

Annual Report and Accounts 2016



SOS CHILDREN'S
VILLAGES
UNITED KINGDOM

NO CHILD SHOULD GROW UP ALONE

SOS Children's Villages UK

Registered charity No: 1069204

Company limited by guarantee. Registration no. 3346676 England

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Photo on front cover: Little boy from CV Lusaka, Zambia.
Photo ©: Paul Weaver

SOS Children's Dreams



Ochen from CV Entebbe shows off his drawing. He would like to be an engineer so he can construct buildings with remarkable and outstanding designs in Africa.



Minh from SOS Family Strengthening Programme in Da Nang, Vietnam likes to go to school and dreams of becoming a doctor.



Silas, from CV Vontovoroan, Madagascar dreams of becoming a professional footballer. He uses the rules of sport to keep his composure and patience, and to have courage.

A message from the Chair of Trustees

At SOS Children's Villages UK, we raise funds in the UK to help orphaned and abandoned children in 135 countries around the world grow up happy, healthy and safe in a supported family environment.

We don't just help fund the care for those children who live in our SOS families. We work to strengthen family units, preventing the breakdown that leaves the children homeless, hungry, vulnerable and in need of care outside the family.

Worldwide SOS supports 58,250 children directly and around 328,000 children living in the community. We provide not only a roof over their heads, food and clothing but also, education (from nursery through to training for specific jobs), essential care in our medical centres and through our mobile medical units, and social centres in areas where there is nobody else who can help.

Because we have a global presence, we are also there, on the ground, when disaster strikes. Whether it is earthquakes in Nepal, famine in Sudan or war in Syria, SOS can reach out and help children, especially those who have lost or lost contact with their families.

As a Federation of SOS organisations, we are committed to help an increasing number of our country organisations move along the path to sustainability and independence. As more and more countries become self-funding and independent, we can focus our help on the poorest countries in the world where children are in the most need.

I am extremely grateful to our supporters in the UK who sponsor individual children, villages or projects enabling us to continue to deliver this valuable help to children around the world. The corporate and major donors who make it possible for us to build new facilities and replace important equipment (in our family homes, schools, medical centres and villages) should be proud of what they have achieved and also deserve our gratitude.

I would like to thank everyone who undertook a challenge, held an event, raised a collection or simply spread the word about our work. Some of their stories, with the stories of the children we have helped, feature in these pages, but there are many more than we can mention.

I would also like to thank my fellow trustees and the hard-working staff of SOS Children's Villages UK for all their work and guidance during 2016. We are working hard on behalf of our children in 2017 and continue to value your support and help.

Thank you.

Mary Cockcroft

Who we are

Over 5,250 women work at SOS Children's Villages as SOS mothers. Our work would not be possible without these amazing women



SOS mother with her children
in front of their family home - CV Dakar
Photo ©: Lavavicius Claire

SOS Children's Villages UK is an independent charity and a member of an international Federation of 133 SOS Member Associations working to give vulnerable children and orphans a stable and positive family life in 125 countries around the globe.

Together with our international Member Association colleagues, we work towards:

- Protection of children and their families
- Advancement of education
- Advancement of health and the saving of lives
- Advancement of children's rights
- Care and protection of children in emergency situations

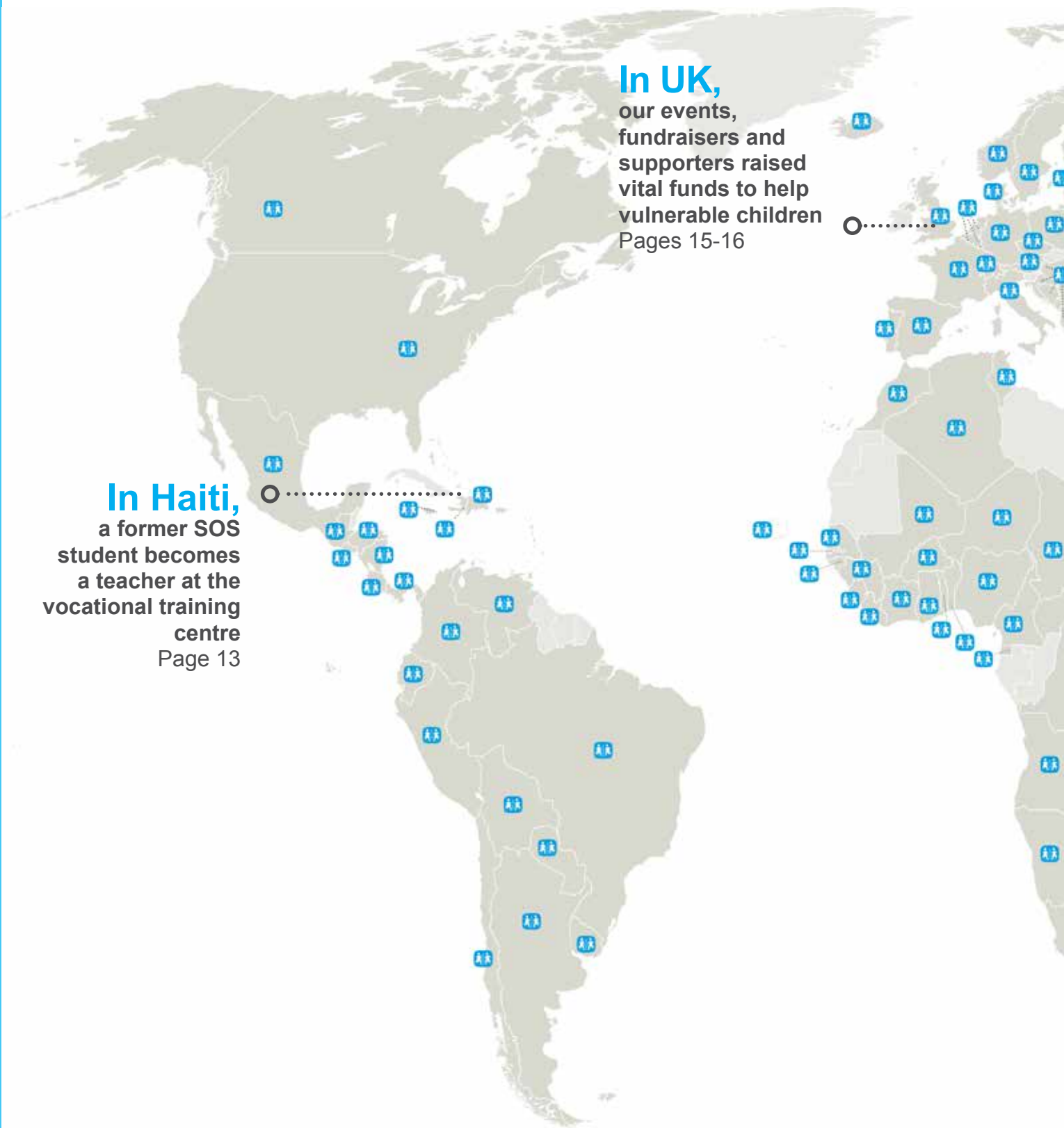
SOS Children's Villages UK directs its work towards raising money and other resources to support the programmes of our Member Association countries worldwide, in line with our donors' values.

SOS Children's Villages UK has direct fundraising responsibility for projects in The Gambia and Zambia, two of Africa's least-developed nations. We also provide support to projects around the world where our donations can be used to best effect.

Our Values



Our Global Reach



SOS Children's Villages Fundraising and programme locations



In Serbia
we are connecting
stranded Syrian
families
Page 13

In Zambia,
Chokondi finds
a new home and a
family in Chipata
Page 14

French
Polynesia

Strategic Objectives

SOS Children's Villages International - Vision

Every child belongs to a family and grows with love, respect and security.

SOS Children's Villages UK - Charity Objects

The advancement of education, the relief of poverty and the promotion of good health for vulnerable children.

SOS Children's Villages UK - Vision

To be the charity of choice to help orphaned and abandoned children.

SOS Children's Villages UK - 2025 Goal

To be one of the top seven Promoter and Supporter Associations (PSAs) within SOS Children's Villages International.

SOS Children's Villages UK 2016 Mission

To increase its income to £6.5m by 31 December 2016.

SOS Children's Villages UK - Ethos

We are a close-knit team. Our approach is inclusive, based on trust and mutual respect, and underpinned by knowledge, innovation and authenticity. We are passionate about what we do, and always strive to put the needs of the children first. By living this Ethos, we aspire to constantly deliver excellence.

Leave no child unprotected

SOS Children's Villages representatives were at the World Humanitarian Summit in May to present practical solutions to protect children and young people in emergencies.

Our emergency relief programmes focus on restoring the rights of the child and ensuring that family life can return to normality. The programmes include medical care, family support, trauma relief, school supplies, reconstruction and basic necessities such as food, water and shelter.



A little refugee girl on her way to school in Diffa accompanied by an SOS protection officer

Photo ©: Tremeau Vincent

Internationally, we work as an independent non-governmental social development organisation. We are active in countries and communities around the world to improve the well-being of children and create sustainable livelihoods for their families, respecting different religions and cultures.

Working in the spirit of the United Nations Convention on the Rights of the Child, we promote and endorse these rights. As part of this work, we support the implementation of the UN Guidelines for the Alternative Care of Children, guidelines SOS Children's Villages helped to draw up. We also have special consultative status with the Economic and Social Council (ECOSOC) of the United Nations (UN) and work closely with the

European Union and the Council of Europe to help improve conditions for children and young people without parental care.

In June 2016, SOS Children's Villages introduced Strategy 2030. Over the next 14 years we want to become an even more successful, thriving organisation. We build on our values and vision by preventing family separation, ensuring quality alternative care and preparing young people for independent living. Strategy 2030 enables us to make a strong contribution for our target group (children and families at risk) in the years ahead. This impact brings progress toward realizing five of the Sustainable Development Goals, and meeting the specific targets they entail.

- SDG 1 – End poverty
- SDG 4 – Ensure quality education for all
- SDG 8 – Create equal job opportunities for all
- SDG 10 – Reduce inequalities
- SDG 16 – Promote peaceful and inclusive society



SOS Children's Villages also contributes to the following Sustainable Development Goals:

- SDG 3 – Good Health and Well-being
- SDG 5 – Gender Equality
- SDG 17 – Partnership for the Goals



For SOS Children's Villages UK, 2016 was the second year of our five year strategic plan. We are pleased to report that we successfully achieved our goals which were:

Target 2016	Achievement	Commentary
Archieve / Exceed allocated Fundraising Target for 2016	<ul style="list-style-type: none"> Target £6.5m Achieved £7.3m 	Second consecutive year of growth
Increase unrestricted income to build reserves for resilience purposes, and to facilitate investment in further growth	<ul style="list-style-type: none"> On track 	<ul style="list-style-type: none"> Provision for Zambia and Gambia running costs - £600k UK running costs - £1.2m Provision for 10% Forex Variation Provision for domestic programme seed-corn funding
Improve Digital Offering	<ul style="list-style-type: none"> We created a more diverse offering on the website which caters to the different types and needs of our supporters 	<ul style="list-style-type: none"> An inspiring and effective blend of fundraising activity is implemented, with new and exciting products adequately resourced, and with the correct ratio of restricted and unrestricted income aligned to both budgetary and growth targets
Be more innovative & effective in what we do	<ul style="list-style-type: none"> We have improved our processes and integrated our systems, teams, and practices 	This has enabled our staff to take advantage of new systems and technology and to work in a more efficient manner
Implement robust cost-model as a platform for sustainable growth	<ul style="list-style-type: none"> New business model implemented successfully in January 2016 	Greater clarity and transparency of our cost structure has been achieved
Increase visibility/ brand awareness of SOS-UK	<ul style="list-style-type: none"> Made significant investment in brand development with the launch of a new website 	We have gained free brand exposure through our existing partners, but also by spreading the word about our work using digital and social media tools

Considerable legislative change came into effect during the second half of 2016. This has been incorporated into our policies and procedures, and we shall continue to ensure full compliance across all aspects of our work.

**One in ten children,
or 220 million
children worldwide,
are growing up without
the loving care of
a parent or
the support they
need as children**

Girl attending school in Haiti

In 2016, SOS Children's Villages UK distributed £5.6m from our donors to SOS projects around the world including:

- **£2.4 million sent directly for the care of children sponsored from the UK**
- **£148,000 sent to The Gambia to support the children's village at Basse**
- **£106,000 sent to Guinea Bissau mainly in support of family strengthening programmes**
- **£85,000 sent to Sierra Leone mainly in support of family strengthening programmes**
- **£70,000 sent to Zambia to support all four children's villages in the country**
- **£67,000 sent to India mainly for the development activities in the Social Centre**
- **£57,000 sent to Sri Lanka mainly in support of family strengthening programmes**
- **£47,000 sent to Malawi to support the food crisis issues**
- **£32,000 sent to Nepal in support of those affected by the earthquake**
- **£25,000 sent to The Gambia mainly in support of family strengthening programmes**
- **£2.6 million sent to support SOS projects and family strengthening programmes worldwide**
-

In addition we contributed to the ongoing review of SOS projects around the world in order to establish that they follow best practice and generate income to meet the needs of the children and their communities.

Thanks to your support in 2016...



1,069,900

people benefited from our programmes in 125 countries worldwide



328,200

children enjoyed a safe and happy childhood with their biological families



6,188

SOS families worldwide thrived in 571 unique SOS Children's Villages



839,929

health services were provided to at-risk children and families



127,592

children and young people had access to education at one of our 420 Nursery, Primary and Secondary Schools



41,757

young people were given the opportunity to reach their potential through youth programmes and vocational training



Over 317,000

emergency services were provided in 23 countries



90,611

families were reached through our Family Strengthening Programmes



Young refugees at the ICT centre in Presevo



Rose Lourdes and some of her students

Connecting stranded families in Syria

Rifat and his family are Syrian refugees stranded in Serbia. They hope to reach Germany eventually. *"I haven't been to school in three years,"* says 16-year-old Rifat. A Syrian refugee, he has been stranded at the Presevo refugee centre in south-eastern Serbia for several months now.

Before that Rifat, his parents and his two younger brothers lived as refugees in Turkey and Lebanon. Rifat and his family are just four of the 4.6 million people who have fled Syria since the civil war erupted five years ago.

They are trying to get to Germany where his youngest brother, 13-year-old Sami, is living with an uncle. It is not uncommon for families to have sent a child ahead of them – for many it is all they can afford.

Rifat regularly chats with his brother using WhatsApp and Facebook – he is able to get access to the internet thanks to the ICT corner that has been set up by SOS Children's Villages at the refugee centre in Presevo. Without this service, he worries that they would lose contact. He spends most of his days huddled over a keyboard, messaging his brother as well as his friends back home in Syria. *"They tell me they have been made to join the army,"* he says with dismay. *"They are only 16!"*

From student to teacher at the SOS Vocational Centre

The SOS Vocational Training Centre in Cap-Haitien, Haiti, is providing young women with the skills needed to become employable upon graduation. Rosa Lourdes, 34, graduated in cosmetology and is now a successful hairdressing teacher at the centre.

Rose Lourdes was born into an underprivileged family of 10 children. There were often nights when she and her siblings went to sleep hungry. Growing up, she was determined to work hard to ensure a better life for her future children. She enrolled into the SOS Vocational Training Centre in the early 2000s to pursue her passion in cosmetology. Rose is now one of the teachers training young girls on the very course she studied.

"The teachers provided a hands-on learning experience that enabled me to excel in my courses. I have SOS Children's Villages to thank for the success I have earned in my field," says Rose Lourdes. *"I love my daughter more than anything and I am able to provide for her because of this course."*

The SOS Vocational Training Centre opened its doors in 1999. In 2016, the centre educated nearly 700 students in nine disciplines, such as cosmetology, catering and mechanics.

Bringing our work to life

This year, our events and campaigns raised awareness of the situation faced by millions of children worldwide due to conflict, illness and natural disasters.



Clare Chilambo with BBC Cambridge radio presenter Chris Mann

We were delighted to welcome Clare Chilambo, Family Based Coordinator at SOS Village Chipata, Zambia, to our Annual Supporters Meeting. Clare's words and stories of the children and village that we directly support brought our work to life for our supporters, and to the listeners of BBC Cambridge with whom she shared (live on air) her personal life and work experience.

A loving home for Chikondi

Chipata SOS Children's Village is home to 124 children of different backgrounds and culture. Among these is baby Chikondi, who was admitted to the Children's Village on 23rd July 2014.

Frantic cries of a newly born baby were heard coming from a pit latrine in Chipata's Magazine Compound. Apparently, this incident occurred in an area where all households are reportedly occupied by elderly people, believed to be above child-bearing age.

It is believed that Chikondi was dumped in a pit latrine by her mother as soon as she was born. Her frantic cries alerted people, who in turn informed the authorities. Baby Chikondi was retrieved and she was immediately taken to Chipata General Hospital where she received medical attention. Efforts to find the mother of this beautiful child have proved futile. Chikondi has found a loving home and family at the Chipata SOS Children's Village.

Two concerned citizens contacted SOS Children's Village Chipata to make arrangements for the child to be fostered. On arrival, Chikondi weighed 3.5kg kilograms. Her growth chart as a baby was always progressing well and in no time, she was a chubby toddler seen walking not only around her Family House but also neighbouring houses.

Chikondi turned two in July 2016 and she's a jovial girl. She still remains the baby of her family house. She is below the recommended age for school at the SOS Kindergarten (age 3) but she has been crying a lot

whenever her siblings go to school. At the beginning of September, mother Charity decided to give her a school trial. Chikondi will 'officially' start nursery school next year.



Chikondi wearing her school uniform

OUR FUNDRAISING HIGHLIGHTS

Our fundraising activities wouldn't be possible without the hard work, passion and determination of our events fundraisers and supporters. Each year, many of our inspiring fundraisers take on a challenge, achieve a goal and raise vital funds to help vulnerable children around the world.

Here are just some of our highlights from 2016. Thank you all for making it possible.



James took an incredible eight challenges throughout 2016 to raise money for our work in Syria.

From running to swimming, cycling to mountain-climbing, James pushed himself to the limit and raised £1,639



Michael's Peking to Paris Historic Rally – 12 June to 17 July 2016

Michael drove half way across the world in a 1967 Ford Mustang for SOS Children's Villages UK because he is passionate about helping HIV children in SOS Village Bindura Zimbabwe, his old home country. He raised over £5,000 for the charity.

"I have visited the village and seen first-hand the wonderful work the SOS mothers do in providing guidance on income-generating skills and counselling, as well as psychological support where it is urgently needed." Long may it continue.

"Violence, abuse and neglect are significant causes of separation of children from family – and that very separation often exacerbates children's vulnerability to repeated violence."

Barbara Ammirati, Senior Advocacy Advisor at SOS Children's Villages

Point to Strete Gate Walk - Carys and Matilda

“A challenging long walk to raise lots of money for SOS Children’s Villages UK because I want to help poor children in Botswana & Zimbabwe”

“I did it with my friend Matilda! It took three and a half hours. We are tired but really happy. Thanks so much everyone for sponsoring me, the total is £528.53!!!!”



SOS Friday - sleepout for the homeless



On Friday 25th November a group of teenagers from the National Citizen Service completed hourly challenges to earn the essentials to survive a night out in the cold and raise funds for us. Before their challenge they came to our office to share their story.

Project Liberty Quilts SOS



Liberty fabric retailer Alice Caroline launched Project Quilt SOS to provide every child in SOS Children’s Village Hemeius, Romania with a beautiful handmade quilt. The quilts were personally hand delivered to the children in early December.

Our Key Supporters

Businesses, trusts, private donors and foundations all play a huge part in helping us raise much-needed funds. But it's not just about raising money: through these strategic partnerships, we can deliver our shared mission to change even more vulnerable children's lives around the world.

The Adrian & Jane Frost Charitable Trust	Air Transat	Albatross Global Solutions
The Allan & Nesta Ferguson Charitable Trust	The Allen & Overy Foundation	Amec Foster Wheeler
The Batchworth Trust	Big Lottery Fund	BT
City Football Group	Concordia International	DHL UK Foundation
Dr. Oetker	European Union	Federation of Cocoa Commerce
HERO Events	HSBC Holdings plc	Ian Fleming Publishing
Isle of Man Government	J. Marr (Seafoods) Limited	The Karl Richter Charitable Trust
Milton Damerel Trust	The PD Foundation	The PF Charitable Trust
The Property Race Day	Ryanair	The Shanley Charitable Trust
SThree PLC	Thomas Cook Children's Charity	The Wyfold Charitable Trust

(List in alphabetical order)

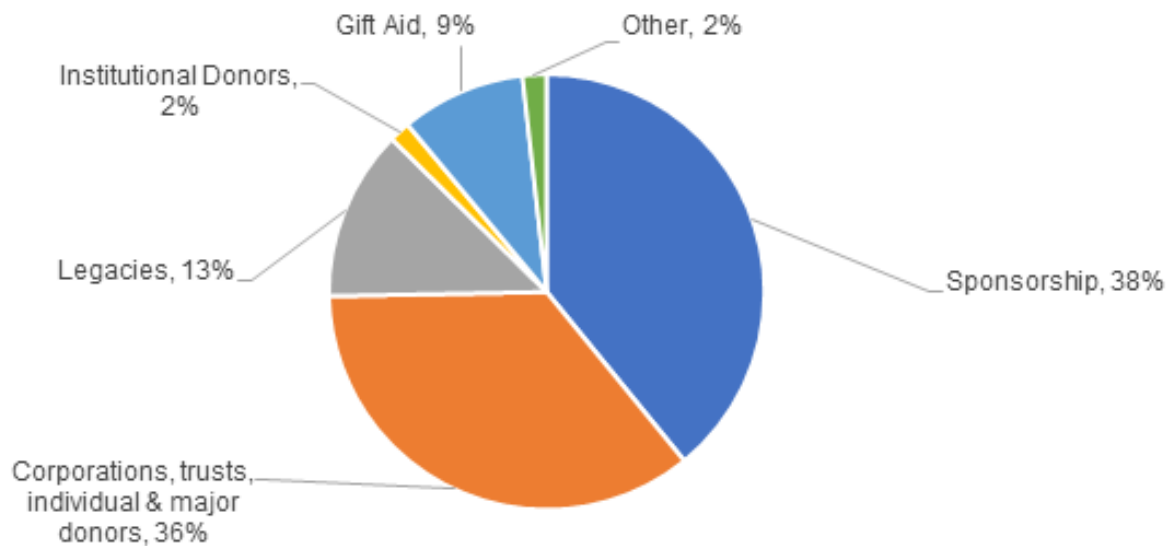
A big thank you to all our supporters and volunteers

Financial Review

The charity's incoming resources increased by £166,000 (2.3%) to £7.29 million. Legacy income saw a significant increase, however individual, corporate and trust income remained relatively stable.

Total expenditure increased by 13% from the prior year. This was primarily due to increased remittance of funds to support the programmes overseas. Net expenditure before gains and losses for the year on unrestricted funds was £1.3 million.

INCOME 2016 £7.29 MILLION

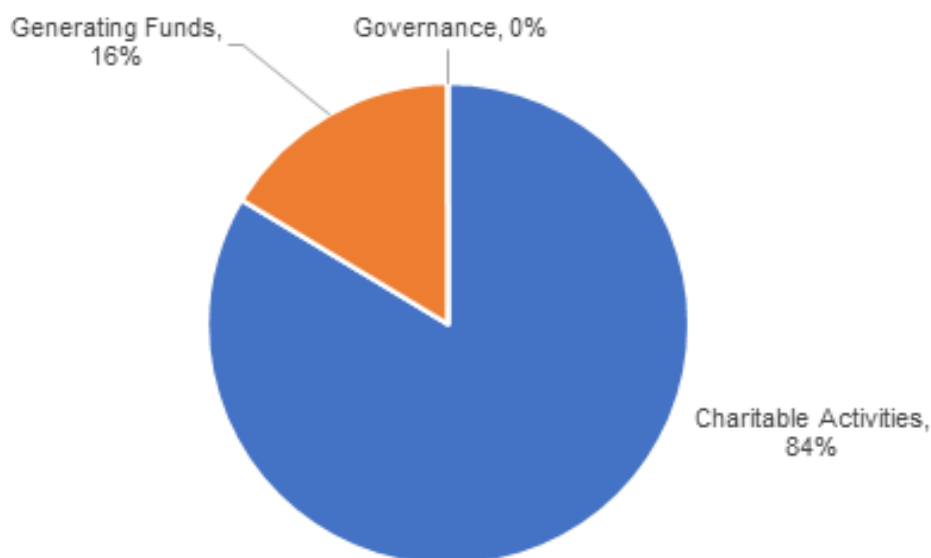


Charitable Activities

We focussed on remitting income received for programmes on a more frequent basis in the year. Committed donations were also received in a timelier manner in 2016 which has helped increase the total amounts remitted for the year.

Expenditure on the operations of the charity saw a slight increase in personnel costs arising from the full year effect of headcounts. We also settled a defined benefit pension scheme balance which we exited in 2016. We invested in a new website for 2016 to support our activities.

EXPENDITURE 2016 £6.9 MILLION



Voluntary Income

The cost of raising funds decreased by 9.3% mainly due to the reduction in our Google AdWords advertising costs combined with lower investment in staff recruitment activity which occurred in the previous year.

Gains and Losses

The charity initiated its first investment with M&G investments Limited in 2016. Due to various economic factors, including Brexit, the return on the investment portfolio was +0.27%.

The charity operated a defined benefit pension scheme which closed during the year and an exit fee of £11,503 was paid.

Reserves

SOS Children's Villages UK is exposed to two key fluctuations in income stream: donations and legacies. We need to maintain a level of reserves so that we can continue operations in the event that an unforeseen shortfall in voluntary income, an increase in programme costs, or indeed significant fluctuations in currency exchange rates creates an imbalance of funding. The Trustees have therefore determined that reserves to the equivalent of 12 months' running costs should be retained.

Investments

Investments are managed in accordance with the charity's investment policy which is overseen by the Audit & Risk Committee. Investment managers have been instructed to invest in accordance with the UN Principles on Responsible Investment (UNPRI).

The charity has invested 75% of its funds in Charifund and 25% in Charibond units. The majority of the funds are managed on a discretionary basis by M&G Investments Limited.

The return from the total portfolio over the year ended 31 December 2016 was +0.27%, with a more positive growth in the Charifund units versus the Charibond units.

Fixed assets

Fixed assets comprise land, fixtures and fittings, and IT systems and office equipment. Investment property consists of farm land donated to the charity.

Employees & Volunteers

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

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

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

There is a pension scheme available to employees, details of which are set out in the financial statements.

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



SOS UK staff visited CV Village Calais, France in October 2016



CV Village Calais - Education Manager & Village Director

Risk Management & Internal Controls

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

Internal controls are subject to scrutiny by the charity's Auditors annually.

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

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

Examples of major risks are shown in the table below

Potential Risk	Mitigation
<p>People: Failure to recruit and retain the required skills and talent to deliver our services and strategy</p>	<ul style="list-style-type: none"> • People strategy • Appraisal and development programmes • Staff feedback
<p>Financial: The charity is reliant on income from individuals, trusts and corporate organisations to support abandoned and orphaned children</p>	<ul style="list-style-type: none"> • Campaigns to increase awareness of SOS-UK • Diversified income streams • Monitoring of expenditure and income • The charity's reserves enable the projects to be maintained even if fundraising income fluctuates
<p>Data: Loss of personal data or confidential information may have an impact on children, supporters and the charity.</p>	<ul style="list-style-type: none"> • Robust information governance processes • Training of staff • Information security levels

“Over the years, and through initiatives of our employees, we have supported various villages around the world, including raising funds for disaster response appeals where needed. We are very proud that our partnership with SOS Children's Villages makes a difference where it is needed.”

Tereza Urbankova, Head of Corporate Communications Amec Foster Wheeler

Charitable Objects

The objects of the Charity are set out in the Memorandum of Association. In summary, these are for the advancement of education, the relief of poverty and the promotion of good health of vulnerable children, particularly but not exclusively by the establishment and maintenance throughout the world of SOS Children's Villages and the education of children and young persons from SOS Children's Villages.

Board of Trustees

SOS Children's Villages UK is governed by a Board of Trustees, made up currently of seven members, who are legally responsible for directing the affairs of the charity. Trustees are appointed for a term of three years or until the end of the year of their seventieth birthday, whichever is earlier, and may be re-elected. Trustees are invited to attend induction and training courses and we regularly review the composition of the Board to identify potential vacancies and the need for particular skills. New Trustees are sought to replace resigning Trustees. The Board actively seeks to ensure that Trustees encompass a broad diversity of skills and background.

The Board of Trustees meets at least four times each year to review and direct SOS Children's Villages UK strategy, budget and performance. The Board of Trustees delegates day to day management of the charity through the Chief Executive to the Senior Leadership Team (SLT). The Board of Trustees also delegates specific responsibilities to a sub-committee:

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

Public Benefit

The Trustees confirm that they have complied with the duty in the Charities Act 2011 to have due regard to the Charity Commission's guidance on public benefit which addresses the need for all charities' aims to be, demonstrably, for the public benefit.

Statement of Responsibilities of the Trustees

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity. In preparing the financial statements, the Board of Trustees is required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charity will continue its activities.
- observe the methods and principles in the Charity SORP 2015 (FRS102).

The Trustees are responsible for keeping adequate accounting records. These must be sufficient to show and explain the charity's transactions. They should disclose with reasonable accuracy at any time the financial position of the charity and enable it to ensure that its financial statements comply with the Companies Act 2006. The Trustees have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity, and to prevent and detect fraud and other irregularities. The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of Information to Auditors

In so far as the Trustees are aware:

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

Auditors

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

Our Organisational Details

Patron

The Countess Mountbatten of Burma CBE CD JP DL

President

Dame Mary Richardson DBE

Trustees

Mary Cockcroft, Chair
Earl of St Andrews, George Philip Nicholas Windsor
Michael Brewer
Graham Budd
Ayesha Khan
Matthew de Villiers
Thomas Bauer

Chief Executive Officer

Mr Simon Etherington, OBE

Company Secretary

Mrs Linda Price

Company Registered No.

03346676

Charity Registered No.

1069204

Registered Office

Terrington House
13-15 Hills Road
Cambridge CB2 1NL

Independent Auditors

Price Bailey LLP
Tennyson House
Cambridge Business Park
Cambridge CB4 0WZ

Bankers

Barclays Bank Plc
28 Chesterton Road
Cambridge CB4 3AZ

CAF CASH Ltd

Kings Hill
West Malling
Kent ME19 4TA

Solicitors

Taylor Vinters
Merlin Place
Milton Road
Cambridge CB4 0DP



Children in Children's Village Qodsaya, Syria

SOS CHILDREN'S VILLAGES UK
(a company limited by guarantee)

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 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

SOS CHILDREN'S VILLAGES UK
(a company limited by guarantee)

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

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees Annual Report.

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

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

Helena Wilkinson BSc FCA DChA (Senior Statutory Auditor)

for and on behalf of
PRICE BAILEY LLP

Chartered Accountants
Statutory Auditors

Tennyson House
Cambridge Business Park
Cambridge
CB4 0WZ

Date: 13 July 2017

SOS CHILDREN'S VILLAGES UK
(a company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)**

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Restricted Funds £	Unrestricted Funds £	2016 Total Funds £	As restated 2015 Total Funds £
INCOME					
Donations and legacies	2	4,661,750	2,542,117	7,203,867	6,924,610
Other trading activities	3	80,905	2,186	83,091	201,339
Investments	4	-	12,157	12,157	7,125
TOTAL INCOME		4,742,655	2,556,460	7,299,115	7,133,074
EXPENDITURE					
Raising funds	5	-	1,127,100	1,127,100	1,243,182
Charitable activities	5	5,656,296	116,691	5,772,987	4,837,635
Total expenditure		5,656,296	1,243,791	6,900,087	6,080,817
Net gains on investments		-	2,724	2,724	79,000
NET (EXPENDITURE) / INCOME		(913,641)	1,315,393	401,752	1,131,257
Transfers between fund		(21,224)	21,224	-	-
NET MOVEMENT IN FUNDS		(934,865)	1,336,617	401,752	1,131,257
Reconciliation of funds:					
Total funds at 1 January 2016	15	3,495,530	883,901	4,379,431	3,248,174
Total funds at 31 December 2016		2,560,665	2,220,518	4,781,183	4,379,431

All activities relate to continuing operations.

The notes on pages 29 to 42 form part of these financial statements.

SOS CHILDREN'S VILLAGES UK

REGISTERED COMPANY NUMBER: 03346676

BALANCE SHEET AS AT 31 DECEMBER 2016

	Notes	2016 £	2015 £
FIXED ASSETS			
Tangible fixed assets	10	12,500	12,997
Investment property	11	100,000	100,000
Investments	12	1,002,724	-
TOTAL FIXED ASSETS		1,115,224	112,997
CURRENT ASSETS			
Debtors	13	590,281	564,787
Cash at bank and in hand		4,529,591	5,269,734
TOTAL CURRENT ASSETS		5,119,872	5,834,521
Creditors: amounts falling due within one year	14	(1,453,913)	(1,568,087)
NET CURRENT ASSETS		3,665,959	4,266,434
NET ASSETS		4,781,183	4,379,431
FUNDS OF THE CHARITY:			
Unrestricted funds	15	2,220,518	883,901
Restricted funds	15	2,560,665	3,495,530
TOTAL FUNDS		4,781,183	4,379,431

The notes on pages 29 to 42 form part of these financial statements.

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

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

.....

SOS CHILDREN'S VILLAGES UK

REGISTERED COMPANY NUMBER: 03346676

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Cash Flows from Operating Activities			
Net cash provided by operating activities	17	249,668	1,188,504
Cash Flows from Investing Activities			
Payments to acquire investments		(1,000,000)	-
Dividends, interest and rents from investments	1	12,157	7,125
Purchase of property, plant and equipment		(1,968)	(864)
Net cash provided by investing activities		(989,811)	6,261
Change in cash and cash equivalents in the year		(740,143)	1,194,765
Cash and cash equivalents brought forward		5,269,734	4,074,969
Cash and cash equivalents carried forward		4,529,591	5,269,734

The attached notes on pages 29 to 42 form part of these financial statements.

SOS CHILDREN'S VILLAGES UK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies

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

1.1 Basis of preparation, consolidation and restatement of prior year

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

SOS Children's Villages UK meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The Trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern. With respect to the next reporting period, 2017, the most significant area of uncertainty is the ongoing support in the form of individuals and corporate donors.

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

During preparation of these financial statements the Trustees decided to restate the prior year balances in relation to the allocation of support and governance costs although the total funds for the prior year remain unchanged.

1.2 Company status

The company is a company limited by guarantee. The members of the company are the Trustees named on page 23. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

1.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income is allocated to the appropriate fund.

SOS CHILDREN'S VILLAGES UK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

1.4 Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

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

The value of services donated are included at a value equivalent to that which the charity would ordinarily incur on these services.

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

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

Grants are included as incoming resources when these are received.

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

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated to the applicable expenditure headings.

Direct charitable expenditure includes sponsorship income which is remitted to SOS Kinderdorf International in Austria on a six monthly basis.

Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management carried out at Headquarters. Support costs are allocated between raising funds and charitable activities based upon staff time.

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

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

SOS CHILDREN'S VILLAGES UK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation; Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures & fittings	20% reducing balance
---------------------	----------------------

1.7 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of Financial Activities.

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

1.8 Operating leases

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

1.9 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the bank.

1.10 Foreign currencies

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

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

Exchange gains and losses are recognised in the Statement of Financial Activities.

1.11 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount repaid net of any trade discounts due.

1.12 Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

SOS CHILDREN'S VILLAGES UK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

1.13 Creditors and provisions

Creditors and provisions are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

1.14 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.15 Financial Instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. Fixed assets are recorded at depreciated historical cost and all other assets and liabilities are recorded at cost which is their fair value. Investments are also recorded at fair value.

2. Income from donations and legacies

	Restricted funds 2016 £	Unrestricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Gifts and donations	3,961,570	1,528,644	5,490,214	5,599,832
Legacies	587,026	339,061	926,087	578,390
Grants receivable	113,154	-	113,154	90,946
Income tax recoverable	-	674,412	674,412	650,692
Donated goods and services	-	-	-	4,750
	<u>4,661,750</u>	<u>2,542,117</u>	<u>7,203,867</u>	<u>6,924,610</u>

In 2015, of the total income, £1,963,437 was income from unrestricted funds and £4,961,173 was income from restricted funds.

3. Fundraising income

	Restricted funds 2016 £	Unrestricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Supporters group	80,905	2,186	83,091	201,339
	<u>80,905</u>	<u>2,186</u>	<u>83,091</u>	<u>201,339</u>

In 2015, of the total income, £811 was income from unrestricted funds and £200,528 was income from restricted funds.

SOS CHILDREN'S VILLAGES UK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

4. Investment income

	Restricted funds 2016 £	Unrestricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Rent receivable	-	979	979	925
Bank interest receivable	-	11,178	11,178	6,200
	-	12,157	12,157	7,125

In 2015, of the total investment income, £7,125 was income from unrestricted funds and £nil was income from restricted funds.

5. Analysis of Expenditure – Current Year

	Activities undertaken directly 2016 £	Support costs 2016 £	Total 2016 £
Raising funds	595,420	531,680	1,127,100
Charitable activities:			
Sponsorship and support of orphans and Children's villages	5,395,214	377,773	5,772,987
Total expenditure	5,990,634	909,453	6,900,087

Analysis of Expenditure – Prior Year

	Activities undertaken directly 2015 £	Support costs 2015 £	As restated Total 2015 £
Raising funds	665,353	577,829	1,243,182
Charitable activities:			
Sponsorship and support of orphans and Children's Villages	4,486,716	350,919	4,837,635
Total expenditure	5,152,069	928,748	6,080,817

In 2015 £4,486,716 of total expenditure related to restricted funds and £1,594,101 related to unrestricted funds.

SOS CHILDREN'S VILLAGES UK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

6. Support Costs – Current Year

	Raising funds 2016 £	Charitable activities 2016 £	Total funds 2016 £
Personnel costs	286,223	186,242	472,465
Premises costs	118,674	77,219	195,893
IT & website costs	42,825	27,866	70,691
Other support costs	83,958	54,630	138,588
Governance (note 7)	-	31,816	31,816
	<u>531,680</u>	<u>377,773</u>	<u>909,453</u>

Support Costs – Prior Year

	Raising funds 2015 £	Charitable activities 2015 £	As restated Total funds 2015 £
Personnel costs	272,184	147,992	420,176
Premises costs	124,467	60,523	184,990
IT & website costs	64,965	32,740	97,705
Other support costs	116,213	83,191	199,404
Governance (note 7)	-	26,473	26,473
	<u>577,829</u>	<u>350,919</u>	<u>928,748</u>

7. Governance – Current year

	Raising funds £	Charitable activities £	Total 2016 £
Audit fees	-	11,251	1,251
Staff costs in relation to Governance	-	20,565	20,565
	<u>-</u>	<u>31,816</u>	<u>31,816</u>

Governance – Prior year

	Raising funds £	Charitable activities £	As restated Total 2015 £
Audit fees	-	9,222	9,222
Staff costs in relation to Governance	-	17,251	17,251
	<u>-</u>	<u>26,473</u>	<u>26,473</u>

SOS CHILDREN'S VILLAGES UK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

8. Net incoming resources

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	2,465	3,251
Auditors' remuneration	8,250	9,222
Auditors' remuneration - non-audit	875	994
Auditors' remuneration - IT Services	-	21,230
Operating lease payments	182,614	172,980
Pension	23,705	22,198
Foreign exchange gain / (loss)	30,445	(16,634)
	<u> </u>	<u> </u>

During the year, no Trustees received any reimbursement of expenses (2015 -£nil).

9. Staff costs

	2016 £	As restated 2015 £
Wages and salaries	585,550	548,138
Social security costs	56,419	36,103
Other pension costs	23,705	22,198
	<u> </u>	<u> </u>
	<u>665,674</u>	<u>606,439</u>

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

	2016 £	2015 £
Administrative	16	16
	<u> </u>	<u> </u>

The number of higher paid employees was as follows:

	2016 £	2015 £
In the band £60,000 - £70,000	-	1
In the band £70,001 - £80,000	1	-
In the band £80,001 - £90,000	1	1
	<u> </u>	<u> </u>

The key management personnel of the charity comprise of the Trustees and 2 others (2015: 2) being the Chief Executive Officer and the Director of Finance & Administration. No Trustees received any remuneration or benefits in kind from the charity (2015 - £nil). The total employee benefits of the key management personnel of the charity were £157,357 (2015 - £139,734).

SOS CHILDREN'S VILLAGES UK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

10. Tangible fixed assets

	Fixtures & fittings £	Total £
COST:		
At 1 January 2016	149,456	149,456
Additions	1,968	1,968
Disposals	(11,302)	(11,302)
	<hr/>	<hr/>
At 31 December 2016	140,122	140,122
	<hr/>	<hr/>
DEPRECIATION:		
At 1 January 2016	136,459	136,459
Charge for the year	2,465	2,465
On disposals	(11,302)	(11,302)
	<hr/>	<hr/>
At 31 December 2016	127,622	127,622
	<hr/>	<hr/>
NET BOOK VALUE:		
At 31 December 2016	12,500	12,500
	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2015	12,997	12,997
	<hr/> <hr/>	<hr/> <hr/>

11. Investment property

	Freehold investment property £
VALUATION	
Cost	21,000
Revaluation surplus	79,000
	<hr/>
At 31 December 2016	100,000
	<hr/> <hr/>
COMPRISING	
Deemed market value	100,000
Annual revaluation surplus/(deficit) 2016	-
	<hr/>
At 31 December 2016	100,000
	<hr/> <hr/>

The valuation was provided by Strutt & Parker LLP in February 2016, on an open market value for existing use basis and the Trustees consider this to be a reasonable representation of market value at the year end date.

SOS CHILDREN'S VILLAGES UK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

12. Fixed asset investments

	Listed investments £	
MARKET VALUE		
At 1 January 2016		-
Additions		1,000,000
Unrealised gains on investments		2,724
		<hr/>
At 31 December 2016		1,002,724
		<hr/> <hr/>
Comprising of:	2016	2015
	£	£
Listed investments	1,002,724	-
	<hr/>	<hr/>
TOTAL MARKET VALUE	1,002,724	-
	<hr/> <hr/>	<hr/> <hr/>
TOTAL HISTORICAL COST OF INVESTMENT	1,000,000	-

13. Debtors

	2016	2015
	£	£
Other debtors	115,371	252,467
Prepayments and accrued income	428,010	256,250
Tax recoverable	46,900	56,070
	<hr/>	<hr/>
	590,281	564,787
	<hr/> <hr/>	<hr/> <hr/>

14. Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	10,203	57,698
Other taxation and social security	15,838	19,664
Other creditors	862,171	1,231,656
Accruals	565,701	259,069
	<hr/>	<hr/>
	1,453,913	1,568,087
	<hr/> <hr/>	<hr/> <hr/>

SOS CHILDREN'S VILLAGES UK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

15. Statement of funds – Current Year

	Brought forward £	Incoming resources £	Resources expended £	Transfers in/(out) £	Gains/ (Losses) £	Carried forward £
UNRESTRICTED FUNDS						
General fund	783,901	2,556,460	(1,243,791)	21,224	2,724	2,120,518
Investment property	100,000	-	-	-	-	100,000
	<u>883,901</u>	<u>2,556,460</u>	<u>(1,243,791)</u>	<u>21,224</u>	<u>2,724</u>	<u>2,220,518</u>

Statement of funds – Current Year

RESTRICTED FUNDS

Emergency Relief Fund	46,623	-	-	25,743	-	72,366
Malawi	268,888	9,428	(47,250)	-	-	231,066
Nepal	291,284	7	(32,645)	-	-	258,646
Philippines	4,984	144,144	(199)	139	-	149,068
Subsidy fee	714,016	-	(155,777)	(207,793)	-	350,446
Zambia	118,354	67,559	-	36,879	-	222,792
Gambia – The European Union	-	34,590	(25,816)	-	-	8,774
Sierra Leone – Isle of Man	14,491	63,144	(84,839)	7,204	-	-
Guines Bissau – Big Lottery Fund	17,120	107,327	(106,484)	-	-	17,963
Sponsorship fund	237,540	2,284,131	(2,376,478)	(71,988)	-	73,205
Other projects <£50k	1,782,230	2,032,325	(2,826,808)	188,592	-	1,176,339
	<u>3,495,530</u>	<u>4,742,655</u>	<u>(5,656,296)</u>	<u>(21,224)</u>	<u>-</u>	<u>2,560,665</u>
Total funds	<u>4,379,431</u>	<u>7,299,115</u>	<u>(6,900,087)</u>	<u>-</u>	<u>2,724</u>	<u>4,781,183</u>

SOS CHILDREN'S VILLAGES UK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

15. Statement of funds – Previous Year

	Brought forward £	Incoming resources £	Resources expended £	Transfers in/(out) £	Gains/ (Losses) £	Carried forward £
UNRESTRICTED FUNDS						
General fund	406,629	1,971,373	(1,594,101)	-	-	783,901
Investment property	21,000	-	-	-	79,000	100,000
	<u>427,629</u>	<u>1,971,373</u>	<u>(1,594,101)</u>	<u>-</u>	<u>79,000</u>	<u>883,901</u>
RESTRICTED FUNDS						
Malawi	254,235	14,755	(102)	-	-	268,888
Nepal	-	351,284	(60,000)	-	-	291,284
Subsidy fee	470,361	422,984	(179,329)	-	-	714,016
Zambia	-	119,204	(850)	-	-	118,354
Sierra Leone – Isle of Man	47,603	-	(33,112)	-	-	14,491
Guines Bissau – Big Lottery Fund	-	90,946	(73,826)	-	-	17,120
Sponsorship fund	31,732	2,417,850	(2,212,042)	-	-	237,540
Other projects <£50k	2,016,614	1,744,678	(1,927,455)	-	-	1,833,837
	<u>2,820,545</u>	<u>5,161,701</u>	<u>(4,486,716)</u>	<u>-</u>	<u>-</u>	<u>3,495,530</u>
Total funds	<u>3,248,174</u>	<u>7,133,074</u>	<u>(6,080,817)</u>	<u>-</u>	<u>79,000</u>	<u>4,379,431</u>

Material 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 and Projects overseas, such that funds are only used in connection with the donors specified village and projects.

The subsidy fee is derived from a proportion of sponsorship income and is used to help sponsored children in villages which SOS Children's Villages UK are directly responsible for or to cover unusual events which result in a fund being in deficit.

16. Analysis of net assets between funds – Current Year

	Restricted funds 2016 £	Unrestricted funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	12,500	12,500
Investment property	-	100,000	100,000
Investments	-	1,002,724	1,002,724
Current assets	2,560,665	2,559,207	5,119,872
Creditors due within one year	-	(1,453,913)	(1,453,913)
	<u>2,560,665</u>	<u>2,220,518</u>	<u>4,781,183</u>

SOS CHILDREN'S VILLAGES UK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

16. Analysis of net assets between funds (continued) - Prior Year

	Restricted funds 2016 £	Unrestricted funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	12,997	12,997
Investment property	-	100,000	100,000
Current assets	3,495,530	2,338,991	5,834,521
Creditors due within one year	-	(1,568,087)	(1,568,087)
	<u>3,495,530</u>	<u>883,901</u>	<u>4,379,431</u>

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

	2016 £	2015 £
Net income for the year (as per Statement of Financial Activities)	401,752	1,131,257
Adjustment for:		
Depreciation charges	2,465	3,251
Gains on investments	(2,724)	(79,000)
Dividends, interest and rents from investments	(12,157)	(7,125)
(Increase)/Decrease in debtors	(25,494)	(260,157)
(Decrease)/Increase in creditors	(114,174)	400,278
Net cash provided by operating activities	<u>249,668</u>	<u>1,188,504</u>

18. Analysis of cash and cash equivalents

	2016 £	2015 £
Cash in hand	4,529,591	5,269,734
Total	<u>4,529,591</u>	<u>5,269,734</u>

SOS CHILDREN'S VILLAGES UK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

19. Pension commitments

The charity operated a defined benefit pension scheme which closed during the year and an exit fee of £11,503 was paid. The assets of the scheme were held separately from those of the company. The pension cost charge represents contributions payable by the company and amounted to £27,152 (2015 - £9,464), at the year end date £nil (2015 - £2,336) was outstanding.

Before closure of the scheme, the company participated in The Pensions Trust – Growth Plan pension scheme, a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2011. This valuation showed assets of £780m, liabilities of £928m and a deficit of £148m. To eliminate this funding shortfall, the scheme Trustee has asked the participating employers to pay additional contributions to the scheme. From 1 April 2013 to 31 March 2023 £13.9 million per annum (payable monthly and increasing by 3% each on 1 April).

A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £793m, liabilities of £907m and deficit of £177m. To eliminate this funding shortfall, the scheme Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

From 1 April 2016 to 30 September 2025 - £12.9 million per annum

From 1 April 2016 to 30 September 2028 - £54.5k per annum

Payable monthly and increasing by 3% each on 1 April.

The recovery plan contributions were allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the charity recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in the disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present value of provisions

	2016	2015
	£	£
Present value of provision	nil	1,461

SOS CHILDREN'S VILLAGES UK

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

20. Operating lease commitments

At 31 December 2016 the charity had total commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2016	2015	2016	2015
	£	£	£	£
Expiry date:				
Within 1 year	144,000	144,000	3,521	1,156
Between 2 and 5 years	336,000	480,000	13,243	1,904
After more than 5 years	-	-	1,049	-
	<u>480,000</u>	<u>624,000</u>	<u>17,813</u>	<u>3,060</u>
Total	<u>480,000</u>	<u>624,000</u>	<u>17,813</u>	<u>3,060</u>

21. Related party transactions

At 31 December 2016, the charity held all 100 ordinary shares of £1 each in the wholly-owned subsidiary, SOS Children's Villages UK Trading Limited, which is registered in the United Kingdom, although these were written down to nil value in the 2002 accounts. The company ceased trading on 31 December 2001 and has remained dormant since that date.

During the year under review a sum of £95,905 (2015 - £200,528) was received from a Pakistan Support Group. A Khan, a trustee of SOS Children's Villages UK is a bank signatory of the Pakistan Support Group.

Hong Kong Friends of SOS Children Limited is a branch of SOS Children's Villages UK and not consolidated on the basis of materiality. During the year under review Hong Kong Friends of SOS Children Limited had a turnover of £6,530 (2015 - £2,422) and a net surplus of £2,336 (2015 - £1,795).

No CHILD SHOUD GROW UP ALONE



Two girls in Children's Village Callao, Peru



**SOS CHILDREN'S
VILLAGES**

A loving home for every child

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Cambridge
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Registered charity No: 1069204
Company limited by guarantee. Registration no. 3346676 England

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