

SOS Children's Villages UK Annual Report and Accounts for the year ended 31 December 2013



SOS CHILDREN'S
VILLAGES
A loving home for every child



Contents

3	Reference and administrative details of the charity, its trustees and advisers
4	Trustees' report
13	Independent auditors' report
15	Statement of financial activities
16	Balance sheet
17	Notes to the financial statements

Reference and administrative details of the company, its trustees and advisers for the year ended 31 December 2013

Trustees

Mary Cockcroft, Chairman
 Michael Riding, Vice Chairman
 Michael Brewer
 Earl of St Andrews
 Ayesha Khan
 Graham Budd
 Matthew de Villiers
 Jeremy Sandbrook (resigned 14 February 2014)
 Thomas Bauer (appointed 1 April 2014)

Company registered number

03346676

Charity registered number

1069204

Registered office

Terrington House
 13-15 Hills Road
 Cambridge
 CB2 1NL

Company Secretary

Mr Alistair Barry

Chief Executive Officer

Mr Andrew Cates (resigned 13 September 2013)
 Mr Alistair Barry (Interim CEO 14 September to 20 November 2013)
 Mr Simon Etherington (appointed 21 November 2013)

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

Pinsent Masons LLP
 30 Crown Place
 Earl Place
 London
 EC2A 4ES

Patron

The Countess Mountbatten of Burma
 CBE CD JP DL

President

Dame Mary Richardson

Trustees' report for the year ended 31 December 2013

SOS Children's Villages International

SOS Children's Villages UK is a member of SOS Children's Villages International, a federation of 133 member associations. The first SOS Children's Village was founded by Hermann Gmeiner in 1949 in Austria. He was committed to helping children in need – those who had lost their homes, security and families in the Second World War. With the support of many donors, today our organisation has grown to help children all over the world.

We take action for children as an independent non-governmental social development organisation. We respect different religions and cultures, and we work in countries and communities where we can improve the well-being of children and create sustainable livelihoods for their families. We work in the spirit of the United Nations Convention on the Rights of the Child and we promote and endorse these rights around the world.

Our vision

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 an 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.

The way we work

SOS Children's Villages is active in a wide range of cultures all over the globe. Locals from the country of operation are responsible for SOS Children's Villages, which form part of the local culture.

Our work in any location begins with our local member association conducting research into the needs of children in that community and identifying the provision that is already available. This Child Rights Situation Analysis informs next steps and sets out our relationships with local organisations and all relevant stakeholders.

At the centre of SOS Children's Villages programmes are the children who have lost the security of a well functioning family. What is best for the child guides our work. 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.

Our community family strengthening programmes support struggling families and include vocational training, adult education, the development of community-based self-help groups, and resilience and emergency relief programmes.

SOS Children's Villages currently has projects in 125 countries.

Care

We 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 families. Our community programmes 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.

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

As well as long-term family-based care systems, we can offer short-term care in times of crisis.

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.

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 on UNICEF, and SOS Children's Villages International co-chairs the committee's Working Group on Children without Parental Care.

SOS Children's Villages – worldwide statistics

In 2013, our families and youth programmes looked after 82,000 children and young people and our community programmes supported more than 330,000 people.

Our nurseries, schools, vocational training and social centres provided education and support to more than 278,000 children and adults.

Our medical centres provided around 780,000 individual services or treatments to adults and children and longer-term support, such as hospital stays, amounting to more than 62,000 days of care.

Our emergency relief programmes provided around 218,000 single services and help which amounted to more than 78,000 days of support.

SOS Children's Villages UK

The way we work

SOS Children's Villages UK do not run any programmes in the UK at present, therefore all our efforts are directed at raising money and other resources to support the worldwide programmes of the international organisation in 125 countries.

Our goals

At SOS Children UK, our goal is to increase our contribution to the global income of SOS Children's Villages International through the development of all areas of fundraising, such as individual giving, trusts & foundations and corporate partnerships.

We are considered to be innovators in the field of technology and online fundraising and will continue to support our federation partners with relevant expertise when required.

2013 overview against priorities

In 2013, the major priority for SOS Children UK was to 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 and we achieved this through the generous contributions of our donors and partners.

2013 was a challenging year for the charity with high staff turnover, including the CEO and Director of Fundraising. Despite the changes in personnel, the fundraising team continued to focus on increasing income through individual sponsorships and giving, trusts & foundations and companies, and on strengthening relationships with our existing supporters.

We were also pleased to receive our first Institutional grant from the Isle of Man International Development Committee during 2013 for a food security project in Sierra Leone.

SOS Children's Villages UK continued to

benefit from its partnerships with large corporate sponsors such as HSBC and SThree. These corporate partners not only funded specific SOS programmes, they encouraged their employees to take out individual sponsorships with SOS Children.

Through its 'Connecting Africa' project in 2013, BT donated its skills and satellite broadband equipment to bring internet connection to 20 SOS Children's Villages across Africa, helping our young people take advantage of the latest technology and bringing efficiencies to the organisation by allowing information such as patient medical files and stock inventory to be accessed electronically.

During 2013 we continued to make improvements to our website in order to increase its visibility on the internet and provide interesting and relevant information about our work. We attracted growing interest in the Our Africa website which portrays life in Africa through the eyes of the children who live there. In 2013, we produced an updated version of the Schools Wikipedia website, which displays thousands of articles from Wikipedia, organised by school subject in accordance with the UK National Curriculum.

We are grateful to the many hundreds of people who set themselves challenges from treks and marathons to parachute jumps in 2013 to raise funds for our work.

Case Studies

Our support for the community of Chipata in Zambia

The poor and remote eastern province of Chipata in Zambia was identified by SOS Zambia as a location in need of SOS Children's Villages programmes. A Child Rights Situation Analysis by SOS Zambia led to the creation of our fourth SOS Children's Village in Zambia. The community family strengthening programme was initiated in early 2011 and a community medical bus was launched in late 2011. In October 2012, the Children's Village was opened and by the end of 2013 provided a safe and loving family home to 150 children with no one to care for them. There is also an SOS Nursery School, as well as a medical and social centre.

The community family strengthening programme in Chipata reaches out to families to help them stay together, improve their standard of living and become self-sufficient in the long term. Our programme now extends across three shanty town areas – Mchini, Magazine and Nabvutika. In partnership with local organisations and community leaders, we identify those most in need – often families affected by HIV/AIDS or other illnesses.

Initially, we offer health care, food parcels and clothing to address the family's immediate needs. We help families repair their existing housing or assist them with finding somewhere better to live. We support parents and caregivers to access vocational training or establish small businesses, enabling them to become financially self-sufficient and benefiting the local economy. We also help children receive an education by subsidising school fees and providing uniforms.



Winnie's story

Nine people live with Winnie* in her two-roomed house in Nabvutika district of Chipata – six children, two grandchildren and her husband, who is paralysed and bedridden. Winnie was struggling to cope.

Thanks to the generous support of UK donors, we have been able to help Winnie. All her school-aged children are now in formal education since the costs for uniforms, fees and books are being met by SOS Children.

We also supplied Winnie with dried beans to sell and farming supplies to bolster her modest tomato growing business, ensuring a more stable income. With further training, Winnie has identified other opportunities and started making reed brushes to sell. With the extra money she's earned, Winnie was able to make house repairs before the rainy season.

Winnie now has hope for the future. She is working towards financial independence and believes her children and grandchildren will be able to escape poverty with a good education. Her 15 year-old daughter wants to be a nurse – something unthinkable a short time ago.

*Winnie's name has been changed to respect her privacy.



Emergency response appeal 2013

In November 2013, Typhoon Haiyan devastated communities across the central Philippines. More than 6,000 people lost their lives and over four million were forced from their homes. SOS Children's Villages provided assistance to people in the worst-hit areas.

The SOS Children's Village in Tacloban is just a short journey from the centre of the city. Children and staff had to climb onto roofs to escape the floods and the Village was strewn with debris. Fortunately, all were safe. SOS staff were therefore on hand to provide food, water, medical supplies and warm clothing to the children in our Village.

The emergency appeal in the UK raised £62k from our donors, who gave most generously. Money from the UK and other SOS member associations meant that we were quickly able to cover the cost of repairing buildings and make the Village secure and safe once more.

In the local community, SOS teams handed

out scores of boxes of essential household items to families. We also established ten safe child-friendly spaces where children could play, laugh and recover. This also provided parents with vital childcare services, allowing them to spend time repairing their homes. Around 1,000 children attended these child-friendly spaces, and each received a hygiene and health kit containing basic items such as toothpaste and soap.

In coastal regions, Typhoon Haiyan caused hundreds of fishermen to lose their boats. With no means to earn an income, many struggled to provide for their families. As part of our support, SOS Children's Villages provided new fibreglass boats for 36 people in the fishing communities of Bislig and Magay. Each new boat is shared by a pair of fishermen and comes equipped with an engine and nets. The new boats are made from eco-friendly fibreglass and through a partnership with the Agriculture Department, the fishermen are being trained in how to use and maintain these new boats.

Structure, governance and management

SOS Children UK was established in 1968 as an unincorporated charitable trust and as a members 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.

The Board met four times in 2013 and will continue to meet at least four times per year.

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 and operational and 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 security relating to our IT systems and data. Our risk register is regularly reviewed to ensure it is kept up to date and remains a relevant working document.

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. Together with our partners and other member associations, we work for:

- the protection of children and their families;
- the advancement of education;
- the advancement of health and the saving of lives;
- the advancement of children's rights; and
- the care and protection of children in emergency situations.

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.

Financial health

Total income in 2013 was similar to 2012 and reflects a good performance during a year of transition for the charity. We remain very grateful to our supporters for their ongoing commitment to our work and the interest shown in helping people in real need. Our unrestricted funds balance has strengthened and the trustees remain confident that the charity will continue to grow and thereby achieve its goals of financially supporting more of the worldwide work of SOS Children's Villages.

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

Our restricted reserves are high because these are mainly being retained for capital project costs which are called off when the funds are required. We seek to maintain a level of unrestricted reserves adequate to cover not only our ongoing trade debt but also our commitments to projects overseas and have established a policy of retaining the equivalent of between four and six months forward expenditure in free reserves. Our current unrestricted reserves target is £500k. At 31 December 2013, other unrestricted charitable funds stood at £401,007. As at 31 December 2013, the restricted funds of the charity totalled £2,606,784 which are held for the purposes as set out in note 17.

Plans for the future

SOS Children's Villages UK has an ongoing goal of increasing its contributions to the international work of the SOS Children's Villages organisation. We have responsibility for certain SOS Children's Villages

programmes in The Gambia and Zambia (indefinitely) and Sierra Leone (for three years). We will work in close collaboration with colleagues from elsewhere in the SOS Children's Villages International federation to develop sponsorship, global corporate partnerships and online fundraising. We will also grow our work with trusts and foundations and institutional partners, and ensure that all aspects of the work of SOS Children's Villages, including our community family strengthening programmes, are promoted in the UK and supported by UK funds. We will also continue to improve the prominence and appeal of our websites and look to attract support from people who are actively interested in helping children throughout the world.

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

- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in 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 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.

In preparing this report, the Trustees have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the Trustees on:

and signed on their behalf by:



Mary Cockcroft, Chairman

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 2013 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 2013 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 applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

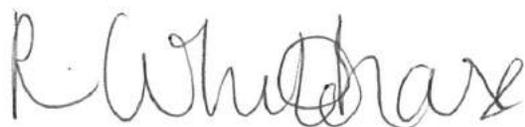
Salisbury House
Station Road
Cambridge
CB1 2LA

Date: 18th July 2014

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 prepare the financial statements in accordance with the small companies regime and to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Trustees' Report.



Kelly Whitehouse (Senior Statutory Auditor)
for and on behalf of

Peters Elworthy & Moore

Chartered Accountants
Statutory Auditors

Statement of financial activities (Incorporating Income and Expenditure Account) for the year ended 31 December 2013

STATEMENT OF FINANCIAL ACTIVITIES (Incorporating Income and Expenditure Account) FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Restricted funds 2013 £	Unrestricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Voluntary income	2	4,157,779	1,519,384	5,677,163	6,074,125
Activities for generating funds	3	147,786	17,775	165,561	98,636
Investment income	4	-	30,259	30,259	18,569
TOTAL INCOMING RESOURCES		4,305,565	1,567,418	5,872,983	6,191,330
RESOURCES EXPENDED					
Costs of generating funds:					
Costs of generating voluntary income	5	-	1,066,609	1,066,609	1,092,418
Charitable activities	7	4,214,920	318,236	4,533,156	5,385,161
Governance costs	8	-	80,329	80,329	111,936
TOTAL RESOURCES EXPENDED	9	4,214,920	1,465,174	5,680,094	6,589,515
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS					
		90,645	102,244	192,889	(398,185)
Transfers between Funds	17	(83,537)	83,537	-	-
NET MOVEMENT IN FUNDS FOR THE YEAR		7,108	185,781	192,889	(398,185)
Total funds at 1 January 2013		<u>2,599,676</u>	<u>215,226</u>	<u>2,814,902</u>	<u>3,213,087</u>
TOTAL FUNDS AT 31 DECEMBER 2013		<u>2,606,784</u>	<u>401,007</u>	<u>3,007,791</u>	<u>2,814,902</u>

The notes on pages 14 to 26 form part of these financial statements.

Balance sheet as at 31 December 2013

	Note	£	2013 £	£	2012 £
FIXED ASSETS					
Tangible assets	12		38,478		34,231
CURRENT ASSETS					
Debtors	14	291,942		402,435	
Cash at bank and in hand		<u>3,836,248</u>		<u>3,330,904</u>	
		4,128,190		3,733,339	
CREDITORS: amounts falling due within one year	15	<u>(1,158,877)</u>		<u>(952,668)</u>	
NET CURRENT ASSETS			<u>2,969,313</u>		<u>2,780,671</u>
NET ASSETS			<u>3,007,791</u>		<u>2,814,902</u>
CHARITY FUNDS					
Restricted funds	17		2,606,784		2,599,676
Unrestricted funds:					
Share capital	16	200		200	
Unrestricted income funds	17	<u>400,807</u>		<u>215,026</u>	
Total unrestricted funds			<u>401,007</u>		<u>215,226</u>
SHAREHOLDERS' AND CHARITY'S FUNDS			<u>3,007,791</u>		<u>2,814,902</u>

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Trustees on 19 June 2014 and signed on their behalf, by:

Mary Cockcroft, Chairman

The notes on pages 14 to 26 form part of these financial statements.

Notes to the financial statements for the year ended 31 December 2013

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008). The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, applicable accounting standards and the Companies Act 2006.

1.2 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.

1.3 Cash flow

The financial statements do not include a Cash Flow Statement because the charitable company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008).

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, gains and losses are allocated to the appropriate fund.

1. Accounting policies (continued)

1.5 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the company has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability. For legacies, entitlement is the earlier of the company being notified of an impending distribution or the legacy being received.

Gifts in kind donated for distribution are included at valuation and recognised as income when they are distributed to the projects. Gifts donated for resale are included as income when they are sold. Donated facilities are included at the value to the company where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

Donated services or facilities, which comprise donated services, are included in income at a valuation which is an estimate of the financial cost borne by the donor where such a cost is quantifiable and measurable. No income is recognised where there is no financial cost borne by a third party.

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

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

1.6 Resources expended

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

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

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:

Freehold land	- not depreciated
Fixtures & fittings	- 3 years straight line

1.8 Investments

Investments are stated at market value at the balance sheet date less provisions for impairment. The Statement of Financial Activities includes the net gains and losses arising on revaluations and disposals throughout the year.

1. Accounting policies (continued)

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.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.10 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.

1.11 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.

The company operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 30 September 2008.

1.12 Sponsorship Account

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.

1.13 Gifts in Kind

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.

1.14 Irrecoverable VAT

Irrecoverable input VAT, is shown within sundry expenditure.

2. Voluntary income

	Restricted funds 2013 £	Unrestricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Gifts and donations	4,082,196	611,046	4,693,242	4,869,474
Legacies	11,160	208,233	219,393	582,930
Grants receivable	64,423	-	64,423	-
Income tax recoverable	-	69,044	69,044	4,226
Donated goods and services	-	631,061	631,061	617,495
Voluntary income	<u>4,157,779</u>	<u>1,519,384</u>	<u>5,677,163</u>	<u>6,074,125</u>

3. Fundraising income

	Restricted funds 2013 £	Unrestricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Supporters groups	<u>147,786</u>	<u>17,775</u>	<u>165,561</u>	<u>98,636</u>

4. Investment income

	Restricted funds 2013 £	Unrestricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Rent receivable	-	925	925	925
Bank interest receivable	-	29,334	29,334	17,644
	<u>-</u>	<u>30,259</u>	<u>30,259</u>	<u>18,569</u>

5. Costs of generating voluntary income

	Restricted funds	Unrestricted funds	Total funds	Total funds
	2013	2013	2013	2012
	£	£	£	£
Fundraising costs	-	144,187	144,187	65,484
Staff travel	-	15,395	15,395	16,291
Rent and rates	-	109,743	109,743	108,267
Insurance	-	4,821	4,821	4,533
Light and heat	-	2,398	2,398	2,323
Telephone and fax	-	3,188	3,188	2,364
Printing, postage and stationery	-	23,072	23,072	18,338
Computer costs	-	129,450	129,450	62,297
Sundry	-	49,401	49,401	39,470
Bank charges	-	13,397	13,397	11,885
Subscriptions and training	-	10,866	10,866	8,927
Professional fees	-	3,906	3,906	249
Loss/(gain) on foreign exchange	-	5,198	5,198	30,977
Repairs and renewals	-	2,134	2,134	289
Projects management	-	52,059	52,059	75,210
Recruitment	-	13,695	13,695	-
Staff costs	-	462,853	462,853	635,083
Depreciation	-	3,142	3,142	10,431
Hong Kong Friends of SOS Children's Villages	-	17,704	17,704	-
	<u>-</u>	<u>1,066,609</u>	<u>1,066,609</u>	<u>1,092,418</u>

6. Expenditure by charitable activity

Summary by fund type

	Restricted funds 2013 £	Unrestricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Sponsorship and support of orphans and children's villages (note 7)	<u>4,214,920</u>	<u>318,236</u>	<u>4,533,156</u>	<u>5,385,161</u>

Summary by expenditure type

	Staff costs 2013 £	Depreciation 2013 £	Other costs 2013 £	Total 2013 £	Total 2012 £
Sponsorship and support of orphans and children's villages	<u>94,801</u>	<u>643</u>	<u>4,437,712</u>	<u>4,533,156</u>	<u>5,385,161</u>

7. Charitable Activities

	Restricted funds 2013 £	Unrestricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Staff travel	-	3,153	3,153	3,337
Rent and rates	-	22,478	22,478	22,175
Insurance	-	988	988	928
Light and heat	-	491	491	476
Telephone and fax	-	653	653	484
Postage, printing and stationery	-	4,726	4,726	3,756
Computer costs	-	27,885	27,885	12,760
Sundry	-	13,197	13,197	8,084
Bank charges	-	2,744	2,744	2,434
Subscriptions	-	2,225	2,225	1,828
Loss on foreign exchange	-	1,065	1,065	6,345
Sponsorships	2,148,318	-	2,148,318	2,088,409
Project expenditure	2,066,602	-	2,066,602	2,905,737
Repairs and renewals	-	437	437	59
Legacy costs	-	5,777	5,777	6,693
Project management	-	134,421	134,421	194,200
Professional fees	-	800	800	52
Our Africa expenses	-	1,752	1,752	(3,844)
Wages & salaries	-	83,635	83,635	113,437
National insurance	-	8,345	8,345	12,634
Pension costs	-	2,821	2,821	3,040
Depreciation	-	643	643	2,137
Total	<u>4,214,920</u>	<u>318,236</u>	<u>4,533,156</u>	<u>5,385,161</u>

8. Governance Costs

	Restricted funds 2013 £	Unrestricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Auditors' remuneration	-	7,775	7,775	7,165
Projects management	-	72,520	72,520	104,771
Trustees expenses	-	34	34	-
	<u>-</u>	<u>80,329</u>	<u>80,329</u>	<u>111,936</u>

9. Analysis of resources expended by expenditure type

	Staff costs 2013 £	Depreciation 2013 £	Other costs 2013 £	Total 2013 £	Total 2012 £
Costs of generating	462,853	3,142	600,614	1,066,609	1,092,418
Costs of generating funds	462,853	3,142	600,614	1,066,609	1,092,418
Sponsorship and support of orphans and children's villages	94,801	643	4,437,712	4,533,156	5,385,161
Governance	-	-	80,329	80,329	111,936
	<u>557,654</u>	<u>3,785</u>	<u>5,118,655</u>	<u>5,680,094</u>	<u>6,589,515</u>

10. Net Income/Expenditure

This is stated after charging:

	2013 £	2012 £
Depreciation of tangible fixed assets:		
- owned by the charity	3,785	12,568
Auditors' remuneration	7,775	7,165
Pension costs	<u>16,592</u>	<u>21,383</u>

During the year, no Trustees received any remuneration (2012 £NIL).

During the year, no Trustees received any benefits in kind (2012 £NIL).

1 Trustee received reimbursement of travel expenses amounting to £34 in the current year, (2012 nil).

11. Staff costs

Staff costs were as follows:

	2013 £	2012 £
Wages and salaries	491,971	672,591
Social security costs	49,091	70,220
Other pension costs	6,592	21,383
	<u>557,654</u>	<u>764,194</u>

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

	2013 No.	2012 No.
	<u>18</u>	<u>23</u>

The number of higher paid employees was:

	2013 No.	2012 No.
In the band £60,001 £70,000	1	0
In the band £80,001 £90,000	0	1
	<u>1</u>	<u>1</u>

12. Tangible fixed assets

	Freehold property £	Fixtures & fittings £	Total £
Cost			
At 1 January 2013	21,000	167,662	188,662
Additions	<u>-</u>	<u>8,032</u>	<u>8,032</u>
At 31 December 2013	<u>21,000</u>	<u>175,694</u>	<u>196,694</u>
Depreciation			
At 1 January 2013	-	154,431	154,431
Charge for the year	<u>-</u>	<u>3,785</u>	<u>3,785</u>
At 31 December 2013	<u>-</u>	<u>158,216</u>	<u>158,216</u>
Net book value			
At 31 December 2013	<u>21,000</u>	<u>17,478</u>	<u>38,478</u>
At 31 December 2012	<u>21,000</u>	<u>13,231</u>	<u>34,231</u>

13. Fixed asset investments

	Unlisted securities £
Market value	
At 1 January 2013 and 31 December 2013	<u><u>4,800</u></u>
Impairment	
At 1 January 2013 and 31 December 2013	<u><u>4,800</u></u>
Net book value	
At 31 December 2013	<u><u>-</u></u>
At 31 December 2012	<u><u>-</u></u>

The historical cost of these assets is £Nil as they were donated to the charity.

14. Debtors

	2013 £	2012 £
Other debtors	89,943	336,043
Prepayments and accrued income	34,644	12,169
Tax recoverable	167,355	54,223
	<u><u>291,942</u></u>	<u><u>402,435</u></u>

15. Creditors

	2013 £	2012 £
Other taxation and social security	16,579	13,274
Other creditors	1,089,143	894,412
Accruals and deferred income	53,155	44,982
	<u>1,158,87</u>	<u>952,668</u>

Other creditors include £1,080,238 (2012 - £894,043) in respect of Sponsorship income collected for the six month period July - December 2013 which was remitted to SOS Kinderdorf International in Austria in April 2014.

16. Share Capital

	2013 £	2012 £
Allotted, called up and fully paid		
200 Trust Capital shares of £1 each	<u>200</u>	<u>200</u>

17. Statement of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Carried Forward £
Unrestricted funds					
General Fund	15,026	1,567,418	(1,465,174)	83,537	400,807
Share capital	200	-	-	-	200
	<u>215,226</u>	<u>1,567,418</u>	<u>(1,465,174)</u>	<u>83,537</u>	<u>401,007</u>

17. Statement of funds (continued)

Restricted funds

Large 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 overseas, such that funds are only used in connection with the donors specified village.

Any restricted fund in deficit, is supported for the short term from unrestricted funds, with a view to future restricted donations covering the deficit.

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Carried Forward £
Angola, Benguela	63,125	6,473	(37,028)	-	32,570
Cote d'Ivoire, Aboisso Family Strengthening programme	27,059	31,077	-	-	58,136
Gambia, Basse	47,722	14,891	(138,987)	76,374	-
Haiti Earthquake	133,328	30,428	-	-	163,756
Malawi	157,786	170	-	-	157,956
Malawi, Mzuzu	71,843	15,456	(404)	-	86,895
Pakistan	152,602	261,873	(282,713)	-	131,762
Pakistan Flood Appeal	128,713	-	-	-	128,713
Pakistan, Sialkot	-	100,000	(125,000)	25,000	-
Philippines, Typhoon Haiyan 2013	-	54,895	-	-	54,895
Sierra Leone, Family Strengthening programme (Isle of Man)	-	54,759	(54,759)	-	-
Somalia, Kenya, Ethiopia East Africa Emergency Relief	92,961	365	-	-	93,326
Somaliland, Hargeisa Primary School	59,500	-	-	-	59,500
Sri Lanka, Jaffna	86,777	2,253	(63,518)	-	25,512
Tsunami	51,381	-	(32,919)	-	18,462
Zambia	-	261	(429,736)	429,475	-
Zambia, Chipata	13,787	209,575	(39,931)	183,431	-
Strategy Project fee	83,537	-	-	(83,537)	-
Subsidy fee	287,617	374,244	-	(231,717)	430,144
HSBC Educational Trust	24,923	705,819	(673,379)	-	57,363
Sponsorship account	116,159	2,049,620	(2,074,866)	-	90,913
Other restricted projects < £50,000	1,000,856	393,406	(261,680)	(115,701)	1,016,881
	2,599,676	4,305,565	(4,214,920)	(83,537)	2,606,784
Total of funds	2,814,902	5,872,983	(5,872,983)	-	3,007,791

Summary of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Carried Forward £
General funds	215,226	1,567,418	(1,465,174)	83,537	401,007
Restricted funds	2,599,676	4,305,565	(4,214,920)	(83,537)	2,606,784
	<u>2,814,902</u>	<u>5,872,983</u>	<u>5,680,094</u>	<u>-</u>	<u>3,007,791</u>

18. Analysis of net assets between funds

	Restricted funds 2013 £	Unrestricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Tangible fixed assets	-	38,478	38,478	34,231
Current assets	2,606,784	1,521,406	4,128,190	3,733,339
Creditors due within one year	-	(1,158,877)	(1,158,877)	(952,668)
	<u>2,606,784</u>	<u>401,007</u>	<u>3,007,791</u>	<u>2,814,902</u>

19. Pension commitments

The company 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 £16,592 (2012 - £21,383), at the year end date £1,661 (2012 - £369) was outstanding

The company operates a defined benefit pension scheme, which is funded.

The potential liability of the defined benefit pension scheme for the year ending 31 December 2013 has not been recognised based on the advice of a professionally qualified actuary however is disclosed in note 23.

The contribution made for the year ended 31 December 2013 was £Nil. The agreed contribution rate for future years is Nil%.

20. Operating lease commitments

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2013 £	2012 £	2013 £	2012 £
Expiry date:				
Within 1 year	-	-	330	-
Between 2 and 5 years	<u>94,800</u>	<u>94,800</u>	<u>4,430</u>	<u>4,008</u>

21. Other financial commitments

At the year end the company was committed to expenditure payable within one year totalling £927,135 (2012 - £647,236). All amounts are due to be expended from restricted reserves

22. Related party transactions

At 31 December 2013, 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.

Trading operations are now undertaken by the charitable company.

23. Contingent liabilities

SOS Children's Villages UK participated in The Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted out of the State scheme. The Plan is a multi employer pension plan.

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 31 December 2012. As of this date the estimated employer debt for SOS Children's Villages UK was £12,771.

As at the balance sheet date there were no active members of the Plan employed by SOS Children's Villages UK. No contributions were made to the Plan during the accounting period. SOS Children's Villages UK has closed the Plan to new entrants.

The Trustees have reviewed the risks associated with remaining as a participant of the Plan and are satisfied with the level of risk incurred.