

Registered number: 3346676  
Charity number: 1069204

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**SOS CHILDREN'S VILLAGES UK**

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**TRUSTEES REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2008**

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**SOS CHILDREN'S VILLAGES UK**

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## SOS CHILDREN'S VILLAGES UK

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### TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

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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's Villages UK (the company) for the year ended 31 December 2008. 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

SOS Children's Villages UK is a member of SOS Children's Villages International, which has member associations in 131 countries. SOS Children's Villages UK exists to help children by promoting and supporting, from within the UK, the worldwide work of SOS Children's Villages.

The company is a members limited liability company, set up 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 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 be re-elected. They are invited to attend induction and training courses and regular review is made of the composition of the Board to identify potential vacancies and the need for particular skills.

New trustees are sought to replace resigning trustees and are usually approached to obtain an indication of their willingness to serve. Potential new trustees are then interviewed by two existing trustees who report back to the Board with their recommendations. The Board actively seeks to ensure that they encompass a broad diversity of skills and background.

The Board met four times in 2008 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 risks to the charity - specifically the major strategic, business and operational risks - are examined by the Board of Trustees, all of whom are confident that systems have been established and reporting mechanisms are in place to have minimised the risks to SOS Children's Villages UK. There are no perceived threats to the existence or development of the charity.

##### OBJECTIVES AND ACTIVITIES

##### POLICIES AND OBJECTIVES

Our primary purpose is to care for children and young people by setting up and maintaining SOS Children's Villages and projects abroad and educate and train the children in our care. Our aim is to continue promoting and developing this activity. Specifically we exist to provide loving homes, stable relationships and a future for

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## SOS CHILDREN'S VILLAGES UK

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### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2008

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children with no-one else.

Where possible, we support 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.

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, our plans for the next three years are simple: we plan to continue to grow our regular giving donor base by around 30% a year, and exploit warm contacts and approaches in community fundraising, trusts foundations and major donors in a professional manner. We do not plan any cold mailing, cold telephone approaches or face to face recruitment. We do not wish our UK administration costs to grow much beyond the current levels and will seek efficiency improvements to cover extra activity. In terms of overseas projects, we aim to sponsor 30% more children each year in the years ahead.

#### **PUBLIC BENEFIT**

The direct beneficiaries of our work are orphans, vulnerable children and children at risk who we help to lead a full life. We (our local affiliates) work in 131 countries around the world, run 491 SOS villages and 396 youth homes, care for more than 75,000 children, provide an education in our nurseries, primary and secondary schools to over 130,000 children and support over 1 million vulnerable children and their families through medical centres, social centres, vocational training schemes and emergency relief efforts. Indirect beneficiaries of our work include the extended families of the children that we help and society in general. In addition we estimate that several million children worldwide have benefitted directly from the edited selection of Wikipedia (2008/9 Wikipedia for Schools) which we have produced and distributed freely.

The shared strategic aspiration for all SOS Children's Villages associations is to give an additional million children the opportunity to grow up in a family by 2016: 900,000 in their original community and 100,000 in Children's Villages.

#### **ACHIEVEMENTS AND PERFORMANCE**

##### **REVIEW OF ACTIVITIES**

Our twin UK key aims for 2008 were to increase the number of child and village sponsors in the year (which grew by 5% to 4,056) and to reduce the percentage of income spent on administration and overheads (which fell by 4% in the year). Our 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 2007. Our activities match our aims as each year the majority of our donations come from individual supporters, many of whom sponsor our children and villages meaning that we can continue to provide long-term care for vulnerable children.

Our primary focus has been to revamp and continually develop our Internet sites (which began four years ago) and find ways of attracting people to our website - this can be through high Search Engine rankings as well as bringing people onto our site through news links and an interest in obtaining a free, edited copy of the Wikipedia DVD that we have produced. This increased interest has led to a higher volume of donations and committed giving - as well as spin-off benefits from people who wish to do challenge events, or persuade their companies to support our work or visit our projects to see for themselves what we do. All this increased interest and support is helping us care for more children.

For the last two years, income and growth in committed giving have exceeded plans while office costs have been below plan. The main reason for this has been the astonishing success of our Internet site which

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## SOS CHILDREN'S VILLAGES UK

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### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2008

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continues to raise funds at a cost level of around 1p in the pound and has allowed us to reduce mailing and other costs while increasing income. In addition, securing an income of \$1m a year for five years from HSBC was above our expectations and we have had several major donations which have lifted figures above expectation.

We experienced some problems in the year. One by-product of a growing Internet footprint is an increase in fraudulent direct debit and credit card donations as well as a higher number of bogus and phishing emails, and in 2008 we also received many calls and emails relating to a bogus charity with a similar sounding name arranging door-to-door clothing collections

We measure our success in the field on complicated indicators including total numbers of children helped, number of children who remain in a family as a result of our work and outcomes studies of children who grow up in our care. We measure success in fundraising on total regular income (direct debits plus standing orders), total income, percentage of total income used in fundraising, advocacy and admin (advocacy is a charitable end but blurs into fundraising). In 2008 we beat our income budget by 15%

Our charity, headed up by our Chief Executive is split into two functions - a Fundraising group which looks after distinct areas and an Office team who are responsible for our sponsors and database. As at the end of 2008 we had twelve full time staff and four part time staff. Their roles are: Chief Executive, Finance Director, Fundraising Director, Sponsorship Secretary, Database Manager (part-time), Data Entry Assistant (one-off donations – part time), Data Entry Assistant (Regular donations), Online Marketing Manager, Web Assistant, Corporate Liaison & Challenges Co-ordinator, Press & Communications Manager, Community Fundraising Co-ordinator (part-time), Donor Liaison (part-time), School Liaison & Volunteer Co-ordinator, Trusts & Projects Co-ordinator and Marketing & Design Co-ordinator. Our salary bands are under £20,000 (5 staff); £20,000 - £35,000 (8 staff); £35,000 - £45,000 (2 staff), £45,000 - £60,000 (1 staff).

We have around ten office volunteers who between them contribute the equivalent of one or two full time members of staff; we estimate the total fundraising and office value of volunteers as £250k a year. This helps keep our administration costs low. We also have a network of regional volunteers and other volunteer fundraisers (for example running supporters groups).

During 2008 we directly supported education programmes for two 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, Philippines, Panama, Palestine, Pakistan, Morocco 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.

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**

Most of our income comes from our individual supporters, many of whom commit to give regularly to our work through direct debits or similar - much of this support is through supporting individual children or villages. All sponsorship contributions are sent, without deduction, to the particular SOS Children's Village. Increasingly we are developing new income sources from companies, and our work is attracting the interest of high net-worth individuals and philanthropists. We could always do with more support, particularly to assist with our outreach programmes in AIDS affected areas. Most of our expenditure each year relates to passing on the funds raised directly - without deduction - to our projects, the rest goes on informing our supporters and potential supporters about our work

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## SOS CHILDREN'S VILLAGES UK

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### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2008

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#### INVESTMENT POLICY AND PERFORMANCE

In general we do not make investments and keep funds on deposit at the bank, generally in high interest-earning deposit accounts. This ensures that the funds are immediately accessible whilst ensuring that a reasonable level of return is achieved. During the year ended 31 December 2008, an approximate rate of return of 5.1% was achieved which the trustees consider to be acceptable.

#### ASSETS

SOS Children's Villages UK rents its office premises at a low commercial rent and owns a small amount of office equipment. We also own a piece of donated land which is leased for farming use. The combined book value of our tangible assets (land and office equipment) at 31 December 2008 was £67,420.

#### FINANCIAL REVIEW

#### FINANCIAL HEALTH

The overall health of SOS Children's Villages UK is very satisfactory. Income in 2008 was the highest in the charity's history (£4,275,866) including a 21% increase in regular donations (when comparing with 2007).

#### RESERVES POLICY

Our restricted reserves are high because these are mainly being retained for capital project costs (e.g. development of a new village in The Gambia, construction of houses in Agadir, Morocco, extension to schools in India & Cambodia), which are called off when the funds are required. Most restricted donations for specific projects or equipment are forwarded on receipt without any deduction for administration. We maintain a level of unrestricted reserves adequate to cover not only our ongoing trade debt but also our commitments to projects overseas and have established a policy of retaining the equivalent of between two and four months forward expenditure in free reserves. At 31 December 2008, other, unrestricted charitable funds stood at £186,459. As at 31 December 2008, the restricted funds of the charity totalled £1,816,845, which are held for the purposes as set out in note 19.

#### PLANS FOR THE FUTURE

Put simply, we want to raise more funds that we can pass on directly to our projects. We continue to seek funds for the first fully UK-financed village in Basse, The Gambia, and are actively seeking funds for our second fully UK-financed village in Chipata, Zambia. We would like to be in a position where we can support the development of new projects around the world and to build new villages where the need is great. We believe that our money makes a real difference - funds raised in the West can go much further in the poor and developing countries.

Our main income stream will continue to be the individual supporters who will carry on providing a strong platform for our work. We are looking to increase our number of supporters, not through expensive TV advertising or cold mail recruitment campaigns, but through more cost effective channels especially online. So we are looking to consolidate and grow our presence on the web which is currently yielding around a 20% overall growth rate in regular donors and increasing leads from companies and major donors. Our trustees are confident that we will continue to increase our contribution to the worldwide work of SOS Children's Villages.

Our fundraising effectiveness is getting better. Up until six years ago, we, like other charities, were focusing on attracting new donors through cold-mail marketing campaigns but this approach had become saturated and we were unable to create a unique position in the market. So instead we tried to improve communication with people who were actively interested in helping orphaned or abandoned children, mainly by improving the prominence of our websites. This has very low recruitment costs – for new donors, which in turn means we can reassure our donors on our low fundraising and administration costs.

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**SOS CHILDREN'S VILLAGES UK**

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**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2008**

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**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.

**PROVISION OF INFORMATION TO AUDITOR**

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 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.

This report was approved by the Trustees on 23/6/09 and signed on its behalf, by:



**Mary Cockcroft, Chairman**

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## SOS CHILDREN'S VILLAGES UK

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### INDEPENDENT AUDITOR'S 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 2008 set out on pages 10 to 23. These financial statements have been prepared under the accounting policies set out on pages 12 to 14 and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 its members, as a body, for our audit work, for this report, or for the opinion we have formed.

#### RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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 in our opinion 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 or 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 AUDITOR'S 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 2008 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: 25 June 2009

**SOS CHILDREN'S VILLAGES UK**

**STATEMENT OF FINANCIAL ACTIVITIES**  
(incorporating income and expenditure account)  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

	Note	Restricted Funds 2008 £	Unrestricted Funds 2008 £	Total Funds 2008 £	Total Funds 2007 £
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds:					
Voluntary income	2	2,717,650	1,367,562	4,085,212	3,058,964
Activities for generating funds	3,4	95,023	6,355	101,378	132,340
Investment income	5	845	88,331	89,176	88,340
Other incoming resources	6	-	100	100	150
<b>TOTAL INCOMING RESOURCES</b>		<b>2,813,518</b>	<b>1,462,348</b>	<b>4,275,866</b>	<b>3,279,794</b>
<b>RESOURCES EXPENDED</b>					
Costs of generating funds:					
Costs of generating voluntary income	7	-	619,023	619,023	614,738
Fundraising expenses and other costs	4	-	2,981	2,981	9,189
Charitable activities	8	2,801,514	258,422	3,059,936	2,680,135
Governance costs	9	-	33,904	33,904	67,564
<b>TOTAL RESOURCES EXPENDED</b>	11	<b>2,801,514</b>	<b>914,330</b>	<b>3,715,844</b>	<b>3,371,626</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>		<b>12,004</b>	<b>548,018</b>	<b>560,022</b>	<b>(91,832)</b>
Transfers between Funds	19	533,338	(533,338)	-	-
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>545,342</b>	<b>14,680</b>	<b>560,022</b>	<b>(91,832)</b>
Total funds at 1 January 2008		1,271,503	171,779	1,443,282	1,535,114
<b>TOTAL FUNDS AT 31 DECEMBER 2008</b>		<b>1,816,845</b>	<b>186,459</b>	<b>2,003,304</b>	<b>1,443,282</b>

The notes on pages 12 to 23 form part of these financial statements.

SOS CHILDREN'S VILLAGES UK

**BALANCE SHEET  
AS AT 31 DECEMBER 2008**

	Note	£	2008 £	£	2007 £
Tangible fixed assets	14		67,420		76,044
Fixed asset investments	15		4,800		-
			<u>72,220</u>		<u>76,044</u>
<b>CURRENT ASSETS</b>					
Stocks		6,928		7,683	
Debtors	16	131,652		182,459	
Cash at bank and in hand		2,487,191		1,720,586	
		<u>2,625,771</u>		<u>1,910,728</u>	
<b>CREDITORS:</b> amounts falling due within one year	17	<u>(694,687)</u>		<u>(543,490)</u>	
<b>NET CURRENT ASSETS</b>			<u>1,931,084</u>		<u>1,367,238</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>2,003,304</u>		<u>1,443,282</u>
<b>CHARITY FUNDS</b>					
Restricted funds	19		1,816,845		1,271,503
Unrestricted funds:					
Share capital	18	200		200	
Unrestricted income funds	19	186,259		171,579	
Total unrestricted funds			<u>186,459</u>		<u>171,779</u>
<b>SHAREHOLDERS' AND CHARITY'S FUNDS</b>			<u>2,003,304</u>		<u>1,443,282</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable 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 23/6/09 and signed on their behalf, by:

**Mary Cockcroft, Chairman**

The notes on pages 12 to 23 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

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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 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.

**1.4 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).

**1.5 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

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**1. ACCOUNTING POLICIES (continued)**

**1.6 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.

**1.7 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.

**1.8 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 property	-	undepreciated
Fixtures & fittings	-	20% reducing balance

**1.9 INVESTMENTS**

Investments are stated at market value at the balance sheet date. The Statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the year.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

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**1. ACCOUNTING POLICIES (continued)**

**1.10 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.

**1.11 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.

**1.12 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.

**1.13 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.

**1.14 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.

**1.15 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.

**1.16 IRRECOVERABLE VAT**

Irrecoverable input VAT, is shown within sundry expenditure.

SOS CHILDREN'S VILLAGES UK

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008

**2. VOLUNTARY INCOME**

	Restricted Funds 2008 £	Unrestricted Funds 2008 £	Total Funds 2008 £	Total Funds 2007 £
Gifts, donations and income tax recoverable	2,708,985	886,787	3,595,772	2,902,434
Legacies	5,490	480,775	486,265	155,126
Gifts in kind	3,175	-	3,175	1,404
	<u>2,717,650</u>	<u>1,367,562</u>	<u>4,085,212</u>	<u>3,058,964</u>

**3. FUNDRAISING INCOME**

	Restricted Funds 2008 £	Unrestricted Funds 2008 £	Total Funds 2008 £	Total Funds 2007 £
Supporters groups	95,023	-	95,023	122,315
	<u>95,023</u>	<u>-</u>	<u>95,023</u>	<u>122,315</u>

**4. TRADING ACTIVITIES**

	Restricted Funds 2008 £	Unrestricted Funds 2008 £	Total Funds 2008 £	Total Funds 2007 £
<b>CHARITY TRADING INCOME</b>				
Trading income	-	6,355	6,355	10,025
<b>FUNDRAISING TRADING EXPENSES</b>				
Fundraising trading: costs of goods sold and other costs	-	2,981	2,981	9,189
Net income from trading activities	-	3,374	3,374	836
	<u>-</u>	<u>3,374</u>	<u>3,374</u>	<u>836</u>

**5. INVESTMENT INCOME**

	Restricted Funds 2008 £	Unrestricted Funds 2008 £	Total Funds 2008 £	Total Funds 2007 £
Rent receivable	-	925	925	925
Bank interest receivable	845	87,406	88,251	87,415
	<u>845</u>	<u>88,331</u>	<u>89,176</u>	<u>88,340</u>

SOS CHILDREN'S VILLAGES UK

**NOTES TO THE FINANCIAL STATEMENTS  
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**6. OTHER INCOMING RESOURCES**

	Restricted Funds 2008 £	Unrestricted Funds 2008 £	Total Funds 2008 £	Total Funds 2007 £
On-line filing rebate	-	100	100	150

**7. COSTS OF GENERATING VOLUNTARY INCOME**

	Restricted Funds 2008 £	Unrestricted Funds 2008 £	Total Funds 2008 £	Total Funds 2007 £
Fundraising costs	-	104,509	104,509	109,138
Staff travel	-	11,126	11,126	12,562
Rent and rates	-	42,002	42,002	42,592
Insurance	-	4,076	4,076	4,392
Light and heat	-	2,751	2,751	2,434
Telephone and fax	-	2,067	2,067	2,367
Printing, postage and stationery	-	21,534	21,534	13,511
Computer costs	-	60,738	60,738	44,243
Sundry	-	17,546	17,546	32,039
Bank charges	-	5,312	5,312	4,765
Subscriptions and training	-	4,859	4,859	2,406
Loss/(gain) on foreign exchange	-	(24,498)	(24,498)	(4,697)
Repairs and renewals	-	499	499	-
Advertising	-	32	32	792
Staff costs	-	353,804	353,804	334,148
Depreciation	-	12,666	12,666	14,046
	-	619,023	619,023	614,738



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**NOTES TO THE FINANCIAL STATEMENTS  
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**8. EXPENDITURE BY CHARITABLE ACTIVITY**

**SUMMARY BY FUND TYPE**

	Restricted Funds 2008 £	Unrestricted Funds 2008 £	Total Funds 2008 £	Total Funds 2007 £
Sponsorship and support of orphans and children's villages (note 10)	<u>2,801,514</u>	<u>258,422</u>	<u>3,059,936</u>	<u>2,680,135</u>

**SUMMARY BY EXPENDITURE TYPE**

	Staff costs 2008 £	Depreciation 2008 £	Other costs 2008 £	Total 2008 £	Total 2007 £
Sponsorship and support of orphans and children's villages	<u>105,682</u>	<u>3,784</u>	<u>2,950,470</u>	<u>3,059,936</u>	<u>2,680,135</u>

**9. GOVERNANCE COSTS**

	Restricted Funds 2008 £	Unrestricted Funds 2008 £	Total Funds 2008 £	Total Funds 2007 £
Governance Auditors' remuneration	-	7,160	7,160	7,325
Governance expense - Membership fee	-	26,744	26,744	60,239
	<u>-</u>	<u>33,904</u>	<u>33,904</u>	<u>67,564</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**10. DIRECT COSTS**

	Sponsorship and support £	Total 2008 £	Total 2007 £
Staff travel	3,324	3,324	2,045
Rent and rates	12,546	12,546	6,934
Insurance	1,217	1,217	715
Light and heat	822	822	396
Telephone and fax	618	618	385
Postage, printing and stationery	6,432	6,432	2,200
Computer costs	20,000	20,000	7,202
Sundry	5,241	5,241	5,215
Bank charges	1,587	1,587	776
Subscriptions	1,451	1,451	392
Loss on foreign exchange	(7,318)	(7,318)	(765)
Sponsorships	1,312,595	1,312,595	992,164
Project expenditure	1,488,919	1,488,919	1,591,761
Student funding	6,870	6,870	6,659
Repairs and Renewals	149	149	-
Loss on disposal of fixed assets	10	10	129
Legacy costs	4,934	4,934	5,676
Exp type 18	91,073	91,073	-
Wages and salaries	92,953	92,953	48,607
National insurance	9,387	9,387	5,011
Pension cost	3,342	3,342	2,346
Depreciation	3,784	3,784	2,287
	<u>3,059,936</u>	<u>3,059,936</u>	<u>2,680,135</u>

**11. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE**

	Staff costs 2008 £	Depreciation 2008 £	Other costs 2008 £	Total 2008 £	Total 2007 £
Costs of generating voluntary income	353,804	12,666	252,553	619,023	614,738
Fundraising expenses	-	-	2,981	2,981	9,189
<b>COSTS OF GENERATING FUNDS</b>	<u>353,804</u>	<u>12,666</u>	<u>255,534</u>	<u>622,004</u>	<u>623,927</u>
Sponsorship and support of orphans and children's villages	105,682	3,784	2,950,470	3,059,936	2,680,135
Governance	-	-	33,904	33,904	67,564
	<u>459,486</u>	<u>16,450</u>	<u>3,239,908</u>	<u>3,715,844</u>	<u>3,371,626</u>

**SOS CHILDREN'S VILLAGES UK**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

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

This is stated after charging:

	2008 £	2007 £
Depreciation of tangible fixed assets: - owned by the charity	16,451	16,333
Governance Auditors' remuneration	7,160	7,325
Pension costs	14,531	8,422
	<b>459,486</b>	<b>390,112</b>

During the year, no Trustees received any remuneration (2007 - £NIL).  
 During the year, no Trustees received any benefits in kind (2007 - £NIL).  
 During the year, no Trustees received any reimbursement of expenses (2007 - £NIL).

**13. STAFF COSTS**

Staff costs were as follows:

	2008 £	2007 £
Wages and salaries	404,144	346,795
Social security costs	40,811	34,895
Other pension costs	14,531	8,422
	<b>459,486</b>	<b>390,112</b>

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

	2008 No.	2007 No.
	17	15
	<b>17</b>	<b>15</b>

The number of higher paid employees was:

	2008 No.	2007 No.
In the band £60,001 - £70,000	1	0
	<b>1</b>	<b>0</b>

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**14. TANGIBLE FIXED ASSETS**

	Land and buildings £	Furniture, fittings and equipment £	Total £
<b>COST</b>			
At 1 January 2008	21,000	131,791	152,791
Additions	-	7,869	7,869
Disposals	-	(17,600)	(17,600)
	<u>21,000</u>	<u>122,060</u>	<u>143,060</u>
At 31 December 2008	21,000	122,060	143,060
<b>DEPRECIATION</b>			
At 1 January 2008	-	76,747	76,747
Charge for the year	-	16,451	16,451
On disposals	-	(17,558)	(17,558)
	<u>-</u>	<u>75,640</u>	<u>75,640</u>
At 31 December 2008	-	75,640	75,640
<b>NET BOOK VALUE</b>			
At 31 December 2008	<u>21,000</u>	<u>46,420</u>	<u>67,420</u>
At 31 December 2007	<u>21,000</u>	<u>55,044</u>	<u>76,044</u>

**15. FIXED ASSET INVESTMENTS**

	Unlisted securities £
<b>MARKET VALUE</b>	
At 1 January 2008	-
Additions	4,800
	<u>4,800</u>
At 31 December 2008	<u>4,800</u>
<b>INVESTMENTS AT MARKET VALUE COMPRISE:</b>	
	2008 £
Unlisted investments	<u>4,800</u>

All the fixed asset investments are held in the UK

SOS CHILDREN'S VILLAGES UK

**NOTES TO THE FINANCIAL STATEMENTS  
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**16. DEBTORS**

	2008 £	2007 £
Other debtors	100,265	106,367
Prepayments and accrued income	9,253	9,021
Tax recoverable	22,134	67,071
	131,652	182,459

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

	2008 £	2007 £
Social security and other taxes	11,111	10,041
Other creditors	641,697	503,612
Accruals and deferred income	41,879	29,837
	694,687	543,490

**18. TRUST CAPITAL**

	2008 £	2007 £
<b>AUTHORISED, ALLOTTED, CALLED UP AND FULLY PAID</b>		
200 Trust Capital shares of £1 each	200	200
	200	200

**19. STATEMENT OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Carried Forward £
<b>UNRESTRICTED FUNDS</b>					
General Fund	171,579	1,462,348	(914,330)	(533,338)	186,259
Share capital	200	-	-	-	200
	171,779	1,462,348	(914,330)	(533,338)	186,459

SOS CHILDREN'S VILLAGES UK

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**19. STATEMENT OF FUNDS (continued)**

**RESTRICTED FUNDS**

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

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

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Carried Forward £
Bosnia Herzegovina, Sarajevo	-	113,852	(113,431)	-	421
Malawi	172,986	-	(14,272)	-	158,714
Blantyre Kindergarten, Malawi	86,658	23	-	-	86,681
Mzuzu Fund	135,514	18,702	(2,615)	-	151,601
Gambia	13,292	-	(282,547)	269,255	-
Morocco, Agadir Construction	4,200	66,600	(58,200)	-	12,600
Pakistan	29,465	84,175	(103,990)	103,740	113,390
Tsunami	314,521	-	(44,329)	-	270,192
Gambia - Basse Primary School	(132,562)	49,115	-	83,447	-
HSBC Education Trust	74,338	511,552	(516,803)	5,252	74,339
Sponsorship account	-	1,115,062	(1,121,016)	6,246	292
Other Restricted Projects <£50,000	573,091	854,437	(544,311)	65,398	948,615
	<u>1,271,503</u>	<u>2,813,518</u>	<u>(2,801,514)</u>	<u>533,338</u>	<u>1,816,845</u>
Total of Funds	<u>1,443,282</u>	<u>4,275,866</u>	<u>(3,715,844)</u>	<u>-</u>	<u>2,003,304</u>

**SUMMARY OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Carried Forward £
General funds	171,779	1,462,348	(914,330)	(533,338)	186,459
Restricted funds	1,271,503	2,813,518	(2,801,514)	533,338	1,816,845
	<u>1,443,282</u>	<u>4,275,866</u>	<u>(3,715,844)</u>	<u>-</u>	<u>2,003,304</u>

**SOS CHILDREN'S VILLAGES UK**

**NOTES TO THE FINANCIAL STATEMENTS  
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**20. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Restricted Funds 2008 £	Unrestricted Funds 2008 £	Total Funds 2008 £	Total Funds 2007 £
Tangible fixed assets	-	67,420	67,420	76,043
Fixed asset investments	-	4,800	4,800	-
Current assets	1,816,845	808,930	2,625,775	1,910,730
Creditors due within one year	-	(694,691)	(694,691)	(543,491)
	<u>1,816,845</u>	<u>186,459</u>	<u>2,003,304</u>	<u>1,443,282</u>

**21. 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 £14,531 (2007: £8,422), at the year end date £5,953 (2007: £1,356) was outstanding.

**22. OPERATING LEASE COMMITMENTS**

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as follows:

	2008 £	2007 £
<b>EXPIRY DATE:</b>		
Within 1 year	-	25,253
Between 2 and 5 years	718	733
After more than 5 years	345	-
	<u>718</u>	<u>25,986</u>

**23. OTHER FINANCIAL COMMITMENTS**

At the year end the charity was committed to expenditure payable within 1 year totalling £318,687 (2007: £259,247).

**24. RELATED PARTY TRANSACTIONS**

At 31 December 2008, 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.