

Annual Report 2018



SOS CHILDREN'S
VILLAGES
UNITED KINGDOM

Global reach, local approach

SOS CHILDREN'S VILLAGES UK IS PART OF A GLOBAL FEDERATION OF 140 LOCAL SOS CHILDREN'S VILLAGES ASSOCIATIONS. TOGETHER, WE WORK IN 136 COUNTRIES AND TERRITORIES WORLDWIDE TO ENSURE THAT CHILDREN GROW UP IN A STABLE ENVIRONMENT WHERE THEY FEEL LOVED, SAFE AND SUPPORTED.

CONTENTS

TRUSTEES' REPORT

- 3 Foreword
- 4 Creating a lasting impact
- 5 Global reach, local approach
- 6 Child safeguarding
- 7 Ensuring children's rights are upheld

OUR IMPACT

- 8 Preventing children from growing up alone
- 10 A second chance at a family upbringing
- 12 Investing in children's futures
- 14 Giving children back their childhoods

FINANCIAL REPORT

- 16 Looking ahead
- 17 Thank you to our donors
- 18 Financial performance
- 20 Structure, governance & management
- 25 Auditor's report
- 28 Financial statements



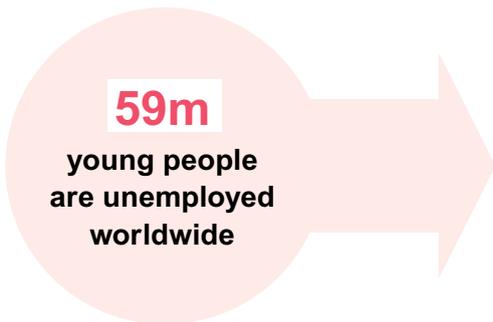
WHAT MAKES US UNIQUE

We believe that children in crisis deserve more from life than the basics for survival such as food, water and shelter. Children everywhere have the right to grow up feeling loved, safe and supported. They are entitled to a happy childhood, and the chance to build a better future for themselves. We work with children and families living through poverty, conflict, man-made and natural disasters to ensure children can have the childhood, and the life, they deserve. And by supporting them to grow into resilient and independent adults who can contribute to their communities, we are helping to bring about positive and lasting change.



We prevented children from growing up alone by supporting families struggling under the burdens of extreme poverty and at risk of family breakdown

We also offered children without parental care a second chance at a family upbringing – a secure home where they could grow up feeling loved, safe and supported by their SOS families



We invested in children's futures, supporting young people to transition to employment and independence through vocational training and career development



We gave children back their childhoods, caring for those left alone by war and disaster, reuniting separated children and families, and providing opportunities for play and learning



We advocated for the rights and needs of children without parental care and continued to give such children a voice to ensure they are not neglected in national and international policies and programmes



NO CHILD SHOULD GROW UP ALONE

SOS Children's Villages UK's (SOS UK's) mission to protect children from the life-long consequences of growing up alone faced immense challenges in 2018 as a succession of conflicts and natural disasters separated families and left children without parental care. The protracted Syrian conflict, an economic collapse in Venezuela, drought in the Horn of Africa, outbreaks of Ebola, cholera and other contagious diseases and the Indonesian earthquake endangered lives, compounded the global child refugee crisis and worsened poverty.

Consequently, an estimated 220 million children are growing up without the care they need.

As we marked SOS UK's 50th anniversary, these challenges served as a reminder that our work must go on, with renewed energy and determination. In a world of complex conflicts and escalating environmental challenges it is more important than ever that we continue to grow our operations and maximise our resources so that we can meet this increased global need for our work.

To ensure we can continue to be there for children when they need us most we have redoubled our efforts this year to maintain and grow the relationships with our donors. We have expanded our communications capacity to increase public and political awareness of the needs of the world's most vulnerable children and our work addressing them and invested in the right people for the right roles. We have also added three new members to our Board of Trustees, bringing a greater diversity of experience to our governance processes.

In recognition of the powerful and sustainable impact that can be achieved through our prevention work, we have also invested more heavily this year in family strengthening and youth employability programmes. With our donors' generous support, parents and young people have learnt new skills, opened their own businesses and embarked on promising new careers. And as their lives improve so do those of others in their community and future generations of children who will grow up unencumbered by generational poverty.

None of this would have been possible without the generosity of our supporters and partners.

Thank you for helping us to improve children's lives worldwide.



Mary Cockcroft
SOS UK Chair of Trustees



Alison Wallace
SOS UK CEO

Mary Cockcroft *Alison Wallace*

CREATING A LASTING IMPACT

When children grow up in a stable environment, confident they can rely on receiving the care and support they need, they often develop into resilient and independent adults who are able to cope with life's challenges and become contributing members of their societies. Investing in supporting children at risk of growing up alone isn't simply a moral imperative – it makes the world a better place for them, for society and for future generations.

The alternative is another generation of children whose physical, psychological and social development is impeded by the detrimental effects of growing up without the love and support that is so crucial to their wellbeing. Children who grow up alone are more likely to experience rights violations such as poverty and exclusion, poor physical and mental health, lack of access to education, high youth unemployment, and high levels of violence and neglect. They can also find it more difficult to properly care for their own children later in life, perpetuating the cycle.

Today's children are our future leaders, teachers, employers and parents. By ensuring they can reach their potential, SOS Children's Villages UK creates a lasting impact.



Children who grow up feeling safe, loved and supported...
 can develop into resilient and independent adults



can become good parents to the next generation...
 and help shape a better future for their children and grandchildren

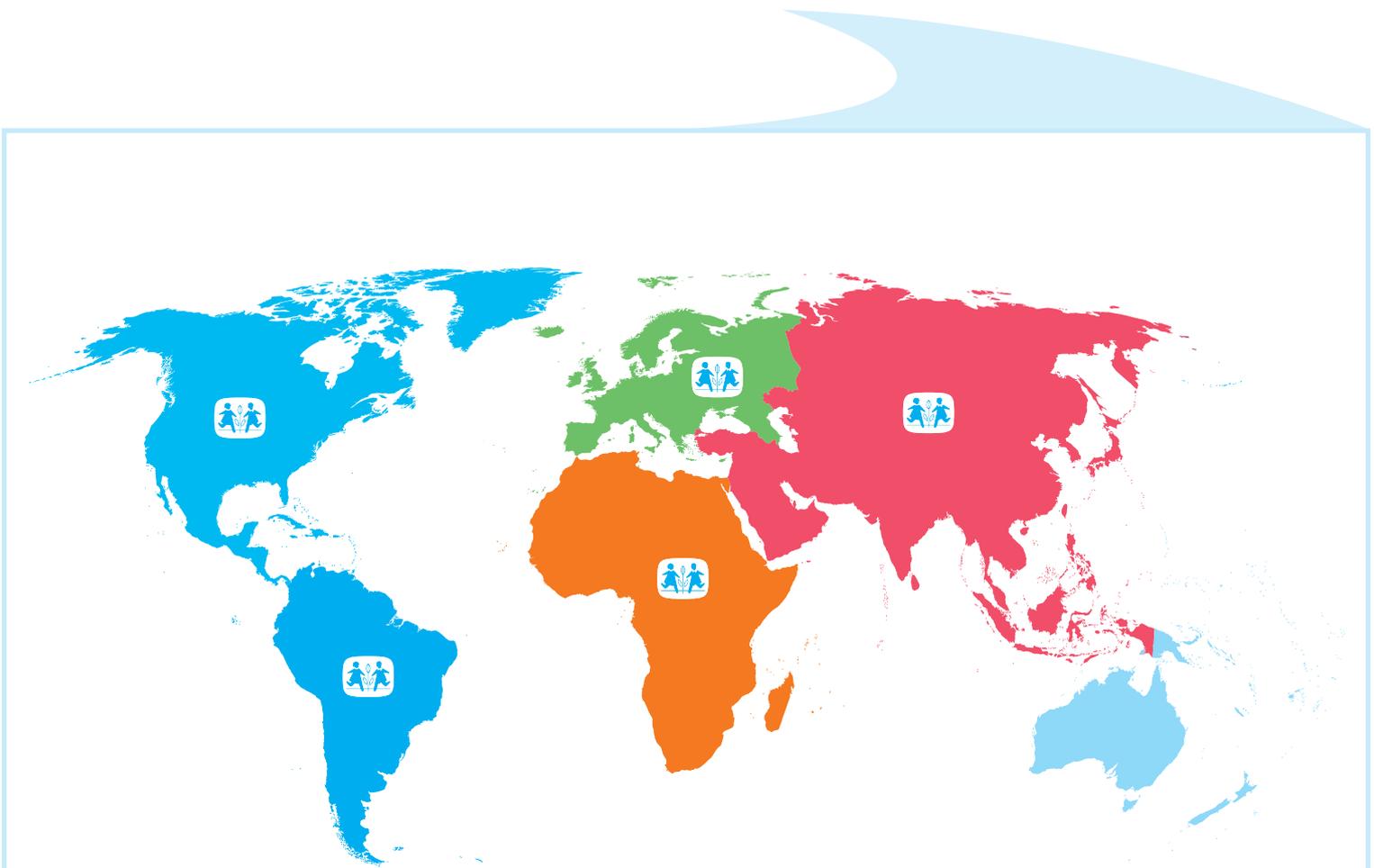


can play a valuable role in their communities...
 and make the world a better place for them, their society, and future generations.

GLOBAL REACH, LOCAL APPROACH

SOS Children's Villages UK supported programmes in **115 countries** in 2018, reaching children and families in crisis across five continents.

Despite our **global reach**, we take a **local approach**. Our programmes are locally planned and run by in-country SOS child-welfare experts. They understand the community because they are a part of it. They are cognizant of local customs, practices and belief-systems because they share them, or live amongst them. And they can help effectively because they have long-established relationships with local and national government bodies, suppliers and community leaders.



We are part of SOS Children's Villages – a global federation working to protect and care for children worldwide. With the combined strength of the federations' member-countries we have the power to advocate for children's rights at the intergovernmental level, challenge policies and practices which endanger children worldwide and ensure the voices of the world's most vulnerable are heard.

Together, we were instrumental in the development of the UN Guidelines for the Alternative Care of Children, have championed youth participation in global institutional politics and are working to achieve a sustainable future for children through the Sustainable Development Goals. Since its creation 70 years ago, SOS Children's Villages have supported four million children and young people globally to grow up in a safe and caring family environment.



CHILD SAFEGUARDING

Creating a safe environment where children feel loved and respected, both within our programmes and in the wider community and society, is an integral part of everything we do. **The SOS Care Promise** defines our commitment to providing quality care for **every single child** in our programmes. Ensuring children are safe and protected lies at its core.

SOS Children's Villages creates a safe environment for children in many ways, including:

- Our child safeguarding procedures adhere to international standards and **BEST PRACTICE**
- We assess, analyse and **REDUCE** child safeguarding risks
- We regularly perform internal and external child safeguarding **AUDITS**
- Our **REPORTING** and whistleblowing mechanisms encourage children and staff to raise concerns
- We **RESPOND** quickly to complaints, using clearly defined procedures
- We **LISTEN** to children to understand what safety means to them
- Our violence prevention and awareness campaigns equip communities to **PROTECT** children
- We **ADVOCATE** globally for neglect and abuse to be recognised as unacceptable

Transparency is key

2018 was a year in which child safeguarding in the charity sector came under intense media and political scrutiny. SOS Children's Villages (SOS) has responded with openness and transparency, publishing the SOS Child Safeguarding Annual Report - an overview of safeguarding related actions, achievements, challenges and lessons learnt. In the UK, we conducted our own external review of our safeguarding policies and implemented the minor improvements it identified, for example by appointing one of our Trustees as the Board's safeguarding lead.

SOS Children's Villages also continued its ongoing Independent Child Safeguarding Review of its historical and current safeguarding practices. Initiated in 2016, it predated recent events, demonstrating our proactive approach to child safeguarding. SOS developed its reporting and record-keeping system for child safeguarding in 2008, and in 2017 became one of only four organisations in the global child care sector to be granted Level 1 Certification by Keeping Children Safe – the developers of the International Child Safeguarding Standards.

SOS Children's Villages UK CEO Alison Wallace watches Rushanara Ali MP's keynote address at our 'The Rohingya Crisis: A People in Exile' exhibition.



ENSURING CHILDREN'S RIGHTS ARE UPHELD

The global displacement crisis worsened for the fifth consecutive year in 2018, leaving children at increased risk of poverty, abuse, and the loss of parental care. In response, SOS Children's Villages UK focused its advocacy work on protecting the rights of refugee children worldwide. We joined Families Together - a coalition of NGOs including the UNHCR, the Children's Society, the British Red Cross and Oxfam - to campaign for children granted refugee status in the UK to have the right to sponsor their parents or siblings to join them, thus preventing them from growing up alone.

We were also actively involved in Refugee Week 2018, hosting a Parliamentary event with the British Red Cross to brief MPs and Peers on SOS Children's Villages' work with children and families fleeing violence, disaster, and persecution, and organising our 'Walk a Mile' march in support of child refugees.

In December 2018 we launched a photo exhibition, 'The Rohingya Crisis: A People in Exile', at the Guardian's London headquarters with world-class photographer Renaud Philippe to highlight the plight of children and families at the Cox's Bazar refugee settlement in Bangladesh. Rushanara Ali MP (Vice Chair of the APPG on the Rights of the Rohingya) and BBC World Affairs Correspondent Mike Thompson gave keynote addresses.

Working with the UN

Through the combined efforts of SOS Children's Villages' (SOS) global federation and its coalition partners this year, the UN 'Rights of the Child' Resolution for 2019 will focus on children without parental care. SOS worked in partnership with 80 NGOs to encourage governments to select this theme. In a year that marks the 10th anniversary of the UN Guidelines for the Alternative Care of Children, the UN resolution will galvanise organisations and stakeholders who focus on child care and protection to address the needs of children without parental care and help ensure every child can grow up in a supportive family.



PREVENTING CHILDREN FROM GROWING UP ALONE

Supporting families in crisis is one of the best ways to prevent children suffering the loss of parental care. The family strengthening programmes run by the global federation of SOS Children's Villages (SOS) help parents struggling under the burdens of extreme poverty, warfare and disaster, and at risk of family breakdown, to give their children the start in life they deserve – because prevention is always better than cure.

“Preventing children from growing up alone is increasingly becoming the focus of our work. We help families become financially resilient, so their children can avoid the life-altering consequences of poverty such as malnutrition, child-labour and the loss of education. We enable families to stay together through the hard times with family counselling, parenting workshops and the emotional and practical support they need. And we offer women the resources and support necessary to become empowered, provide for their families, and stand up for their rights – and those of their families – so they can build a better, and more sustainable future for themselves and their children.”

Alison Wallace, CEO SOS Children's Villages UK

Strengthening women's economic power

Investing in women is crucial to creating prosperous societies. The economic empowerment of women boosts productivity, increases economic diversification and income equality, and reduces child poverty - particularly in female headed households.



The three-year SOS women's empowerment programme in Guinea Bissau continued to strengthen women's economic power and improve their children's quality of life in 2018 – offering women access to entrepreneurship and business training, micro-financing and other support with income generation.

Supported by a generous grant SOS UK received from the National Lottery Community Fund, the programme also helped women fight against exploitative and harmful practices that impact them and their daughters, such as gender-based violence and child marriage. On International Human Rights Day 2018, 700 women and girls joined the SOS 'Together for Gender Equality and Equity' march to Guinea Bissau's seat of Government to demand an end to women's rights violations in the country.

Snapshot: Côte D'Ivoire

Abidjan in Côte d'Ivoire is a city of contrasts, where wealth and desperate poverty exist side by side. Still recovering from a crippling conflict, 20% of the population live in slums and the country has the highest HIV/AIDS rates in West Africa – all risk factors for children losing parental care.

In 2018, SOS UK helped prevent nearly 800 children in Abidjan from growing up alone. The SOS family strengthening programme supported hundreds of families who were at risk of breaking down due to extreme poverty – helping them improve their livelihoods, set up their own businesses, and establishing community-run savings and loan schemes. It also enabled children to go to school, access vocational training and apprenticeships, and build themselves a secure future.

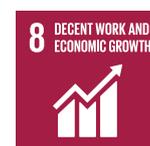


When Adele lost her husband in 2014 she struggled to support her five sons and feared for their future. Now she runs a thriving catering business and is a respected figure in her community, where the locals call her 'Presidente Adele'.

"When my husband died I lost everything. But with support from SOS I was able to provide for my children and get them back to school. My oldest son works for the Government now and my second has a graduate degree. The other boys are still in school – my youngest will finish primary school this year," she told us proudly.

SOS AND THE SUSTAINABLE DEVELOPMENT GOALS

Our family strengthening programmes are helping the world reach the Sustainable Development Goals, a shared plan for global peace and prosperity, by improving children's lives.



A SECOND CHANCE AT A FAMILY UPBRINGING

An estimated 140 million children worldwide have lost one or both parents. Many more have lost parental care due to abandonment, abuse or neglect. When children are left alone, the global federation of SOS Children's Villages offers them a second chance at a family-like upbringing through SOS village communities and kinship care programmes around the world.

In 2018, SOS village communities offered thousands of children a safe and loving home – somewhere they know they are wanted, that they belong, and are supported. Growing up within a family unit, with an SOS mother, siblings, and community support, every child under SOS care receives the quality education, healthcare and individual support they need to thrive.

Snapshot: The Gambia

The smallest country in Africa is also one of its poorest, a situation worsened by the 2014 Ebola outbreak. Restrictions on the movement of people and goods and a poor harvest sent the cost of food skyrocketing and poverty, malnourishment and high maternal mortality rates affect families to this day. The number of children without parental care is on the rise – but thanks to our UK child and village sponsors, 157 children at SOS village communities in Basse and Bakoteh are growing up in a stable environment where they can feel safe, loved and supported by their SOS mothers and families.

At the local SOS nursery and secondary schools, they - and hundreds of disadvantaged children from the surrounding community - are receiving a quality education, and when they are ready, they will move into the local SOS youth facility - the first step to transitioning towards an independent future. For some that journey will involve going to university, for others vocational training or work placements, and they will have a home and a family network at SOS for as long as they need it.



 SOS Children's Villages UK helped provide more than **6,000 children** who had lost parental care with a loving home in SOS village communities in 2018



Two young sisters hug their SOS mother at the SOS village community in Faridabad, India. The girls were abandoned at a train station when they were three years old, with only a small burlap rice sack containing a few matching dresses.

Snapshot: India

India is home to 11 million abandoned children. Fuelled by desperate poverty, particularly in rural areas and urban slums, and a series of natural disasters, girls and children with disabilities face the greatest risks of losing parental care. With children's needs so great, SOS Children's Villages UK (SOS UK) supports dozens of SOS village communities in India, and thanks to the generosity of our UK supporters in 2018, 543 Indian children without parental care had a second chance at a happy childhood.

The SOS village community in Khajuri Kalan specialises in caring for children with disabilities who have lost parental care. The long-term care, physical rehabilitation, and training it offers focuses on enabling children to live independently and become active participants in mainstream society. We don't believe a disability should hold any child back from reaching their full potential. With a generous contribution from our partners, **The Property Race Day**, SOS UK supported a renovation project in 2018 that is further transforming the community into a place where the children can safely explore their freedoms while they learn and grow.

Snapshot: Nepal

The SOS kinship care programme became an essential part of SOS Children's Villages approach in Nepal after the 2015 earthquake left hundreds of children without parental care. Closely aligned with the country's cultural norms and practices, and supported by our UK child and village sponsors, the programme contributed towards children's educational and living expenses so that impoverished families could offer a home to grandchildren, nieces and nephews who had lost their parents.

When Sanam was three years old his mother died, and his father abandoned him. With support from SOS Children's Villages, his grandmother Maiya was able to offer him a home and the happy childhood he deserved. 'It has brought happiness into my dark life,' Maiya told us.



SOS AND THE SUSTAINABLE DEVELOPMENT GOALS

We ensure children without parental care can grow up in a safe and caring environment with access to quality education, healthcare and the support they need to thrive.





INVESTING IN CHILDREN'S FUTURES

Growing up in poverty or without adequate care often prevents children from reaching their potential and becoming contributing members of their communities. We believe that quality education and training are key to overcoming generational poverty and enabling young people to succeed. The SOS Children's Villages global federation supports young people to transition to employment and independence with vocational training, career coaching, work experience, access to business mentors and role-models, and by improving young people's digital and entrepreneurial skills.

Breaking the cycle of poverty

The SOS vocational training centre in Monaragala enabled 163 young people from this impoverished region of Sri Lanka to achieve financial independence in 2018, with the help of a generous contribution from our corporate partner Alpha FMC. Set up in the aftermath of the Boxing Day tsunami in 2004, which decimated the region's economy, the centre enables young people from disadvantaged backgrounds to gain the skills they need to establish fulfilling and prosperous careers in the profession of their choosing – everything from mechanics and electrical engineering to catering, carpentry and computer science.



A staggering one in five young people are unemployed in Sri Lanka, making programmes like this essential to help children, and the community, break the cycle of generational poverty. Priyantha Bandara, who opened his own successful welding workshop after the course told us: *“Going to the centre means you can get a good job with a stable position in life, and then you can support others as well as yourself. Now I want to further develop my business and employ more people.”*



Celebrating the work of the SOS global federation

To educate a woman, is to educate a nation – words emblazoned on the wall of the Women's Training and Education Institute in Côte D'Ivoire where SOS Children's Villages is giving girls the chance to trade child-labour for literacy, vocational training, and the prospect of better employment.

Many of the girls are former 'tantie baggage' - a common child labour practice in Côte D'Ivoire where girls as young as six years old work at train stations transporting the luggage of wealthy travellers and at marketplaces unloading heavy goods and wares. The work is dangerous, leaving them vulnerable to abuse and trafficking – but for most it was the only way they could support their families or pay for their education prior to SOS support.

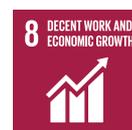
SOS Children's Villages **YouthCan!** programme connects young people with local businesses, helping them access hands-on work experience, role models, mentors, and career opportunities

At **Digital Villages** SOS Children's Villages offers young people the opportunity to develop digital skills that can enhance their educational and career prospects and open doors for them in the future

The SOS Children's Villages **YouthLinks** digital platform helps young people connect with mentors, share information, create networks and support each other, breaking geographical and time-zone barriers

SOS AND THE SUSTAINABLE DEVELOPMENT GOALS

By investing in children's futures with improved access to education, training and employment opportunities, we are laying the foundations for a fairer and more prosperous global society.



GIVING CHILDREN BACK THEIR CHILDHOODS

We believe every child, everywhere, deserves a happy and positive childhood experience. Often this right can be overlooked in times of crisis. When wars or natural disasters strike, the most important things in life – such as a child’s need for love and guidance – can be overlooked in the scramble to provide the day-to-day essentials. But we know that when it comes to protecting children, ensuring their survival is not enough.

The SOS response to emergencies is unique. Our colleagues on the ground ensure that children have the care and emotional support they need to thrive, and the opportunity to play, make friends and behave like the children they are.

No child should lose their childhood. In times of war and disaster, SOS Children’s Villages:

- **CARES** for children who have been left alone
- **REUNITES** separated children and parents
- **COUNSELS** children who have suffered trauma and psychological wounds
- **ENCOURAGES** play, learning and child-development

Snapshot: The Syrian Conflict

As the Syrian conflict entered its seventh devastating year in 2018, millions of children continued to be exposed to violence, extreme poverty, child labour or the loss of their homes and families. Thanks to the generous support of our donors, SOS Children’s Villages UK helped fund SOS interim care centres in Qura Alassad and Saboura, protecting and caring for children who had been separated from their families by the war, and two SOS Child Friendly Spaces in the war-ravaged region of Aleppo.

We helped children feel safe and supported so they could begin to recover from the stress, trauma and fear which has marred their childhood. We also helped offer trauma counselling, medical care and access to tailored educational support for children denied the chance to attend school.

Eight-year-old Kareem and his little brother Badr lost sight of each other as they fled the bombs and bullets that were ravaging their home city of Aleppo two years ago. Their mother had been killed in the war years before, and with a neglectful and abusive father all the boys had was each other – but by the time Kareem arrived in Damascus he found himself alone in a strange and dangerous city.

SOS family reunification specialists helped reunite the boys, and located a long-lost uncle who, overjoyed to discover his nephews had survived the war, offered them a new home. The boys wept and hugged as they realised their long years of separation were finally over.



Protecting child refugees in Greece

The global child refugee crisis worsened in 2018, leaving thousands of unaccompanied child refugees in Greece without adequate care, protection or shelter. Many refugee children in Greece are living in camps, on the street – or worse, subjected to systematic detention or exploitation.



With a generous donation from our partners SThree, we helped support more than 76,000 children and parents at refugee centres on Lesbos island in Greece, offering children emotional and psychological care, food and hygiene kits, language classes and the chance to play. We also contributed towards providing shelter, protection and legal assistance to hundreds of unaccompanied child refugees.



The Indonesian earthquake

The 7.4 magnitude earthquake which struck off the coast of Palu in September 2018 caused a tsunami which decimated entire communities and left thousands of children without parental care.

Our supporters' donations in the immediate aftermath of the disaster, including from **The Betty Lawes Foundation**, helped fund SOS Child-Friendly Spaces for children left homeless by the quake, offering them a safe place to access informal education, healthcare and psychological support, and escape the harsh realities of life in a disaster-zone. They also served as safe childcare for parents, who could then focus on pressing matters such as finding food, locating relatives, re-establishing livelihoods, and assisting the communities' recovery.



SOS Children's Villages' unique response to emergencies

- Our response is **locally-driven** and run by in-country SOS child-welfare experts
- We offer **long-term** support to children and communities to help families rebuild their lives in the years following a crisis

LOOKING AHEAD

With the UN estimating that **132 million people** will need humanitarian assistance in 2019, we expect a growing number of children will be at risk of losing parental care. As the need grows, so must our support. We commit to continue our efforts to expand, grow and improve our processes, and to implement our Trustees' strategic plan for ensuring the long-term stability of SOS Children's Villages UK - investing in fundraising while keeping our ongoing spend on non-charitable activities at or below the level of that in 2018. This will enable us to give more children the chance to grow up in a stable environment where they feel **loved, safe and supported**.

Prevent



We will continue to invest heavily in programmes which provide long-term, sustainable solutions for children worldwide, tackling the root causes of the loss of parental care and preventing children from growing up alone.

Grow



We will invest in growth so we can meet children's needs worldwide, increasing our capacity, generating more charitable donations through improved engagement and communication, and improving our governance structures.

Advocate



We will work with our federation colleagues to advocate at the governmental and intergovernmental level for policies and laws that protect the rights of children who have lost parental care and push their needs higher up the political agenda.

Protect



We will continue to implement robust child safeguarding policies and demand the highest standards from ourselves, our colleagues and our partners. We will not tolerate any form of abuse, neglect or violation of children's rights and will challenge such practices wherever they exist.

OUR VALUES

Collaborative

We **work together** to sustainably improve the lives of children and families

Authentic

We are **open, honest** and **transparent** in everything we do

Learning

We **respect** diversity, are open-minded, and listen and learn from others

Ambitious

We want to **achieve lasting change** for children and families

THANK YOU

We thank all our donors and partners, including those who prefer to remain anonymous. All donations, large and small, help us make a difference. Together, we have helped to change children's lives for the better in 2018.

ADVANZ PHARMA

Air Transat / Canadian
Affair

Alpha Financial
Markets Consulting

Avanti Communications

The Betty Lawes
Foundation

Cambridge English
Language Assessment

City Football Group

Core Laboratories

DeMellier

Federation of Cocoa
Commerce

From Babies With Love

HSBC

The Honourable Edward
Kargbo Trust

Ian Fleming
Publications

J. Marr (Seafoods)
Limited

Lines and Current

Menzies Aviation

Milton Damerel Trust

National Lottery
Community Fund

Pakistan Supporters'
Group

The PD Foundation

The Property Race Day

Radisson Hotel Group

SThree

Subsea7

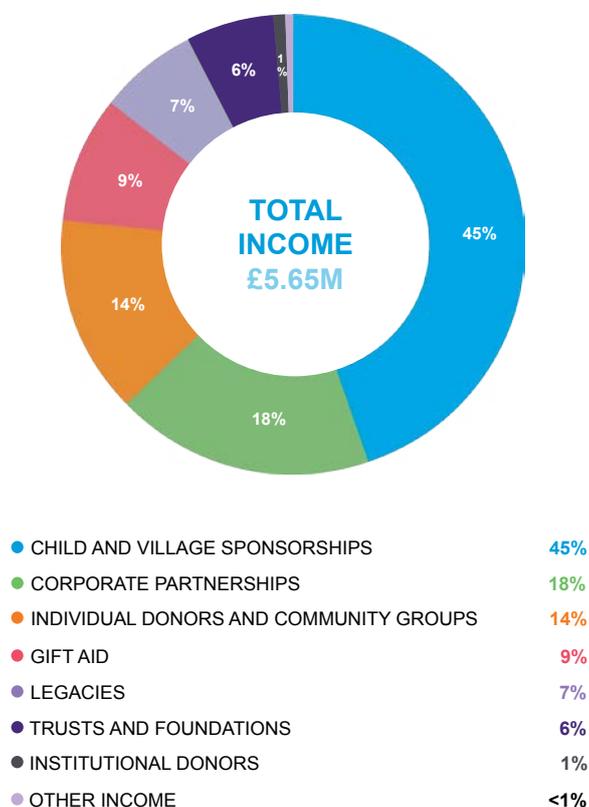
Thomas Cook
Children's Charity

We also wish to thank everyone who has helped us raise awareness of our work and who has fundraised for us. We are hugely inspired by your efforts in helping us achieve lasting change for children. For example, Shengke Zhi, pictured here, who fundraised tirelessly for us in 2018 – for the third year running – by completing a 350-mile cycle ride from the Swiss Alps to France in an incredible four-day challenge. **Thank you.**



FINANCIAL PERFORMANCE

Income



We raised £5.65m in charitable income in 2018, through a combination of grant funding, corporate partnerships, legacies and donations from individual donors. The greatest portion – almost two thirds – of our funding came from the UK public. Their generous contributions, including child and village sponsorships, legacies, other individual donations and community fundraising, have enabled us to remain financially resilient as we invest in the future stability of the charity and increase our reach and impact. Our income was £724,000 less than in 2017, largely due a substantial legacy bequest during that period.

How we raise money

We are registered with the Fundraising Regulator and a member of the Institute of Fundraising. In line with this we aim to build the best possible relationships with our donors, supporters and corporate partners, ensuring accountability and transparency in all that we do.

Reflecting this commitment, we regularly monitor our own compliance and review our practices in line with new or amended legislation, such as the work we continued to undertake in preparation for the General Data Protection Regulation (GDPR), which came into effect in May 2018.

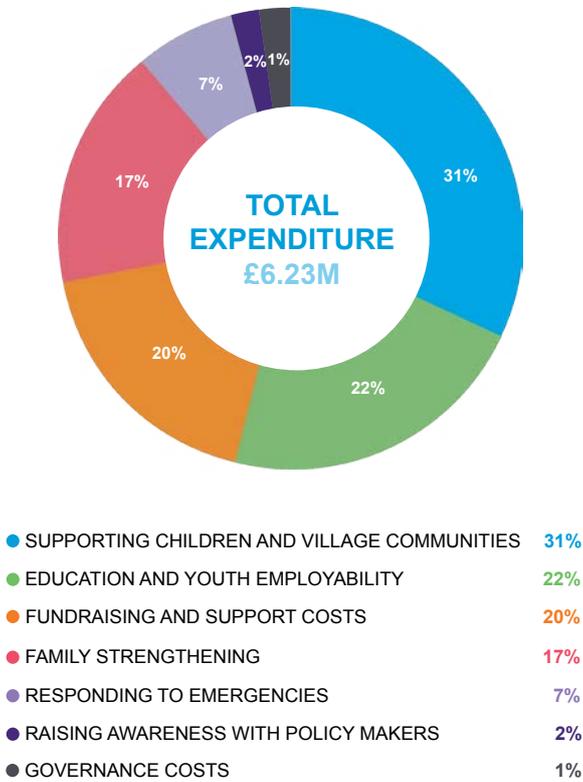
We fundraise in several ways, working with grant making organisations, corporate partners, community groups, individual donors and institutional funders, such as the National Lottery Community Fund (see page 9 for further details). When supporting individual fundraisers, we ensure they are informed of their obligations to ensure fundraising in our name is conducted in line with our values and to the highest possible standards. We regularly monitor and review activities undertaken in support of SOS Children's Villages UK, through supporter feedback, tracking online activity, prompt follow-up after events have taken place and ongoing dialogue.

All fundraisers receive detailed training in how to identify and protect people in vulnerable circumstances. If we encounter someone showing sign of distress, confusion or vulnerability, our fundraisers are trained to politely end the conversation and refuse any donation offered. We also work with a small number of commercial participators who operate in a way that does not commit undue pressure on a person to donate, seek unreasonable intrusion on a person's privacy or are unreasonably persistent in their actions so as to protect vulnerable people.

We received 28 complaints in 2018. We strive to learn from any complaints we receive and monitor these on an ongoing basis to ensure we improve areas in need of addressing. If you have any questions about any aspect of our fundraising, please get in touch with Susanne Owers, Director of Fundraising, at susanne.owers@sosuk.org



Expenditure



Our expenditure in 2018 was £6.23m, and this year we have provided a more detailed analysis on the type of programmes and activities our donors have supported. The largest proportion of our expenditure supported children as part of the village communities. However, in line with SOS Children’s Villages 2030 strategy, which increasingly focuses on the prevention of situations in which children are at risk of losing parental care and the provision of long-term solutions, we have also increased our collaboration in family strengthening programmes and youth employability, while supporting children at risk through disasters and emergencies.

In every £1 we spent, 79p went on ensuring children worldwide feel loved, safe and supported. 20p went on fundraising and support costs and 1p on governance.

Reserves and Investments

SOS Children’s Villages UK is exposed to two key fluctuations in income stream: donations and legacies. We need to maintain a level of reserves so that we can continue operations in the event of an unforeseen shortfall in voluntary income, an increase in programme costs, or, indeed, significant fluctuations in currency exchange rates that create an imbalance of funding. The Trustees have therefore determined that reserves to the equivalent of 9-12 months’ running costs should be retained. This equates to £1.65m - £2.2m and as at 31 December 2018, this stood at £1.98m. During the year, two designated funds were created, at the discretion of the Trustees, for designated purposes.

Investments are managed in accordance with the charity’s investment policy, which is overseen by the Audit and Risk Committee. Investment managers have been instructed to invest in accordance with the UN Principles on Responsible Investment (UNPRI). The charity has invested 76.4% of its funds in Charifund and 23.6% in Charibond units. The majority of funds are managed on a discretionary basis by M&G Investments Limited. The published yields as at 31 December 2018 were 5.53% and 2.29% for Charifund and Charibond, respectively.

Fixed assets comprise fixtures and fittings, IT systems and office equipment. Investment property consisted of farm land donated to the charity and sold during 2018 to support charitable activities. The charity initiated its first Investments with M&G investments Limited in 2016. In 2018, the total market value of the Investments decreased by 7.2%.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Charitable Objects

The objects of the Charity are set out in the Articles of Association, which were revised and agreed by the Board of Trustees in December 2017. 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.

Risk Management & Internal Controls

The charity operates a comprehensive annual planning and budgeting process, which is approved by the Trustees. Performance is monitored through the use of financial targets. Reports are made to the Trustees which compare actual results against activity targets and against the phased budget and which link financial performance with resource and activity levels.

As part of their audit of the financial statements, the charity's Auditors review the internal controls. SOS Children's Villages UK does not have dedicated internal auditors.

The charity has risk management policies and procedures through which risks arising from the existing operations and strategic developments are identified and evaluated. Senior managers are required to identify and analyse risks relevant to their scope of activities; assess them according to the impact on the charity and their likelihood of occurrence; and report on the procedures which are in place, or are being developed or enhanced, to provide assurance that the risk is being managed.

Significant risks are highlighted for consideration and monitoring by the Audit & Risk Committee and reported to the Board of Trustees. All major risks to which SOS Children's Villages UK is exposed, which have been identified by these procedures, have been reviewed.

RISK	MITIGATION STRATEGY
<p>Failure to meet income targets</p>	<ul style="list-style-type: none"> • Monthly management account reporting to SMT to identify challenges and take mitigating actions • Ongoing cash flow monitoring • Quarterly reporting to the Board of Trustees, including income and reserves projections • Investment in fundraising strategy to spread risk and return across donor segments • Reserves policy in place
<p>Economic downturn due to uncertainty from Brexit exacerbating underlying challenges.</p>	<ul style="list-style-type: none"> • Regular review of management accounts and fundraising pipeline. Production of updated forecasts allowing discussion of any actions needed • Stay informed and up-to-date with Brexit news and advice • Attendance at Charity Commission and network briefings
<p>Short term changes to programming and priorities within the Federation impacting on funding relationships</p>	<ul style="list-style-type: none"> • Establish and maintain good working relationships with Federation regional offices • Establish and maintain good working relationships with National Association Directors and Project Managers • Contribute to Federation discussions on programming and priorities • Keep donors informed
<p>Breach of legal or compliance obligations</p>	<ul style="list-style-type: none"> • Strong control procedures in place for approving financial transactions, GDPR, Health and Safety • Annual external audit • Regular Audit and Risk Committee meetings reporting to the Board of Trustees • Expert staff in post, subject to regular review • GDPR and Child Safeguarding focal point on the Board • Legal advisers in place
<p>Child or vulnerable person safeguarding incident</p>	<ul style="list-style-type: none"> • Child and Vulnerable People Safeguarding Policy in place and implemented • Safeguarding Focal Point on the Board • Staff and Trustee training

Board of Trustees

SOS Children's Villages UK is governed by a Board of Trustees, made up currently of nine members, who are legally responsible for directing the affairs of the charity. Trustees are appointed for a term of up to five years or until the end of the year of their seventieth birthday, whichever is earlier, and may be re-appointed for a period of up to three years. 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 of Trustees meets at least four times each year to review and direct SOS Children's Villages UK strategy, budget and performance. The Board of Trustees delegates day-to-day management of the charity through the Chief Executive to the Senior Management Team (SMT). The Board of Trustees also delegates specific responsibilities to a sub-committee.

The Audit and Risk Committee meets four times a year to review the charity's annual financial statements, internal financial control and risk management systems and external and internal audit matters.

Public Benefit

The Trustees confirm 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 fulfills the public benefit by the relief of poverty, and improvement of poor education and health outcomes for children and their families. Details about the specific programmes pursued can be found earlier in this report.

Statement of Responsibilities of the Trustees

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company 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 charity.

In preparing the financial statements, the Board of Trustees is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 assume that the charity will continue its activities;
- observe the methods and principles in the Charity SORP 2015 (FRS102).

The Trustees are responsible for keeping adequate accounting records. These must be sufficient to show and explain the charity's transactions. They should disclose with reasonable accuracy at any time the financial position of the charity and enable it to ensure that its financial statements comply with the Companies Act 2006. The Trustees have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity, and to prevent and detect fraud and other irregularities.

This report has been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Pay and remuneration of the Chief Executive Officer is set by the Board of Trustees and reviewed annually following a performance appraisal. Terms and benefits are set with reference to average pay in the sector and competencies required of the role.

Remuneration for the Senior Management team is set by the Chief Executive Officer, in consultation with the Board of Trustees.

Policies and procedures for the induction and training of Trustees

The Trustee induction and training programme is comprised of a variety of activities spread over a period of time, including:

- meetings and introductions to other Trustees, employees and beneficiaries;
- invitations to events, meetings and presentations;
- buddying, coaching or training;
- a Trustee induction pack;
- access to relevant training through National Council for Voluntary Organisations (NCVO).

Employees & Volunteers

Information about our aims, activities and other relevant information is disseminated to all staff and volunteers through briefings, meetings, and the use of the charity's online platforms. The charity consults with all staff on key issues.

SOS Children's Villages UK is committed to being a diverse and inclusive charity. The charity aims to demonstrate support for all its employees and volunteers, valuing each individual's contribution regardless of age, gender, gender identity, sexual orientation, marital status, civil partnership status, disability, nationality, race, religion or belief. We are committed to providing equal opportunities for all employees and volunteers.

Appropriate arrangements have been made for the recruitment, continued employment and training, career development and promotion of people with disabilities employed by the charity. Should any staff become disabled, every effort is made to continue their employment and, where necessary, to provide reasonable adjustments and support.

There is a pension scheme available to employees.

Every year volunteers support the charity in a range of roles in our office. They also play a crucial part in our fundraising events and initiatives. Accordingly, we are very grateful to each and every volunteer for the time and skills contributed to the charity and its work.

Corporate Directory

President

Dame Mary Richardson DBE

Trustees

Mary Cockcroft, Chair

Earl of St Andrews, George Philip Nicholas Windsor

Michael Brewer

Graham Budd

Ayesha Khan

Matthew de Villiers

Don Haszczyn, Appointed 30 April 2018

Nicola Robert, Appointed 18 October 2018

Ian Briggs, Appointed 18 October 2018

Chief Executive Officer

Alison Wallace

Senior Management Team

Susanne Owers, Director of Fundraising

Clare Jenkins, Director of Finance and IT

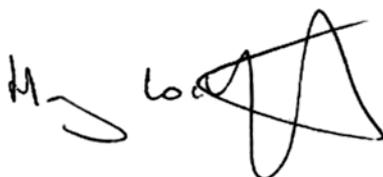
Pascale Palmer, Director of Communications

Disclosure of Information to Auditors

In so far as the Trustees are aware:

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

The Trustees' report was approved on behalf of the Board of Trustees.



Mary Cockcroft

Chair of Trustees' SOS Children's Villages UK

11 July 2019

Auditors

Price Bailey were appointed as auditors during the year. The Board recommend to the AGM that Price Bailey LLP should continue to be engaged as auditors for the forthcoming financial year.

Company Registered No. 03346676

Charity Registered No. 1069204

Legal and administrative information

Registered office:

Terrington House

13-15 Hills Road

Cambridge

CB2 1NL

Independent auditors:

Price Bailey LLP

Tennyson House

Cambridge Business Park

Cambridge

CB4 0WZ

Principal Bankers:

Barclays Bank Plc

28 Chesterton Road

Cambridge

CB4 3AZ

Solicitors:

Taylor Vinters

Merlin Place

Milton Road

Cambridge

CB4 0DP

AUDITOR'S REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOS CHILDREN'S VILLAGES UK (A COMPANY LIMITED BY GUARANTEE)

Opinion

We have audited the financial statements of SOS Children's Villages UK (the 'charitable company') for the year ended 31 December 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 2018, 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.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt on the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report, incorporating the strategic report and the directors' report for the financial year for which the financial statements are prepared, is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies' regime.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of this report

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Helena Wilkinson BSc FCA DChA (Senior Statutory Auditor)

for and on behalf of

PRICE BAILEY LLP
Chartered Accountants
Statutory Auditors
Tennyson House
Cambridge Business Park
Cambridge,
CB4 0WZ

FINANCIAL STATEMENTS

Statement of Financial Activities (including Income and Expenditure account) For the year ended 31 December 2018

	Note	Restricted Funds £	Unrestricted Funds £	2018 Total Funds £	2017 Total Funds £
INCOME					
Donations and legacies	2	3,831,399	1,806,152	5,637,551	6,368,232
Other trading activities	3	-	887	887	1,050
Investments	4	-	12,339	12,339	5,229
Total income		3,831,399	1,819,378	5,650,777	6,374,511
EXPENDITURE					
Raising funds	5	-	1,059,433	1,059,433	1,190,866
Charitable activities	5	4,313,311	857,641	5,170,952	5,651,242
Total expenditure		4,313,311	1,917,074	6,230,385	6,842,108
Net gains/(losses) on investments		-	(35,449)	(35,449)	97,468
Net (expenditure)		(481,912)	(133,145)	(615,057)	(370,129)
Transfers between fund		30,157	(30,157)	-	-
Net movement in funds		(451,755)	(163,302)	(615,057)	(370,129)
Reconciliation of funds:					
Total funds at 1 January 2018	15	1,720,445	2,690,609	4,411,054	4,781,183
Total funds at 31 December 2018		1,268,690	2,527,307	3,795,997	4,411,054

All activities relate to continuing operations.

The notes on pages 31 to 44 form part of these financial statements.

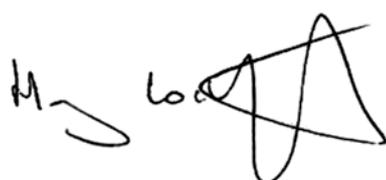
Balance Sheet as at 31 December 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
Tangible fixed assets	10	9,091	11,530
Investment property	11	-	100,000
Investments	12	1,021,455	1,100,192
Total fixed assets		1,030,546	1,211,722
CURRENT ASSETS			
Debtors	13	774,985	209,201
Cash at bank and in hand		4,141,103	4,646,853
Total current assets		4,916,088	4,856,054
Creditors: amounts falling due within one year	14	(2,150,637)	(1,656,722)
Net current assets		2,765,451	3,199,332
Net assets		3,795,997	4,411,054
FUNDS OF THE CHARITY:			
Restricted funds	15	1,268,690	1,720,445
Unrestricted funds	15	2,527,307	2,690,609
Total funds		3,795,997	4,411,054

The attached notes on pages 31 to 44 form part of these financial statements.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the Board of Trustees on July 11, 2019 and signed on their behalf by:



Mary Cockcroft

Statement of Cash Flows For the year ended 31 December 2018

	Notes	2018 £	2017 £
Cash Flows from Operating Activities			
Net cash used by operating activities	17	(657,986)	116,035
Cash Flows from Investing Activities			
Dividends, interest and rents from investments		12,339	5,229
Proceeds from the sale of investment property		143,288	-
Purchase of property, plant and equipment		(3,391)	(4,002)
Net cash provided by investing activities		152,236	1,227
Change in cash and cash equivalents in the year		(505,750)	117,262
Cash and cash equivalents brought forward		4,646,853	4,529,591
Cash and cash equivalents carried forward		4,141,103	4,646,853

The attached notes on pages 31 to 44 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

1.1 Basis of preparation, consolidation and restatement of prior year

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 (FRS102) (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, 2019, the most significant area of uncertainty is the ongoing support in the form of individuals and corporate donors.

The financial statements were not consolidated with the charity's subsidiary in Hong Kong on the basis of materiality and insignificance.

1.2 Company status

The company is a company limited by guarantee. The members of the company are the Trustees named on page 24. 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 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.

1.4 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 the value of the goods plus 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.

Interest earned and income tax recoverable on these funds are treated as unrestricted income unless otherwise specified by the donor.

Grants are included as income when these are received.

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

1.5 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.

Direct charitable expenditure includes child and village sponsorships remitted to SOS Kinderdorf International in Austria on a six monthly basis.

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. Support costs are allocated between raising funds and charitable activities based upon staff time.

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.

1.6 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

1.7 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the balance sheet date. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of Financial Activities.

Investment property is initially recognised at its transaction value and subsequently measured at fair value. Details of the basis of valuation are included in note 11.

1.8 Operating leases

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

1.9 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.

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 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.

1.12 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.

1.13 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.

1.14 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.

1.15 Financial Instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. Fixed assets are recorded at depreciated historical cost and investments are recorded at fair value, being the closing market value rate. All other assets and liabilities are recorded at cost which is their fair value.

1.16 Key sources of judgement and estimation uncertainty

No significant judgements, accounting policies or assumptions have been made by management in applying the charity's accounting policies.

2. Income from donations and legacies

	Restricted funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Gifts and donations	3,743,293	991,992	4,735,285	4,621,976
Legacies	34,872	335,763	370,635	1,141,467
Grants receivable	47,733	-	47,733	84,909
Gift Aid	5,501	478,397	483,898	519,880
Total donations and legacies	3,831,399	1,806,152	5,637,551	6,368,232

In 2017, of the total income, £2,240,644 was income from unrestricted funds and £4,127,588 was income from restricted funds.

3. Fundraising income

	Restricted funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Supporters group		887	887	1,050

In 2017, of the total income, £1,050 was income from unrestricted funds and £nil was income from restricted funds.

4. Investment income

	Restricted funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Rent receivable	-	855	855	1,140
Bank interest receivable	-	11,469	11,469	4,089
Dividends receivable	-	15	15	-
Total		12,339	12,339	5,229

In 2017, of the total investment income, £5,229 was income from unrestricted funds and £Nil was income from restricted funds.

5. Analysis of Expenditure – Current Year

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £
Raising funds:			
Costs of raising donations income	680,721	378,712	1,059,433
Charitable activities:			
Supporting children and village communities	2,057,280	139,800	2,197,079
Family strengthening	1,114,765	75,752	1,190,517
Education and youth employability	1,424,250	96,783	1,521,033
Responding to emergencies	447,281	30,394	477,676
Raising awareness with policy makers	107,762	7,323	115,085
	5,832,058	728,765	6,560,822
Exchange gain	-	(330,437)	(330,437)
Total expenditure	5,832,058	398,328	6,230,385

Analysis of Expenditure – Prior Year (restated)

	Activities undertaken directly 2017 £	Support costs 2017 £	Total 2017 £
Raising funds:			
Costs of raising donations income	722,946	467,920	1,190,866
Charitable activities:			
Supporting children and village communities	3,012,748	207,145	3,219,893
Family strengthening	799,301	54,957	854,258
Education and youth employability	1,475,632	101,459	1,577,091
Total expenditure	6,010,627	831,481	6,842,108

In 2017 £5,246,583 of total expenditure related to restricted funds and £1,595,525 related to unrestricted funds..

6. Support Costs – Current Year

	Raising funds 2018 £	Charitable activities 2018 £	Total funds 2018 £
Personnel costs	150,926	100,617	251,543
Premises costs	122,694	81,796	204,490
IT & website costs	14,035	9,357	23,392
Other support costs	91,057	60,704	151,761
Governance (note 7)	-	97,578	97,578
Total	378,712	350,052	728,765

Support Costs – Prior Year

	Raising funds 2017 £	Charitable activities 2017 £	Total funds 2017 £
Personnel costs	217,251	141,362	358,613
Premises costs	121,147	78,828	199,975
IT & website costs	14,921	9,709	24,630
Other support costs	114,601	74,569	189,170
Governance (note 7)	-	59,093	59,093
Total	467,920	363,561	831,481

7. Governance – Current year

	Raising funds £	Charitable activities £	Total 2018 £
Audit fees	-	14,410	14,410
Staff costs in relation to Governance	-	83,168	83,168
Total expenditure		97,578	97,578

Governance – Prior year

	Raising 2018 £	Charitable 2018 £	Total 2018 £
Audit fees	-	12,529	12,529
Legal fees	-	30,390	30,390
Staff costs in relation to Governance	-	16,174	16,174
	-	59,093	59,093

8. Net expenditure

	2018 £	2017 £
Depreciation of tangible fixed assets: - owned by the charity	5,830	4,972
Auditors' remuneration	14,410	11,930
Auditors' remuneration - non-audit	2,220	2,460
Operating lease payments for land and building and other equipment	187,159	188,346
Pension	20,173	17,313
Foreign exchange (gain) / loss	(330,437)	(56,437)

During the year, no Trustees received any reimbursement of expenses (2017 - none).

9. Staff costs

	2018 £	2017 £
Wages and salaries	667,880	462,247
Social security costs	66,601	41,474
Other pension costs	20,173	27,275
	754,654	530,996

	2018 £	2017 £
Administrative	21	13
The number of higher paid employees was as follows:		
In the band £60,000 - £70,000	-	1
In the band £80,001 - £90,000	1	1

Total employers pension contributions in relation to the above higher paid employees was £4,941 (2017: £13,383).

In addition to the Board of Trustees, the key management personnel of the charity are comprised of 4 members of staff (2017: 2) being the Chief Executive Officer, the Director of Finance & IT, the Director of Fundraising and the Director of Communications. No Trustees received any remuneration or benefits in kind from the charity (2017 - none). The total employee benefits of the key management personnel of the charity were £272,999 (2017 - £215,398).

10. Tangible fixed assets

	Fixtures & fittings £	Total £
Cost:		
At 1 January 2018	144,124	144,124
Additions	3,391	3,391
At 31 December 2018	147,515	147,515
Depreciation:		
At 1 January 2017	132,594	132,594
Charge for the year	5,830	5,830
At 31 December 2018	138,424	138,424
Net book value:		
At 31 December 2018	9,091	9,091
At 31 December 2017	11,530	11,530

11. Investment property

	Fixtures & fittings £	Total £
Valuation:		
Cost		
Revaluation surplus		
At 1 January 2018		100,000
Disposal:		
Sale of land 13 November 2018		(100,000)
Valuation at 31 December 2018		-

The property was sold during the year.

12. Fixed asset investments

	Listed investments £	
Market value:		
At 1 January 2018		1,100,192
Unrealised losses on investments		(78,737)
At 31 December 2018		1,021,455
Comprising of:		
	2018 £	2017 £
Fixed interest	240,999	243,872
Equities	780,456	856,320
Total market value	1,021,455	1,100,192
Total historical cost of investment	1,000,000	1,000,000

13. Debtors

	2018 £	2017 £
Other debtors	30,441	103,127
Prepayments and accrued income	705,807	62,206
Tax recoverable	38,737	43,868
	774,985	209,201

14. Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	9,277	66,069
Other taxation and social security	34,117	22,305
Other creditors	4,409	429,580
Accruals	2,102,834	1,138,768
	2,150,637	1,656,722

15. Statement of funds – Current Year

	Brought forward £	Income £	Expenditure £	Transfers in/(out) £	Gains/ (Losses) £	Carried forward £
Unrestricted funds						
General fund	2,590,609	1,819,378	(1,917,074)	(436,869)	(78,737)	1,977,307
Designated funds:						
Fundraising reserve				400,000		400,000
FX reserve				150,000		150,000
Investment property	100,000			(143,288)	43,288	-
	2,690,609	1,819,378	(1,917,074)	(30,157)	(35,449)	2,527,307

Statement of funds – Current Year

Restricted funds

Emergencies Response Fund	122,766	6,000	(119,833)	-	-	8,933
Brazil – Health Centre	-	348,000	(348,000)	-	-	-
Malawi	25,074	592	(1,269)	-	-	24,397
Nepal	3,976	1,162	(880)	-	-	4,258
Philippines	80,251	19,401	(19,201)	-	-	80,451
Zambia	120,604	126,369	(208,680)	-	-	38,293
Guinea Bissau – Big Lottery Fund	25,681	47,733	(80,721)	7,307	-	--
Child and Village Sponsorships	73,205	2,027,903	(2,027,905)	-	-	73,203
Africa – general	720,764	127,538	(179,319)	-	-	668,983
Other projects <£50k	548,124	1,126,701	(1,327,503)	22,850	-	370,172
	1,720,445	3,831,399	(4,313,311)	30,157	-	1,268,690
Total funds	4,411,054	5,650,777	(6,230,385)	-	(35,449)	3,795,997

Each restricted fund has arisen in line with specific restrictions placed 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.

During the year, two designated funds were created, at the discretion of the Trustees to support the investment in our Fundraising strategy and as a provision for potential Foreign exchange loss.

The transfers from general to restricted funds are to cover small shortfalls in donor funding compared to project expenditure commitments made. There could be many reasons for this such as movements in exchange rates.

15. Statement of funds – Prior Year

	Brought forward £	Income £	Expenditure £	Transfers in/(out) £	Gains/ (Losses) £	Carried forward £
Unrestricted funds						
General fund	2,120,518	2,246,923	(1,595,525)	(278,775)	97,468	2,590,609
Investment property	100,000	-	-	-	-	100,000
	2,220,518	2,246,923	(1,595,525)	(278,775)	97,468	2,690,609

Statement of funds – Prior Year

Restricted funds

Emergencies Response Fund	72,366	4,398	-	46,002	-	122,766
Malawi	231,066	651	(239,291)	32,648	-	25,074
Nepal	258,646	896	(264,623)	9,057	-	3,976
Philippines	149,068	114,281	(183,122)	24	-	80,251
Subsidy fee	350,446	-	(127,373)	(223,073)	-	-
Zambia	222,792	96,494	(239,012)	40,330	-	120,604
Gambia						
– The European Union	8,774	4,000	(46,742)	33,968	-	-
Guinea Bissau						
– Big Lottery Fund	17,963	109,909	(103,383)	1,192	-	25,681
Child and Village Sponsorship	73,205	2,144,219	(2,144,219)	-	-	73,205
Africa – general	-	720,764	-	-	-	720,764
Other projects <£50k	1,176,339	931,976	(1,898,818)	338,627	-	548,124
	2,560,665	4,127,588	(5,246,583)	278,775	-	1,720,445
Total funds	4,781,183	6,347,511	(6,842,108)	-	97,468	4,411,054

Each restricted fund has arisen in line with specific restrictions placed 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 fee was previously derived from a portion of sponsorship income and was used to help sponsored children in villages which SOS Children's Villages UK was directly responsible or to cover unusual events which resulted in a fund being in deficit.

16. Analysis of net assets between funds – Current Year

	Restricted funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	9,091	9,091
Investment property	-	-	-
Investments	-	1,021,455	1,021,455
Current assets	1,268,690	3,647,398	4,916,088
Creditors due within one year	-	(1,913,185)	(1,913,185)
	1,268,690	2,527,307	3,795,997

Analysis of net assets between funds – Prior Year

	Restricted funds 2017 £	Unrestricted funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	11,530	11,530
Investment property	-	100,000	100,000
Investments	-	1,100,192	1,100,192
Current assets	1,720,445	3,135,609	4,856,054
Creditors due within one year	-	(1,656,722)	(1,656,722)
	1,720,445	2,690,609	4,411,054

17. Reconciliation of net movement in funds to net cash flow from operating activities

	2018 £	2017 £
Net expenditure for the year	(615,057)	(370,129)
Adjustment for:		
Depreciation charges	5,830	4,972
(Gain)/Loss on investments	78,737	(97,468)
(Gain)/Loss on disposal of investment property	(43,288)	-
Dividends, interest and rents from investments	(12,339)	(5,229)
(Increase)/Decrease in debtors	(565,784)	381,080
(Decrease)/Increase in creditors	493,915	202,809
Net cash used by operating activities	(657,986)	116,035

18. Analysis of cash and cash equivalents

	2018 £	2017 £
Cash in hand	4,141,103	4,646,853
Total	4,141,103	4,646,853

19. Operating lease commitments

At 31 December 2018 the charity had total commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2018 £	2017 £	2018 £	2017 £
Expiry date:				
Within 1 year	-	144,000	3,428	3,586
Between 2 and 5 years	192,000	192,000	7,343	10,770
Total	192,000	336,000	10,771	14,356

20. Related party transactions

At 31 December 2018, the charity 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.

During the year under review a sum of £54,640 (2017 - £58,983) was received from a Pakistan Support Group. A Khan, a trustee of SOS Children's Villages UK is a bank signatory of the Pakistan Support Group.

Hong Kong Friends of SOS Children Limited is a branch of SOS Children's Villages UK and not consolidated on the basis of materiality. During the year under review Hong Kong Friends of SOS Children Limited had a turnover of £3,528 (2017 - £4,404) and a net surplus of £2,343 (2017 - £1,621).

 [soschildrensvillagesuk](https://www.facebook.com/soschildrensvillagesuk)

 [@soschildrenuk](https://twitter.com/soschildrenuk)

 [@soschildrenuk](https://www.instagram.com/soschildrenuk)



**SOS CHILDREN'S
VILLAGES**
UNITED KINGDOM

Terrington House,
13-15 Hills Road,
Cambridge, CB2 1NL

Telephone: **01223 365 589**
Email: hello@sosuk.org
www.sosuk.org