, and provides support when ARK has a high degree of confidence that funds will be efficiently and effectively deployed. Where appropriate, ARK has established its own subsidiary undertakings to implement projects directly.

The directors continue to ensure that the central administrative costs of the charity are met. Donors therefore have the assurance that every penny of every donation goes to the selected projects to help those in need.

Financial review and results

ARK held a Charity Dinner in April 2005. Funds raised for ARK were some £11m. This sum included matching bids of £6m, pledged to specific charitable projects (£4m in respect of Absolute Return for Kids (ARK) Education and £2m in respect of ARK (South Africa) Limited). These "match funds" are additional to similar pledges made in the previous year, now giving totals of £8m pledged to ARK's academies programme and £4m to ARK's work in South Africa. These donations are being drawn down over a number of years as needed to meet the committed cash flows of those projects.

The Statement of Recommended Practice (SORP 2000) issued by the Charity Commission does not permit these match funds to be fully recognised within the accounts as income of these accounting periods. Similarly, the projects for which these funds are to be utilised, cannot be recognised as grant liabilities until the expenditure is due. £3m of the total £12m match funds is recognised as income in the accounts this year.

Risk review

The trustees have assumed responsibility for identifying the types of risk 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, especially the financial ones, comply in all material respects with guidelines issued by the Charity Commission.

Directors' report

Directors and their interests

The following individuals served as directors during the year:

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

None of the Directors had any beneficial interest in the Charity and no remuneration is paid to the directors or permitted under the companies Articles of Association.

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.

Auditors

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

This report was approved by the trustees on 6th December 2005.

Arpad Busson
Chairman

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 profit or loss of the group for that period. 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; 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 year ended 30 September 2005 which comprise the Consolidated statement of financial activities, Balance sheets, Consolidated Statement of Cash flows and the related notes 1 to 16. 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 2005 and of the net incoming resources of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered Auditor
London

Consolidated statement of financial activities

for the year ended 30 September 2005

				<i>Year ended</i>	<i>Year ended</i>
				<i>30 September</i>	<i>30 September</i>
		<i>Unrestricted</i>	<i>Restricted</i>	<i>Total</i>	<i>2004</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Incoming Resources					
Donations and gifts	2	1,378,528	44,176	1,422,704	1,647,666
Grant received		-	74,042	74,042	-
Activities for generating funds:					
Fundraising events		4,059,385	4,571,561	8,630,946	3,518,621
Operating income		-	117,466	117,466	-
Interest receivable		394,753	-	394,753	128,194
Total Incoming Resources		<u>5,832,666</u>	<u>4,807,245</u>	<u>10,639,911</u>	<u>5,294,481</u>
Resources Expended					
Cost of generating funds:					
Commercial Trading Operations		-	-	-	-
Fundraising events		1,215,683	-	1,215,683	541,452
		<u>1,215,683</u>	<u>-</u>	<u>1,215,683</u>	<u>541,452</u>
Charitable Expenditure					
Costs of activities in furtherance of the charity's objectives					
Grants and project operating costs	3	1,455,027	4,080,445	5,535,472	306,657
Support costs		290,388	-	290,388	179,486
Management and administration		290,389	-	290,389	186,973
		<u>2,035,804</u>	<u>4,080,445</u>	<u>6,116,249</u>	<u>673,116</u>
Total resources expended	4	<u>3,251,487</u>	<u>4,080,445</u>	<u>7,331,932</u>	<u>1,214,568</u>
Net incoming/(outgoing) resources	6	2,581,179	726,800	3,307,979	4,079,913
Total funds brought forward		3,413,632	1,136,971	4,550,603	470,690
Funds at 30 September 2005		<u><u>5,994,811</u></u>	<u><u>1,863,771</u></u>	<u><u>7,858,582</u></u>	<u><u>4,550,603</u></u>

All of the group's activities are classified as continuing. There are no recognised gains or losses other than those included in the Net income/(outgoing) resources above and therefore no separate statement of recognised gains and losses has been presented.

Charity statement of financial activities

for the year ended 30 September 2005

			<i>Year ended</i>	<i>Year ended</i>
			<i>30 September</i>	<i>30 September</i>
		<i>Unrestricted</i>	<i>Restricted</i>	<i>Total</i>
<i>Notes</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>2004</i>
				<i>£</i>
Incoming Resources				
Donations and gifts	2	1,378,528	44,176	1,422,704
Activities for generating funds:				
Fundraising events		4,059,385	4,571,561	8,630,946
Interest receivable		394,288	-	394,288
Gift Aid donation from trading subsidiary		-	-	-
		<u>5,832,201</u>	<u>4,615,737</u>	<u>10,447,938</u>
Total Incoming Resources				<u>5,294,335</u>
Resources Expended				
Cost of generating funds:				
Commercial Trading Operations		-	-	-
Fundraising events		1,215,683	-	1,215,683
		<u>1,215,683</u>	<u>-</u>	<u>1,215,683</u>
				<u>541,452</u>
Charitable Expenditure				
Costs of activities in furtherance of the charity's objectives				
Grants and project operating costs	3	1,690,855	3,888,937	5,579,792
Support costs		290,388	-	290,388
Management and administration		290,389	-	290,389
		<u>2,271,632</u>	<u>3,888,937</u>	<u>6,160,569</u>
				<u>795,581</u>
Total resources expended	4	<u>3,487,315</u>	<u>3,888,937</u>	<u>7,376,252</u>
				<u>1,337,033</u>
Net incoming/(outgoing) resources	6	2,344,886	726,800	3,071,686
Total funds brought forward		3,291,021	1,136,971	4,427,992
		<u>5,635,907</u>	<u>1,863,771</u>	<u>7,499,678</u>
Funds at 30 September 2005				<u>4,427,992</u>

All of the group's activities are classified as continuing. There are no recognised gains or losses other than those included in the Net income/(outgoing) resources above and therefore no separate statement of recognised gains and losses has been presented.

Consolidated balance sheet

at 30 September 2005

	<i>Notes</i>	<i>2005</i> £	<i>2004</i> £
Fixed assets			
Tangible fixed assets	7	52,322	9,426
Current assets			
Debtors	9	3,612,664	802,000
Cash at bank and in hand		7,713,850	7,354,800
Investment		2,760,906	-
		<u>14,087,420</u>	<u>8,156,800</u>
Creditors: amounts falling due within one year	10	(3,401,087)	(2,481,169)
Net current assets		<u>10,686,333</u>	<u>5,675,631</u>
Total assets less current liabilities		<u>10,738,655</u>	<u>5,685,057</u>
Creditors: amounts falling due after one year	11	(2,880,073)	(1,134,454)
Net assets		<u>7,858,582</u>	<u>4,550,603</u>
Funds			
Unrestricted funds:			
General fund		5,962,983	3,281,029
Core costs		31,828	132,603
Restricted funds	12	1,863,771	1,136,971
Total funds	14	<u>7,858,582</u>	<u>4,550,603</u>

Approved by the Board of Directors on 6th December 2005 and signed on its behalf by:

Arpad Busson

Chairman

Charity balance sheet

at 30 September 2005

	<i>Notes</i>	2005 £	2004 £
Fixed assets			
Tangible fixed assets	7	14,483	4,142
Investments in subsidiaries	8	1	1
		<u>14,484</u>	<u>4,143</u>
Current assets			
Debtors	9	3,608,511	802,026
Cash at bank and in hand		7,301,825	7,234,108
Investment		2,760,906	-
		<u>13,671,242</u>	<u>8,036,134</u>
Creditors: amounts falling due within one year	10	(3,305,975)	(2,477,831)
Net current assets		<u>10,365,267</u>	<u>5,558,303</u>
Total assets less current liabilities		<u>10,379,751</u>	<u>5,562,446</u>
Creditors: amounts falling due after one year	11	(2,880,073)	(1,134,454)
Net assets		<u>7,499,678</u>	<u>4,427,992</u>
Funds			
Unrestricted funds:			
General fund		5,604,079	3,158,418
Core costs		31,828	132,603
Restricted funds	12	1,863,771	1,136,971
Total funds	14	<u>7,499,678</u>	<u>4,427,992</u>

Approved by the Board of Directors on 6th December 2005 and signed on its behalf by:

Arpad Busson

Chairman

Consolidated statement of cash flows

for the year ended 30 September 2005

	<i>Year ended</i> <i>30 September</i> <i>2005</i>	<i>Year ended</i> <i>30 September</i> <i>2004</i>
<i>Notes</i>	<i>£</i>	<i>£</i>
<i>Net cash inflow from operating activities</i>		
Net incoming resources	3,307,979	4,079,913
Depreciation	31,732	10,850
Interest received	(394,753)	(128,194)
(Increase)/Decrease in debtors	(2,810,663)	1,887,244
Increase/(Decrease) in creditors	2,665,536	(1,322,043)
Investment made	(2,760,906)	-
	<hr/>	<hr/>
<i>Net cash inflow from operating activities</i>	38,925	4,527,770
<i>Returns on investments and servicing of finance</i>		
Interest received	394,753	128,194
<i>Capital expenditure and financial investment</i>		
Purchase of fixed assets	(74,628)	(17,322)
	<hr/>	<hr/>
<i>Increase in cash</i>	359,050	4,638,642
	<hr/> <hr/>	<hr/> <hr/>

The Charity has no debt and consequently a reconciliation of cashflows to movement in net debt has not been prepared.

Notes to the accounts

at 30 September 2005

1. Accounting policies

Basis of preparation

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 (SORP) – Accounting and Reporting by Charities.

The accounts consolidate Absolute Return for Kids (ARK) and its trading subsidiary Absolute Return for Kids (ARK) Trading Limited, and its two project implementing subsidiaries, ARK (South Africa) Limited and Absolute Return for Kids (ARK) Education.

The company was formed on 13 November 2002. 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.

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 under unchanged.

Under the principles of merger accounting, the assets and liabilities of the ARK charitable trust have been brought in at their book values.

Incoming resources

All income is accounted for on an accruals 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 objectives. 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.

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

Notes to the accounts

at 30 September 2005

2. Donations

Group and Charity

	<i>Year ended 30 September 2005 £</i>	<i>Year ended 30 September 2004 £</i>
Contributions to Core Costs	460,000	400,000
General Donations	942,704	1,083,114
Sponsorship of Challenge Trekkers	-	124,552
In kind donation of office space	20,000	40,000
	<u>1,422,704</u>	<u>1,647,666</u>

3. Aid granted

The charity grants made during the year were as follows:

	<i>Group Year ended 30 September 2005 £</i>	<i>Charity Year ended 30 September 2005 £</i>	<i>Group Year ended 30 September 2004 £</i>	<i>Charity Year ended 30 September 2004 £</i>
Home Start	-	-	(5,983)	(5,983)
Hope & Homes for Children	225,000	225,000	100,000	100,000
ARK (South Africa) Limited	4,655,856	4,760,000	-	-
One to One Children's Trust	100,000	100,000	-	-
Teens & Toddlers	-	-	80,000	80,000
Youth Inclusion Programme	-	-	(39,595)	(39,595)
Fairbridge	200,000	200,000	140,700	140,700
ARK Education	354,616	294,792	31,535	154,000
Total	<u>5,535,472</u>	<u>5,579,792</u>	<u>306,657</u>	<u>429,122</u>

Notes to the accounts

at 30 September 2005

4. Total resources expended

Group

Resources expended represent the following direct and apportioned costs

	<i>Grants and project operating costs</i>	<i>Costs of generating funds</i>	<i>Support Costs</i>	<i>Management and Administration</i>	<i>Total</i>
	£	£	£	£	£
Grants and project operating costs	5,535,472				5,535,472
Fund raising events		1,215,683			1,215,683
Staff Costs			194,740	194,740	389,480
Office Costs			86,336	86,336	172,672
Depreciation			9,312	9,313	18,625
	<u>5,535,472</u>	<u>1,215,683</u>	<u>290,388</u>	<u>290,389</u>	<u>7,331,932</u>
Year ended 30 September 2004	<u>306,657</u>	<u>541,452</u>	<u>179,486</u>	<u>186,973</u>	<u>1,214,568</u>

Charity

Resources expended represent the following direct and apportioned costs

	<i>Grants and project operating costs</i>	<i>Costs of generating funds</i>	<i>Support Costs</i>	<i>Management and Administration</i>	<i>Total</i>
	£	£	£	£	£
Grants and project operating costs	5,579,792				5,579,792
Fund raising events		1,215,683			1,215,683
Staff Costs			194,740	194,740	389,480
Office Costs			86,336	86,336	172,672
Depreciation			9,312	9,313	18,625
	<u>5,579,792</u>	<u>1,215,683</u>	<u>290,388</u>	<u>290,389</u>	<u>7,376,252</u>
Year ended 30 September 2004	<u>429,122</u>	<u>541,452</u>	<u>179,486</u>	<u>186,973</u>	<u>1,337,033</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 2005

5. Staff costs and numbers

	<i>Group Year ended 30 September 2005 £</i>	<i>Charity Year ended 30 September 2005 £</i>	<i>Group Year ended 30 September 2004 £</i>	<i>Charity Year ended 30 September 2004 £</i>
Salaries and Wages	1,082,654	356,137	466,171	259,171
Social Security Costs	33,334	33,334	28,699	28,699
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>No.</i>
The average number of staff employed during the period was	77	7	26	6
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Group figures include medical and ancillary staff engaged in the South Africa HIV/AIDS project.

6. Net income/(outgoing) resources

Included in net incoming/(outgoing) resources for the year are the following balances:

	<i>Group Year ended 30 September 2005 £</i>	<i>Charity Year ended 30 September 2005 £</i>	<i>Group Year ended 30 September 2004 £</i>	<i>Charity Year ended 30 September 2004 £</i>
Depreciation	31,732	18,625	10,850	5,567
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Notes to the accounts

at 30 September 2005

7. Tangible fixed assets

	<i>Group Computer equipment £</i>	<i>Group Total £</i>	<i>Charity Computer equipment £</i>	<i>Charity Total £</i>
Cost:				
At 1 October 2004	45,340	45,340	34,773	34,773
Additions	74,629	74,629	28,966	28,966
At 30 September 2005	<u>119,969</u>	<u>119,969</u>	<u>63,739</u>	<u>63,739</u>
Depreciation:				
At 1 October 2004	35,914	35,914	30,631	30,631
Charge for the year	31,732	31,732	18,625	18,625
At 30 September 2005	<u>67,646</u>	<u>67,646</u>	<u>49,256</u>	<u>49,256</u>
Net Book Value:				
At 30 September 2005	<u>52,323</u>	<u>52,323</u>	<u>14,483</u>	<u>14,483</u>
At 30 September 2004	<u>9,426</u>	<u>9,426</u>	<u>4,142</u>	<u>4,142</u>

All tangible fixed assets were owned by the charity and its project implementing subsidiary, ARK (South Africa) Limited.

The entire net book value at 30 September 2005 represents fixed assets used for the management and administration of the group.

8. Investments in subsidiaries

	<i>Total £</i>
Cost:	
At 1 October 2004	1
Additions	-
Disposals	-
At 30 September 2005	<u>1</u>

The charity has no listed investments.

Notes to the accounts

at 30 September 2005

8. Investments in subsidiaries (continued)

Details of the investments in which the charity holds 20% or more of the nominal value of any class of share capital are as follows:

<i>Name of subsidiary undertaking</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
Absolute Return for Kids (ARK) Trading Limited	Ordinary shares	100%	Fundraising activities for the benefit of ARK
ARK (South Africa) Limited	Nil	N/A	Implementing charitable projects
Absolute Return for Kids (ARK) Education	Nil	N/A	Implementing charitable projects
ARK Masters Advisers Ltd	Ordinary shares	100%	Investment Advice

9. Debtors

	<i>Group 2005 £</i>	<i>Charity 2005 £</i>	<i>Group 2004 £</i>	<i>Charity 2004 £</i>
Receivable within 1 year				
Charity evening pledges	495,600	495,600	545,000	545,000
Match Funding Pledges receivable within 1 year	3,000,000	3,000,000	-	-
ARK Trading Intercompany account	-	26	-	26
Committed project specific donation	30,000	30,000	30,000	30,000
Other debtors	87,064	82,885	197,000	197,000
	<u>3,612,664</u>	<u>3,608,511</u>	<u>772,000</u>	<u>772,026</u>
Receivable after 1 year				
Committed project – specific donations	-	-	30,000	30,000
	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>30,000</u>
Total	<u>3,612,664</u>	<u>3,608,511</u>	<u>802,000</u>	<u>802,026</u>

10. Creditors: amounts falling due within one year

	<i>Group 2005 £</i>	<i>Charity 2005 £</i>	<i>Group 2004 £</i>	<i>Charity 2004 £</i>
Donations to be made to beneficiary charities	3,339,286	3,244,175	2,226,771	2,223,433
Accruals	61,800	61,800	254,398	254,398
	<u>3,401,086</u>	<u>3,305,975</u>	<u>2,481,169</u>	<u>2,477,831</u>

Notes to the accounts

at 30 September 2005

11. Creditors: amounts falling due after one year

	<i>Group</i> 2005 £	<i>Charity</i> 2005 £	<i>Group</i> 2004 £	<i>Charity</i> 2004 £
Donations to be made to beneficiary charities	2,880,073	2,880,073	1,134,454	1,134,454

12. Restricted funds

Group

	<i>At</i> <i>1 October</i> 2004 £	<i>Incoming</i> £	<i>Outgoing</i> £	<i>At</i> <i>30 September</i> 2005 £
ARK (South Africa) Limited	839,971	3,123,008	3,962,979	-
ARK Education	-	117,466	117,466	-
CABA	-	1,152,348	-	1,152,348
Youth Inclusion Programmes	297,000	-	4,790	292,210
Disaster fund	-	419,213	-	419,213
	<u>1,136,971</u>	<u>4,812,035</u>	<u>4,085,235</u>	<u>1,863,771</u>

Charity

	<i>At</i> <i>1 October</i> 2004 £	<i>Incoming</i> £	<i>Outgoing</i> £	<i>At</i> <i>30 September</i> 2005 £
ARK (South Africa) Limited	839,971	3,048,966	3,888,937	-
CABA	-	1,152,348	-	1,152,348
Youth Inclusion Programmes	297,000	-	4,790	292,210
Disaster fund	-	419,213	-	419,213
	<u>1,136,971</u>	<u>4,620,527</u>	<u>3,893,727</u>	<u>1,863,771</u>

13. Directors' remuneration and expenses

The directors received no remuneration from the charity.

Notes to the accounts

at 30 September 2005

14. Total funds

Group

	<i>At</i>			<i>At</i>
	<i>1 October</i>	<i>Incoming</i>	<i>Outgoing</i>	<i>1 October</i>
	<i>2004</i>			<i>2005</i>
	£	£	£	£
Restricted Funds	1,136,971	4,812,035	4,085,235	1,863,771
Unrestricted Funds	3,413,632	5,832,666	3,251,487	5,994,811
Total Funds	<u>4,550,603</u>	<u>10,644,701</u>	<u>7,336,722</u>	<u>7,858,582</u>

Charity

	<i>At</i>			<i>At</i>
	<i>1 October</i>	<i>Incoming</i>	<i>Outgoing</i>	<i>1 October</i>
	<i>2004</i>			<i>2005</i>
	£	£	£	£
Restricted Funds	1,136,971	4,620,527	3,893,727	1,863,771
Unrestricted Funds	3,291,021	5,832,201	3,487,315	5,635,907
Total Funds	<u>4,427,992</u>	<u>10,452,728</u>	<u>7,381,042</u>	<u>7,499,678</u>

Notes to the accounts

at 30 September 2005

15. Related party transactions

The charitable company's trading subsidiary, Absolute Return for Kids (ARK) Trading Ltd, generated a surplus of £Nil (2004 - £207). This was donated entirely to ARK under the Gift Aid Scheme.

ARK committed a further £4,760,000 to ARK (South Africa) Limited in relation to the year ended 30 September 2005. At year end, the balance payable to ARK (South Africa) Limited was £5,205,073

ARK committed a further £294,792 to Absolute Return for Kids (ARK) Education in relation to the year ended 30 September 2005. At year end, the balance payable to Absolute Return for Kids (ARK) Education was £223,108.

As described in the directors' report, significant pledges were made in respect of these two projects in this and the preceding year. To the extent that these are contingent on future events they have not been recognised as income. Arrangements have been made to call down £3m of the match funding pledged to the South Africa programmes during the next financial year. This is recognised as income for the year under review but the remaining £1m for South Africa and £8m for ARK Education have not yet been recognised.

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 £960,540 to ARK in relation to the year ended 30 September 2005 (2004 £924,386).

16. Contingent Liabilities

At the balance sheet date there is a contingent liability in respect of rent of premises at £77,000 p.a. until 14th