

Registered number: 3346676
Charity number: 1069204

SOS CHILDREN'S VILLAGES UK

TRUSTEES REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

SOS CHILDREN'S VILLAGES UK

CONTENTS

	Page
Reference and administrative details of the charity, its trustees and advisers	1 - 2
Trustees' report	3 - 6
Independent auditors' report	7 - 8
Statement of financial activities	9
Balance sheet	10
Notes to the financial statements	11 - 22

SOS CHILDREN'S VILLAGES UK

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2006

Trustees	Mary Cockcroft, Chairman Michael Riding, Vice Chairman Michael Brewer Lady Chadwyck-Healey (resigned 22/03/2006) David Clifford Ulf Larsen Earl of St Andrews Peter Voelker David Stranack (appointed 21/03/2006)
Patron	The Countess Mountbatten of Burma CBE CD JP DL
President	H E The Austrian Ambassador
Vice-Presidents	Dulcie Gray CBE The RT Hon Dr J Dickson Mabon
Company registered number	3346676
Charity registered number	1069204
Registered office	St Andrews House 59 St Andrews Street Cambridge CB2 3BZ
Company secretary	Mr Alistair Barry
Chief executive officer	Mr Andrew Cates
Auditors	Peters Elworthy & Moore Chartered Accountants Registered Auditors 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

SOS CHILDREN'S VILLAGES UK

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2006

Advisers (continued)

Solicitors

Mills & Reeve
Francis House
112 Hills Road
Cambridge
CB2 1PH

SOS CHILDREN'S VILLAGES UK

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

The Trustees, who, for the purposes of the Companies Act, are also directors of the charity, submit their annual report and the audited financial statements of SOS Children's Villages UK (the company) for the year ended 31 December 2006. The Trustees confirm that the annual report and financial statements of the company comply with current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The company is registered as a members limited liability company, set up by a Memorandum of Association on 7 April 1997, and has been approved by the Charities Commission. On 1 January 1999, the charitable company took over the assets and liabilities of the unincorporated charitable trust, SOS Children's Villages UK, established in 1968.

The company is constituted under a Memorandum of Association dated 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 eight members. Trustees are appointed for a term of three years and may serve for a further three years. They are invited to attend induction and training courses and regularly review the composition of the Board to identify potential vacancies and the need for particular skills. The Board met four times in 2006 and will continue to meet at least four times per year.

Organisational structure and decision making

At the quarterly trustees' meeting, the trustees agreed the board strategy and areas of activity for the charity, including consideration of sponsorship, investment, reserves and risk management policies and performance. The day-to-day administration of the charity is delegated to the Chief Executive and the administrator.

Risk management

The trustees have examined the major strategic, business and operational risks that the charity faces and confirm that systems have been established to enable regular reports to be produced so that necessary steps can be taken to lessen these risks.

OBJECTIVES AND ACTIVITIES

Policies and objectives

The principal objective of the company is to promote the worldwide work of SOS Children's Villages within the UK and support its work abroad, hence giving children who would otherwise be alone the chance to live in a family, regardless of race, creed, gender or politics. Where possible, SOS Children's Villages supports family groups to help them stay together, for example by supporting families in Africa where the breadwinners have died of HIV/AIDS. Otherwise, through the creation and maintenance of SOS Children's Villages themselves, new families are created and kept together. SOS Children's Villages UK is a member of SOS Children's Villages International, a not-for-profit organisation registered in Austria, which co-ordinates the worldwide work of SOS Children's Villages.

SOS Children's Villages is now active in 132 countries. There are currently over 60,000 children living in SOS Children's Villages around the world and approximately a million supported in the community. The strategic aspiration is to give an

SOS CHILDREN'S VILLAGES UK

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2006

additional million children the opportunity to grow up in a family: 900,000 in their original community and 100,000 in Children's Villages.

There have been no changes in the objectives since the last annual report, and the directors intend to continue and develop these objectives.

Strategies for achieving objectives

In terms of UK fundraising, SOS Children's Villages UK plans to continue to increase our regular giving donor base by 30% a year, and exploit warm contacts and approaches in community fundraising, trusts, foundations and major donors in a professional manner. There are no plans to undertake any cold mailing, cold telephone approaches or face to face recruitment. SOS Children's Villages UK plans to prevent our UK administration costs from growing beyond the current levels and will seek efficiency improvements to cover extra activity. In terms of overseas projects, we aim to sponsor an additional 1500 children in 2007, 2000 in 2008 and 2500 in 2009.

ACHIEVEMENTS AND PERFORMANCE

Review of activities

SOS Children's Villages UK relies primarily on donations from individuals. Much of this support is through sponsorship of individual children or villages. All sponsorship contributions are sent WITHOUT DEDUCTION to the appropriate SOS Children's Village. The main objective for 2006 was to increase the level of interest and support for the charity through its website and increase the number and amount of one-off and committed donations.

In addition, SOS Children's Villages UK directly supported education programmes for students from SOS Children's Villages studying in the UK and for teachers in SOS schools in India, Sri Lanka and Malawi. Direct support was also given to specific projects in a number of countries including The Gambia, Jamaica, Malawi, Pakistan, Sri Lanka and Sudan.

Supporter groups continue to be an important source of funds and publicity, raising money for specific SOS Children's Village projects in their local communities. Other groups, such as schools, churches, Rotary and other social clubs, also raise valuable funds for SOS projects. Staff of the charity take every available opportunity to speak to such groups about the worldwide work of SOS Children's Villages. Official use is made of volunteers at our Cambridge office to assist with fundraising and administrative duties.

Currently SOS Children's World, the newsletter of SOS Children's Villages UK (now known as Family Matters), is sent regularly to all supporters and is an important means of keeping all contributors informed about the worldwide work of SOS Children's Villages.

Fundraising activities/Income generation

In 2006, SOS Children's Villages UK achieved its primary objective of growing the number of child and village sponsors. Its main fundraising activity was to generate income and sponsorship through Internet donations which grew by 29% when compared with 2005. In April, the charity benefited from a Classical concert at the Royal Albert Hall in aid of HIV/AIDS orphans in Africa. In conjunction with our UK Pakistan Supporters Group, sizeable funds were also raised to help alleviate the situation following the earthquake in Northern Pakistan. SOS Children's Villages UK also continued to approach individuals, companies and grant-making bodies for support.

Investment policy and performance

The Trustees have established a policy to invest the resources of the charity in high interest earning accounts with the Charities Aid Foundation. This ensures that the funds are immediately accessible whilst ensuring that a reasonable level of return is achieved. During the year ended 31 December 2006, an approximate rate of return of 4.2% was achieved which

SOS CHILDREN'S VILLAGES UK

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2006

the trustees consider to be acceptable.

FINANCIAL REVIEW

Reserves policy

The Trustees have established a policy of retaining the equivalent of between two and four months forward expenditure in free reserves. It is the policy of the Board to transfer unrestricted funds to designated funds if this desired level of unrestricted funding is exceeded. At 31 December 2006, other, unrestricted charitable funds stood at (£83,586). It is anticipated that the remainder of the unrestricted deficit will be met through funds raised from the increased fundraising activities planned as part of the future developments of the charity. As at 31 December 2006, the restricted funds of the charity totalled £1,994,561, which are held for the purposes as set out in note 18.

PLANS FOR THE FUTURE

Future developments

SOS Children's Villages UK's main income stream will continue to be their individual supporters who will carry on providing a strong platform for their work. They are planning to increase their number of supporters not through expensive TV advertising or cold mail recruitment campaigns, but rather to attract people who are looking to support a charity that cares for children - mainly via Internet searches. Their intention is to consolidate and grow our presence on the web which is currently yielding around a 20% growth rate. This awareness growth typically yields additional spin-off benefits as more companies and major donors learn about the work

Funds held as custodian

Between 2002 and 2004 the charity ran a strategic development project to establish the structures and procedures that would enable SOS Children's Villages UK to increase substantially the contribution it will make to the worldwide work of SOS Children's Villages. This was supported financially by Stifelsen SOS-Barnebyer Norge (SOS Children's Villages Norway) in the form of an interest free loan, which was repaid in full to SOS-Norway during the year. The strategic development project ran from April 2002 until March 2004.

The trustees are confident that SOS Children's Villages UK will continue to increase its contribution to the worldwide work of SOS Children's Villages.

Trustees' responsibilities

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the

SOS CHILDREN'S VILLAGES UK

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006

prevention and detection of fraud and other irregularities.

This report was approved by the Trustees on 24/9/07 and signed on its behalf, by:



Mary Cockcroft, Chairman

SOS CHILDREN'S VILLAGES UK

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 2006 set out on pages 9 to 22.

These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

The responsibilities of the Trustees (who also act as company directors of SOS Children's Villages UK for the purposes of company law) 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) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether the information given in the Trustees' Annual Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and transactions with the company is not disclosed.

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

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

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

SOS CHILDREN'S VILLAGES UK

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

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the charitable company's affairs as at 31 December 2006 and of its incoming resources and application of resources, including its income and expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' Report is consistent with the financial statements



PETERS ELWORTHY & MOORE

Chartered Accountants
Registered Auditors

Salisbury House
Station Road
Cambridge
CB1 2LA

Date: *21 September 2007*

SOS CHILDREN'S VILLAGES UK

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account)
FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	Restricted Funds 2006 £	Unrestricted Funds 2006 £	Total Funds 2006 £	Total Funds 2005 £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Voluntary income	2	1,473,809	826,652	2,300,461	3,070,595
Activities for generating funds	3,4	14,225	173,981	188,206	185,622
Investment income	5	23,620	51,316	74,936	33,217
TOTAL INCOMING RESOURCES		1,511,654	1,051,949	2,563,603	3,289,434
RESOURCES EXPENDED					
Costs of generating funds:					
Costs of generating voluntary income	6	40,481	630,518	670,999	469,959
Fundraising expenses and other costs	4	-	14,409	14,409	19,734
Charitable activities	7	1,890,558	92,885	1,983,443	971,856
Governance costs	8	-	31,959	31,959	28,625
TOTAL RESOURCES EXPENDED	10	1,931,039	769,771	2,700,810	1,490,174
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		(419,385)	282,178	(137,207)	1,799,260
Transfers between Funds	18	62,763	(62,763)	-	-
NET INCOME / (EXPENDITURE) FOR THE YEAR		(356,622)	219,415	(137,207)	1,799,260
NET MOVEMENT IN FUNDS FOR THE YEAR		(356,622)	219,415	(137,207)	1,799,260
Total funds at 1 January 2006		2,351,183	(303,001)	2,048,182	248,922
TOTAL FUNDS AT 31 DECEMBER 2006		1,994,561	(83,586)	1,910,975	2,048,182

The Statement of Financial Activities includes all gains and losses recognised in the year.

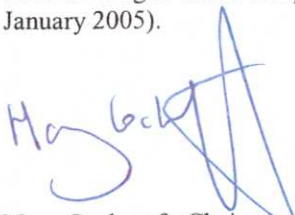
The notes on pages 11 to 22 form part of these financial statements.

SOS CHILDREN'S VILLAGES UK

**BALANCE SHEET
AS AT 31 DECEMBER 2006**

	Note	£	2006 £	£	2005 £
Tangible fixed assets	13		38,870		44,671
CURRENT ASSETS					
Stocks		890		96	
Debtors	14	134,696		188,268	
Cash at bank and in hand		1,751,203		2,094,152	
		<u>1,886,789</u>		<u>2,282,516</u>	
CREDITORS: amounts falling due within one year	15	<u>(14,684)</u>		<u>(58,327)</u>	
NET CURRENT ASSETS			<u>1,872,105</u>		2,224,189
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,910,975</u>		<u>2,268,860</u>
CREDITORS: amounts falling due after more than one year	16		<u>-</u>		<u>(220,678)</u>
NET ASSETS			<u><u>1,910,975</u></u>		<u><u>2,048,182</u></u>
CHARITY FUNDS					
Restricted funds	18		1,994,561		2,351,183
Unrestricted funds:					
Trust capital	17	200		200	
Unrestricted income funds	18	<u>(83,786)</u>		<u>(303,201)</u>	
Total unrestricted funds			<u>(83,586)</u>		<u>(303,001)</u>
SHAREHOLDERS' AND CHARITY'S FUNDS			<u><u>1,910,975</u></u>		<u><u>2,048,182</u></u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).


Mary Cockcroft, Chairman

24 september 2007

The notes on pages 11 to 22 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005). 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 1985.

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 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 which have been raised by the company for particular purposes. The cost 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.

1.4 INCOMING RESOURCES

All incoming resources are included in the Statement of Financial Activities when the company is legally entitled to the income and the amount can be quantified with reasonable accuracy. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

1. ACCOUNTING POLICIES (continued)

1.5 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.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objects of the company and include project management carried out at Headquarters. Management and administration costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

1.6 GROUP FINANCIAL STATEMENTS

The Statement of Financial Activities (SOFA) and the Balance Sheet do not include the results of the Charity's subsidiary undertaking, SOS Children's Villages UK Trading Limited; as that company, has remained dormant since 31 December 2001 and has no other assets other than those relating to its issued share capital of £100. Further details are set out the notes to the accounts.

1.7 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 January 2005).

1.8 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	-	undepreciated
Fixtures & fittings	-	20% reducing balance

1.9 OPERATING LEASES

Rentals under operating leases are charged 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 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

1. ACCOUNTING POLICIES (continued)

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 books and toys 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.

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

2. VOLUNTARY INCOME

	Restricted Funds 2006 £	Unrestricted Funds 2006 £	Total Funds 2006 £	Total Funds 2005 £
Gifts, donations and income tax recoverable	1,473,809	736,247	2,210,056	3,021,399
Legacies	-	90,405	90,405	48,996
Gifts in kind	-	-	-	200
	<u>1,473,809</u>	<u>826,652</u>	<u>2,300,461</u>	<u>3,070,595</u>

3. FUNDRAISING INCOME

	Restricted Funds 2006 £	Unrestricted Funds 2006 £	Total Funds 2006 £	Total Funds 2005 £
Fundraising event	14,225	-	14,225	117,861
Supporters groups	-	163,385	163,385	55,793
	<u>14,225</u>	<u>163,385</u>	<u>177,610</u>	<u>173,654</u>

SOS CHILDREN'S VILLAGES UK

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

4. TRADING ACTIVITIES

	Restricted Funds 2006 £	Unrestricted Funds 2006 £	Total Funds 2006 £	Total Funds 2005 £
CHARITY TRADING INCOME				
Trading income	-	10,596	10,596	11,968
FUNDRAISING TRADING EXPENSES				
Fundraising trading: costs of goods sold and other costs	-	14,409	14,409	19,734
Net expenditure from trading activities	-	(3,813)	(3,813)	(7,766)

5. INVESTMENT INCOME

	Restricted Funds 2006 £	Unrestricted Funds 2006 £	Total Funds 2006 £	Total Funds 2005 £
Rent receivable	-	925	925	925
Bank interest receivable	23,620	50,391	74,011	32,292
	23,620	51,316	74,936	33,217

SOS CHILDREN'S VILLAGES UK

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

6. COSTS OF GENERATING VOLUNTARY INCOME

	Restricted Funds 2006 £	Unrestricted Funds 2006 £	Total Funds 2006 £	As restated Total Funds 2005 £
Fundraising costs	-	184,712	184,712	139,357
Fundraising event costs	40,481	-	40,481	27,088
Staff travel	-	10,428	10,428	10,731
Rent and rates	-	39,251	39,251	34,595
Insurance	-	2,885	2,885	2,221
Light and heat	-	1,699	1,699	1,222
Telephone and fax	-	3,029	3,029	2,866
Printing, postage and stationery	-	17,821	17,821	11,786
Computer costs	-	30,106	30,106	15,599
Sundry	-	32,884	32,884	4,563
Bank charges	-	3,672	3,672	2,933
Subscriptions and training	-	5,317	5,317	1,204
Loss/(gain) on foreign exchange	-	(2,021)	(2,021)	55
Repairs and renewals	-	415	415	-
Advertising	-	615	615	-
Staff costs	-	294,020	294,020	209,980
Depreciation	-	5,685	5,685	5,759
	<u>40,481</u>	<u>630,518</u>	<u>670,999</u>	<u>469,959</u>

7. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Restricted Funds 2006 £	Unrestricted Funds 2006 £	Total Funds 2006 £	Total Funds 2005 £
Sponsorship and support of orphans and children's villages	1,890,558	92,885	1,983,443	971,856
Governance	-	31,959	31,959	28,625
	<u>1,890,558</u>	<u>124,844</u>	<u>2,015,402</u>	<u>1,000,481</u>

SOS CHILDREN'S VILLAGES UK

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

7. EXPENDITURE BY CHARITABLE ACTIVITY (continued)

SUMMARY BY EXPENDITURE TYPE

	Staff costs 2006 £	Depreciation 2006 £	Other costs 2006 £	Total 2006 £	Total 2005 £
Sponsorship and support of orphans and children's villages	51,874	1,003	1,930,566	1,983,443	971,856
Governance	-	-	31,959	31,959	28,625
	<u>51,874</u>	<u>1,003</u>	<u>1,962,525</u>	<u>2,015,402</u>	<u>1,000,481</u>

8. GOVERNANCE COSTS

	Restricted Funds 2006 £	Unrestricted Funds 2006 £	Total Funds 2006 £	As restated Total Funds 2005 £
Governance Auditors' remuneration	-	8,000	8,000	5,500
Governance Auditors' non audit costs	-	-	-	291
Governance expense - Membership fee	-	23,959	23,959	22,834
	<u>-</u>	<u>31,959</u>	<u>31,959</u>	<u>28,625</u>

Some costs included in governance in 2005 have been reclassified as costs of generating funds, under SORP 2005.

SOS CHILDREN'S VILLAGES UK

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

9. DIRECT COSTS

	Sponsorship and supp £	Total 2006 £	Total 2005 £
Staff travel	1,840	1,840	6,302
Rent and rates	6,927	6,927	20,317
Insurance	509	509	1,305
Light and heat	300	300	717
Telephone and fax	534	534	1,682
Postage, printing and stationery	3,145	3,145	6,922
Computer costs	5,313	5,313	9,161
Sundry	5,803	5,803	2,680
Bank charges	648	648	1,722
Subscriptions	938	938	707
Loss on foreign exchange	(356)	(356)	32
Sponsorship	820,602	820,602	458,855
Project expenditure	1,069,955	1,069,955	358,941
Student funding	8,738	8,738	15,069
Gifts in kind	5,670	5,670	200
Wages and salaries	45,945	45,945	72,075
National insurance	4,545	4,545	7,588
Pension cost	1,384	1,384	4,199
Depreciation	1,003	1,003	3,382
	<u>1,983,443</u>	<u>1,983,443</u>	<u>971,856</u>

10. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2006 £	Depreciation 2006 £	Other costs 2006 £	Total 2006 £	Total 2005 £
Costs of generating voluntary income	294,020	5,685	371,294	670,999	469,959
Fundraising expenses	-	-	14,409	14,409	19,734
Subtotal costs of generating funds	<u>294,020</u>	<u>5,685</u>	<u>385,703</u>	<u>685,408</u>	<u>489,693</u>
Sponsorship and support of orphans and children's villages	51,874	1,003	1,930,566	1,983,443	971,856
Subtotal charitable activities	<u>51,874</u>	<u>1,003</u>	<u>1,930,566</u>	<u>1,983,443</u>	<u>971,856</u>
Governance	-	-	31,959	31,959	28,625
Subtotal charitable expenditure	<u>51,874</u>	<u>1,003</u>	<u>1,962,525</u>	<u>2,015,402</u>	<u>1,000,481</u>
	<u>345,894</u>	<u>6,688</u>	<u>2,348,228</u>	<u>2,700,810</u>	<u>1,490,174</u>

SOS CHILDREN'S VILLAGES UK

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

11. NET INCOME / (EXPENDITURE)

This is stated after charging:

	2006 £	2005 £
Depreciation of tangible fixed assets:		
- owned by the charity	6,688	9,141
Governance Auditors' remuneration	8,000	5,500
Pension costs	9,229	10,729
	<u> </u>	<u> </u>

During the year, no Trustees received any remuneration (2005 - £NIL).

During the year, no Trustees received any benefits in kind (2005 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2005 - £NIL).

12. STAFF COSTS

Staff costs were as follows:

	2006 £	2005 £
Wages and salaries	306,363	263,725
Social security costs	30,302	19,388
Other pension costs	9,229	10,729
	<u> </u>	<u> </u>
	<u>345,894</u>	<u>293,842</u>

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

	2006 No.	2005 No.
Administration and fundraising	14	12
	<u> </u>	<u> </u>

No employee received remuneration amounting to more than £60,000 in either year.

SOS CHILDREN'S VILLAGES UK

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

13. TANGIBLE FIXED ASSETS

	Land and buildings £	Furniture, fittings and equipment £	Total £
COST			
At 1 January 2006	21,000	91,664	112,664
Additions	-	1,503	1,503
Disposals	-	(3,901)	(3,901)
At 31 December 2006	<u>21,000</u>	<u>89,266</u>	<u>110,266</u>
DEPRECIATION			
At 1 January 2006	-	67,993	67,993
Charge for the year	-	6,688	6,688
On disposals	-	(3,285)	(3,285)
At 31 December 2006	<u>-</u>	<u>71,396</u>	<u>71,396</u>
NET BOOK VALUE			
At 31 December 2006	<u>21,000</u>	<u>17,870</u>	<u>38,870</u>
At 31 December 2005	<u>21,000</u>	<u>23,671</u>	<u>44,671</u>

14. DEBTORS

	2006 £	2005 £
Other debtors	58,277	9,092
Prepayments and accrued income	19,152	17,828
Tax recoverable	57,267	161,348
	<u>134,696</u>	<u>188,268</u>

15. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £	2005 £
Other creditors	1,144	36,960
Accruals and deferred income	13,540	21,367
	<u>14,684</u>	<u>58,327</u>

SOS CHILDREN'S VILLAGES UK

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

16. **CREDITORS:**
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2006 £	2005 £
Other loans	-	220,678

Creditors include amounts not wholly repayable within 5 years as follows:

	2006 £	2005 £
Repayable by instalments	-	220,678

SOS Children's Villages UK (SOS-UK) have received funding from Stiftelsen SOS-Barnebyer Norge (SOS-Norway) to invest in the future development of SOS-UK. This has been in the form of an interest-free loan, which was repaid to SOS-Norway through funding SOS Children's Villages projects of which SOS-Norway is the principal funder. During the year no further funds were advanced and £220,678 (2005: £34,242) was repaid to SOS Norway.

17. **TRUST CAPITAL**

	2006 £	2005 £
AUTHORISED, ALLOTTED, CALLED UP AND FULLY PAID		
200 Trust Capital shares of £1 each	200	200

SOS CHILDREN'S VILLAGES UK

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

18. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Carried Forward £
UNRESTRICTED FUNDS					
General Fund	(303,201)	1,051,949	(769,771)	(62,763)	(83,786)
Trust capital	200	-	-	-	200
	<u>(303,001)</u>	<u>1,051,949</u>	<u>(769,771)</u>	<u>(62,763)</u>	<u>(83,586)</u>
RESTRICTED FUNDS					
Sponsorship Fund	46,795	657,202	(608,814)	-	95,183
Basse, Gambia	763,342	23,620	(550,194)	-	236,768
Malawi	199,331	-	(11,000)	-	188,331
Mzuzu, Malawi	95,475	21,945	-	-	117,420
Pakistan	103,182	153,358	(168,052)	-	88,488
Rustenburg, South Africa	60,000	-	-	-	60,000
Tsunami	533,628	19,575	(194,471)	-	358,732
Blantyre Kindergarten, Malawi	-	84,671	-	-	84,671
Six Villages for 2006	-	70,275	-	-	70,275
Hope One World	-	-	(20,000)	20,000	-
Other restricted projects < £50,000	549,430	481,008	(378,508)	42,763	694,693
	<u>2,351,183</u>	<u>1,511,654</u>	<u>(1,931,039)</u>	<u>62,763</u>	<u>1,994,561</u>
Total of Funds	<u>2,048,182</u>	<u>2,563,603</u>	<u>(2,700,810)</u>	<u>-</u>	<u>1,910,975</u>
SUMMARY OF FUNDS					
	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Carried Forward £
General Funds	(303,001)	1,051,949	(769,771)	(62,763)	(83,586)
Restricted Funds	2,351,183	1,511,654	(1,931,039)	62,763	1,994,561
	<u>2,048,182</u>	<u>2,563,603</u>	<u>(2,700,810)</u>	<u>-</u>	<u>1,910,975</u>

SOS CHILDREN'S VILLAGES UK

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Funds 2006 £	Unrestricted Funds 2006 £	Total Funds 2006 £	Total Funds 2005 £
Tangible fixed assets	-	38,869	38,869	44,670
Current assets	2,009,244	(122,455)	1,886,789	2,282,516
Creditors due within one year	(14,683)	-	(14,683)	(58,526)
Creditors due in more than one year	-	-	-	(220,678)
	<u>1,994,561</u>	<u>(83,586)</u>	<u>1,910,975</u>	<u>2,047,982</u>

20. PENSION COMMITMENTS

The Charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Charity. The pension cost charge represents contributions payable by the Company and amounted to £9,229 (2005: £14,270).

21. OPERATING LEASE COMMITMENTS

At 31 December 2006 the company had annual commitments under non-cancellable operating leases as follows:

EXPIRY DATE:	2006 £	2005 £
Between 2 and 5 years	<u>34,403</u>	<u>33,670</u>

22. RELATED PARTY TRANSACTIONS

At 31 December 2006, 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.

Trading operations are now undertaken by the charitable company.