

Registered number: 03346676
Charity number: 1069204

SOS CHILDREN'S VILLAGES UK
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

SOS CHILDREN'S VILLAGES UK
(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and Administrative Details of the Charity, its Trustees and Advisers	1
Letter from the Chair of SOS Children's Villages UK	2
Trustees' Report	3 - 12
Independent Auditors' Report	13 - 14
Statement of Financial Activities	15
Balance Sheet	16
Cash Flow Statement	17
Notes to the Financial Statements	18 - 34

SOS CHILDREN'S VILLAGES UK
(A Company Limited by Guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2015**

Trustees	Mary Cockcroft, Chairman Michael Brewer Earl of St Andrews, Lord George Philip Nicholas Windsor Ayesha Khan Graham Budd Matthew de Villiers Thomas Bauer
Company registered number	03346676
Charity registered number	1069204
Registered office	Terrington House 13-15 Hills Road Cambridge CB2 1NL
Company secretary	Mrs Linda Price
Chief executive officer	Mr Simon Etherington, OBE
Independent auditors	Peters Elworthy & Moore Chartered Accountants Salisbury House Station Road Cambridge CB1 2LA
Bankers	Barclays Bank Plc 28 Chesterton Road Cambridge CB4 3AZ CAF CASH Ltd Kings Hill West Malling Kent ME19 4TA
Solicitors	Taylor Vintners Merlin Place Milton Road CAMBRIDGE CB4 0DP
Patron	The Countess Mountbatten of Burma CBE CD JP DL
President	Dame Mary Richardson

SOS CHILDREN'S VILLAGES UK
(A Company Limited by Guarantee)

LETTER FROM THE CHAIR OF SOS CHILDREN'S VILLAGES UK
FOR THE YEAR ENDED 31 DECEMBER 2015

The number of children without parental care is rising. Today, there are an estimated 151 million children worldwide who have lost one or both parents, with at least 13 million of these children having lost both parents (about 10%). Most of the millions of children without parental care live in Sub-Saharan Africa. The need for support is growing and SOS Children's Villages globally continues to provide a loving home for 86,206 children and young people and family strengthening support for 467,364.

Closer to home, we have seen the rapid rise in refugees attempting to enter Europe, fleeing from poverty or war. In 2015, Eurostat estimated there were 90,000 unaccompanied child refugees in the 28 EU countries. These children are at particular risk of child trafficking and abuse. SOS Children's Villages has reached out to these children and is helping thousands of them in refugee camps and across a number of the European countries where they have settled.

In the UK, we continue to contribute to this world wide effort, supporting SOS Villages in The Gambia and Zambia and children in a further 123 countries. Over the last two years, we have streamlined our organisation, making it more efficient and effective, giving us a better platform for growth over the next few years. We are looking carefully at how we will support children without parental care in future, in particular, how we help with the crises of refugee children on our own doorstep.

We cannot do this without the continued goodwill of our individual and corporate supporters and donators and I would like to thank them for their generous support. It makes a real difference to many children around the world, transforming their life chances and giving them the opportunity to have a proper childhood and hope for the future.

Mary Cockcroft
Chairman of the Board of Trustees

SOS CHILDREN'S VILLAGES UK
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

Overview of SOS Children's Villages UK from the Chief Executive

SOS Children's Villages is an international Charity working to give vulnerable children and orphans a stable and positive family life in 125 countries around the globe.

As part of an international Federation of 133 SOS Member Associations, SOS Children's Villages UK provides funding to SOS programmes worldwide. Africa is a particular focus, since the UK has direct fundraising responsibility for projects in The Gambia and Zambia; two of the Continent's least-developed Nations.

Our Vision and Mission

Our vision is for every child to grow up with love, respect and security.

Together with our international Member Association colleagues, we work towards:

- Protection of children and their families
- Advancement of education
- Advancement of health and the saving of lives
- Advancement of children's rights
- Care and protection of children in emergency situations.

In taking action for children, we work as an independent non-governmental social development organisation. We are active in countries and communities around the world to improve the well-being of children and create sustainable livelihoods for their families, respecting different religions and cultures.

Working in the spirit of the United Nations Convention on the Rights of the Child, we promote and endorse these rights. As part of this work, we support the implementation of the UN Guidelines for the Alternative Care of Children, guidelines SOS Children's Villages helped to draw up. We also have special consultative status with the Economic and Social Council (ECOSOC) of the United Nations (UN) and work closely with the European Union and the Council of Europe to help improve conditions for children and young people without parental care.

Our Work

With (currently) no programmes in the UK, our raison d'être is fundraising. All our efforts are therefore directed at raising money and other resources to support the programmes of our Member Association countries worldwide, in line with our donor's wishes. In 2015:

- 58,866 children were growing up in 5,988 SOS families worldwide.
- Our 542 community family strengthening programmes helped 467,364 children and adults to stay together.
- 125,289 children attended one of our 418 Kindergartens, primary or secondary schools.
- 22,859 young people were supported through 711 youth programmes.
- Our 76 medical centres provided 856,284 single services and 87,469 service days, helping families stay healthy.
- We have provided 339,326 single services through 24 specific SOS Emergency Relief programmes.

SOS CHILDREN'S VILLAGES UK
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

Our Goals

By 2025, SOS Children's Villages UK plans to be one of the top five organisations in the child sponsorship charity sector in the UK. This means we have to be well known and respected for our credible contributions to the well-being of orphans and abandoned children, and their rights.

We will achieve this goal through the development of all areas of fundraising, such as individual giving, trusts & foundations, institutional grant-making bodies and corporate partnerships. This will give us a balanced portfolio of fundraising sources, and thus build resilience against an overreliance on one particular channel. In addition, this approach will provide greater sustainability for our work – a vital pre-requisite considering the time span and breadth of care involved in each child's upbringing within the SOS model.

SOS Children's Villages UK will continue to financially support the work of the first UK-established Village in Basse, The Gambia; as well as the recently established village in Chipata, Zambia. These Villages are principally supported through the generous contributions of UK donors and partners.

Our Priorities

2016 will see the completion of a two and a half year root and branch review and restructuring of SOS Children's Villages UK. The aim of this process has been to construct a robust and sustainable entity which is equipped for growth.

Our overarching priority in the next three years is to achieve growth. 'Growth', in this context, is defined as achieving increased levels of income; whilst building a growing profile / visibility within the United Kingdom in parallel.

Simon Etherington OBE
Chief Executive Officer
SOS Children's Villages UK

SOS CHILDREN'S VILLAGES UK
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

The work of SOS Children's Villages around the World

We believe that **every child should belong to a family and grow with love, respect and security.**

The **family** is the heart of society. Within a family, each child is protected and enjoys a sense of belonging. Here, children learn values, share responsibilities and form life-long relationships. A family environment gives them a solid foundation on which to build their lives.

Through **love** and acceptance, confidence is built. Children learn to trust and believe in themselves and others. With this self-assurance, each child can fulfil his or her potential.

Each child's voice is heard and taken seriously. Children participate in making decisions that affect their lives and are guided to take a leading role in their own development. Children grow with **respect** and dignity as cherished members of their family and society.

Children are protected from abuse, neglect and exploitation, and need **security** during natural disasters and war. Children should have shelter, food, health care and education. These are the basic requirements for the sound development of all children.

Our Target Group

At the heart of our work is the child at risk. SOS Children's Villages helps to create or support a family environment in which vulnerable children – those affected by poverty, disease, conflict and natural disasters – can grow up safely and with a feeling of security and belonging.

We focus on each child's care, education and health. Our programmes include nurseries, schools, vocational training centres, medical centres and social centres, which are used by the whole community.

The way we work

Since SOS Children's Villages is active all over the globe and within a wide range of cultures, our work in any location begins with each National Member Association (MA). Staffed by locals, each national association is responsible for SOS Children's Villages in their country and for conducting research into the needs of children in their communities. By identifying gaps in the provision of care already available, a Child Rights Situation Analysis informs next steps and sets out relationships with local organisations and all relevant stakeholders.

Our Care

Our community programmes work with disadvantaged families in order to prevent crises that can lead to family breakdown, child neglect and abandonment. We offer various forms of support to strengthen and stabilise struggling families, including vocational training, adult education, the development of community-based self-help groups, and resilience and emergency relief programmes. Our community programmes help to build up the skills and capacity of birth families, so that children can grow up with the protection, respect and support of their care-givers.

Where children have no one to care for them or cannot remain with their biological family, we support foster families or build SOS families who provide stable and consistent care. SOS families are headed by an SOS Mother/parent, a professionally trained care-giver, who creates a nurturing and secure home. When possible, biological brothers and sisters are kept together in one SOS family; we believe siblings should be together so they can develop lifelong emotional attachments. Our youth homes allow us to continue supporting children until they are ready to become independent adults. As well as long-term family-based care systems, in certain locations we can also offer short-term care for children in times of crisis.

SOS Children's Villages respects the origin, culture and religion of each individual child. At the same time, children are encouraged to learn about, understand, and respect the opinions and beliefs of others.

SOS CHILDREN'S VILLAGES UK
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

Education

We believe that through quality education, the cycle of exclusion, poverty, domestic violence and family breakdown can be broken. SOS Children's Villages operates nursery schools, day-care centres, schools and vocational training centres and promotes quality education together with partners such as local state schools.

Health

SOS Children's Villages supports communities to develop the health infrastructures they need and our medical centres provide individualised care. In underdeveloped areas, our medical centres sometimes specialise in the care of women and children.

Emergencies

In situations of crisis, war and disaster, children in particular require specific protection and care. Responding to crises, we work with our well-established local member associations and their existing infrastructure, so when children and families need urgent assistance, SOS Children's Villages is in a strong position to respond promptly. In short, we are there before, during, and after the crisis.

Working in partnership.....with families

SOS Children's Villages believes that children and their families hold within them the potential for their own development and we see ourselves as a supportive partner in this. Using a family development planning process, we work together with each family to assess gaps in their ability to care for their children. We can then invest time, training and support to enable each family to achieve self-sufficiency.

...with local groups and organisations

We form agreements with a range of local organisations who help support our work and anchor our programmes within the community. Such partners can be community-based organisations, self-help groups, local NGOs or local authorities. We work with these bodies to form a community development plan.

...with local schools, hospitals and other service providers

Where there is inadequate provision of health and education services, we operate SOS facilities such as medical centres, nurseries and schools. However, where local or state-funded bodies offer a good level of provision in the community, we help children and their families' access existing services.

...with donors and funding partnerships

SOS Children's Villages seeks support from a wide range of organisations, agencies, institutions, trusts/foundations, private individuals and corporations to fund its programmes, as well as to provide other kinds of resources or assistance.

...with International Organisations

SOS Children's Villages has special consultative status with the Economic and Social Council (ECOSOC) of the United Nations (UN). We also work closely with the European Union and the Council of Europe to help improve conditions for children and young people without parental care.

SOS Children's Villages is a full member of the NGO Group for the Convention on the Rights of the Child, a coalition of international NGOs, which works to facilitate the implementation of the United Nations Convention on the Rights of the Child.

SOS Children's Villages co-convenes the Working Group on Children without Parental Care which promotes and supports the implementation of the UN Guidelines for the Alternative Care of Children, which we helped draw up. We are currently a member of the governing board of the NGO Committee of UNICEF, and SOS Children's Villages International co-chairs the committee's Working Group on Children without Parental Care.

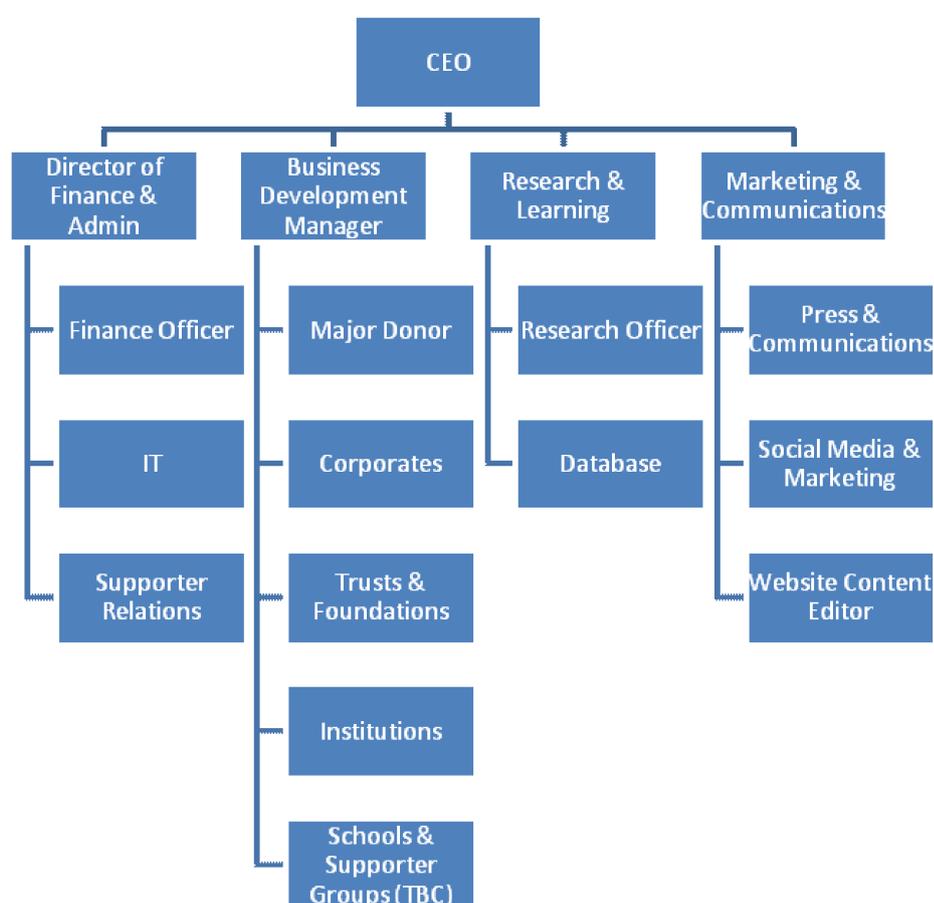
SOS CHILDREN'S VILLAGES UK
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

Structure, Governance and Management of SOS Children's Villages UK

Organisation

SOS Children's Villages UK was established in 1968 as an unincorporated charitable trust and as a member's limited liability company in 1997. On 1 January 1999, the charitable company took over the assets and liabilities of the unincorporated charitable trust. The company is constituted at 7 April 1997 and is a registered charity (number 1069204)..



Method of Appointment or Election of Trustees

SOS Children's Villages UK is governed by a Board of Trustees, made up currently of seven members. Trustees are appointed for a term of three years or until the end of the year of their seventieth birthday, whichever is earlier, and may be re-elected. Trustees are invited to attend induction and training courses and we regularly review the composition of the Board to identify potential vacancies and the need for particular skills. New trustees are sought to replace resigning trustees. The Board actively seeks to ensure that Trustees encompass a broad diversity of skills and background.

SOS CHILDREN'S VILLAGES UK
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

Governance

The Board of Trustees met four times in 2015 and will continue to meet at least four times per year in the future.

The Chief Executive reports to the Board of Trustees and is supported by the Senior Leadership Team (SLT) which includes the Chief Executive, the Director of Finance, the Marketing and Communications Manager, and the Business Development Manager. The day-to-day operations are delegated to the Chief Executive.

The Board of Trustees are kept updated with all aspects of the charities activities at the Board meetings. An annual Pay and Remuneration Review exercise is conducted in December of each year, utilizing Croner's Salary Review and local market conditions in Cambridge. The findings of that Review are presented to the Board of Trustees at the January meeting for their decision.

Charitable Objects

The objects of the charity are set out in the Memorandum of Association. In summary these are for the advancement of education, the relief of poverty and the promotion of good health of vulnerable children, particularly but not exclusively by the establishment and maintenance throughout the world of SOS Children's Villages and the education of children and young persons from SOS Children's Villages.

Managing Risk

Key risks within SOS Children's Villages UK have been reviewed by Management and the Trustees and evaluated in relation to their likelihood and possible impact on our service and reputation. The types of risk under evaluation comprise governance, financial, compliance, operational and reputational. These are further broken down into individual risk categories. Any mitigating actions or control procedures are then undertaken and this helps ensure that we are paying due attention to the stability of the charity. Some of the measures we have in place to manage our risk include suitable insurance cover, constant review of our finances and appropriate security relating to our IT systems and data. Our Risk Register is regularly reviewed to ensure it is current and remains a relevant working document.

An Audit & Risk sub-committee meets twice a year to review the financials, budgets and the status of the risks alluded to above.

Public Benefit

The Trustees confirm that they have complied with the duty in the Charities Act 2011 to have due regard to the Charity Commission's guidance on public benefit which addresses the need for all charities' aims to be, demonstrably, for the public benefit.

SOS Children's Villages UK's objectives are to work for the good of children at risk, and to be part of a global movement for real change to the lives of vulnerable children and families. Our role in the UK is to raise the profile of the international work of SOS Children's Villages within the UK in order to make a growing contribution to the work we do in ensuring care and protection for children in need and at risk.

We work with the poorest of the poor and people facing extreme inequality. SOS Children's Villages is there for all and does not exclude any child on the grounds of race, religion, gender, sexuality or social position.

SOS CHILDREN'S VILLAGES UK
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

Achievements and Performance

Vision

To be the charity of choice to help orphaned and abandoned children.

Mission

To grow fundraising revenue – year on year – in order to help more children worldwide.

Execution

SOS Children's Villages UK Trustees' Intent

2025 Goal: By 2025, SOS Children's Villages UK is to be one of the top seven PSAs within SOS Children's Villages International, and one of the top 5 fundraisers in the child sponsorship charity sector in the UK. This means we have to be well-known and respected for our credible contributions to the well-being, and rights of, orphans and abandoned children.

To achieve this goal, we will build both capability and capacity in the following key areas: resources, internal business processes (including FR processes), attractive fundraising propositions and employees. We will embrace an entrepreneurial culture in which proactivity, initiative, innovation and a passion to succeed are the norm. This requires a vibrant and dynamic approach to fundraising from staff who possess a 'can-do' attitude, are results-based, and who continually strive for excellence.

SOS Children's Villages UK Trustees' Direction

With no programmes in the UK, our raison d'être is fundraising. The unique history of the United Kingdom, with its cultural links to many parts of the globe, coupled with the wealth (both individual and commercial) and political importance of the UK (London in particular) position us well to be a net contributor to, and full participant in, SOS Children's Villages International.

To be successful, our efforts must be sustainable over time. Self-evidently, we must also be better than our competitors.

The five-year strategy creates the conditions for the realisation of our 2025 goal. We will attain this goal in the following ways:

- Internal capability and capacity are built.
- Sufficient investment funding for growth is generated.
- A suitable and effective blend of fundraising activity is implemented, with new and exciting products adequately resourced.

These measures will result in a greater return on investment (ROI), higher levels of programme contribution; which will thus increase revenue. We will scale-up activity incrementally to ensure sustainability, and will always seek to exploit technical advantages wherever possible to keep donors engaged and updated.

SOS CHILDREN'S VILLAGES UK
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

Other Achievements in 2015

- **Annual Supporters Meeting.** With a mind to engaging more closely with our supporters, we introduced an Annual Supporters Meeting. Unlike previous Annual General Meetings (which have not been held for ten years), the intent is to have a topical speaker, and to allow full interaction between our staff and supporter base. This year, our speaker was the National Director from SOS Nepal, who spoke eloquently and movingly about the situation which befell the country following the earthquake.
- **New Business Model.** A new business model was introduced, which includes a small percentage deduction to provide seedcorn funding for growth activities. This change was communicated to our supporter base on our website, and via a letter from our Chair of Trustees. That the change was endorsed by our supporters was evidenced by a number who wrote to us and asked to increase their subscriptions.
- **New Financial Software.** A new financial software package was introduced. Apart from reducing a number of manual functions, it has added a level of accountability and security which is essential from a professionalism perspective.
- **Research Hub.** As part of the restructuring process, a 'Research, Development and Learning' hub has been created. In so doing, the lessons learnt process; innovation, coupled with the detailed research needed to make prospecting more effective and efficient, have been brought in-house.
- **Maintained 'Business as Usual'.** Despite the considerable upheaval created by the restructuring process, we did not drop the ball. In fact, income increased in 2015, compared to the 2014 outturn.

Financial review of SOS Children's Villages UK

Going Concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Reserves Policy

The Trustees have undertaken to extend the Charity's reserve policy to between £1.2m and £1.5m which equates to between 9 and 12 months. This is to cover our anticipated working capital needs as well as the operational costs of the two villages in Africa which are under our care. Current results have brought this to approximately 6 months. The restricted reserves balance of £3.4m is primarily designated for the programmes highlighted in Note 17 of the accounts. The Charity is working towards increasing its reserves by offering unrestricted products to donors.

Investment Policy

Although an investment policy is in place for the Charity, no significant investments have been entered into for 2015.

SOS CHILDREN'S VILLAGES UK
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

Performance

The principal funding sources are donations for child sponsorships, followed closely by corporate donations and individual giving.

The closing cash balance of £5.2m consists of £3.3m of restricted reserves, most of which will be remitted to the relevant programmes within the next 12 months and £1.7m of unrestricted reserves. The unrestricted reserves includes an unrealised land valuation of £79k with the remaining balance which covers the cost of generating voluntary income. This includes staff costs of £600k and establishment expenses of £120k. SOS Children's Villages UK also has the responsibility to cover the ongoing costs for its two villages in Zambia and Gambia in perpetuity.

Plans for Future Periods

Our 2025 goal as a Charity has been articulated earlier in this document. Also, as previously stated, the critical path to achieving our 2025 goal is to increase both income and visibility. This can be summarized thus: 'Increase, inform and innovate'. In addition to income and visibility generating activities in 2016, we will:

- **Website and Digital Offering.** We will design and roll-out a new website which show cases all fundraising channels, as well as our work in general. We will also deploy an enhanced digital offering, both in terms of our sponsorship products, and social media presence.
- **Terms and Conditions Package.** We seek to be an employer of choice. We want high calibre professionals to work for us. They deserve an excellent T&C package in return. Accordingly, we have reviewed and refreshed our staff contracts, and Employee Handbook, and believe we now offer a highly competitive and attractive package, and an excellent working environment.
- **Domestic Programmes in the UK.** We believe charity begins at home. SOS Children's Villages is ideally placed to provide a meaningful intervention for children at risk here in the UK – given the totality of our model. To ensure we get this right, we will commission research to establish what form such an intervention might take. We estimate this detailed piece of work will take approximately 6 months to complete.
- **Hong Kong Pilot Project.** We have formed a group of volunteers in Hong Kong to establish whether there is the potential to open an office there in 2017. The Group will report back in the Autumn of 2016 as to the feasibility and viability of this proposal.

SOS CHILDREN'S VILLAGES UK
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

Trustees' Responsibilities Statement

The Trustees (who are also directors of SOS Children's Villages UK for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company and Charity Law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate 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.

Provision of information to auditors

So far as each of the Trustees is aware at the time the report is approved:

- there is no relevant audit information of which the charitable company's auditors are 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 auditors are aware of that information.

This report was approved by the Trustees

and signed on their behalf by:

Mary Cockcroft, Chairman

SOS CHILDREN'S VILLAGES UK
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOS CHILDREN'S VILLAGES UK

We have audited the financial statements of SOS Children's Villages UK for the year ended 31 December 2015 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

SOS CHILDREN'S VILLAGES UK
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOS CHILDREN'S VILLAGES UK

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' Report, incorporating the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where 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; or
- the Trustees were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

Kelly Bretherick (Senior Statutory Auditor)

for and on behalf of

Peters Elworthy & Moore

Chartered Accountants
Statutory Auditors

Salisbury House
Station Road
Cambridge
CB1 2LA
26 May 2016

SOS CHILDREN'S VILLAGES UK
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Restricted funds 2015 £	Unrestricted funds 2015 £	Total funds 2015 £	As restated Total funds 2014 £
INCOME FROM:					
Donations and legacies	2	4,961,173	1,963,437	6,924,610	5,527,323
Other trading activities	3	200,528	811	201,339	91,539
Investments	4	-	7,125	7,125	11,677
TOTAL INCOME		5,161,701	1,971,373	7,133,074	5,630,539
EXPENDITURE ON:					
Raising funds	5	-	874,922	874,922	703,042
Charitable activities	6	4,486,716	719,179	5,205,895	4,685,645
TOTAL EXPENDITURE	9	4,486,716	1,594,101	6,080,817	5,388,687
NET INCOME BEFORE INVESTMENT GAINS		674,985	377,272	1,052,257	241,852
Net gains on investments	13	-	79,000	79,000	-
NET INCOME		674,985	456,272	1,131,257	241,852
NET MOVEMENT IN FUNDS		674,985	456,272	1,131,257	241,852
RECONCILIATION OF FUNDS:					
Total funds at 1 January 2015		2,820,545	427,629	3,248,174	3,006,322
TOTAL FUNDS AT 31 DECEMBER 2015		3,495,530	883,901	4,379,431	3,248,174

All activities relate to continuing operations.

The notes on pages 18 to 34 form part of these financial statements.

SOS CHILDREN'S VILLAGES UK
(A Company Limited by Guarantee)
REGISTERED NUMBER: 03346676

BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note	£	2015 £	£	As restated 2014 £
FIXED ASSETS					
Tangible assets	12		12,997		36,384
Investment property	13		100,000		-
Investments	14		-		-
			<u>112,997</u>		<u>36,384</u>
CURRENT ASSETS					
Debtors	15	564,787		304,630	
Cash at bank and in hand		5,269,734		4,074,970	
		<u>5,834,521</u>		<u>4,379,600</u>	
CREDITORS: amounts falling due within one year	16		<u>(1,568,087)</u>	(1,167,810)	
NET CURRENT ASSETS			<u>4,266,434</u>		<u>3,211,790</u>
NET ASSETS			<u>4,379,431</u>		<u>3,248,174</u>
CHARITY FUNDS					
Restricted funds	17		3,495,530		2,820,545
Unrestricted funds	17		883,901		427,629
TOTAL FUNDS			<u>4,379,431</u>		<u>3,248,174</u>

The financial statements were approved and authorised for issue by the Trustees on 12 May 2016 and signed on their behalf, by:

The notes on pages 18 to 34 form part of these financial statements.

SOS CHILDREN'S VILLAGES UK
(A Company Limited by Guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 £	2014 £
Cash flows from operating activities			
Net cash provided by operating activities	19	<u>1,188,504</u>	<u>227,046</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		7,125	11,677
Purchase of property, plant and equipment		<u>(864)</u>	<u>-</u>
Net cash provided by investing activities		<u>6,261</u>	<u>11,677</u>
Change in cash and cash equivalents in the year	20	1,194,765	238,723
Cash and cash equivalents brought forward		<u>4,074,969</u>	<u>3,836,246</u>
Cash and cash equivalents carried forward	20	<u><u>5,269,734</u></u>	<u><u>4,074,969</u></u>

SOS CHILDREN'S VILLAGES UK
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

SOS Children's Villages UK meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern. With respect to the next reporting period, 2016, the most significant area of uncertainty is the ongoing support in the form of individuals and corporate donors.

In the previous year, the financial statements were consolidated with the charity's subsidiary in Hong Kong however on the basis of materiality and significance, consolidated financial statements have not been prepared.

SOS CHILDREN'S VILLAGES UK
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (continued)

1.2 RECONCILIATION WITH PREVIOUS GENERALLY ACCEPTED ACCOUNTING PRACTICE

In preparing these accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

At the date of transition in applying the requirement to recognise liabilities arising from employee benefits, a liability was recognised for short-term compensated absence arising from employee entitlement of the charity to paid annual leave. The initial liability recognised at the date of transition was for the holiday entitlement carried forward and for the entitlement arising in the year which was due but not taken. No other restatements were required.

In accordance with FRS 102, a reconciliation of opening balances is provided here:

	31	
	December	
	2014	
	£	
Reconciliation of reported net income		
Net income/(expenditure) as previously stated	241,852	
Adjustment for gains/(losses) on investments now treated as a component of net income	-	
Net income as restated as at 31/12/2014	241,852	
	1 January	31
	2014	December
	£	2014
		£
Reconciliation of funds and balances		
Fund balances as previously stated	3,007,791	3,254,482
Short-term compensated absences	(1,468)	(6,309)
Fund balances as restated	3,006,323	3,248,173

1.3 COMPANY STATUS

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

SOS CHILDREN'S VILLAGES UK
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (continued)

1.4 FUND ACCOUNTING

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income is allocated to the appropriate fund.

1.5 INCOME

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

An estimated value for gifts of donated medical goods is included in special projects income and direct charitable expenditure. The value is determined by a multiple of freight costs incurred in shipping them to projects.

The value of services donated are included at a value equivalent to that which the charity would ordinarily incur on these services.

Donated assets are capitalised at a value equivalent to market value at the date of donation.

Sponsorship income is remitted to SOS Kinderdorf International in Austria on a six monthly basis. Interest earned and income tax recoverable on these funds are treated as unrestricted income unless otherwise specified by the donor.

Grants are included as incoming resources when these are received / receivable.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

SOS CHILDREN'S VILLAGES UK
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (continued)

1.6 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to make payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated to the applicable expenditure headings.

Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management carried out at Headquarters.

Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

1.7 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures & fittings	-	20% reducing balance
---------------------	---	----------------------

1.8 INVESTMENTS

Investments are a form of basic financial instrument. Investments in shares which cannot be publicly traded have been measured at cost less impairment unless fair value can be established using a valuation technique.

Investment property is initially recognised at its transaction value and subsequently measured at fair value using an external valuer.

1.9 OPERATING LEASES

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.10 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the Bank.

SOS CHILDREN'S VILLAGES UK
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (continued)

1.11 FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of Financial Activities.

1.12 DEBTORS

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount repaid net of any trade discounts due.

1.13 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.14 CREDITORS AND PROVISIONS

Creditors and provisions are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

1.15 PENSIONS

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

SOS CHILDREN'S VILLAGES UK
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

2. INCOME FROM DONATIONS AND LEGACIES

	Restricted funds 2015 £	Unrestricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Gifts and donations	4,867,677	732,155	5,599,832	4,645,529
Legacies	2,550	575,840	578,390	186,478
Grants receivable	90,946	-	90,946	61,905
Income tax recoverable	-	650,692	650,692	591,623
Donated goods and services	-	4,750	4,750	41,788
	<u>4,961,173</u>	<u>1,963,437</u>	<u>6,924,610</u>	<u>5,527,323</u>

In 2014, of the total income, £1,206,848 was income from unrestricted funds and £4,320,475 was income from restricted funds.

The charity receives additional promotion from Google and goods that are donated to specific villages. The value of these services and goods are estimated in value and recognised within income resources and there is an equivalent charge within resources expended.

3. FUNDRAISING INCOME

	Restricted funds 2015 £	Unrestricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Supporters groups	200,528	811	201,339	91,539
	<u>200,528</u>	<u>811</u>	<u>201,339</u>	<u>91,539</u>

In 2014, of the total income, £9,575 was income from unrestricted funds and £81,964 was income from restricted funds.

4. INVESTMENT INCOME

	Restricted funds 2015 £	Unrestricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Rent receivable	-	925	925	925
Bank interest receivable	-	6,200	6,200	10,752
	<u>-</u>	<u>7,125</u>	<u>7,125</u>	<u>11,677</u>

In 2014, of the total investment income, £11,677 was income from unrestricted funds and £ NIL was income from restricted funds.

SOS CHILDREN'S VILLAGES UK
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

5. COSTS OF GENERATING VOLUNTARY INCOME

	Restricted funds 2015 £	Unrestricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Fundraising costs	-	87,965	87,965	54,255
Legacy costs	-	-	-	256
Staff travel	-	17,872	17,872	11,652
Rent and rates	-	118,146	118,146	89,820
Insurance	-	4,071	4,071	4,379
Light and heat	-	1,739	1,739	1,721
Telephone and fax	-	1,739	1,739	1,301
Printing, postage and stationery	-	24,219	24,219	17,390
Computer costs	-	64,965	64,965	125,321
Sundry	-	12,270	12,270	19,554
Bank charges	-	12,173	12,173	8,809
Subscriptions and training	-	724	724	3,599
Professional fees	-	13,504	13,504	2,269
Gain on foreign exchange	-	(7,199)	(7,199)	(11,270)
Repairs and renewals	-	459	459	505
Projects management	-	79,045	79,045	33,482
Recruitment	-	55,678	55,678	4,550
Hong Kong Friends of SOS Children's Villages	-	131	131	1,531
Staff costs	-	385,315	385,315	332,683
Depreciation	-	2,106	2,106	1,235
	-	874,922	874,922	703,042

6. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2015 £	Support costs 2015 £	Total 2015 £	Total 2014 £
Sponsorship and support of orphans and children's villages (notes 7 & 8)	5,069,311	136,584	5,205,895	4,615,797

SOS CHILDREN'S VILLAGES UK
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

7. CHARITABLE ACTIVITIES

	Restricted funds 2015 £	Unrestricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Communications	-	47,829	47,829	37,742
Staff travel	-	9,717	9,717	8,105
Rent and rates	-	57,364	57,364	62,483
Insurance	-	2,214	2,214	3,047
Light and heat	-	945	945	1,197
Telephone and fax	-	945	945	905
Postage, printing and stationery	-	13,062	13,062	12,097
Computer costs	-	32,740	32,740	87,180
Sundry	-	6,672	6,672	16,768
Bank charges	-	6,618	6,618	6,128
Subscriptions	-	394	394	2,503
Gain on foreign exchange	-	(9,440)	(9,440)	(14,512)
Sponsorships	2,516,986	-	2,516,986	2,178,135
Project expenditure	1,969,730	-	1,969,730	1,895,282
Repairs and renewals	-	250	250	352
Project management	-	204,099	204,099	86,453
Professional fees	-	4,602	4,602	1,579
Our Africa expenses	-	-	-	1,429
Staff costs	-	203,439	203,439	228,065
Depreciation	-	1,145	1,145	859
Total	4,486,716	582,595	5,069,311	4,615,797

8. SUPPORT COSTS

	Governance £	Total 2015 £	Total 2014 £
Staff costs	17,251	17,251	14,254
Project management fee	110,111	110,111	46,642
Auditors remuneration	9,222	9,222	8,952
	136,584	136,584	69,848

SOS CHILDREN'S VILLAGES UK
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

9. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2015 £	Depreciation 2015 £	Other costs 2015 £	Total 2015 £	Total 2014 £
COSTS OF GENERATING FUNDS:					
Expenditure on raising voluntary income	385,315	2,106	487,501	874,922	703,042
Subtotal costs of generating funds	385,315	2,106	487,501	874,922	703,042
CHARITABLE ACTIVITIES:					
Sponsorship and support of orphans and children's villages	203,439	1,145	4,864,727	5,069,311	4,615,797
EXPENDITURE ON GOVERNANCE	-	-	136,584	136,584	69,848
	588,754	3,251	5,488,812	6,080,817	5,388,687

SOS CHILDREN'S VILLAGES UK
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

10. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2015	2014
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	3,251	2,094
Auditors' remuneration	9,222	8,952
Auditors' remuneration - non-audit	994	3,948
Auditors' remuneration - IT Services	21,230	-
	=====	=====

During the year, no Trustees received any reimbursement of expenses (2014 - £NIL).

11. STAFF COSTS

Staff costs were as follows:

	2015	2014
	£	£
Wages and salaries	530,453	497,899
Social security costs	36,103	51,054
Other pension costs	22,198	11,795
	=====	=====
	588,754	560,748

The average monthly number of employees during the year was as follows:

	2015	2014
	No.	No.
Administrative	16	16
	=====	=====

The number of higher paid employees was:

	2015	2014
	No.	No.
In the band £80,001 - £90,000	1	1
	=====	=====

The key management personnel of the charity comprise the Trustees, the Chief Executive Officer and the Director of Finance & Administration. No Trustees received any remuneration or benefits in kind from the charity (2014 - £Nil). The total employee benefits of the key management personnel of the charity were £139,734 (2014 - £133,205).

SOS CHILDREN'S VILLAGES UK
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

12. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures & fittings £	Total £
COST			
At 1 January 2015	21,000	150,170	171,170
Additions	-	864	864
Disposals	-	(1,578)	(1,578)
Transfer to Investment Property	(21,000)	-	(21,000)
At 31 December 2015	-	149,456	149,456
DEPRECIATION			
At 1 January 2015	-	134,786	134,786
Charge for the year	-	3,251	3,251
On disposals	-	(1,578)	(1,578)
At 31 December 2015	-	136,459	136,459
NET BOOK VALUE			
At 31 December 2015	-	12,997	12,997
At 31 December 2014	21,000	15,384	36,384

13. INVESTMENT PROPERTY

	Freehold investment property £
VALUATION	
Surplus on revaluation	79,000
Transfers from Freehold Property	21,000
At 31 December 2015	100,000
COMPRISING	
Deemed market value	21,000
Annual revaluation surplus/(deficit): 2015	79,000
At 31 December 2015	100,000

The 2015 valuations were made by Strutt & Parker LLP, on a open market value for existing use basis.

SOS CHILDREN'S VILLAGES UK
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

14. FIXED ASSET INVESTMENTS

	Unlisted securities £
MARKET VALUE	
At 1 January 2015 and 31 December 2015	<u><u>4,800</u></u>
IMPAIRMENT	
At 1 January 2015 and 31 December 2015	<u><u>4,800</u></u>
NET BOOK VALUE	
At 31 December 2015	<u><u>-</u></u>
At 31 December 2014	<u><u>-</u></u>

The historical cost is equivalent to the market value at the date of donation.

15. DEBTORS

	2015 £	2014 £
Other debtors	252,467	195,790
Prepayments and accrued income	256,250	46,397
Tax recoverable	56,070	62,443
	<u><u>564,787</u></u>	<u><u>304,630</u></u>

**16. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2015 £	As restated 2014 £
Trade creditors	57,698	-
Other taxation and social security	19,664	16,663
Other creditors	1,231,656	1,101,644
Accruals	259,069	49,503
	<u><u>1,568,087</u></u>	<u><u>1,167,810</u></u>

SOS CHILDREN'S VILLAGES UK
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

17. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General Fund	406,629	1,971,373	(1,594,101)	-	-	783,901
Investment property	21,000	-	-	-	79,000	100,000
	<u>427,629</u>	<u>1,971,373</u>	<u>(1,594,101)</u>	<u>-</u>	<u>79,000</u>	<u>883,901</u>

SOS CHILDREN'S VILLAGES UK
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

17. STATEMENT OF FUNDS (continued)

RESTRICTED FUNDS

Material restricted funds are disclosed below. Each fund has arisen in line with specific restrictions placed on funds received by the donor. The majority of restricted funds relate to specific SOS Villages and Projects overseas, such that funds are only used in connection with the donors specified village and projects.

The subsidy fund is derived from a proportion of sponsorship income and is used to help sponsored children in villages SOS Children's Villages UK are directly responsible for or to cover unusual events which result in a funding being in deficit.

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Brazil	-	61,056	(58,065)	-	-	2,991
BT Health Management Project	-	200,317	(181,401)	-	-	18,916
Cote d'Ivoire	58,136	-	(43,235)	-	-	14,901
Haiti	114,345	10	(114,045)	-	-	310
Malawi	254,235	14,755	(102)	-	-	268,888
Mexico	-	51,726	(51,606)	-	-	120
Nepal	-	351,284	(60,000)	-	-	291,284
Pakistan	128,713	382,100	-	-	-	510,813
Somalia	93,560	70	(62,482)	(1,504)	-	29,644
The European Union (Women's Empowerment, Gambia)	47,471	-	(47,471)	-	-	-
Isle of Man (Food Security, Sierra Leone)	47,603	-	(33,112)	-	-	14,491
Big Lottery Fund Grant (Women's Empowerment, Guinea-Bissau)	-	90,946	(73,826)	-	-	17,120
Subsidy fund	470,361	422,984	(179,328)	-	-	714,017
Sponsorship fund	31,732	2,417,850	(2,212,042)	-	-	237,540
Zambia	-	119,204	(850)	-	-	118,354
Other restricted projects < £50,000	1,574,389	1,049,399	(1,369,151)	1,504	-	1,256,141
	<u>2,820,545</u>	<u>5,161,701</u>	<u>(4,486,716)</u>	<u>-</u>	<u>-</u>	<u>3,495,530</u>
Total of funds	<u>3,248,174</u>	<u>7,133,074</u>	<u>(6,080,817)</u>	<u>-</u>	<u>79,000</u>	<u>4,379,431</u>

Transfers have been made where previous misallocations have been identified.

SOS CHILDREN'S VILLAGES UK
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	427,629	1,971,373	(1,594,101)	-	79,000	883,901
Restricted funds	2,820,545	5,161,701	(4,486,716)	-	-	3,495,530
	<u>3,248,174</u>	<u>7,133,074</u>	<u>(6,080,817)</u>	<u>-</u>	<u>79,000</u>	<u>4,379,431</u>

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted funds 2015 £	Unrestricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	-	12,997	12,997	36,384
Investment property	-	100,000	100,000	-
Current assets	3,495,530	2,338,991	5,834,521	4,391,409
Creditors due within one year	-	(1,568,087)	(1,568,087)	(1,161,501)
	<u>3,495,530</u>	<u>883,901</u>	<u>4,379,431</u>	<u>3,248,174</u>

19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2015 £	2014 £
Net income for the year (as per Statement of financial activities)	1,131,257	241,852
Adjustment for:		
Depreciation charges	3,251	2,094
Gains on investments	(79,000)	-
Dividends, interest and rents from investments	(7,125)	(11,677)
Increase in debtors	(260,157)	(12,688)
Increase in creditors	400,278	7,465
Net cash provided by operating activities	<u>1,188,504</u>	<u>227,046</u>

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2015 £	2014 £
Cash in hand	5,269,734	4,074,969
Total	<u>5,269,734</u>	<u>4,074,969</u>

SOS CHILDREN'S VILLAGES UK
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

21. PENSION COMMITMENTS

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company. The pension cost charge represents contributions payable by the company and amounted to £9,464 (2014 - £11,795), at the year end date £2,336 (2014 - £1,614) was outstanding.

The company participates in The Pensions Trust - Growth Plan pension scheme, a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

SOS Children's Villages UK has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2014. As of this date the estimated employer debt for SOS Children's Villages UK was £11,273 (2013 - £9,567).

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2011. This valuation showed assets of £780m, liabilities of £928m and a deficit of £148m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme. From 1 April 2013 to 31 March 2023 £13.9 million per annum (payable monthly and increasing by 3% each on 1st April).

A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

From 1 April 2016 to 30 September 2025 - £12.9 million per annum

From 1 April 2016 to 30 September 2028 - £54.5k per annum

Payable monthly and increasing by 3% each on 1st April.

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present value of provisions

	2015	2014
	£	£
Present value of provision	<u>1,461</u>	<u>1,249</u>

SOS CHILDREN'S VILLAGES UK
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Reconciliation of provision

	£
Provision at the start of period	1,249
Unwinding of discount factor	23
Deficit contribution paid	(147)
Remeasurements - change in assumptions/contributions	336
	1,461
Provision at the end of period	1,461

Assumptions

The discount rate of 2.5% (2014 - 1.99%) used in the year ended 31 December 2015.

The discount rates are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

22. OPERATING LEASE COMMITMENTS

At 31 December 2015 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2015	2014	2015	2014
	£	£	£	£
EXPIRY DATE:				
Within 1 year	-	-	-	912
Between 2 and 5 years	144,000	-	1,156	1,156
After more than 5 years	-	94,800	-	-
	-	94,800	-	-

23. OTHER FINANCIAL COMMITMENTS

At the year end the company was committed to expenditure payable within one year totalling £1,276,155 (2014 - £927,135). All amounts are due to be expended from restricted reserves.

24. RELATED PARTY TRANSACTIONS

At 31 December 2015, the company held all 100 ordinary shares of £1 each in the wholly-owned subsidiary, SOS Children's Villages UK Trading Limited, which is registered in the United Kingdom, although these were written down to nil value in the 2002 accounts. The company ceased trading on 31 December 2001 and has remained dormant since that date.