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**SOS CHILDREN'S VILLAGES UK**

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**TRUSTEES REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

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SOS CHILDREN'S VILLAGES UK

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SOS CHILDREN'S VILLAGES UK

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 DECEMBER 2007

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<b>Trustees</b>	Mary Cockcroft, Chairman Michael Riding, Vice Chairman Michael Brewer David Clifford (resigned 20/09/2007) Ulf Larsen Earl of St Andrews Peter Voelker David Stranack Ayesha Khan (appointed 14/03/2007)
<b>Patron</b>	The Countess Mountbatten of Burma CBE CD JP DL
<b>President</b>	H E The Austrian Ambassador
<b>Vice-Presidents</b>	Dulcie Gray CBE The RT Hon Dr J Dickson Mabon
<b>Company registered number</b>	3346676
<b>Charity registered number</b>	1069204
<b>Registered office</b>	St Andrews House 59 St Andrews Street Cambridge CB2 3BZ
<b>Company secretary</b>	Mr Alistair Barry
<b>Chief executive officer</b>	Mr Andrew Cates
<b>Auditors</b>	Peters Elworthy & Moore Chartered Accountants Registered Auditors Salisbury House Station Road Cambridge CB1 2LA
<b>Bankers</b>	Barclays Bank Plc 28 Chesterton Road Cambridge CB4 3AZ  CAF CASH Ltd Kings Hill West Malling Kent ME19 4TA

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SOS CHILDREN'S VILLAGES UK

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 DECEMBER 2007

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**Advisers (continued)**

**Solicitors**

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

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## SOS CHILDREN'S VILLAGES UK

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### TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

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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 Villages UK (the Company) for the ended 31 December 2007. 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 2007 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 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

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## SOS CHILDREN'S VILLAGES UK

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### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2007

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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 2000 children in 2008, 2500 in 2009 and 3000 in 2010.

#### PUBLIC BENEFIT

The Trustees have assessed the disclosures made in the Trustees report and consider these sufficient to detail the significant activities undertaken in order to carry out the charity's aims for the public benefit. When planning the charity's activities, the trustees have given regard to the Commission's guidance on public benefit.

#### 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 2007 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. Direct support was also given to specific projects in a number of countries including The Gambia, South Africa, Bangladesh, India, Argentina and Indonesia.

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 Family Matters, the newsletter of SOS Children's Villages UK, 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 2007, 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. In addition the value of regular donation by Direct Debit and Standing Order grew by 21% when compared with 2006. 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 2007, an approximate rate of return of 4.2% was achieved which the trustees consider to be acceptable.

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## SOS CHILDREN'S VILLAGES UK

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### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2007

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#### 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 2007, other, unrestricted charitable funds stood at £171,779. As at 31 December 2007, the restricted funds of the charity totalled £1,271,503, 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. 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.

##### STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

Company and charity 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 these 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 prevention and detection of fraud and other irregularities.

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SOS CHILDREN'S VILLAGES UK

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TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2007

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**PROVISION OF INFORMATION TO AUDITORS**

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

- there is no relevant audit information of which the Company's auditors are unaware, and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This report was approved by the Trustees on 21/7/08 and signed on its behalf, by:

Mary Cockcroft, Chairman

A handwritten signature in red ink, appearing to read 'M Cockcroft', with a large, stylized flourish extending from the end of the signature.



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**SOS CHILDREN'S VILLAGES UK**

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

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We have audited the financial statements of SOS Children's Villages UK for the year ended 31 December 2007 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 2007).

**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 Trustees' 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.

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SOS CHILDREN'S VILLAGES UK

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

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**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 2007 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' annual report is consistent with the financial statements.



**PETERS ELWORTHY & MOORE**

Chartered Accountants  
Registered Auditors

Salisbury House  
Station Road  
Cambridge  
CB1 2LA

Date: 24 July 2008

SOS CHILDREN'S VILLAGES UK

**STATEMENT OF FINANCIAL ACTIVITIES  
(incorporating income and expenditure account)  
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	Restricted Funds 2007 £	Unrestricted Funds 2007 £	Total Funds 2007 £	As restated Total Funds 2006 £
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds:					
Voluntary income	2	2,157,380	901,584	3,058,964	2,300,461
Activities for generating funds	3,4	-	132,340	132,340	188,206
Investment income	5	9,596	78,744	88,340	74,936
Other incoming resources	6	-	150	150	-
<b>TOTAL INCOMING RESOURCES</b>		<b>2,166,976</b>	<b>1,112,818</b>	<b>3,279,794</b>	<b>2,563,603</b>
<b>RESOURCES EXPENDED</b>					
Costs of generating funds:					
Costs of generating voluntary income	7	-	614,738	614,738	670,999
Fundraising expenses and other costs	4	-	9,189	9,189	14,409
Charitable activities	8	2,583,925	96,210	2,680,135	1,983,443
Governance costs	9	-	67,564	67,564	31,959
<b>TOTAL RESOURCES EXPENDED</b>	11	<b>2,583,925</b>	<b>787,701</b>	<b>3,371,626</b>	<b>2,700,810</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>		<b>(416,949)</b>	<b>325,117</b>	<b>(91,832)</b>	<b>(137,207)</b>
Transfers between Funds	18	69,752	(69,752)	-	-
<b>NET INCOME / (EXPENDITURE) FOR THE YEAR</b>		<b>(347,197)</b>	<b>255,365</b>	<b>(91,832)</b>	<b>(137,207)</b>
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>(347,197)</b>	<b>255,365</b>	<b>(91,832)</b>	<b>(137,207)</b>
Total funds at 1 January 2007		1,618,700	(83,586)	1,535,114	2,048,182
Prior year adjustment		-	-	-	(375,861)
<b>TOTAL FUNDS AT 31 DECEMBER 2007</b>		<b>1,271,503</b>	<b>171,779</b>	<b>1,443,282</b>	<b>1,535,114</b>

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 2007**

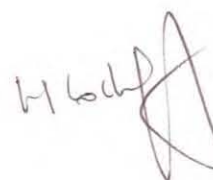
	Note	£	2007 £	£	As restated 2006 £
Tangible fixed assets	14		76,044		38,870
<b>CURRENT ASSETS</b>					
Stocks		7,683		890	
Debtors	15	182,459		134,696	
Cash at bank and in hand		1,720,586		1,751,203	
		<u>1,910,728</u>		<u>1,886,789</u>	
<b>CREDITORS:</b> amounts falling due within one year	16	<u>(543,490)</u>		<u>(390,546)</u>	
<b>NET CURRENT ASSETS</b>			<u>1,367,238</u>		1,496,243
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u><u>1,443,282</u></u>		<u><u>1,535,113</u></u>
<b>CHARITY FUNDS</b>					
Restricted funds	18		1,271,503		1,618,699
Unrestricted funds:					
Share capital	17	200		200	
Unrestricted income funds	18	171,579		(83,786)	
Total unrestricted funds			<u>171,779</u>		<u>(83,586)</u>
<b>SHAREHOLDERS' AND CHARITY'S FUNDS</b>			<u><u>1,443,282</u></u>		<u><u>1,535,113</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 2007).

The financial statements were approved by the Trustees on *21/7/08* and signed on their behalf, by:

Mary Cockcroft, Chairman

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



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007**

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**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 2007). 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 2007**

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**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. Governance 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 2007).

**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.

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SOS CHILDREN'S VILLAGES UK

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007

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1. ACCOUNTING POLICIES (continued)

1.11 FOREIGN CURRENCIES

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

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

Exchange gains and losses are recognised in the Statement of financial activities.

1.12 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.

1.13 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.

1.14 GIFTS IN KIND

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

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

1.15 IRRECOVERABLE VAT

Irrecoverable input VAT, is shown within sundry expenditure.

2. VOLUNTARY INCOME

	Restricted Funds 2007 £	Unrestricted Funds 2007 £	Total Funds 2007 £	Total Funds 2006 £
Gifts, donations and income tax recoverable	2,154,476	747,958	2,902,434	2,210,056
Legacies	1,500	153,626	155,126	90,405
Gifts in kind	1,404	-	1,404	-
	<hr/>	<hr/>	<hr/>	<hr/>
Voluntary income	2,157,380	901,584	3,058,964	2,300,461
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

SOS CHILDREN'S VILLAGES UK

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007**

**3. FUNDRAISING INCOME**

	Restricted Funds 2007 £	Unrestricted Funds 2007 £	Total Funds 2007 £	Total Funds 2006 £
Fundraising event	-	-	-	14,225
Supporters groups	-	122,315	122,315	163,385
	<u>-</u>	<u>122,315</u>	<u>122,315</u>	<u>177,610</u>

**4. TRADING ACTIVITIES**

	Restricted Funds 2007 £	Unrestricted Funds 2007 £	Total Funds 2007 £	Total Funds 2006 £
<b>CHARITY TRADING INCOME</b>				
Trading income	-	10,025	10,025	10,596
<b>FUNDRAISING TRADING EXPENSES</b>				
Fundraising trading: costs of goods sold and other costs	-	9,189	9,189	14,409
Net income/(expenditure) from trading activities	<u>-</u>	<u>836</u>	<u>836</u>	<u>(3,813)</u>

**5. INVESTMENT INCOME**

	Restricted Funds 2007 £	Unrestricted Funds 2007 £	Total Funds 2007 £	Total Funds 2006 £
Rent receivable	-	925	925	925
Bank interest receivable	9,596	77,819	87,415	74,011
	<u>9,596</u>	<u>78,744</u>	<u>88,340</u>	<u>74,936</u>

**6. OTHER INCOMING RESOURCES**

	Restricted Funds 2007 £	Unrestricted Funds 2007 £	Total Funds 2007 £	Total Funds 2006 £
On-line filing rebate	-	150	150	-



**SOS CHILDREN'S VILLAGES UK**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007**

**7. COSTS OF GENERATING VOLUNTARY INCOME**

	Restricted Funds 2007 £	Unrestricted Funds 2007 £	Total Funds 2007 £	Total Funds 2006 £
Fundraising costs	-	109,138	109,138	184,712
Fundraising event costs	-	-	-	40,481
Staff travel	-	12,562	12,562	10,428
Rent and rates	-	42,592	42,592	39,251
Insurance	-	4,392	4,392	2,885
Light and heat	-	2,434	2,434	1,699
Telephone and fax	-	2,367	2,367	3,029
Printing, postage and stationery	-	13,511	13,511	17,821
Computer costs	-	44,243	44,243	30,106
Sundry	-	32,039	32,039	32,884
Bank charges	-	4,765	4,765	3,672
Subscriptions and training	-	2,406	2,406	5,317
Loss/(gain) on foreign exchange	-	(4,697)	(4,697)	(2,021)
Repairs and renewals	-	-	-	415
Advertising	-	792	792	615
Staff costs	-	334,148	334,148	294,020
Depreciation	-	14,046	14,046	5,685
	<u>-</u>	<u>614,738</u>	<u>614,738</u>	<u>670,999</u>

**8. EXPENDITURE BY CHARITABLE ACTIVITY**

**SUMMARY BY FUND TYPE**

	Restricted Funds 2007 £	Unrestricted Funds 2007 £	Total Funds 2007 £	As restated Total Funds 2006 £
Sponsorship and support of orphans and children's villages (note 10)	<u>2,583,925</u>	<u>96,210</u>	<u>2,680,135</u>	<u>1,983,443</u>

**SUMMARY BY EXPENDITURE TYPE**

	Staff costs 2007 £	Depreciation 2007 £	Other costs 2007 £	Total 2007 £	As restated Total 2006 £
Sponsorship and support of orphans and children's villages	<u>55,964</u>	<u>2,287</u>	<u>2,621,884</u>	<u>2,680,135</u>	<u>1,983,443</u>

SOS CHILDREN'S VILLAGES UK

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007**

**9. GOVERNANCE COSTS**

	Restricted Funds 2007 £	Unrestricted Funds 2007 £	Total Funds 2007 £	Total Funds 2006 £
Governance Auditors' remuneration	-	7,325	7,325	8,000
Governance expense - Membership fee	-	60,239	60,239	23,959
	<u>-</u>	<u>67,564</u>	<u>67,564</u>	<u>31,959</u>

**10. DIRECT COSTS**

	Sponsorship and support £	Total 2007 £	Total 2006 £
Staff travel	2,045	2,045	1,840
Rent and rates	6,934	6,934	6,927
Insurance	715	715	509
Light and heat	396	396	300
Telephone and fax	385	385	534
Postage, printing and stationery	2,200	2,200	3,145
Computer costs	7,202	7,202	5,313
Sundry	5,215	5,215	5,803
Bank charges	776	776	648
Subscriptions	392	392	938
Loss on foreign exchange	(765)	(765)	(356)
Sponsorships	992,164	992,164	820,602
Project expenditure	1,591,761	1,591,761	1,069,955
Student funding	6,659	6,659	8,738
Loss on disposal of fixed assets	129	129	-
Legacy costs	5,676	5,676	5,670
Wages and salaries	48,607	48,607	45,945
National insurance	5,011	5,011	4,545
Pension cost	2,346	2,346	1,384
Depreciation	2,287	2,287	1,003
	<u>2,680,135</u>	<u>2,680,135</u>	<u>1,983,443</u>

**SOS CHILDREN'S VILLAGES UK**

**NOTES TO THE FINANCIAL STATEMENTS  
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**11. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE**

	Staff costs 2007 £	Depreciation 2007 £	Other costs 2007 £	Total 2007 £	Total 2006 £
Costs of generating voluntary income	334,148	14,046	266,544	614,738	670,999
Fundraising expenses	-	-	9,189	9,189	14,409
Sponsorship and support of orphans and children's villages	55,964	2,287	2,621,884	2,680,135	1,983,443
Governance	-	-	67,564	67,564	31,959
	<u>390,112</u>	<u>16,333</u>	<u>2,965,181</u>	<u>3,371,626</u>	<u>2,700,810</u>

**12. NET INCOME / (EXPENDITURE)**

This is stated after charging:

	2007 £	2006 £
Depreciation of tangible fixed assets:		
- owned by the charity	16,333	6,688
Governance Auditors' remuneration	7,325	8,000
Pension costs	8,422	9,229
	<u>32,080</u>	<u>23,917</u>

During the year, no Trustees received any remuneration (2006 - £NIL).

During the year, no Trustees received any benefits in kind (2006 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2006 - £NIL).

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**NOTES TO THE FINANCIAL STATEMENTS  
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**13. STAFF COSTS**

Staff costs were as follows:

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Wages and salaries	346,795	306,363
Social security costs	34,895	30,302
Other pension costs	8,422	9,229
	<b>390,112</b>	<b>345,894</b>
	<b>390,112</b>	<b>345,894</b>

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

	<b>2007</b>	<b>2006</b>
	<b>No.</b>	<b>No.</b>
	15	14
	<b>15</b>	<b>14</b>
	<b>15</b>	<b>14</b>

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

**14. TANGIBLE FIXED ASSETS**

	<b>Land and buildings</b>	<b>Furniture, fittings and equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>COST</b>			
At 1 January 2007	21,000	89,266	110,266
Additions	-	54,407	54,407
Disposals	-	(11,882)	(11,882)
	<b>21,000</b>	<b>131,791</b>	<b>152,791</b>
	<b>21,000</b>	<b>131,791</b>	<b>152,791</b>
<b>DEPRECIATION</b>			
At 1 January 2007	-	71,396	71,396
Charge for the year	-	16,333	16,333
On disposals	-	(10,982)	(10,982)
	<b>-</b>	<b>76,747</b>	<b>76,747</b>
	<b>-</b>	<b>76,747</b>	<b>76,747</b>
<b>NET BOOK VALUE</b>			
At 31 December 2007	21,000	55,044	76,044
	<b>21,000</b>	<b>55,044</b>	<b>76,044</b>
	<b>21,000</b>	<b>55,044</b>	<b>76,044</b>
At 31 December 2006	21,000	17,870	38,870
	<b>21,000</b>	<b>17,870</b>	<b>38,870</b>
	<b>21,000</b>	<b>17,870</b>	<b>38,870</b>

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SOS CHILDREN'S VILLAGES UK

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NOTES TO THE FINANCIAL STATEMENTS  
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15. DEBTORS

	2007	2006
	£	£
Other debtors	106,367	80,335
Prepayments and accrued income	9,021	19,152
Tax recoverable	67,071	35,209
	<u>182,459</u>	<u>134,696</u>

16. CREDITORS:  
AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007	As restated 2006
	£	£
Social security and other taxes	10,041	-
Other creditors	503,612	377,006
Accruals and deferred income	29,837	13,540
	<u>543,490</u>	<u>390,546</u>

17. TRUST CAPITAL

	2007	2006
	£	£
<b>AUTHORISED, ALLOTTED, CALLED UP AND FULLY PAID</b>		
200 Trust Capital shares of £1 each	<u>200</u>	<u>200</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007**

**18. STATEMENT OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Carried Forward £
<b>UNRESTRICTED FUNDS</b>					
General Fund	(83,786)	1,112,818	(787,701)	(69,752)	171,579
Share capital	200	-	-	-	200
	<u>(83,586)</u>	<u>1,112,818</u>	<u>(787,701)</u>	<u>(69,752)</u>	<u>171,779</u>

**RESTRICTED FUNDS**

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

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

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Carried Forward £
Sponsorship Fund	(241,822)	898,423	(874,347)	217,746	-
Basse, Gambia	236,768	24,843	(342,985)	-	(81,374)
Malawi	188,331	1,000	(1,000)	(15,345)	172,986
Blantyre Kindergarten, Malawi	84,671	5,157	-	(3,170)	86,658
Mzuzu Fund	116,537	19,901	(922)	-	135,516
Hope One World	-	-	(24,000)	24,000	-
Rustenburg, South Africa	60,000	-	(60,000)	-	-
Pakistan	88,488	150	(40,404)	(18,769)	29,465
Tsunami	358,732	2,381	(85,945)	39,353	314,521
Six Villages for 2006	70,275	1,137	(25,000)	-	46,412
South Africa - Mamelodi	45,394	60,740	(56,235)	(31,693)	18,206
Gambia - Basse Primary School	-	111,707	(248,269)	4,000	(132,562)
HSBC Education Trust	-	510,794	(436,456)	-	74,338
Other Restricted Projects <£50,000	611,326	530,743	(388,362)	(146,370)	607,337
	<u>1,618,700</u>	<u>2,166,976</u>	<u>(2,583,925)</u>	<u>69,752</u>	<u>1,271,503</u>
Total of Funds	<u>1,535,114</u>	<u>3,279,794</u>	<u>(3,371,626)</u>	<u>-</u>	<u>1,443,282</u>

**SUMMARY OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Carried Forward £
General funds	(83,586)	1,112,818	(787,701)	(69,752)	171,779
Restricted funds	1,618,700	2,166,976	(2,583,925)	69,752	1,271,503
	<u>1,535,114</u>	<u>3,279,794</u>	<u>(3,371,626)</u>	<u>-</u>	<u>1,443,282</u>

SOS CHILDREN'S VILLAGES UK

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007**

**19. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Restricted Funds 2007 £	Unrestricted Funds 2007 £	Total Funds 2007 £	As restated Total Funds 2006 £
Tangible fixed assets	-	76,043	76,043	38,869
Current assets	1,271,503	639,227	1,910,730	1,886,790
Creditors due within one year	-	(543,491)	(543,491)	(390,545)
	<u>1,271,503</u>	<u>171,779</u>	<u>1,443,282</u>	<u>1,535,114</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 £9,566 (2006: £9,229), at the year end date £1,356 (2006: £1,144) was outstanding.

**21. OPERATING LEASE COMMITMENTS**

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as follows:

	2007 £	2006 £
<b>EXPIRY DATE:</b>		
Within 1 year	25,253	-
Between 2 and 5 years	733	34,403
	<u>25,986</u>	<u>34,403</u>

**22. OTHER FINANCIAL COMMITMENTS**

At the year end the charity was committed to expenditure payable within 1 year totalling £259,247 (2006: £171,190).

**23. RELATED PARTY TRANSACTIONS**

At 31 December 2007, 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.

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**SOS CHILDREN'S VILLAGES UK**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**24. PRIOR YEAR ADJUSTMENT**

A prior year adjustment has been made in respect of sponsorships due to SOS Kinderdorf at the period end. This has the effect of reducing Restricted funds brought forward by £375,861.