

COMPANY REGISTRATION NUMBER 04317039

**OPERATION SMILE UNITED KINGDOM
COMPANY LIMITED BY GUARANTEE
FINANCIAL STATEMENTS
30 NOVEMBER 2007**

Charity Number 1091316

BURGESS HODGSON
Chartered Accountants & Registered Auditors
Camburgh House
27 New Dover Road
Canterbury
Kent
CT1 3DN

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

FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2007

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

Registered charity name Operation Smile United Kingdom

Charity number 1091316

Company registration number 04317039

Registered office 4th Floor, Horatio House
77 Fulham Palace Road
London
W6 8JA

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

Secretary Mr A McCullagh

Auditor Burgess Hodgson
Chartered Accountants
& Registered Auditors
Camburgh House
27 New Dover Road
Canterbury
Kent
CT1 3DN

Bankers CAF Bank Limited
25 Kings Hill Avenue
Kings Hill
West Malling
Kent
ME19 4JQ

Solicitors Sinclair Taylor and Martin
9 Thorpe Close
London
W10 5XL

**OPERATION SMILE UNITED KINGDOM
COMPANY LIMITED BY GUARANTEE****TRUSTEES ANNUAL REPORT****YEAR ENDED 30 NOVEMBER 2007**

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 November 2007.

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 Fairbourn

Mr A McCullagh

Mr P McDonald (Medical
Director)

Mr D Forbes-Nixon (Appointed 31 July 2007)

Ms T L Duhon was appointed as a member of the committee on 21 January 2008.

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 progress, 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 the Founders and the Chief Executive Officer of Operation Smile Inc. together with not less than five and not

**OPERATION SMILE UNITED KINGDOM
COMPANY LIMITED BY GUARANTEE****TRUSTEES ANNUAL REPORT** *(continued)***YEAR ENDED 30 NOVEMBER 2007**

more than nine persons (the elected Trustees). The board meets at least quarterly to 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

Throughout the world, Operation Smile United Kingdom volunteers repair childhood facial deformities while building public and private partnerships that advocate sustainable healthcare systems for children and their families. Operation Smile United Kingdom is part of a global alliance of Operation Smile organisations working to serve children in 26 developing countries in Asia, Central and South America, Africa and the Middle East.

As a Resource Chapter, Operation Smile United Kingdom:

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

Operation Smile United Kingdom is a Resource Country to its regional foundation partners in Kenya, India, Jordan, Morocco, Gaza Strip/West Bank, Ethiopia, and South Africa, Russia, Laos and Cambodia. The Charity works closely with other Resource Countries which include Italy and Ireland.

**OPERATION SMILE UNITED KINGDOM
COMPANY LIMITED BY GUARANTEE****TRUSTEES ANNUAL REPORT** *(continued)***YEAR ENDED 30 NOVEMBER 2007****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 33 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 Italia Onlus (Rome)
- Operation Smile United Kingdom (London)
- Operation Smile Ireland Ltd. (Dublin)
- Operation Smile China Medical Mission, Ltd. (Hong Kong)

**OPERATION SMILE UNITED KINGDOM
COMPANY LIMITED BY GUARANTEE****TRUSTEES ANNUAL REPORT** *(continued)***YEAR ENDED 30 NOVEMBER 2007****International Foundations**

Each of our 26 international foundations has a board of directors that sets its vision, policies and programmes, all with the same goal: sustainable development, in order to take care of more children. In order to do this, Operation Smile's partner foundations recruit and train local volunteers, identify need and foster good working relationships within the country. Each country plans their international medical projects, and also organise and conduct local medical projects.

- Operation Smile Bolivia (Cochabamba)
- Operation Smile Brazil (Sao Paolo)
- Operation Smile Cambodia (Phnom Penh)
- Operation Smile China (Hangzhou)
- Operation Smile Colombia (Bogota)
- Operation Smile Ecuador (Quito)
- Operation Smile Egypt (Cairo)
- Operation Smile Ethiopia (Addis Ababa)
- Operation Smile Palestine (Gaza City)
- Operation Smile Haiti (Port-au-Prince)
- Operation Smile Honduras (Tegucigalpa)
- Operation Smile India (Mumbai)
- Operation Smile Jordan (Amman)
- Operation Smile Mexico (Jalisco)
- Operation Smile Mission in Kenya (Nairobi)
- Operation Smile Morocco (Casablanca)
- Operation Smile Nicaragua (Managua)
- Operation Smile Panama (Panama City)
- Operation Smile Paraguay (Asuncion)
- Operation Smile Peru (Lima)
- Operation Smile Philippines (Manila)
- Operation Smile Russia (Moscow)
- Operation Smile South Africa (Cape Town)
- Operation Smile Thailand (Bangkok)
- Operation Smile Venezuela (Caracas)
- Operation Smile Vietnam (Hanoi)

**OPERATION SMILE UNITED KINGDOM
COMPANY LIMITED BY GUARANTEE****TRUSTEES ANNUAL REPORT** *(continued)***YEAR ENDED 30 NOVEMBER 2007****ACHIEVEMENTS AND PERFORMANCE**

Operation Smile United Kingdom was able to spend £271,861 directly on programmes during the year as well as carry forward £198,785 of net income for future periods. This amounts to £470,646 to support Operation Smile medical programmes in Morocco, Kenya, South Africa, India, Cambodia and Laos.

Morocco: Operation Smile United Kingdom committed £138,000 for the creation of the first Operation Smile Morocco Comprehensive Care Centre. This Care Centre will provide free comprehensive treatment (surgery, speech therapy, orthodontics and nutrition) to hundreds of Moroccan children in need of reconstructive facial surgery each year. Additionally, the Centre will provide dental care to nearly 5,000 Moroccan children per annum and will act as a hub for Operation Smile's ongoing medical education programmes.

Kenya: Operation Smile United Kingdom once again pledged its volunteer and financial support to Operation Smile Kenya. A total of £23,080 was committed including £9,000 to the Nakuru Medical Project which took place in November 2007. Here an international medical team worked to evaluate 292 children, many of whom had waited months to be seen by a cleft lip and palate specialist, with some 133 children receiving free restorative surgery, 22 of which were babies. This early intervention is of critical importance for each child's physical and social development. Operation Smile Kenya boasts a team of over 180 dedicated medical volunteers, who benefit from significant training and education opportunities.

South Africa: In looking to develop sustainable capacities that will respond to the long term needs of children affected by facial disfigurements, Operation Smile United Kingdom committed £25,000 to fund the Executive Director position in South Africa. Gifted in memory of Brian Coghlan, this grant has been used to develop the operational and project effectiveness of Operation Smile South Africa. With the UK's support, South Africa has now assembled a small staff team, developed its own operating systems and is undertaking a programme of projects across Southern Africa. In November 2007, Operation Smile South Africa, undertook its first ever cleft project in Madagascar. Empowered and supported by Operation Smile United Kingdom, this was a notable achievement which saw 259 children receiving free medical evaluation and 136 children operated on, the majority of which were under 5 years old.

Ethiopia: Operation Smile United Kingdom committed £2,500 to fund the inaugural Ethiopian Society of Anaesthetists Professional Association Conference where some 200 anaesthesia specialists were taken through a programme of basic and advanced life support training. Aimed at developing skills to ensure that Operation Smile's exacting standards of care are continuously maintained, the workshop was an incredible success and is to be supported again in 2008.

India: Operation Smile United Kingdom has worked to raise funds for the planned Comprehensive Care Centre in Kolkata, which is due to open in April 2008. A total of £120,174 is to be released to this Centre in planned phases through 2008, as Operation Smile United Kingdom supports the development of this resource which will provide a continuous Cleft Lip and Cleft Palate correction service to local people.

Cambodia: Operation Smile United Kingdom committed funds toward the implementation of valuable medical programmes in Cambodia.

Thailand: Operation Smile United Kingdom provided £10,214 to support the execution of a medical project in Laos which was a joint venture between Operation Smile Thailand and Operation Smile Vietnam.

**OPERATION SMILE UNITED KINGDOM
COMPANY LIMITED BY GUARANTEE****TRUSTEES ANNUAL REPORT** *(continued)***YEAR ENDED 30 NOVEMBER 2007****FINANCIAL REVIEW**

The Trustees have established the level of reserves (that is those funds that are freely available) that the charity ought to have. These are based on 3 months operating revenue and to this end, are set at £80,000.

At 30th November 2007, Operation Smile United Kingdom had reserves of £562,684 of which £139,153 are for restricted purposes, leaving £423,531 of free reserves. These reserves have been held for dispersal in 2008 for a number of project commitments, capacity support and development activities. These include, for example, the continued funding of the Operation Smile South Africa Executive Director's salary and two significant projects we will be undertaking in India and Ethiopia. £120,174 will be released to fund a Care Centre in Barasat, India, and £150,000 has been set aside as the initial contribution to a large capital build in Jimma, Ethiopia. These sizable investments are the fruition of long-term planning, and demonstrate the charity's commitment to sustainable development.

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 support the creation of Operation Smile Comprehensive Care Centres in India and Ethiopia. We will continue to support a varied portfolio of medical and training projects whilst also looking to develop opportunities for skills transfer; developing medical skills and capacities with all our partner foundations.

Financially, Operation Smile United Kingdom intends to diversify its fundraising activities by focusing on the continued development of trust, corporate, statutory agency and individual major donor partnerships. With investment in a new Operation Smile United Kingdom staff team featuring experienced NGO, communications and fundraising professionals, alongside careful planning, growth is anticipated.

AUDITOR

A resolution to re-appoint Burgess Hodgson as auditor for the ensuing year will be proposed at the Annual General Meeting.

Registered office:
4th Floor, Horatio House
77 Fulham Palace Road
London
W6 8JA

Signed on behalf of the board

MR A McCULLAGH
Secretary

25 July 2008

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

STATEMENT OF RESPONSIBILITIES OF THE TRUSTEES

YEAR ENDED 30 NOVEMBER 2007

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

Law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity for that period.

In preparing those financial statements, the trustees are required to:

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

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the the Charities Act 1993. The trustees are also responsible for safeguarding the assets of the charity 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 charity's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

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

YEAR ENDED 30 NOVEMBER 2007

We have audited the financial statements of Operation Smile United KINGDOM for the year ended 30 November 2007 on pages 11 to 18 which have been prepared under the historical cost convention and the accounting policies set out on page 13.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the 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 THE 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) are set out in the Statement of Responsibilities of the Trustees on page 8.

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

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

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

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

BASIS OF AUDIT OPINION

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

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

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

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

YEAR ENDED 30 NOVEMBER 2007

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 30 November 2007 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees Annual Report is consistent with the financial statements.

Camburgh House
27 New Dover Road
Canterbury
Kent
CT1 3DN

30 July 2008

BURGESS HODGSON
Chartered Accountants
& Registered Auditors

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

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

YEAR ENDED 30 NOVEMBER 2007

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2007 £	Total Funds 2006 £
INCOMING RESOURCES					
Incoming resources from generating funds:					
Voluntary income	2	321,037	66,412	387,449	282,471
Activities for generating funds	3	452,400	–	452,400	246,148
Investment income	4	20,485	–	20,485	8,857
TOTAL INCOMING RESOURCES		<u>793,922</u>	<u>66,412</u>	<u>860,334</u>	<u>537,476</u>
RESOURCES EXPENDED					
Costs of generating funds:					
Costs of generating voluntary income	5	(228,640)	–	(228,640)	(114,894)
Charitable activities	6/7	(206,335)	(244,474)	(450,809)	(269,150)
Governance costs	8	(4,510)	–	(4,510)	(4,533)
TOTAL RESOURCES EXPENDED		<u>(439,485)</u>	<u>(244,474)</u>	<u>(683,959)</u>	<u>(388,577)</u>
NET INCOMING RESOURCES BEFORE TRANSFERS					
Transfer between funds	10 11	354,437 (194,276)	(178,062) 194,276	176,375 –	148,899 –
NET INCOME FOR THE YEAR		160,161	16,214	176,375	148,899
RECONCILIATION OF FUNDS					
Total funds brought forward		<u>240,960</u>	<u>122,939</u>	<u>363,899</u>	<u>215,000</u>
TOTAL FUNDS CARRIED FORWARD		<u>401,121</u>	<u>139,153</u>	<u>540,274</u>	<u>363,899</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.

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

BALANCE SHEET

30 NOVEMBER 2007

	Note	2007 £	£	2006 £
CURRENT ASSETS				
Debtors	13	89,044		116,304
Cash at bank		<u>464,261</u>		<u>380,750</u>
		553,305		497,054
CREDITORS: Amounts falling due within one year				
	14	<u>(13,031)</u>		<u>(133,155)</u>
NET CURRENT ASSETS			540,274	363,899
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>540,274</u>	<u>363,899</u>
NET ASSETS			<u>540,274</u>	<u>363,899</u>
FUNDS				
Restricted income funds	15		139,153	122,939
Unrestricted income funds	16		<u>401,121</u>	<u>240,960</u>
TOTAL FUNDS			<u>540,274</u>	<u>363,899</u>

These financial statements were approved by the members of the committee on the 25 July 2008 and are signed on their behalf by:

MR M K BADALE (Chairman)

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2007

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 1985.

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.

2. VOLUNTARY INCOME

	Unrestricted Funds £	Restricted Funds £	Total Funds 2007 £	Total Funds 2006 £
Donations				
Donations	271,657	14,714	286,371	163,542
John Ellerman Foundation	–	–	–	25,000
De La Rue Charitable Trust	–	–	–	5,000
Rufford Maurice Laing Foundation	–	–	–	10,000
Jane Hodge Foundation	–	–	–	2,000
Steele Charitable Trust	–	5,000	5,000	–
Angus Lawson Memorial Trust	–	41,672	41,672	–
Hanover Investors	–	5,026	5,026	–
Gifts				
Netdecisions - In kind	30,624	–	30,624	38,214
Operation Smile Inc - In kind	18,756	–	18,756	38,715
	<u>321,037</u>	<u>66,412</u>	<u>387,449</u>	<u>282,471</u>

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2007

3. INCOMING RESOURCES FROM ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds	Total Funds 2007	Total Funds 2006
	£	£	£
Activities for generating funds	<u>452,400</u>	<u>452,400</u>	<u>246,148</u>

4. INVESTMENT INCOME

	Unrestricted Funds	Total Funds 2007	Total Funds 2006
	£	£	£
Bank interest receivable	<u>20,485</u>	<u>20,485</u>	<u>8,857</u>

5. COSTS OF GENERATING VOLUNTARY INCOME

	Unrestricted Funds	Total Funds 2007	Total Funds 2006
	£	£	£
Donations	<u>228,640</u>	<u>228,640</u>	<u>114,894</u>

6. COSTS OF CHARITABLE ACTIVITIES BY FUND TYPE

	Unrestricted Funds	Restricted Funds	Total Funds 2007	Total Funds 2006
	£	£	£	£
Operation Smile Inc - Kenya Medical Projects	–	26,580	26,580	50,554
Operation Smile Inc - Morocco Medical Projects	–	180,467	180,467	73,386
Operation Smile Inc - India Medical Projects	–	–	–	1,356
Operation Smile - India Programmes	–	–	–	6,344
Operation Smile - South Africa Programmes	–	25,401	25,401	20,606
Operation Smile - Vietnam Programmes	–	–	–	7,500
Operation Smile Inc - Jordan	–	4,500	4,500	905
Operation Smile Ethiopia	–	2,500	2,500	8,000
Project costs - volunteers and other costs	27,387	–	27,387	496
Operation Smile - Cambodia Programmes	–	5,026	5,026	–
Support costs	<u>178,948</u>	<u>–</u>	<u>178,948</u>	<u>100,003</u>
	<u>206,335</u>	<u>244,474</u>	<u>450,809</u>	<u>269,150</u>

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2007

7. COSTS OF CHARITABLE ACTIVITIES BY ACTIVITY TYPE

	Activities undertaken directly £	Support costs £	Total Funds 2007 £	Total Funds 2006 £
Operation Smile Inc - Kenya Medical Projects	26,580	–	26,580	50,554
Operation Smile Inc - Morocco Medical Projects	180,467	–	180,467	73,386
Operation Smile Inc - India Medical Projects	–	–	–	1,356
Operation Smile - India Programmes	–	–	–	6,344
Operation Smile - South Africa Programmes	25,401	–	25,401	20,606
Operation Smile - Vietnam Programmes	–	–	–	7,500
Operation Smile Inc - Jordan	4,500	–	4,500	905
Operation Smile Ethiopia	2,500	–	2,500	8,000
Project costs - volunteers and other costs	27,387	–	27,387	496
Operation Smile - Cambodia Programmes	5,026	–	5,026	–
Support costs	–	178,948	178,948	100,003
	<u>271,861</u>	<u>178,948</u>	<u>450,809</u>	<u>269,150</u>

8. GOVERNANCE COSTS

	Unrestricted Funds £	Total Funds 2007 £	Total Funds 2006 £
Audit fees	<u>4,510</u>	<u>4,510</u>	<u>4,533</u>

9. ANALYSIS OF SUPPORT COSTS

	Total 2007 £	Total 2006 £
Staff costs	101,394	56,268
Premises	65,243	30,818
Legal and professional	9,808	12,243
Finance costs	2,503	674
	<u>178,948</u>	<u>100,003</u>

10. NET INCOMING RESOURCES FOR THE YEAR

This is stated after charging:

	2007 £	2006 £
Auditors' remuneration: - audit of the financial statements	<u>4,510</u>	<u>4,533</u>

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2007

11. FUND TRANSFERS

The fund transfer of £194,276 (2006: £114,977) from the Unrestricted Fund to the Restricted Fund represents the charity using unrestricted funds to cover a shortfall in donations into restricted projects.

12. STAFF COSTS AND EMOLUMENTS

Total staff costs were as follows:

	2007	2006
	£	£
Wages and salaries	87,904	55,463
Social security costs	<u>13,490</u>	<u>1,301</u>
	<u><u>101,394</u></u>	<u><u>56,764</u></u>

Particulars of employees:

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

	2007	2006
	No	No
Number of administrative staff	<u>4</u>	<u>1</u>

No employee received emoluments of more than £60,000 during the year (2006 - Nil).

13. DEBTORS

	2007	2006
	£	£
Other debtors	<u>89,044</u>	<u>116,304</u>

14. CREDITORS: Amounts falling due within one year

	2007	2006
	£	£
Accruals	<u>13,031</u>	<u>133,155</u>

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2007

15. RESTRICTED INCOME FUNDS

	Balance at 1 Dec 2006 £	Incoming resources £	Outgoing resources £	Transfers £	Balance at 30 Nov 2007 £
Morocco Medical Projects	–	41,672	(180,467)	138,795	–
Kenya Medical Projects	–	3,500	(26,580)	23,080	–
World Care Patient Programme	8,765	–	–	–	8,765
South Africa Programmes	–	–	(25,401)	25,401	–
India Programmes	114,174	6,000	–	–	120,174
Jordan Programmes	–	–	(4,500)	4,500	–
Laos Programmes Cambodia	–	10,214	–	–	10,214
Programmes Ethiopia BLS	–	5,026	(5,026)	–	–
	–	–	(2,500)	2,500	–
	<u>122,939</u>	<u>66,412</u>	<u>(244,474)</u>	<u>194,276</u>	<u>139,153</u>

16. UNRESTRICTED INCOME FUNDS

	Balance at 1 Dec 2006 £	Incoming resources £	Outgoing resources £	Transfers £	Balance at 30 Nov 2007 £
General Funds	<u>240,960</u>	<u>771,512</u>	<u>(417,075)</u>	<u>(194,276)</u>	<u>401,121</u>

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Net current assets £	Total £
Restricted Income Funds:		
World Care Patient Programme	8,765	8,765
India Programmes	120,174	120,174
Laos Programmes	10,214	10,214
	<u>139,153</u>	<u>139,153</u>
Unrestricted Income Funds	<u>423,531</u>	<u>423,531</u>
Total Funds	<u>562,684</u>	<u>562,684</u>

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2007

18. TRANSACTIONS WITH THE TRUSTEES

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

Blenheim Chalcot Management Limited	£1,000 (2006: £nil)
Mr A Fairbourn	£3,900 (2006: £nil)
Agylisys Limited	£13,673 (2006: £nil)

Mr M K Badale, a Trustee, is a director of Blenheim Chalcot Limited and Agylisys Limited. Mr A Fairbourn is also a Trustee of the Charity.

19. RELATED PARTY TRANSACTIONS

During the year, Operation Smile Inc donated £18,756 (2006: £38,715) gifts in kind for operational expenses. Operation Smile Inc is a Related Party due to its ability to influence the operating policies of Operation Smile United Kingdom.

During the year, Agilysys Professional Services Limited donated £30,624 (2006:£nil) as gifts in kind for operational expenses. Mr M K Badale, a Trustee, is also a director of Agilysys Professional Services Limited.

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 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.