

COMPANY REGISTRATION NUMBER 04317039

**OFFICE SIGNED COPY**

Please return to:  
Margaret Hodgson  
with signature

**OPERATION SMILE UNITED KINGDOM  
COMPANY LIMITED BY GUARANTEE  
FINANCIAL STATEMENTS  
30 JUNE 2010**

**Charity Number 1091316**

**BURGESS HODGSON**  
Chartered Accountants & Statutory Auditor  
Camburgh House  
27 New Dover Road  
Canterbury  
Kent  
CT1 3DN

**OPERATION SMILE UNITED KINGDOM  
COMPANY LIMITED BY GUARANTEE**

**FINANCIAL STATEMENTS**

**YEAR ENDED 30 JUNE 2010**

<b>CONTENTS</b>	<b>PAGE</b>
Members of the Board and professional advisers	1
Trustees Annual Report	2
Statement of responsibilities of the Trustees	9
Independent auditor's report to the members	10
Statement of financial activities (incorporating the income and expenditure account)	12
Balance sheet	13
Notes to the financial statements	14
<b>The following pages do not form part of the financial statements</b>	
Detailed statement of financial activities	22

**OPERATION SMILE UNITED KINGDOM  
COMPANY LIMITED BY GUARANTEE****MEMBERS OF THE BOARD AND PROFESSIONAL ADVISERS**

<b>Registered charity name</b>	Operation Smile United Kingdom
<b>Charity number</b>	1091316
<b>Company registration number</b>	04317039
<b>Registered office</b>	Unit 15 The Coda Centre 189 Munster Road London SW6 6AW
<b>Trustees</b>	Mr M K Badale (Chairman) Mr A McCullagh Mr P McDonald (Medical Director) Ms T L Duhon Mr D Forbes-Nixon Ms L Legassick
<b>Secretary</b>	Mr A McCullagh
<b>Auditor</b>	Burgess Hodgson Chartered Accountants & Statutory Auditor Camburgh House 27 New Dover Road Canterbury Kent CT1 3DN
<b>Bankers</b>	CAF Bank Limited 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ
<b>Solicitors</b>	Sinclair Taylor and Martin 9 Thorpe Close London W10 5XL

**OPERATION SMILE UNITED KINGDOM  
COMPANY LIMITED BY GUARANTEE**

**TRUSTEES ANNUAL REPORT**

**YEAR ENDED 30 JUNE 2010**

The trustees, who are also directors for the purposes of company law, have pleasure in presenting their report and the financial statements of the charity for the year ended 30 June 2010.

**REFERENCE AND ADMINISTRATIVE DETAILS**

Reference and administrative details are shown in the schedule of members of the board and professional advisers on page 1 of the financial statements.

**THE TRUSTEES**

The trustees who served the charity during the period were as follows:

Mr M K Badale (Chairman)  
Mr A McCullagh (Company Secretary)  
Mr P McDonald (Medical Director)  
Ms T L Duhon  
Mr D Forbes-Nixon  
Ms L Legassick

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Governing Document**

Operation Smile United Kingdom is a company limited by guarantee and is governed by its Memorandum and Articles of Association. The Memorandum and Articles of Association restrict the liability of members on winding up to £1. In case of winding up none of the accumulated funds are distributable to the members, but shall be given or transferred to Operation Smile Inc. for its charitable purposes.

**Appointment of Trustees**

Potential Operation Smile United Kingdom trustee candidates are nominated at a quarterly trustee meeting by a serving member of the board. If the trustees present agree to pursue the proposed nomination, the candidate will be met by at least two active trustees to discuss the activities and goals of the charity. Following these meetings, the serving trustees report back their conclusions at a subsequent trustees meeting. If the consensus is to move forward with the nomination, the nominee will be invited to attend the following trustees meeting where he will be formally initiated as an active trustee on the board.

**Trustee induction and training**

New trustees undergo an orientation at their first quarterly trustees meeting where they are briefed on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the decision making process, the business plan and financial performance of the charity, and the charity's programmatic goals and strategy.

Following this meeting the trustees are joined by Operation Smile United Kingdom's current staff members. Formal introductions are made and individual duties are explained. The new trustees orientation concludes with a meeting with Operation Smile Executive Director to further discuss the charity's goals and strategy.

**Organisation**

Set out in the Articles of Association, the Board of Trustees of Operation Smile United Kingdom administers the charity. The Board of Trustees consists of not less than five and not more than nine persons (the elected Trustees). The board meets at least quarterly to

**OPERATION SMILE UNITED KINGDOM  
COMPANY LIMITED BY GUARANTEE****TRUSTEES ANNUAL REPORT** *(continued)***YEAR ENDED 30 JUNE 2010**

make decisions in regard to the financial, developmental, and programmatic workings of the charity. An Executive Director is appointed by the trustees to manage the day-to-day operations of the charity.

**Risk Management**

The Trustees have considered the risks of the charity and maintain a register of risks which is reviewed and updated at board meetings. This review has identified only a few minor risks and necessary actions have taken place to minimise any potential impact on the charity should those risks materialise. A detailed risk management policy and risk register is currently in development.

**OBJECTIVES AND ACTIVITIES**

The objectives of the charity are to promote the physical, mental and emotional health of children suffering from facial deformities around the world.

**Background**

Mission Statement: Operation Smile mobilises a world of generous hearts to heal children's smiles and transform lives across the globe.

We believe all children deserve to live their lives with dignity. For those suffering from cleft lip, cleft palate or other facial deformities, dignity begins with a smile.

Operation Smile is a worldwide children's medical charity whose network of volunteers is dedicated to helping improve the health and lives of children and young adults. We ensure every patient treated by Operation Smile benefits from the same state-of-the-art equipment, procedures and highly trained and credentialed medical volunteers, no matter where they live. Operation Smile also educates local medical professionals in our partner countries and donates crucial equipment to lay the groundwork for long-term self sufficiency.

Operation Smile United Kingdom is part of a global network that has a presence in more than 60 countries. As a Resource Chapter, Operation Smile United Kingdom has responsibility to:

- raise funds and awareness for children suffering from facial deformities
- recruit medical volunteers to support the breadth of Operation Smile's global medical programmes
- provide funds, infrastructural support and medical training opportunities to its international partner foundations

**OPERATION SMILE UNITED KINGDOM  
COMPANY LIMITED BY GUARANTEE**

**TRUSTEES ANNUAL REPORT** *(continued)*

**YEAR ENDED 30 JUNE 2010**

**Our Projects**

- To support the creation and operation of Operation Smile Cleft Lip and Palate Comprehensive Care Centres of Excellence
- To support international and local medical projects
- To provide education and training opportunities to nurses and physicians in our partner countries
- To provide U.K. medical volunteers for international projects and global education programmes
- To grow the capacity and the sustainability of our partner foundations to empower them to take care of more children on their own

**Our History**

Since 1993, U.K medical professionals have participated in Operation Smile international medical projects to provide free surgery to thousands of children in places such as India, the Philippines, Kenya, Colombia, Morocco, Ethiopia, China and Vietnam. The growing interest from donors and doctors in the U.K. for the work of Operation Smile prompted the creation of a formal resource chapter in late 2001. In March 2002, Operation Smile United Kingdom gained registered charitable status and has since been working hard to raise funds, spread awareness and recruit volunteers to support Operation Smile programmes around the world.

**The Operation Smile Global Alliance**

Operation Smile United Kingdom is proudly part of a global alliance of Operation Smile organisations working to serve children with facial deformities. Our global volunteer network is working to make a difference in the lives of children every day. Some 60 resource chapters and international foundations ensure that our impact and volunteer bases stretch around the world.

**Resource Chapters**

Operation Smile resource countries provide support for the Operation Smile Global Alliance by securing equipment donations, training medical professionals and supporting the breadth of global medical programmes with both volunteers and funding.

- Operation Smile Inc. (International Headquarters - Norfolk, VA USA)
- Operation Smile Australia Limited (Queensland)
- Operation Smile Canada
- Operation Smile Ireland Ltd. (Dublin)
- Operation Smile Italy (Rome)
- Operation Smile Japan (Tokyo)
- Operation Smile Sweden (Stockholm)
- Operation Smile Switzerland (Geneva)
- Operation Smile UAE (Abu Dhabi)
- Operation Smile United Kingdom (London)

**OPERATION SMILE UNITED KINGDOM  
COMPANY LIMITED BY GUARANTEE**

**TRUSTEES ANNUAL REPORT *(continued)***

**YEAR ENDED 30 JUNE 2010**

**International Foundations**

As a part of our continued evolution, Operation Smile is expanding its model and programmes, building public/private partnerships as well as additional infrastructure and increasing the number of countries in which we work in, to ensure we are making a difference for even more children. Each local foundation plans their medical projects every year.

Our unique and effective medical projects model and training are the foundation for providing safe surgeries for children around the world and building a long-term sustainable solution. In total, Operation Smile helped transform the lives of over 16,000 patients in the last financial year - the most treated in one year since the organisations foundation. More than 75% of those patients were treated during 152 local and international medical projects conducted by Operation Smile medical volunteers last year. The remaining 25% of patients received free reconstructive treatment at our global Comprehensive Care Centres. Operation Smile now operates in the following countries:

- Afghanistan
- Bangladesh
- Belarus
- Bolivia
- Brazil
- Cambodia
- China
- Columbia
- Democratic Republic of Congo
- Dominican Republic
- East Timor
- Ecuador
- Egypt
- Ethiopia
- Gaza Strip/West Bank
- Ghana
- Guatemala
- Haiti
- Honduras
- Hong Kong
- India
- Indonesia
- Iraq
- Japan
- Jordon
- Kenya
- Laos
- Liberia
- Madagascar
- Mexico
- Morocco
- Myanmar
- Namibia
- Nicaragua
- Panama
- Papua New Guinea
- Paraguay
- Peru
- Philippines
- Romania
- Russia
- Rwanda
- Senegal
- Singapore
- South Africa
- South Korea
- Swaziland
- Thailand
- Uzbekistan
- Venezuela

**OPERATION SMILE UNITED KINGDOM  
COMPANY LIMITED BY GUARANTEE****TRUSTEES ANNUAL REPORT** *(continued)***YEAR ENDED 30 JUNE 2010****ACHIEVEMENTS AND PERFORMANCE**

The worldwide demand for cleft repair surgery is staggering. Every three minutes, it is estimated a child somewhere in the world is born with a cleft. It is for this reason, Operation Smile staff and volunteers continue to be motivated to help change the lives of children across the world. 2009/10 was no exception both internationally and in the UK; Operation Smile reached an incredible milestone treating our 150,000th patient. In total, Operation Smile hosted 152 medical projects across 33 countries and provided free reconstructive surgery to 16,113 children and young adults.

None of this would have been possible without the support of our medical volunteers who selflessly give their time to travel to medical projects around the world. Operation Smile UK safely deployed more than 30 medical volunteers to projects in India, Cambodia, Russia, Ethiopia, Lima, Philippines and Kenya in 2009/10.

In the UK, Operation Smile was chosen as the official charity of the year for the 2009/10 Blue Peter Appeal, which invited children to make hospital gowns out of T-shirts for Operation Smile patients. Each T-shirt received would save Operation Smile £3.00. Operation Smile developed an education pack that linked into the curriculum which was sent to over 25,000 schools across the UK and Blue Peter set a target of making 20,000. The response to the Appeal was staggering and in just 12 weeks, Operation Smile received over 93,000 gowns. Individual and group donations increased significantly during the year and the increased publicity saw donations being received from France, Spain Turkey and the US.

**PERFORMANCE**

Operation Smile United Kingdom was able to commit £694,342 to programmes during the year as well as carry forward £90,894 of net income for future periods to support the development of programmes across Africa and Asia.

Kenya: £26,359 - was allocated towards a project in Nairobi in June 2010, whereby 65 patients received surgical care and treatment for cleft lips and palates. The project was held at the Kenyatta National Hospital who donated the use of their wards and some supplies. Over 100 employees of the hospital also volunteered their time to assist with the project and shared the team's work. Due to the generosity of the hospital and staff volunteers, unspent funds totalling £7,000 were re-allocated to support the programmatic costs associated with a project to Kisumu in October, whereby a further 137 patients were given new smiles.

India: £226,921 was committed to supporting the development of the Comprehensive Care Centres in Kolkata (West Bengal), Vijayawada (Andhra Pradesh) and Guwahati (Assam). The Centres which have been supported by funding provided by BUPA, have created a platform whereby Operation Smile is able to treat and provide the on-going after care for every patient it sees. The Centre in Kolkata which is managed by a local plastic and cleft surgeon, treats over 400 patients each year and due to the support of a local team, is able to provide treatment for patients who may be suffering with more severe facial deformities that cannot be typically catered for on a two week project.

The Centre in Guwahati has been built adjacent to the Mahendra Mohan Chowdhury Hospital which has generously been hosting projects since 2009. During this time, over 2,000 patients in Assam have received free reconstructive surgery and many thousands more have been given full medical assessments. The vision of the Assam project was the creation of capacity to be able to address the large back log of clefts in the State of Assam estimated at 20,000 patients. The Centre will function as a state of the art treatment and education facility with eight simultaneously running operating tables. To achieve the objective of

**OPERATION SMILE UNITED KINGDOM  
COMPANY LIMITED BY GUARANTEE****TRUSTEES ANNUAL REPORT** *(continued)***YEAR ENDED 30 JUNE 2010**

long term human resource growth, Operation Smile is developing a programme of training that will increase the number of health care providers in Assam who are capable of providing surgery, anaesthesia, and critical care to patients year-round. BUPA sponsorship has allowed Operation Smile India to purchase the equipment and tools to fit out the Centre, which is due to open in February 2011.

Ethiopia: Whilst Operation Smile UK has committed to support projects in Ethiopia, no further funds were distributed whilst research is being undertaken to assess the needs for a Comprehensive Care Centre in Jimma. However, in September 2010, the Trustees of Operation Smile UK allocated £100,000 towards a prospective build at the Jimma University Hospital.

Egypt: £9,878 was allocated for a project held in Alexandria in May 2010. During this time, the Operation Smile team of medical volunteers were able to provide surgery for 152 patients and full medical assessments for 293 screening patients.

Southern Africa: £33,473 allocated towards Namibia. Operation Smile South Africa (OSSA) conducted pre-screening through the whole of Namibia in August 2010 to determine the need for a surgical programme. 111 patients were screened of which 49 qualified for surgery. OSSA planned an inaugural project to Windhoek, Namibia which took place in February 2011. 70 patients were screened of which 51 received surgery. 14 members of the medical team were local volunteers from Namibia. OSSA has also conducted education programs in Namibia in 2009 and 2010 and will return to Windhoek in August to conduct a 6 month assessment of the patients.

South America: £80,634 was raised from the Mototaxi Junket - an event which saw fundraisers travelling by mototaxi across Bolivia, Paraguay and Peru - and restricted for investment in South America. So far, £41,442 of the funds has been used to support projects in each of these countries whereby in 3 consecutive projects, 409 patients were provided with free surgical treatment and 664 patients were given full medical assessments. The additional funding in each of these countries has seen an increase in patient numbers at the Centre in Bolivia and a commitment to increase the number of patients treated in Peru. Plans are also being considered to have a permanent Cleft Centre in Asuncion, Paraguay in the near future. The remaining funds raised by the Mototaxi are expected to be disbursed in 2011.

Further funds have been made available to support smaller projects throughout Asia, Africa and the Middle East as part of Operation Smile United Kingdom's commitment to developing sustainable and long term care to patients

**FINANCIAL REVIEW**

The Trustees have established the level of free reserves (that is those funds that are freely available) that the charity ought to have. These are based on 12 months operating revenue and to this end, are set at £200,000.

At 30th June 2010, Operation Smile United Kingdom had reserves of £859,774 of which £196,137 are for restricted purposes, leaving £663,637 of free reserves. These reserves have been held for dispersal in 2011 for a number of project commitments, capacity support and development activities. These include the completion of the Kolkata Park Centre and Vijayawda Centre in India and projects taking place in Bolivia, Paraguay and Peru. In addition, £100,000 has been allocated towards the prospective build at the Jimma University Hospital, Ethiopia. These sizable investments are the fruition of long-term planning, and demonstrate the charity's commitment to sustainable development.

**OPERATION SMILE UNITED KINGDOM  
COMPANY LIMITED BY GUARANTEE****TRUSTEES ANNUAL REPORT** *(continued)***YEAR ENDED 30 JUNE 2010****PLANS FOR FUTURE PERIODS**

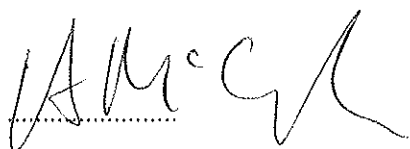
Operation Smile United Kingdom will continue to seek support for the work of Operation Smile Foundations around the world to provide free reconstructive surgery to children with cleft lips and palates and other correctable facial disfigurements. Specifically, Operation Smile United Kingdom is looking to continue its support of the development of Comprehensive Care Centres, such as the ones planned for India. We will continue to support a varied portfolio of medical and training projects across Africa and Asia whilst also looking to develop opportunities for skills transfer; developing medical skills and capacities in partner foundations. Financially, Operation Smile United Kingdom intends to continue to diversify its fundraising activities by investing into Direct Marketing as part of the on-going strategy to grow the charity on a nation-wide basis through expanding its individual donor programme. In line with this investment, Operation Smile United Kingdom will recruit further staff featuring experienced NGO and fundraising professionals to implement the growth plan as anticipated.

**AUDITOR**

Burgess Hodgson are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Registered office:  
Unit 15 The Coda Centre  
189 Munster Road  
London  
SW6 6AW

Signed on behalf of the trustees



MR A McCULLAGH  
Secretary

21/05/2011

**OPERATION SMILE UNITED KINGDOM  
COMPANY LIMITED BY GUARANTEE**

**STATEMENT OF RESPONSIBILITIES OF THE TRUSTEES**

**YEAR ENDED 30 JUNE 2010**

The trustees (who are also the directors of Operation Smile United Kingdom for the purposes of company law) are responsible 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).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- 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 presume that the charitable 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 charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. The trustees are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

**OPERATION SMILE UNITED KINGDOM  
COMPANY LIMITED BY GUARANTEE**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OPERATION  
SMILE UNITED KINGDOM**

**YEAR ENDED 30 JUNE 2010**

We have audited the financial statements of Operation Smile United Kingdom for the year ended 30 June 2010 on pages 12 to 20, which have been prepared on the basis of the accounting policies set out on page 14.

This report is made solely to the company's members, as a body, in accordance with chapter 3 of section 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

The responsibilities of the trustees (who also act as directors of Operation Smile United Kingdom 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) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Responsibilities of the Trustees on page 9.

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, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Trustees Annual Report is consistent with those financial statements.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if the charity's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

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

**OPERATION SMILE UNITED KINGDOM  
COMPANY LIMITED BY GUARANTEE**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OPERATION  
SMILE UNITED KINGDOM (continued)**

**YEAR ENDED 30 JUNE 2010**

**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 judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity'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.

**OPINION**

In our opinion:

- the financial statements give a true and fair view of the state of the charity's affairs as at 30 June 2010 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 United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006; and
- the information given in the Trustees Annual Report is consistent with the financial statements.



MR A R MILES (Senior Statutory  
Auditor)  
For and on behalf of  
BURGESS HODGSON  
Chartered Accountants  
& Statutory Auditor

Camburgh House  
27 New Dover Road  
Canterbury  
Kent  
CT1 3DN

24/3/2011..

**OPERATION SMILE UNITED KINGDOM  
COMPANY LIMITED BY GUARANTEE**

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE INCOME AND  
EXPENDITURE ACCOUNT)**

**YEAR ENDED 30 JUNE 2010**

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2010 £	Total Funds 2009 £
<b>INCOMING RESOURCES</b>					
Incoming resources from generating funds:					
Voluntary income	2	1,274,009	116,154	1,390,163	901,383
Events	3	175,750	–	175,750	111,170
Investment income	4	2,165	–	2,165	10,729
<b>TOTAL INCOMING RESOURCES</b>		<u>1,451,924</u>	<u>116,154</u>	<u>1,568,078</u>	<u>1,023,282</u>
<b>RESOURCES EXPENDED</b>					
Costs of generating funds	5	(499,902)	–	(499,902)	(350,346)
Charitable activities	6/7	(547,849)	(365,781)	(913,630)	(435,228)
Governance costs	8	(63,652)	–	(63,652)	(33,058)
<b>TOTAL RESOURCES EXPENDED</b>		<u>(1,111,403)</u>	<u>(365,781)</u>	<u>(1,477,184)</u>	<u>(818,632)</u>
<b>NET INCOMING RESOURCES BEFORE TRANSFERS</b>					
Transfer between funds	10	(47,765)	47,765	–	–
<b>NET INCOME FOR THE YEAR</b>		292,756	(201,862)	90,894	204,650
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward		<u>370,881</u>	<u>397,999</u>	<u>768,880</u>	<u>564,230</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u>663,637</u>	<u>196,137</u>	<u>859,774</u>	<u>768,880</u>

The Statement of Financial Activities includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared.

All of the above amounts relate to continuing activities.

The notes on pages 14 to 20 form part of these financial statements.

**OPERATION SMILE UNITED KINGDOM  
COMPANY LIMITED BY GUARANTEE**

**BALANCE SHEET**

**30 JUNE 2010**

	Note	2010 £	£	2009 £
<b>FIXED ASSETS</b>				
Tangible assets	12		427	1,267
<b>CURRENT ASSETS</b>				
Debtors	13	70,151		39,569
Cash at bank		966,523		732,544
		1,036,674		772,113
<b>CREDITORS: Amounts falling due within one year</b>	14	(177,327)		(4,500)
<b>NET CURRENT ASSETS</b>			859,347	767,613
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			859,774	768,880
<b>NET ASSETS</b>			859,774	768,880
<b>FUNDS</b>				
Restricted income funds	15		196,137	397,999
Unrestricted income funds	16		663,637	370,881
<b>TOTAL FUNDS</b>			859,774	768,880

These financial statements were approved by the members of the committee on the 21.3.2011 and are signed on their behalf by:

  
.....  
MR M K BADALE (CHAIRMAN)

Company Registration Number: 04317039

21.3.2011

**OPERATION SMILE UNITED KINGDOM  
COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 30 JUNE 2010**

**1. ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards, the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 (SORP 2005) and the Companies Act 2006.

**Cash flow statement**

The trustees have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the charity is small.

**Fund accounting**

Funds held by the charity are either:

**Unrestricted Funds**

The Unrestricted Fund consists of those funds which the charity may use in the furtherance of its charitable objectives at the discretion of the trustees.

**Restricted Funds**

The Restricted Fund are those funds that can only be used for particular restricted purposes within the objectives of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

**Fixed assets**

All fixed assets are initially recorded at cost.

**Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Office Equipment - 3 years straight line  
Fixtures & Fittings - 3 years straight line

**Gifts in kind**

The Charity values gifts in kind against the equivalent commercial value that would it would be able to obtain in the open market.

Included in the financial statements for 2010, is a gift in kind valued at £279,000 in relation to children's medical gowns that the Charity had made under an appeal. These have been prudently valued at £3 each in accordance with the price obtainable from a third party.

**OPERATION SMILE UNITED KINGDOM  
COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 30 JUNE 2010**

**2. VOLUNTARY INCOME**

	Unrestricted Funds £	Restricted Funds £	Total Funds 2010 £	Total Funds 2009 £
<b>Donations</b>				
Donations	839,094	–	839,094	409,394
Rufford Maurice Laing Foundation	–	–	–	15,000
Towerbrook Foundation	–	–	–	8,720
BUPA	–	–	–	375,150
Vostochnaya Technica	–	–	–	20,111
Haramead Trust	–	–	–	5,000
J Greenhalgh	–	–	–	26,700
Other Restricted Donations	–	28,590	28,590	12,500
Christina Forbes	10,000	–	10,000	–
SF Morfield Charitable Trust	25,000	–	25,000	–
The Lancashire Foundation	20,000	–	20,000	–
Christine Lesley Howard legacy	23,420	–	23,420	–
Mototaxi Junket	–	80,634	80,634	–
<b>Gifts</b>				
Agilisys Professional Services Limited				
- In kind	26,400	–	26,400	17,400
Other gifts - In kind	330,095	–	330,095	–
<b>Other income</b>				
Volunteer contributions	–	6,930	6,930	11,408
	<u>1,274,009</u>	<u>116,154</u>	<u>1,390,163</u>	<u>901,383</u>

**3. INCOMING RESOURCES FROM ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted Funds £	Total Funds 2010 £	Total Funds 2009 £
Events	<u>175,750</u>	<u>175,750</u>	<u>111,170</u>

**4. INVESTMENT INCOME**

	Unrestricted Funds £	Total Funds 2010 £	Total Funds 2009 £
Bank interest receivable	<u>2,165</u>	<u>2,165</u>	<u>10,729</u>

**5. COSTS OF GENERATING FUNDS**

	Unrestricted Funds £	Total Funds 2010 £	Total Funds 2009 £
Voluntary income	451,580	451,580	285,931
Events	48,322	48,322	64,415
	<u>499,902</u>	<u>499,902</u>	<u>350,346</u>

**OPERATION SMILE UNITED KINGDOM  
COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 30 JUNE 2010**

**6. COSTS OF CHARITABLE ACTIVITIES BY FUND TYPE**

	Unrestricted Funds £	Restricted Funds £	Total Funds 2010 £	Total Funds 2009 £
Operation Smile Inc - Kenya Medical Projects	–	26,360	26,360	21,570
Operation Smile Inc - Morocco Medical Projects	–	3,639	3,639	16,062
Operation Smile - India Programmes	–	226,919	226,919	153,110
Operation Smile - South Africa Programmes	–	33,473	33,473	–
Operation Smile - Vietnam Programmes	–	3,145	3,145	–
Operation Smile Inc - Jordan	–	–	–	3,418
Operation Smile Inc - Ethiopia	–	1,144	1,144	21,632
Other project costs - Worldwide	328,561	15,006	343,567	38,576
Operation Smile - Cambodia Programmes	–	3,293	3,293	5,579
Operation Smile - Egypt	–	9,878	9,878	22,546
Operation Smile - Russia	–	–	–	20,203
Operation Smile - South America	–	41,442	41,442	–
Operation Smile - Chechnya	–	1,482	1,482	–
Support costs	219,288	–	219,288	132,532
	<u>547,849</u>	<u>365,781</u>	<u>913,630</u>	<u>435,228</u>

**7. COSTS OF CHARITABLE ACTIVITIES BY ACTIVITY TYPE**

	Activities undertaken directly £	Support costs £	Total Funds 2010 £	Total Funds 2009 £
Operation Smile Inc - Kenya Medical Projects	26,360	–	26,360	21,570
Operation Smile Inc - Morocco Medical Projects	3,639	–	3,639	16,062
Operation Smile - India Programmes	226,919	–	226,919	153,110
Operation Smile - South Africa Programmes	33,473	–	33,473	–
Operation Smile - Vietnam Programmes	3,145	–	3,145	–
Operation Smile Inc - Jordan	–	–	–	3,418
Operation Smile Inc - Ethiopia	1,144	–	1,144	21,632
Other project costs - Worldwide	343,567	–	343,567	38,576
Operation Smile - Cambodia Programmes	3,293	–	3,293	5,579
	<u>641,540</u>	<u>–</u>	<u>641,540</u>	<u>259,947</u>
Balance carried forward	641,540	–	641,540	259,947

**OPERATION SMILE UNITED KINGDOM  
COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 30 JUNE 2010**

**7. COSTS OF CHARITABLE ACTIVITIES BY ACTIVITY TYPE** *(continued)*

	Activities undertaken directly £	Support costs £	Total Funds 2010 £	Total Funds 2009 £
Balance brought forward	641,540		641,540	259,947
Operation Smile - Egypt	9,878	-	9,878	22,546
Operation Smile - Russia	-	-	-	20,203
Support costs	-	219,288	219,288	132,532
Operation Smile - South America	41,442	-	41,442	-
Operation Smile - Chechnya	1,482	-	1,482	-
	<u>694,342</u>	<u>219,288</u>	<u>913,630</u>	<u>435,228</u>

**8. GOVERNANCE COSTS**

	Unrestricted Funds £	Total Funds 2010 £	Total Funds 2009 £
Salaries and wages	51,728	51,728	24,710
Employer's NIC	5,669	5,669	2,410
Audit fees	4,500	4,500	4,500
Depreciation	840	840	840
Subscriptions	915	915	598
	<u>63,652</u>	<u>63,652</u>	<u>33,058</u>

**9. NET INCOMING RESOURCES FOR THE YEAR**

This is stated after charging:

	2010 £	2009 £
Depreciation	840	840
Auditors' remuneration: - audit of the financial statements	<u>4,500</u>	<u>4,500</u>

**10. FUND TRANSFERS**

The fund transfers of £47,765 (2009: £127,652) from the Unrestricted Fund to the Restricted Funds represents the charity using unrestricted funds to cover shortfalls in donations into restricted projects and to help meet commitments going forward.

**OPERATION SMILE UNITED KINGDOM  
COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 30 JUNE 2010**

**11. STAFF COSTS AND EMOLUMENTS**

Total staff costs were as follows:

	<b>2010</b>	2009
	<b>£</b>	£
Wages and salaries	159,713	123,550
Social security costs	15,341	12,052
	<u>175,054</u>	<u>135,602</u>

**Particulars of employees:**

The average number of employees during the year, calculated on the basis of full-time equivalents, was as follows:

	<b>2010</b>	2009
	<b>No</b>	No
Number of administrative staff	<u>6</u>	<u>4</u>

No employee received remuneration of more than £60,000 during the year (2009 - Nil).

**12. TANGIBLE FIXED ASSETS**

	<b>Office Equipment £</b>	<b>Fixtures &amp; Fittings £</b>	<b>Total £</b>
<b>COST</b>			
At 1 July 2009 and 30 June 2010	<u>2,121</u>	<u>398</u>	<u>2,519</u>
<b>DEPRECIATION</b>			
At 1 July 2009	1,119	133	1,252
Charge for the year	707	133	840
At 30 June 2010	<u>1,826</u>	<u>266</u>	<u>2,092</u>
<b>NET BOOK VALUE</b>			
At 30 June 2010	<u>295</u>	<u>132</u>	<u>427</u>
At 30 June 2009	<u>1,002</u>	<u>265</u>	<u>1,267</u>

**13. DEBTORS**

	<b>2010</b>	2009
	<b>£</b>	£
Other debtors	33,498	19,516
Prepayments	36,653	20,053
	<u>70,151</u>	<u>39,569</u>

**OPERATION SMILE UNITED KINGDOM  
COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 30 JUNE 2010**

**14. CREDITORS: Amounts falling due within one year**

	2010 £	2009 £
Trade creditors	27,672	–
Other creditors	120,000	–
Accruals	29,655	4,500
	<u>177,327</u>	<u>4,500</u>

**15. RESTRICTED INCOME FUNDS**

	Balance at 1 Jul 2009 £	Incoming resources £	Outgoing resources £	Transfers £	Balance at 30 Jun 2010 £
Morocco Medical Projects	–	3,639	(3,639)	–	–
Kenya Medical Projects	3,800	1,300	(26,359)	21,259	–
World Care Patient Programme	11,372	10,543	(15,005)	–	6,910
India Programmes	360,954	6,891	(226,921)	–	140,924
Vietnam Programmes	–	600	(3,145)	2,545	–
Ethiopia Programmes	250	9,695	(1,144)	–	8,801
Cambodia Programmes	–	1,200	(3,293)	2,093	–
Egypt Programmes	–	592	(9,878)	9,286	–
South Africa Programme	21,623	750	(33,473)	11,100	–
South America Programme	–	80,944	(41,442)	–	39,502
Chechnya Programme	–	–	(1,482)	1,482	–
	<u>397,999</u>	<u>116,154</u>	<u>(365,781)</u>	<u>47,765</u>	<u>196,137</u>

**16. UNRESTRICTED INCOME FUNDS**

	Balance at 1 Jul 2009 £	Incoming resources £	Outgoing resources £	Transfers £	Balance at 30 Jun 2010 £
General Funds	<u>370,881</u>	<u>1,123,363</u>	<u>(782,842)</u>	<u>(47,765)</u>	<u>663,637</u>

**OPERATION SMILE UNITED KINGDOM  
COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 30 JUNE 2010**

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

	Tangible fixed assets £	Net current assets £	Total £
<b>Restricted Income Funds:</b>			
World Care Patient Programme	–	6,910	6,910
India Programmes	–	140,924	140,924
Ethiopia Programmes	–	8,801	8,801
South America Programme	–	39,502	39,502
	–	<u>196,137</u>	<u>196,137</u>
<b>Unrestricted Income Funds</b>	<u>427</u>	<u>663,210</u>	<u>663,637</u>
<b>Total Funds</b>	<u>427</u>	<u>859,347</u>	<u>859,774</u>

**18. TRANSACTIONS WITH THE TRUSTEES**

Included in Other debtors are the following amounts owed to the Charity:

Blenheim Chalcot Management Limited	£12,425	(2009: £nil)
Operation Smile Inc.	£12,263	(2009: £5,174)

Mr M K Badale, a Trustee, is a director of Blenheim Chalcot Management Limited and Agilisys Professional Services Limited.

**19. RELATED PARTY TRANSACTIONS**

The Charitable Company was under the control of the trustees throughout the current and previous year.

During the year, Agilisys Professional Services Limited donated £26,400 (2009: £17,400) as gifts in kind for operational expenses. Mr M K Badale, a Trustee, is also a director of Agilisys Professional Services Limited.

At the balance sheet date, Operation Smile Inc loaned £120,000 (2009: £nil) to Operation Smile UK. Operation Smile Inc is a Related Party due to its ability to influence the operating policies of Operation Smile United Kingdom.

**20. COMPANY LIMITED BY GUARANTEE**

The company is limited by guarantee and has no share capital. By virtue of Section 30 of the Companies Act 1985 under which the company was incorporated, the company is not required to use the word "Limited" in its name.

In the event of winding up, the members are liable to contribute towards any deficiency up to a maximum of £1 each.

**OPERATION SMILE UNITED KINGDOM  
COMPANY LIMITED BY GUARANTEE**

**MANAGEMENT INFORMATION**

**YEAR ENDED 30 JUNE 2010**

**The following pages do not form part of the statutory financial statements  
which are the subject of the independent auditor's report on pages 10 to 11.**

**OPERATION SMILE UNITED KINGDOM  
COMPANY LIMITED BY GUARANTEE**

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES**

**YEAR ENDED 30 JUNE 2010**

	<b>2010</b>	2009
	£	£
<b>CHARITABLE ACTIVITIES</b>		
Cost of sales - Purchases	694,342	302,696
Staff costs - Wages & Salaries	47,516	49,420
Staff costs - Employer's NIC	3,653	4,821
Establishment - Rent	26,400	14,100
Motor and travel costs - Other	14,400	5,529
Professional - Accountancy fees	28,748	6,799
Advertising	57,419	15,117
Office expenses - Telephone	7,289	2,988
Office expenses - Other	29,514	28,433
Support charitable activity - Bank Charges	4,349	5,325
	<u>913,630</u>	<u>435,228</u>
<b>GOVERNANCE COSTS</b>		
Salaries and wages	51,728	24,710
Employer's NIC	5,669	2,410
Audit fees	4,500	4,500
Depreciation	840	840
Subscriptions	915	598
	<u>63,652</u>	<u>33,058</u>
<b>TOTAL RESOURCES EXPENDED</b>	<u>1,477,184</u>	<u>818,632</u>
<b>NET INCOMING RESOURCES FOR THE YEAR</b>	<u>90,894</u>	<u>204,650</u>

**OPERATION SMILE UNITED KINGDOM  
COMPANY LIMITED BY GUARANTEE**

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES**

**YEAR ENDED 30 JUNE 2010**

	2010 £	2009 £
<b>COSTS OF GENERATING FUNDS</b>		
<b>Costs of generating income - Voluntary income</b>		
Cost of sales - Purchases	385,092	231,690
Staff costs - Wages & Salaries	60,469	49,420
Staff costs - Employer's NIC	6,019	4,821
	<u>451,580</u>	<u>285,931</u>
<b>Costs of generating income - Events</b>		
Cost of sales - Purchases	47,822	50,415
Establishment - Other	500	14,000
	<u>48,322</u>	<u>64,415</u>
	<u>499,902</u>	<u>350,346</u>