

TRUSTEES' REPORT AND FINANCIAL STATEMENTS 2018



Operation  Smile
United Kingdom





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THE NEED

EVERY 3 MINUTES A CHILD
IS BORN WITH A CLEFT LIP
OR CLEFT PALATE AND MAY
SUFFER FROM:
HUNGER & THIRST
DIFFICULTY WITH SPEECH
SOCIAL ISOLATION

CHAIR'S WELCOME



Dear Supporters and Friends

It is with pleasure that we present our 2018 Trustees' Report and accounts on the past year's activities of Operation Smile UK. Our achievements have been made possible thanks to the kindness and generosity of our supporters whose commitment to Operation Smile has enabled us to change the lives of many children and young adults suffering from cleft conditions throughout the world.

This report enables us to say a warm thank you. We remain deeply grateful to everyone who supported us – to our medical volunteers, to individuals who give to us whenever they can, to our corporate partners who galvanise and match give with their staff, to Trusts and Foundations for their generous grants, to our challenge eventers who run marathons, sail oceans and tackle muddy obstacle races, to students and school children who bake and run fundraising clubs – to you all, thank you. You are all part of our extended Operation Smile family and thanks to you all, we have spent £1.75 million in charitable activities, changing lives.

Every three minutes, a child is born with a cleft lip or cleft palate, somewhere in the world. For 36 years, we have made it our mission to take care of these children. We deliver safe, timely and effective surgery provided through our international and local missions, our comprehensive cleft care programmes and most importantly, our partnerships with Ministries of Health and the upskilling of our medical partners overseas.

We are working tirelessly so that no child is left behind. We are committed to finding and caring for children with cleft conditions across the globe, because we believe that every child deserves to live a life with opportunity, hope and love.

This year, working with Operation Smile Inc., Operation Smile UK have continued to support programmes in Madagascar, Philippines, Ghana, Morocco, Ethiopia and Malawi. We supported the continuation of a safe surgery pilot programme at two district hospitals in Las Minas in Nicaragua, the reconstructive surgical unit in Jimma Hospital, Ethiopia and the development and start of a five-year Cleft Free programme for Malawi.

On behalf of the Board of Trustees and those whose lives have been changed this year, thank you.

*Dr Maria Moore, BDS (Hons),
Chair OSUK Board of Trustees*

OUR GUIDING PRINCIPLES

VISION

We envision a future where health and dignity are improved through safe surgery.

MISSION

Through our expertise in treating cleft lip and cleft palate, we create solutions that deliver safe surgery to people where it's needed most.

OUR GUIDING PRINCIPLES

"When we started Operation Smile in 1982, we simply wanted to help children by repairing their cleft lips and palates. That desire has sprung into a global movement.

As Operation Smile grows and evolves, we must stay true to the principles at the heart of our identity, culture, and approach to extending access to quality surgical care. These are five guiding principles that inspire and motivate our staff, our volunteers, and our donors. They are the core of what we are as an organisation."

Bill & Kathy Magee
Co-Founders
Operation Smile

1. The quality of a child's care comes first.

We make sure that every person we have the privilege to treat receives the same quality of care we would expect for our family members. We enforce our standards of care so we may improve the quality of care in all of our programme countries around the world.

2. Our staff, volunteers and donors are the lifeblood of our organisation.

We have been able to treat hundreds of thousands of people only through the commitment, passion, and generosity of the Operation Smile family of supporters. We must continue to tap into and blend the distinct contributions of employees, volunteers, staff and donors to support increased access to safe surgical care now and in the future.

3. A network of collaborative, sustainable health care organisations fuels our success and expansion.

As our medical missions have led to the establishment and staffing of indigenous healthcare facilities, we have fostered long-term collaboration with organisations that share our commitment to providing permanent access to safe surgical care. Together, this network must build the sustainable infrastructure of research, training and financing required to deliver ongoing health care for children and their families wherever we work.

4. We invest in youth because they will champion the future.

We have always embraced and cultivated youth volunteerism worldwide, and we have always included youth on our surgical missions and within the organisation as a whole. Young people embody a contagious "can-do spirit" and creativity that inspire and renew all of us. Their Operation Smile experience today will instill a commitment to global health care that lasts a lifetime.

5. When we help children and their families, we transform these families, the communities and ultimately, our world.

A single life-changing surgery can be a catalyst for socio-economic transformation: that individual no longer faces a future of isolation and pain. A family and their community find hope as we work side by side using the power of caring to mobilise our fellow human beings. The more children and their families that we help, the closer we are to becoming a world that nurtures and cares for one another.



“EVERY CHILD THAT HAS A FACIAL
DEFORMITY IS OUR RESPONSIBILITY. IF WE
DON'T TAKE CARE OF THAT CHILD, THERE IS
NO GUARANTEE THAT ANYONE ELSE WILL.”

Kathy Magee
Operation Smile Co-Founder and President

ABOUT US

Operation Smile is an international medical charity, founded in 1982. We have provided free surgeries to children and young adults born with a cleft lip or cleft palate in the world for over three and half decades.

As one of the oldest volunteer-based organisations working in development of health care, we remain committed to improving the health and lives of children through the delivery of 'gold standard' surgical care to repair cleft in resource poor environments.

Our teams of medical volunteers' partner with Ministries of Health, hospitals and their teams, district and community health workers and other organisations are dedicated to the improvement of health systems and to communities in the world.

We also deploy operating theatre equipment and surgical supplies to our surgical sites to ensure we can train local medical professionals and deliver timely, safe and effective surgery in the cleft care space.

OPERATION SMILE UK

Operation Smile UK (OSUK) is a registered UK charity with objectives which include fundraising within the UK for our global cleft care and surgical programmes.

With an independent Board and Medical Subcommittee, we adhere to UK legal framework which includes company and charity specific laws and regulations.

Our Board of Trustees meets quarterly to review our finances, operations, medical programmes and our risk register. With the utmost respect for our donor interests, we select programmes to support and disburse funds for them via Operation Smile Inc (OSI). Our impact and programme reports are compiled with in-country staff and OSI programme and finance teams.

We attract and support the credentialing of medical volunteers from the UK, placing them on medical missions and programmes, around the world.

We also contribute to global organisational direction by meeting with global colleagues on a regular basis.

THE OPERATION SMILE GLOBAL ALLIANCE

OSUK is part of the worldwide alliance of OSI. With 39 Partners and Foundations, we collaborate and fundraise to enable the implementation of the global strategies designed to address the issues of cleft conditions and safe surgery throughout the world.

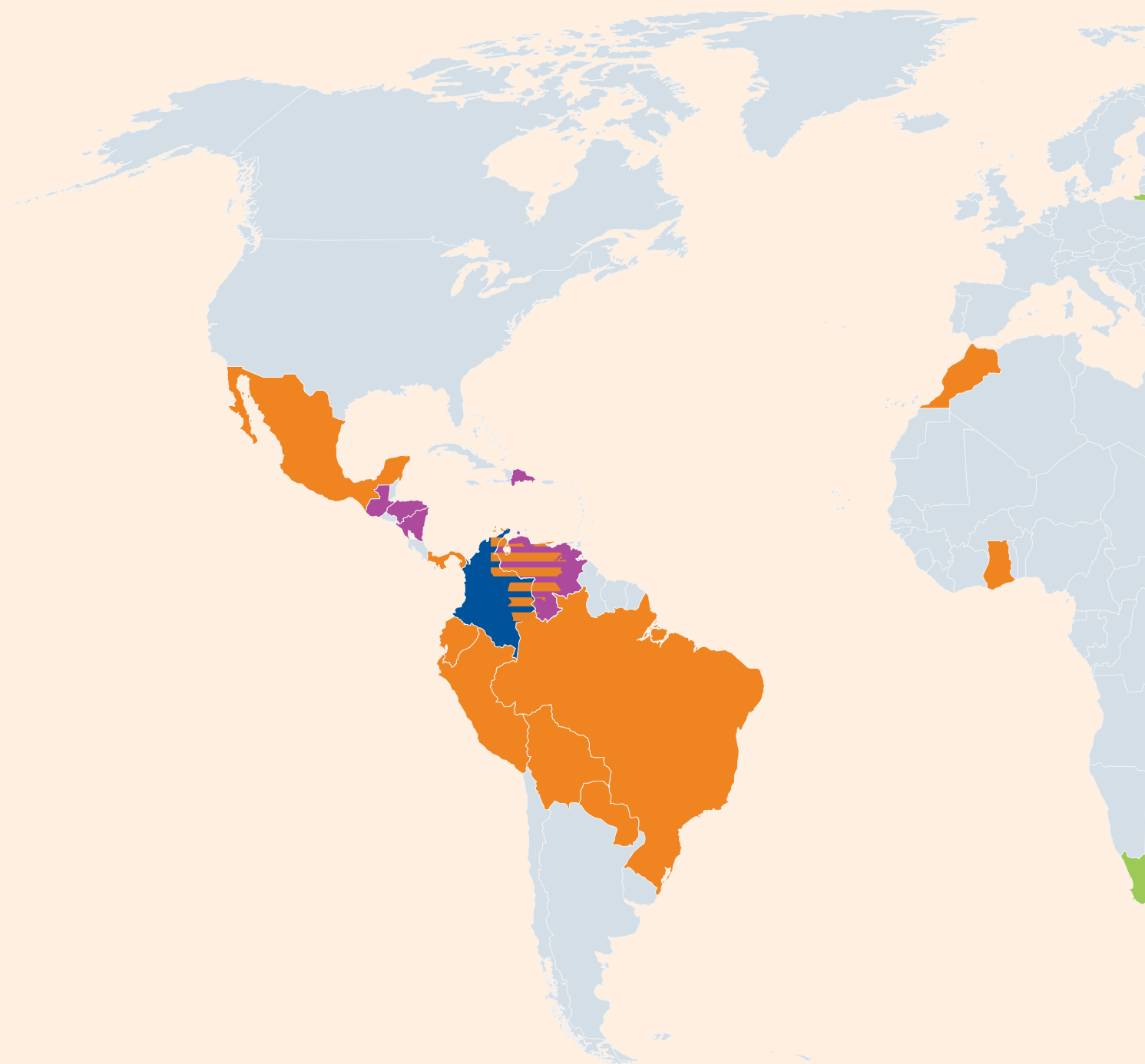
Our global volunteer network is managed through this alliance with a robust process of credentialing our global pool of surgeons, anaesthetists, paediatricians, nurses, speech therapists, nutritionists and other volunteers through OSI. Not only do we have international credentialed volunteers, but we have a portfolio of credentialed resident volunteers within the countries where we work who organise local missions for Operation Smile in addition to their everyday caseloads.

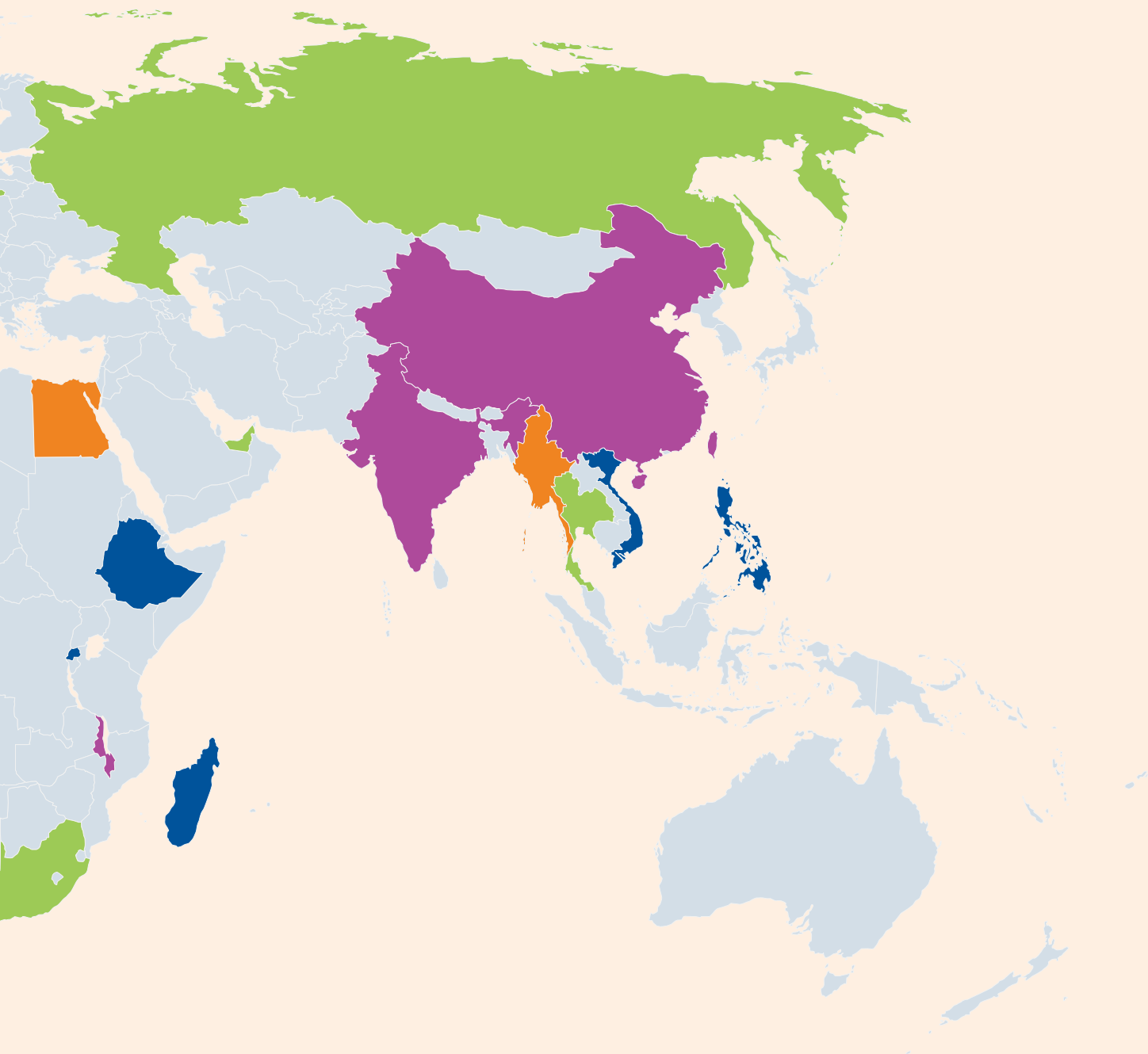
OSI manage our cleft care programmes globally through the Program and Finance Departments who work directly with our country partners. Our medical standards are managed by the Medical Oversight Committee and its team of Resident Medical Officers (RMO) based in Africa, South and Central America and Asia.





PROGRAMME STRATEGY





- ERADICATION
- SUSTAINED
- SURGICAL CAPACITY
- EMERGING RESOURCES

In Venezuela Eradication and Sustained are both present

NO CHILD LEFT BEHIND



Heritiana is a quiet and sweet boy from Madagascar. He lives with his father, Olivier, his mother, Elody, and young sister in one of the poorest regions of the country.

Because of his severe cleft condition, Heritiana was shy and almost never went out because he was constantly bullied by other children. His father worried that if he went to school he would face constant humiliation. He was also very small for his age: at five years old, Heritiana weighed only 22 pounds (10kg).

For many years, Heritiana's parents struggled to care for their son. But when a local doctor told Olivier that Operation Smile provides free treatment to people with Heritiana's condition, Olivier immediately jumped at the chance to help his son. Together, Heritiana and his father made the journey to Antsirabe where Operation Smile was conducting a medical mission.

At the medical mission Olivier and Heritiana saw other people with cleft conditions for the first time. Before Heritiana could receive surgery, Operation Smile medical volunteers gave him a comprehensive medical evaluation to ensure that he was healthy enough to safely undergo surgery. Unfortunately, at the end of Heritiana's assessment, Jonas Wanbro, volunteer anaesthetist from Sweden, shared some difficult news — Heritiana had pneumonia and it would be too dangerous for him to receive surgery at this time.

Dr. Wanbro prescribed antibiotics and Heritiana was admitted to the paediatrics ward of the hospital so that he could be monitored while he recovered. Heritiana began to feel better after just a few days, but Olivier was saddened by the fact that Heritiana did not receive surgery.

Eight months after treatment for his pneumonia Heritiana was healthy. While Heritiana's pneumonia treatment was a success, he was still significantly underweight



"I ACTUALLY COLLAPSED WHEN I SAW HIM THE FIRST TIME. I THOUGHT I WAS GOING TO DIE. WE HAD NEVER SEEN ANYTHING LIKE THAT BEFORE. BUT THEN I ACCEPTED HIM AS MY SON, AND I LOVE HIM VERY MUCH" SHARED HERITANA'S FATHER, OLIVIER.

– weighing only 25 pounds (11 kgs). Through the local health centre, Heritiana's parents received some nutritional supplements to help him gain weight. However, when this ran out, they could only offer him plain rice, which Heritiana didn't like to eat.

Soon it was time for the father and son to make their way back to Antsirabe to see if Heritiana might finally be able to receive surgery.

After walking for more than an hour, Heritiana and Olivier reached the village health centre where they were greeted by other children with cleft conditions and their parents. Operation Smile Madagascar arranged to bring all of these patients to the medical mission in Antsirabe. Without this free transportation, many families would be unable to afford the cost of travel to the medical mission site.

Upon arriving at the medical mission, Heritiana received another patient assessment to see if this time he could safely undergo surgery. Once Heritiana's medical evaluation was completed, Swedish plastic surgeon Patrik Boivie was delighted to report that Heritiana was cleared to receive surgery!



**“NOW I AM GOING TO LET MY
SON GO TO SCHOOL SO HE
CAN HAVE A BETTER LIFE”**
HERITANA'S FATHER, OLIVIER

When it was time for his surgery, the once very shy Heritiana showed no fear and he remained calm and confident as UK anaesthetist Dr. Mohan Shanmugam safely administered the anaesthesia.

In a little over an hour, Operation Smile medical volunteers repaired Heritiana's cleft lip and Dr. Mohan returned Heritiana to the arms of his father.

Thanks to the cleft lip repair provided by Operation Smile, Olivier finally feels confident that Heritiana can be around other children without being bullied.



OUR APPROACH

CHILDREN DESERVE ACCESS TO THE VERY BEST CARE AVAILABLE. AT OPERATION SMILE, THAT'S WHAT WE BELIEVE AND THAT'S WHERE WE START.

Operation Smile remains a leader in the delivery of high quality surgical services in low and middle-income countries. Through an integrated, patient centred approach, we use our experience and expertise to bring surgical and preventive treatment to those with cleft conditions who are in need of our care.

Since our inception, we have worked to improve surgical care in every community in which we work. Healthcare systems are always stretched, and governments have to prioritise their services – all too often, children with cleft conditions are excluded from care. Access to care and the availability of surgery are two key components that Operation Smile works to address.

Our model of safe surgery is in alignment with the World Health Organisation and the United Nations' Sustainable Development Goals and underpins the belief that safe surgical care is an essential service that every country's health care system should have.

We work to alleviate bottlenecks and barriers to care such as educational, financial, social and geographic obstacles that block families from accessing healthcare.

We listen to our patients, acknowledging the complex environments in which they live and the limitations that poverty may place on them. We work to respond to their needs in a culturally sensitive manner, which takes into account the constraints surrounding them, constraints which may differ in every country.

Looking ahead, Operation Smile continues to explore ways to straighten and promote safe and sustainable surgical care.

OUR STRATEGIC APPROACH **CLEFT FREE PROGRAMMES**

Our goal for 'Cleft Free' countries is to find and treat all the children and young adults living with untreated cleft conditions. In several countries, Operation Smile has invested in international and local missions, education and training and cleft care centres which has resulted in a healthcare system which can meet the treatment needs of new born babies with cleft conditions. But often there is not the capacity to address the backlog of untreated cases.

Our first step is to understand what the backlog is. We do this through modelling tools which look at the population, birth and mortality rates to give us a guiding figure. Working within the existing healthcare system, we establish a national register to find and track untreated cases. We then design programme activities and initiatives to tackle the backlog, mobilising our resources to increase the levels of treatment and surgery available. Simultaneously, we continue to educate and train to increase local surgical capacity so that the ongoing and future health needs of the country can be managed.

INCREASING SURGICAL CAPACITY

Many developing countries have limited health systems and resources. Often these countries require long term programmes with significant investment in the hospital infrastructure and surgical facilities as well as training and education.

To increase the treatment of cleft care patients, we aim to enhance the surgical capacity of these countries. Operation Smile's volunteer network carries out surgical and anaesthesia rotations to provide teaching and training to local medical professionals. This uplift and 'ripple' effect of our training, improves the surgical environment for all surgical, anaesthetic and nursing care for all specialties.

SUSTAINED ACTIVITY

Many countries in which we work fall into our sustained activity category where we manage mission based programmes. We review our activities to see if we can progress to one of our other programme categories.

VOLUNTEERISM, INTERNATIONAL AND LOCAL MEDICAL MISSIONS

VOLUNTEERISM IS AT THE HEART OF OUR ORGANISATION.

Volunteer teams made up of surgeons, paediatricians, anaesthetists, operating theatre and recovery room nurses, biomedical engineers, medical record assistants, educators, nutritionist and others support missions in Africa, Asia, Central and Southern America.

Every location is unique, every team unique in its composition with team members joining from around the globe. Every mission transforms the lives of individuals and their families. Every mission brings teaching and training to our partners who have asked for our help.

Missions often are the spearhead that establishes the relationships with Ministries of Health and partner hospital and their medical teams, making long term multi-year approaches and activity possible.

Local missions are executed by resident teams who have been trained by Operation Smile volunteer surgeons and credentialed by OSI. Over 80% of our mission work is now managed by local teams which is testament to our commitment to training. Last year, we conducted 102 local missions in 18 countries.

Our medical volunteers are essential to the fabric of our organisation. They generously give their time. They educate and mentor. They contribute not only to missions but to surgical rotations and other teaching programmes. They work to innovate and think on specific solutions for specific problems. They advocate and speak out on our behalf. They contribute to our organisational development and strategy.

“WORKING WITH PEOPLE ALL OVER THE WORLD WHO USE DIFFERENT SURGICAL TECHNIQUES HAD HELPED ME TO BECOME A BETTER SURGEON. IT’S A GREAT OPPORTUNITY TO EXPERIENCE HOW SURGEONS FROM OTHER COUNTRIES OPERATES”

DR MAMY ANDRIAMANARVIO,
PLASTIC SURGEON, MADAGASCAR



Dr Mamy Andriamanarvio

SAVING LIVES THROUGH TRAINING AND EDUCATION

AMERICAN HEART ASSOCIATION

Through a long-standing partnership with the American Heart Association (AHA), Operation Smile has provided thousands of trainings to healthcare providers globally, including: Basic Life Support, Paediatric Advanced Life Support, Advanced Cardiac Life Support and Paediatric Emergency Assessment, Recognition and Stabilization and Advanced Cardiac Life Support.

A combination of these trainings are carried out in all countries where we work to refresh or teach life saving techniques and practises to our colleagues overseas. AHA training is part of a safe surgery package of training interventions.

Last year we coordinated 95 trainings in 25 countries, providing a total of 3,798 certifications.

COMPREHENSIVE CLEFT CARE CENTRES

Cleft lip and cleft palate repairs can be complex. In these cases, Operation Smile recognises the need for further support and surgery. Operation Smile has established and supports 31 cleft care centres in 20 countries to provide year round care for patients. The centres are a focal point for families with cleft conditions and form part of the referral pathway into the existing healthcare

system. They also provide care for patients who may need comprehensive or more complex treatments than a single mission can provide.

RESEARCH

We have an academic partnership with the Children's Hospital Los Angeles and University of Southern California (USC).

The International Family Study (IFS) is a global research study aimed at finding the causes of cleft conditions through genetic analysis. Alongside this, we conduct maternal and paternal questionnaires on environmental exposures and lifestyle habits which cover 10 specific risk factors. The study has been conducted in 7 countries with data collected from over 5,000 families.

Different USC divisions also align with us to help with projects globally and specifically in Nicaragua, Madagascar and Vietnam.



Jupiter before surgery

MONITORING AND EVALUATION AND IMPACT MEASUREMENT

Impact measurements are both quantitative and qualitative, both in the short and long term. Our reporting incorporates both aspects to demonstrate direct surgical impact and social impact. Operation Smile always reports on direct mission outcomes for patient numbers, screening and surgical outputs, numbers of surgical procedures performed by case, age and gender, and the number of volunteers attending the mission. As results go beyond surgery, these quantitative outputs are supported by qualitative reports around patients' lives. We do not have the resources to track every patient, but we follow selected individuals who will have been operated upon during a mission. We also report on other components such as our local partner's participation, how the mission has positively contributed to the country strategy and note challenges and successes of the mission.

Programme evaluation are underway on specific projects and are being carried by external independent healthcare auditors. The KPIs vary between projects.

Operation Smile's Medical Oversight Committee reviews all the surgical outcomes and evaluates the quality of the surgeries performed. This is a key evaluation for us as we pride ourselves on following our Global Standards of Care and will not compromise on this aspect of our work.



Jupiter after surgery

WHAT WE ACHIEVED IN FY 2017/2018

GLOBAL ACHIEVEMENTS



21,000+
PATIENTS
HEALED



415,000+
PATIENT
INTERACTIONS



152
MEDICAL MISSIONS



17
NEW MEDICAL SITES



28
COUNTRIES VISITED



6,000 +
ACTIVE MEDICAL
PROGRAMMES



31
CARE CENTRES
IN 20 COUNTRIES



81%
OPERATION SMILE TRAINED
VOLUNTEERS ARE FROM
LOW- MIDDLE- INCOME
COUNTRIES

OUR UK ACHIEVEMENTS



4,896

HOURS VOLUNTEERED
BY UK MEDICAL
VOLUNTEERS



£1.75M

GIVEN TO MEDICAL
PROGRAMMES



43

UK MEDICAL
VOLUNTEERS
INVOLVED IN MISSIONS



£193,319

VALUE OF DONATED
MEDICAL CARE



24

MEDICAL MISSIONS
WITH UK MEDICAL
VOLUNTEERS



11,000+

SUPPORTERS IN
THE UK

OSUK FOCUS



OUR FOCUS AT OSUK REMAINS CLEAR – FUNDRAISING SUPPORTS OUR PROGRAMMES GLOBALLY. WITHIN THE GLOBAL ALLIANCE NETWORK, OPERATION SMILE UK HAVE MORE FOCUS IN CERTAIN COUNTRIES, OFTEN WHERE WE HAVE HAD SIGNIFICANT GRANTS ON A MULTI-YEAR BASIS. THIS ALLOWS US TO PLAN AHEAD AND MANAGE COMPLEX AND LARGE PROJECTS. THIS REPORT SHARES SOME OF THE PAST YEARS HIGHLIGHTS

PHILIPPINES

Operation Smile's story began in the Philippines in 1982 with Bill and Kathy Magee's first visit and this was our 20th mission to Cebu.

As part of our ongoing commitment to patients in the Philippines, this year we undertook six international and six local missions, providing 1160 procedures to 925 people.

One of these missions, held in the city of Cebu in February was funded by OSUK. This international mission was part of our strategic initiatives in the country which predominantly focusses on connecting patients with care and resources. In total, 155 patients were screened with 111 patients provided with surgery by our team of 66 medical volunteers.

Operation Smile has partnered with the MSY Charitable Foundation to use a digital mapping solution to identify infants born with cleft conditions. The mobile app paves the way for MSY to offer partners and health care professionals an easy-to-use, integrated tool for collecting and reporting data on the prevalence of local unmet cleft care needs.

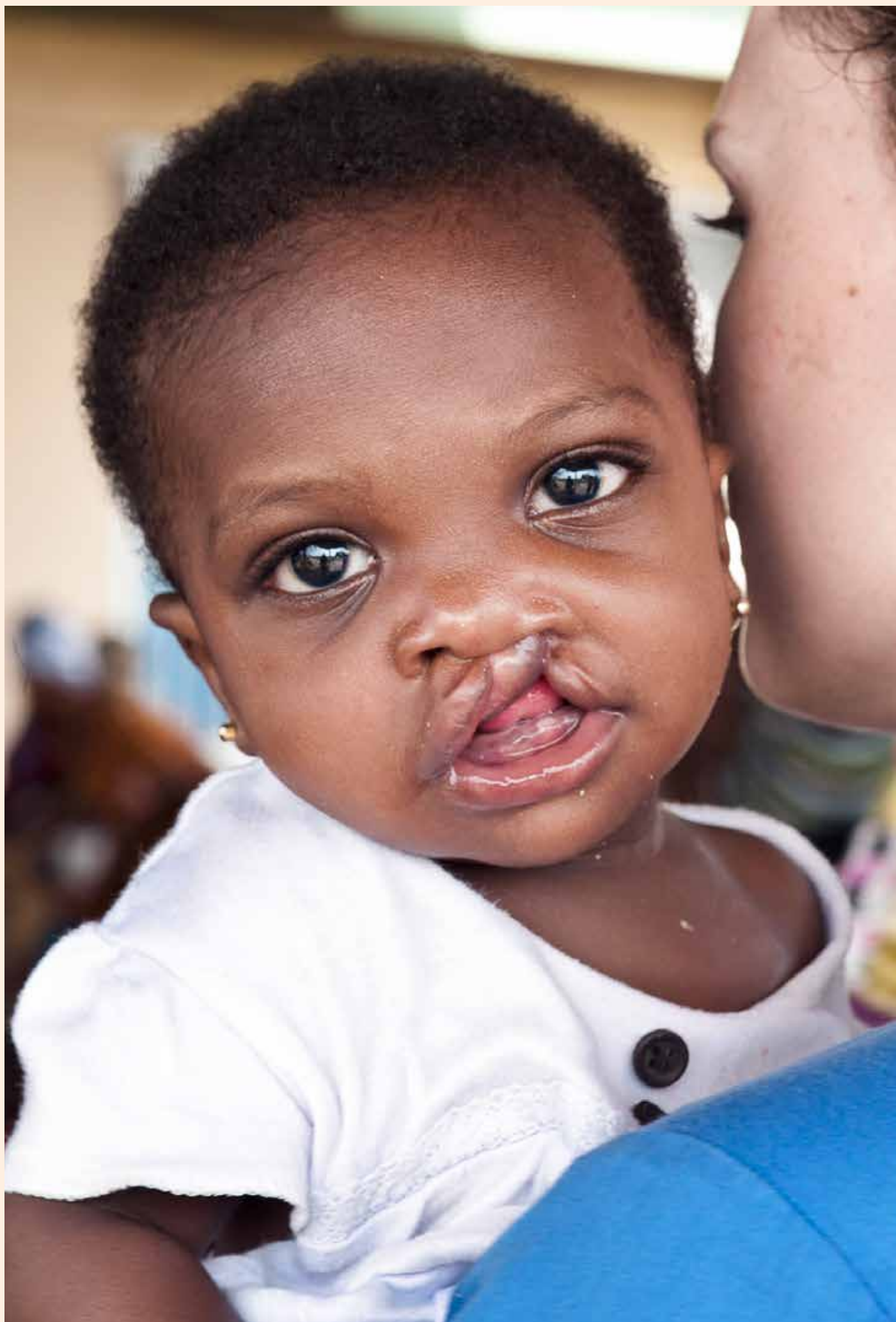
GHANA

Ghana has only nine plastic surgeons – many of whom are concentrated in major metropolises – for a population of 27 million people.

Since 2011 we have run international missions in Ghana treating in excess of 1,600 patients. This year marked a new era of sustainability in Ghana as the local team hosted its first local mission in the country driven primarily by Ghanaian volunteers. After seven years of fostering strong local relationships and building a skilled local volunteer base, Operation Smile is helping to build a sustainable ability to provide cleft care. The local mission screened 78 patients and provided surgery for 32 patients.

Two international missions were also held in Korifidua and Ho with 172 volunteers screening a combined total of 548 patients and providing surgery for 266 patients. We have also implemented a nutrition and feeding program to help patients reach a healthy weight for surgery. The program distributes ready-to-use therapeutic foods (RUTF) and offers nutrition clinics for parents.





ETHIOPIA INCREASING SURGICAL CAPACITY

Ethiopia has just one physician for every 43,000 citizens, the lowest rate in sub-Saharan Africa. In a country of over 100 million people there are just 13 plastic surgeons, almost all of whom are situated in the capital Addis Ababa.

Jimma University is the third largest university in Ethiopia, and has recently added a new hospital which serves some 15 million people, Jimma University Specialized Hospital (JUSH).

Before Operation Smile began working in Jimma in 2012, there were no plastic surgeons and just two anaesthetists in the region. To date, Operation Smile UK has disbursed £ 372,829 towards medical missions, teaching and training in Jimma, including supporting overseas fellowships for Ethiopian surgeons who gained valuable experience in India and Taiwan.

JUSH PLASTIC SURGERY AND RECONSTRUCTIVE UNIT

A plastic surgery and reconstructive unit space has been provided in the new hospital for a 36 bed specialist unit with a dedicated operating room in the operating theatre suite. This will provide year-round care to meet the cleft, plastic and reconstructive surgery needs in Jimma with the goal of becoming a self-sustaining unit, producing its own plastic surgeons.

Our goal now is to build upon our long term commitment to Jimma to support the establishment of a Plastic Surgery and Reconstructive Unit at JUSH, a Plastic Surgery Training Programme with several Visiting Professorships and Surgical Rotations led by newly appointed Head of Plastic and Reconstructive Surgery Unit. This will be supported by an Anaesthesia Residency Programme.

By 2020, Operation Smile aim to provide Ethiopia with six plastic reconstructive surgeons, 36 nurses, nine anaesthetists, three biomedical engineers and a centre of excellence outside Addis Ababa.

Once these teams complete their training, they will help train the next group of surgeons and medical professionals. JUSH will become a self-sustaining training hub led by Dr Daniel Getachew from Ethiopia.

ANAESTHESIA RESIDENCY TRAINING PROGRAMME

The aim of this programme is to train 10 anaesthetists per year through a visiting professorship programme to support the already established Anaesthesia Residency Programme at JUSH.

Nurses and biomedical engineers also receive training through these programmes to ensure they can provide the support the new plastic surgeons and the Plastic Surgery and Reconstructive Unit will need.

“WE HAVE ALREADY ESTABLISHED THE PLASTIC SURGERY UNIT, AND A LOT OF PEOPLE ARE GETTING HELP FROM IT, SO YOU CAN SEE HOW IT’S GOING TO EXPONENTIALLY CHANGE THE SERVICE THAT WE CAN DELIVER”

DR. DANIEL GETACHEW, ETHIOPIA



Dr Per Hall training a local doctor in Jimma



Nazifa before surgery



Nazifa after surgery

MADAGASCAR INCREASING SURGICAL CAPACITY

Madagascar is one of the poorest countries in the world and has a limited ability to provide essential surgery due to a scarcity of healthcare workers and a fragile infrastructure. Its ability to undertake the surgical procedures needed by the population, including cleft repair, ranks as the fifth lowest in the world.

Operation Smile began offering surgical care in Madagascar via medical missions in 2007. Since then, nearly 3,000 patients with cleft lips and cleft palates have received safe, reconstructive surgery. This year, we hosted the first multi-site mission in Madagascar with four international missions happening concurrently across four sites – Antananarivo, Antsirabe, Tamatave and Majunga. With 207 volunteers from around the world, 647 patients were screened across the four missions with 350 patients receiving surgery.

In partnership with the Ministry of Public Health, Operation Smile is embarking on a programme in Antsirabe, Madagascar to increase human resources for health by expanding surgical services and executing targeted education and training programmes for surgical staff. This year, we conducted five surgical rotations with the following successes:

- **FILLED 63 VOLUNTEER POSITIONS IN ANT SIRABE, MADAGASCAR**
- **PROVIDED MORE THAN 3,402 HOURS OF MENTORSHIP**

- **TRAINED 19 LOCAL STAFF & VOLUNTEERS IN MORE THAN 5,130 HOURS OF TRAINING**

- **PROVIDED LIFE-CHANGING SURGERY TO 108 PATIENTS**

We are also working with the Ministry of Health to pilot an approach for increasing surgical capacity at a District Hospital in Antsirabe, the fourth largest municipality in the country. The hospital chosen for the pilot with the Malagasy Ministry of Health is the Centre Hospitalier De Reference Regionale (CHRR) de Vakinankaratra, which serves as the referral hospital for 2 million people from the region of Vakinankaratra.

The hospital is currently grossly under-resourced for the community it serves – suffering from a poor infrastructure with insufficient water supplies, lack of sanitation, unreliable electricity and a poor waste management system. Deficiencies in equipment and supplies, levels of care and referral pathways severely handicap the handful of dedicated physicians to deliver the much needed volume of surgical procedures in a safe and efficient manner. There are 195 beds in the hospital and 5 operating theatres, but only two are outfitted to be used regularly. Staff often work long shifts and work in difficult conditions.



OPERATION SMILE IS WORKING TO CHANGE THIS

Building upon our ten year history in Madagascar, we are designing a significant multiyear programme to tackle the issues of surgical delivery in this ultra-austere environment.

This programme will build capabilities and capacity with the Ministry of Health with the aim of increasing the accessibility and availability of surgical care for those who most need it.

In line with the global Sustainable Development Goal SDG 3.8, we are utilising our experience and the development framework of the 4S model to support and build an effective infrastructure (space), provide reliable equipment and availability of critical supplies, (systems and stuff) and increase resources for education & training (staff).

This work will translate into improved surgical delivery and quality care for all patients.

Meantime, we remain committed to building a national patient cleft registry, started in 2016, with patient coordinators focussing their outreach within the community. We remain committed to our nutrition programme, launched in May 2017 as many children suffering from cleft are underfed and malnourished. They will be turned away from surgery if underweight. We will carry on with international volunteer led missions and surgical rotations whilst we tackle the problems this hospital faces in Antsirabe.



MALAWI – CLEFT FREE PROGRAMME

Our Cleft Free Malawi Programme is a comprehensive multiyear programme designed with the Ministry of Health to integrate all our programme activities to achieve an ambitious goal – to rid Malawi of the backlog of untreated cases of unrepaired cleft conditions.

We estimate that there are 2,400 people living with an unrepaired cleft in Malawi. Currently, there are only four surgeons in the country who can manage the complexity of surgery required for these cleft repairs and they are located in Lilongwe and Blantyre.

Thanks to a generous five year grant from The Kentown Wizard Foundation, we will tackle this backlog with skill sharing and training to help upskill Malawian medical professionals. This will enable them in the future to take care of existing and the new cases of cleft, estimated to be in the region of 700 per year.

Operation Smile have already been successful in eradicating the backlog in Honduras, Thailand, South Africa and Guatemala. We will be using the lessons learnt in these countries to fast forward a Cleft Free Malawi – changing the lives of those born with a cleft now and for the future.

TRAINING & EDUCATION

Training and education are intrinsic to our work and will be a key element in our programme. Through AHA life support training programmes, medical missions, skills workshops and surgical rotations, we will help enable Malawian healthcare workers to provide cleft care for all those who need it.

MEDICAL MISSIONS

Working with Malawian hospital partners, our global pool of volunteers will come together to care for patients in Malawi. With a dramatic increase in mission and surgical rotation activity, we plan to treat 900 patients annually.

PATIENT RECRUITMENT

In order to find and to heal all those who need our help, we are working with the Ministry of Health, NGOs, schools and local community leaders to support a national cleft register, a robust referral system and trusted pathways of care.

NUTRITION PROGRAMME

Children born with a cleft are at a much higher risk of malnutrition, especially in Malawi where food shortage is an ongoing issue. We will provide children with nutritional supplements and education on feeding techniques to ensure that each child with a cleft condition can be fit and well enough for the surgery they need.

“BEFORE SURGERY, I DID NOT WANT TO GO OUT BECAUSE PEOPLE ALWAYS LAUGHED AT ME. NOW I AM LIVING A FREE LIFE!”

TEREZA, OPERATION SMILE
PATIENT, MALAWI



Tereza
after surgery



MOROCCO – SUSTAINED ACTIVITY

Over the last year, Operation Smile has conducted 16 medical missions in 13 sites, providing medical evaluation to 4961 patients and providing life changing surgery to 4638 children and adults. Morocco has a population of over 33 million people, 15% of whom live below the poverty line. 5.9 % of the country's' GDP is spent on health services compared with 91% in the UK.

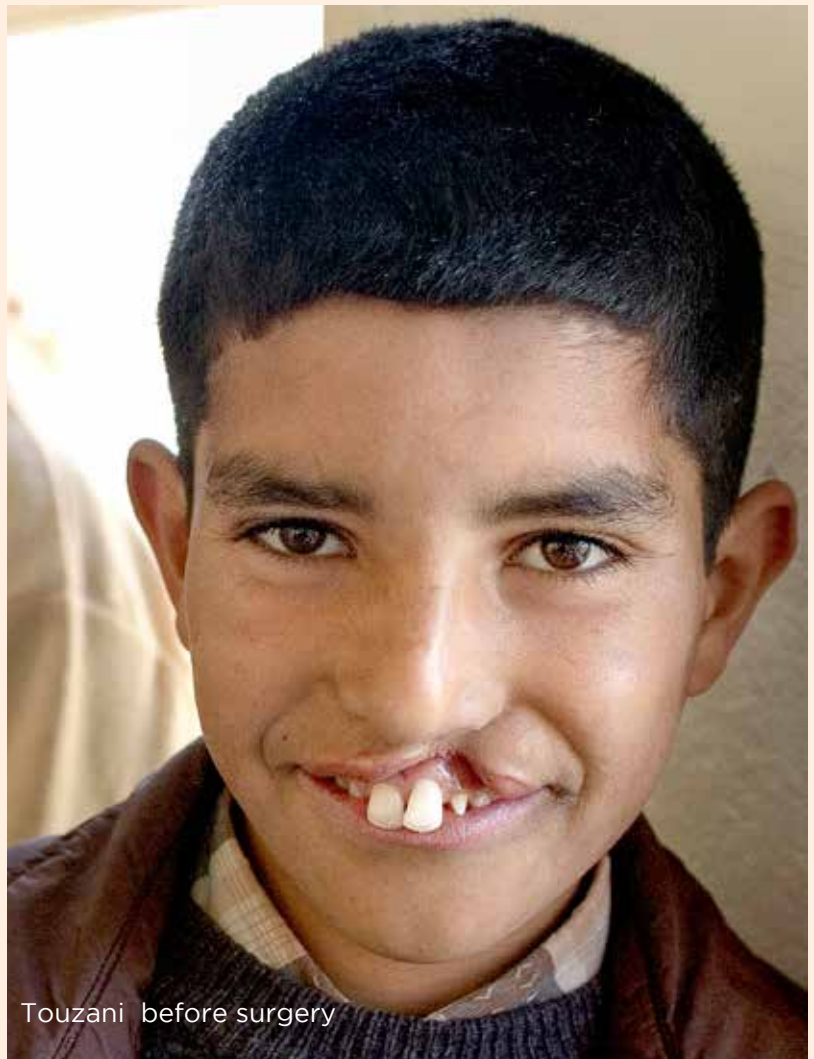
There is an estimated backlog of 1,980 cleft patients in Morocco, a backlog Operation Smile is steadily working through and will one day eradicate.

Operation Smile extended its care into Morocco in 1998 with its first medical mission in the country. The following year an in-country foundation was established, and since then we have conducted more than 86 surgical missions across sites including Agadir, Berrechid, Casablanca, Errachidia, Essaouira, Fes, Kenitra, Laavoune, Marrakech, Meknes, Oujda, Rabat, Settat, Tangier and Tentouan.

During this time, Operation Smile has provided medical evaluations to more than 13,800 patients, and over 9,000 Moroccan children and adults have received free cleft surgery.

We have two existing Cleft Care Centres, one in Casablanca and a dental centre in El Jadida that provides dentistry, obturators (to help babies feed), speech therapy and psychological support. We average dental care for 150 patients a week with 250 procedures taking place at both Care Centre sin Morocco.

In the autumn 2018, we will open our third Cleft Care Centre in Oujda, in the east of the country. This will create the access and availability required for patients far from Casablanca, based at the coast of Morocco. This additional centre will provide training locally to techniques and expertise from their fellow Moroccan colleagues and will support the continued growth of Moroccan medical teams successfully taking care of their own communities.



Touzani before surgery



Touzani after surgery



NICARAGUA – CLEFT FREE PROGRAMME AND SAFE SURGERY PILOT

Despite the mounting evidence for the unmet burden of surgical disease and the value of surgery, governments in low and middle income countries are often reluctant to take the risk to invest precious resources in surgical care. Operation Smile has a 36-year track record of successfully implementing safe, high-quality cleft surgical programs in austere settings.

With significant funding from an individual donor and the UBS Optimus Foundation, we are near to completion on a project to demonstrate that primary hospital-level surgical care, particularly for children, can be successfully implemented with improved access and outcomes to enable scalability of surgical services in underserved areas.

Our pilot is based in an extremely rural setting – the Las Minas region – of the North Caribbean Coast Autonomous Region of Nicaragua. This project is

being evaluated by the Global Initiative for Children's Surgery, centred at Harvard University, USA. Based on hospital and community assessments, targeted skills and equipment training initiatives, we are able to understand and then implement interventions to improve both these rural hospitals. Our long term aim is to build out from these quantifiable interventions to develop a model for scale and replication in rural and regional hospitals globally.

The project to date has seen 1,660 people trained including more than 400 in AHA BLS training across the two sites. The volume of surgery has continued to increase (despite political instability) and the implementation of a safe surgery checklist has reduced mortality to 0.8%. The training of a biomedical engineer has also saved over \$400,000 worth of equipment through repair and maintenance.





OUR FUNDRAISING STATEMENT

OVERVIEW

Thanks to the kindness and generosity of our diverse supporters, we have achieved an income of £3.05M. Our expenditure was £986K on raising funds and £1.75M on charitable activities giving us a net position of £0.323M in FY18, an increase of 13% on the previous year.

Since 2016, there has been significant media attention on how charities are run and how they manage themselves and their fundraising activities.

Our Codes of Conduct, set as a global code for all Operation Smile offices to comply with, have recently been fully reviewed to ensure we work to the highest standards. There are clear reporting lines for any misdemeanour.

Similarly, we have reviewed all our policies including OSUK's Child Protection Policy and processes for reporting any concerns. Whether there are any conflicts, the higher responsibility prevails.

Operation Smile UK fundraising approach is primarily through consented and/or legitimate interest or one to one solicitations.

Operation Smile UK has voluntarily signed up to the Fundraising Regulator and Information Commissioner's Office (ICO) code of conduct which covers fundraising practises and the use of donor's data respectively.

As a member of the Fundraising Regulator, we hold ourselves accountable to our donors and have the utmost respect for our donor base. In November 2017, we conducted an external audit of our data usage and data protection to ensure that we would be compliant with the new General

Data Protection Regulations (GDPR) that came into force in May 2018. All staff had refresher training on data management and data security, GDPR and its compliance.

The Head of Data & Insight is the first point of contact for any queries or complaints made via the above regulators and the Chief Operating Officer (COO) is notified of any queries or complaints made.

Agents working on our behalf are contracted and provided with guidance through training for reporting complaints to Operation Smile. Some, not all, subscribed to the Institute of Fundraising, DM Associations and Telephone Preference Service Assured.

Fundraising activities carried out by people acting on our behalf are provided with a fundraising pack, which stipulate responsibilities and liabilities. There is an on going stewardship and reporting process in place for accountability.

For the last FY from the 1st July 2017 to 30th June 2018 we received one official complaint via the Information Commissioner's Office (ICO) in September 2017. The complaint was reported as a previous request for removal of contact details which was not actioned. This was immediately rectified by the Head of Data & Insight and the case resolved with the ICO.

We remain committed to the care of our donors, supporting their requests for contact and privacy, communicating with them only as appropriate.

FUNDRAISING ACTIVITY

Throughout the year, we raised funds through our generous donor

base, which include individual donors, corporates, students, community fundraisers, trusts and foundations.

Our diversified Direct Marketing fundraising activities included:

- Appeal
- Newsletter
- Email solicitations
- Regular monthly giving
- Digital campaigns (Pay per Click)
- Facebook for Charity

We also partnered with third party agencies to recruit new supporters, and communicate with current supporters through the following activities:

- Press Inserts/Press Ads - recruitment of single gift donors.
- Warm Direct Mail - postal communication and fundraising from database of supporters.
- Telemarketing - recruitment regular donors.

COMMUNICATIONS

As the fundraising landscape continues to change, in 2017-18, we increased our activity within the digital space with a goal of increasing our online communications and online fundraising.

Over the year we developed a content and communication strategy that allowed us to plan ahead and to develop consistent and cohesive communications across the teams, using different offline and online tools. This also ensured that our communications are more donor centric and relevant.

Finally, with the continued use of direct marketing appeals, our online activities successfully supported the direct marketing cycle with E-appeals and E-communications.

THANK YOU

OUR LIFE CHANGING WORK IS MADE
POSSIBLE THROUGH OUR PARTNERS,
SUPPORTERS AND VOLUNTEERS



GENEROUS INDIVIDUALS, CHARITABLE TRUSTS AND FOUNDATIONS

Allergan International Foundation
CB Trust
Dalegarth Trust
Duffield Charitable Trust
Haleon Trust
Harper Macleod LLP
Jon Wood
R & H Woods Charitable Trust
R U B White Charitable Trust
Souter Charitable Trust
The Chelsea Square 1994 Trust
The Dr William Eric Gibb Trust
The Duncan Bannatyne Charitable Trust
The Girdlers' Company Charitable Trust
The Kentown Wizard Foundation
The Imago Trust
The Ione Vassiliou Charitable Trust
The Leason Trust
The Nicka Vassiliou Charitable Trust
The Patricia Routledge Charitable Trust
The Smythe Kitson Trust
The Traynor Foundation
The Whitcombe Family Charitable Trust
UBS Optimus Foundation

GLOBAL CORPORATE PARTNERS

DePuys Synthese
Johnson & Johnson plc

CORPORATE PARTNERS

Galderma
The Harley Medical Group
MiSmile
STEP PCA
The Bannatyne Group
West End Office Agents

SCHOOLS

Marlborough College
Northgate High School
Sevenoaks School
St Mary's School, Calne
The Queen's School, Chester

SMILE AMBASSADORS

Anthony Andrews
Duncan Bannatyne
Tom Burke
Emma Crosby
David Webb

LOOKING AHEAD



AS A FUNDRAISING OFFICE FOR OPERATION SMILE, OUR OVERARCHING GOAL IS TO GROW OUR NET INCOME FOR DISBURSEMENT TO OUR LIFE CHANGING PROGRAMMES. OUR FOCUS FOR 2018-2019 THEREFORE REMAINS CONSISTENT WITH LAST YEAR'S GOALS.

TO SUPPORT

Operation Smile's global cleft and safe surgery programme initiatives

TO MAINTAIN & EXPAND

our programme support primarily in Sub Saharan Africa & central America

TO PROVIDE

excellent care and service delivery through our medical and non-medical volunteers

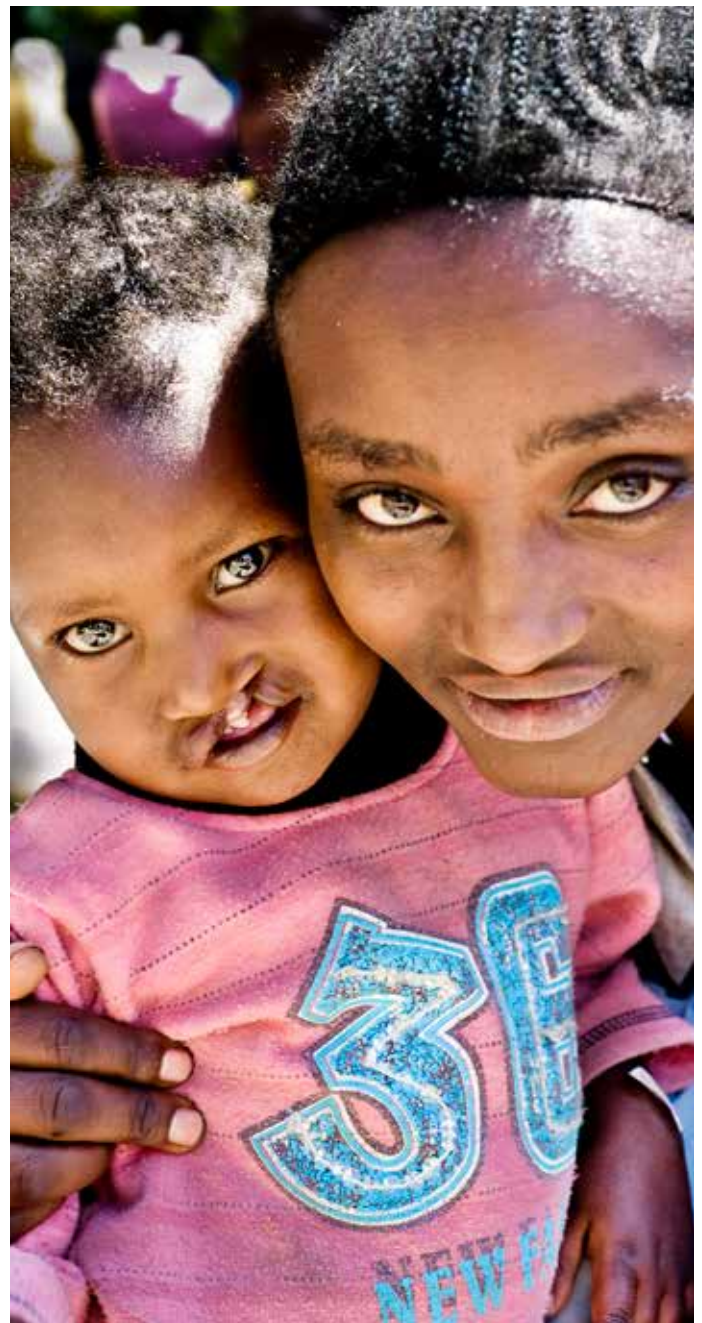
TO GROW

both our unrestricted and restricted income to support the above

TO RAISE

our national profile through use of mixed communication channels and donor-centric communications

As part of a global organisation, we plan to conduct 143 local medical missions and 72 international medical missions with a goal to provide free, safe and effective surgery to more than 17,900 children and adults.



BOARD OF TRUSTEES



CHAIR OF THE BOARD OF TRUSTEES

Dr Maria Moore, BDS Hons, Chair

Dr Maria Moore has been involved with Operation Smile since 1999, first as a donor and then as a dental volunteer in Guwahati, India. Maria has attended international missions to India, Panama, Colombia and Philippines and is an active and dedicated fundraiser. She became Chair of Operation Smile United Kingdom in December 2015.

Having graduated with Honours in Dentistry from Birmingham University in 1988, Maria's career spans both the NHS and the private sector. Maria now owns and manages a successful dental practice in Virginia Water and gives her time to Operation Smile in her capacity as Chair of the Board.

TRUSTEES

Dr William P Magee Jr

Dr William P. Magee Jr. co-founded Operation Smile in 1982 with his wife Kathy in Norfolk, Virginia, USA. He is a plastic and craniofacial surgeon and serves as Operation Smile Inc. Chief Executive Officer at our global headquarters.

Over three and half decades, Dr Magee has not only trained and mentored physicians worldwide but he has taken Operation Smile into over 60 countries globally, building Operation Smile into a highly respected and leading organisation in cleft care provision for infants, children and young adults across the world.

Andrew Bruce, BSc, MBA

Andrew Bruce is a successful and experienced international investor.

He is the Chief Investment Officer of Caledonian Advisory with global industry experience in organisations including, Société Générale, Macquarie Bank and D.B. Zwirn.

He joined Operation Smile UK in September 2018 and brings operational, fundraising and leadership skills and his knowledge of the investment and asset management industries.

Catherine de Maid, LLB

Catherine is a UK qualified solicitor, specialising in private client work, philanthropy advice and charity law. She works for independent law firm Burges Salmon LLP. Her expertise in the area of governance contributes significantly to the Operation Smile Board.

Whilst working in South Africa, Catherine helped establish Operation Smile South Africa, our regional hub for Sub Saharan programmes, and was an active member of their board for eight years until October 2017. Catherine has attended a mission to the DRC, has assisted World Care patients in Cape Town and attended a Cape Town mission which took place on a US navy ship.

On her return to England, Catherine became a member of the Board of Trustees of Operation Smile UK in February 2018. In addition to her legal expertise, Catherine brings her knowledge of Africa to our Board.

Dr Phil McDonald - MB ChB, FRCA (UK)

Dr McDonald graduated from Liverpool University in Medicine. He is a Consultant in Anaesthetics and Intensive Care at St Richard's Hospital, Chichester.

Dr McDonald has been Medical Director and a Trustee on the Board of Operation Smile UK since it was registered in 2002. He was featured in the BBC1 documentary about Operation Smile, 'The Facemakers', in June 2000 and in the 2009/10 Blue Peter Charity Appeal, 'Send a Smile', which also supported the charity.

He has been an anaesthesia volunteer with Operation Smile since 1995 and has been on numerous medical projects in Columbia, the West Bank, Romania, India, China, the Philippines, Kenya and Ethiopia. Phil is committed to the provision of sustainable healthcare solutions in developing countries and has worked tirelessly to develop the anaesthesia capacity of Jimma University Hospital, Jimma, Ethiopia through the establishment of their Anaesthesia Residency Programme.

Christopher Pinnington

Christopher has spent his career managing Global Communications agencies, specialising in advertising, digital, PR, media and direct marketing. He is an expert in managing communications agencies globally, overseeing advertising, digital, data, PR, media and direct mail agencies around the world.

He worked 32 years at Havas, most recently as Global Chief Operating Officer. Now a non-executive director, investor and adviser helping high potential companies to realise their true potential.

He joined Operation Smile UK's Board of Trustees in February 2018. Christopher brings a wealth of communication expertise to Operation Smile and works with us to ensure appropriate and relevant mix of communications across diverse communications channels.

OSUK MEDICAL SUBCOMMITTEE



Operation Smile's Medical Subcommittee sets the standards for recruiting and credentialing medical volunteers within the UK. They provide oversight and guidance for Operation Smile UK supported programmes to the Board and to the CEO.

The Medical Subcommittee is comprised of experts in their fields, who attend medical projects regularly and are in contact with fellow Operation Smile volunteers.

Dr Phil McDonald - Consultant Anaesthetist, St. Richard's Hospital, Chichester

Mr Per Hall FRCS (Plast) - Consultant Plastic Surgeon, Lead Clinician Cleft Network East Addenbrookes, Cambridge

Dr Annemieke Miedema - Consultant PICU, Birmingham Children's Hospital NHS Foundation Trust

Wg Cdr Ankur Pandya - Consultant Plastic Surgeon, Spire Portsmouth Hospital, Havant

Jackie Matthews - RN-Specialist Nurse, South Thames Cleft Team, Guy's and St Thomas' NHS Foundation Trust

Louise Edwards - Advanced Specialist Speech & Language Therapist, Addenbrookes, Cambridge



Louise Edwards, Speech and Language Therapist

ADMINISTRATION

REFERENCE & ADMINISTRATION

Registered Charity Name:

Operation Smile United Kingdom

Charity Registration Number:

1091316

Company Registration Number:

04317039

Registered Address:

10 The Broadway, Wimbledon, London SW19 1RF

For more information about the charity, please visit:

www.operationsmile.org.uk

BOARD OF TRUSTEES

Dr Maria Moore, BDS (Hons) (Chair – Board of Trustees)

Dr William Magee, Jr, DDS, MD

Andrew John Bruce, BSc MBA - Appointed September 2018

Catherine de Maid, LLB - Appointed November 2017

Dr Philip McDonald, MBChb, FRCA (Chair – Medical Subcommittee and UK Medical Director – UK)

Christopher Pinnington - Appointed November 2017

Kevin Dyson - Resigned February 2018

COMPANY SECRETARY

Karen Jaques, Chief Executive Officer, Operation Smile UK

SUBCOMMITTEES, AMBASSADORS, BANKERS, AND PRINCIPAL ADVISORS

KEY MANAGEMENT PERSONNEL:

Karen Jaques, Chief Executive Officer
Jean Leigh, Chief Finance & Operating Officer

SMILE AMBASSADORS:

Anthony Andrews
Duncan Bannatyne, OBE
Tom Burke
Emma Crosby
David Webb

BANKERS AND ADVISERS:

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

Barclays Bank Plc
Leicester LE7 2BB

Virgin Money
Jubilee House
Gosforth
Newcastle upon Tyne NE3 4PL

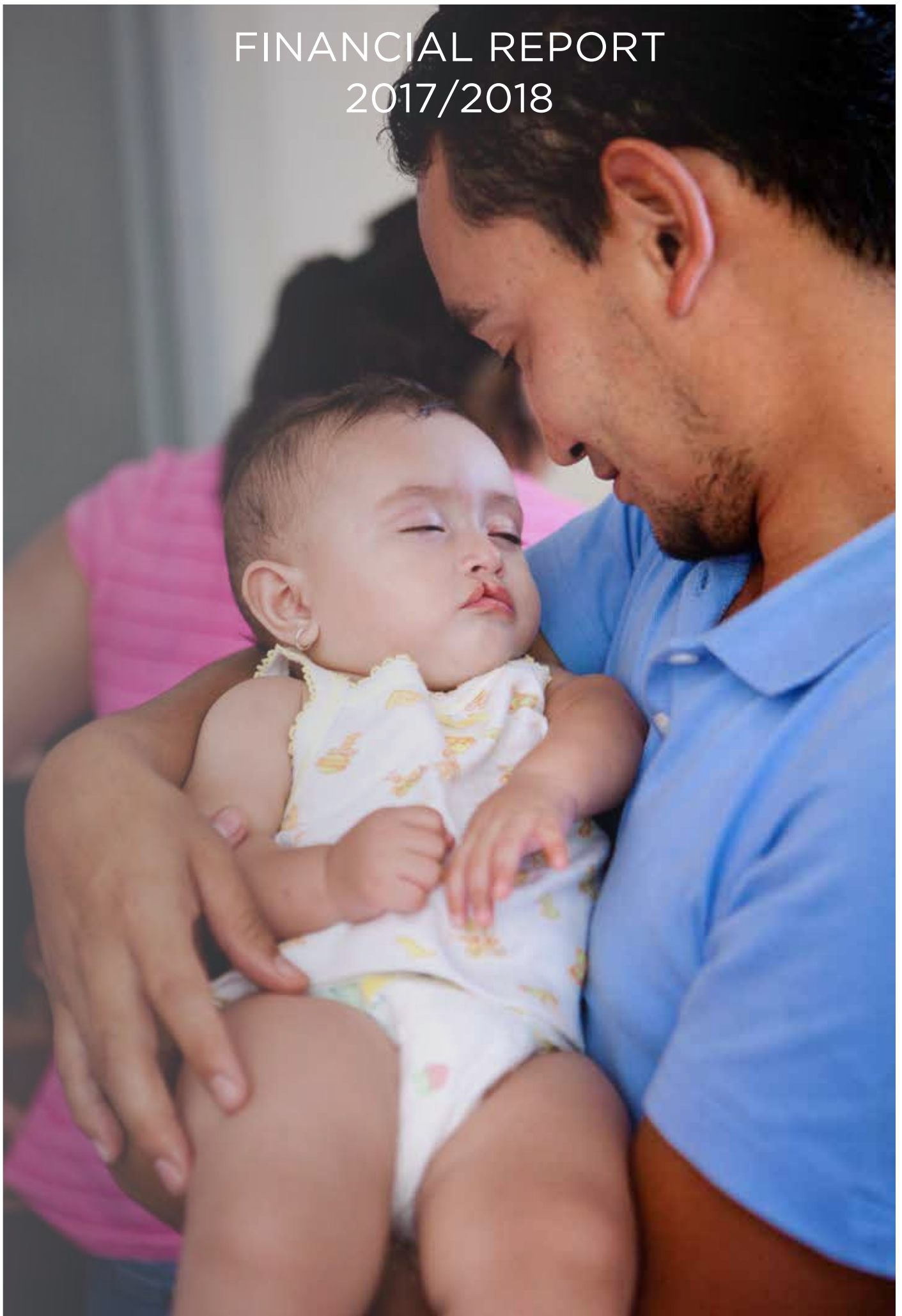
AUDITORS:

Kingston Smith LLP
Chartered Accountants
Devonshire House 60
Goswell Road
London EC1M 7AD

SOLICITORS:

Russell Cooke Solicitors
2 Putney Hill
London SW15 6AB

FINANCIAL REPORT 2017/2018



FINANCIAL OVERVIEW



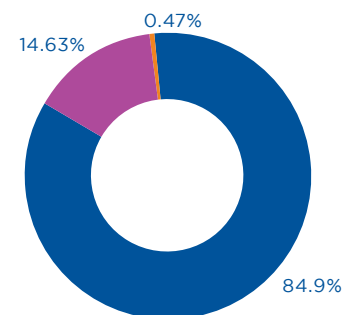
FY 17/18 INCOME

Operation Smile UK's financial position at 30 June continues to be healthy with a surplus of £323K (2017: £286K) recorded during the year. General unrestricted reserves increased to £1.197M (2017:£911K) and all restricted funds spent to date. During the year, the Board approved a further £100K (2017:£50K) to be designated towards an office move due to the office lease expiring in January 2020.

The assumed effects of Brexit and challenge to charity probity and moral values along with the implementation of General Data Protection Regulations (GDPR) in the period have nonetheless made this year notably difficult to fundraise. Total income received during the year inclusive of gifts in kind decreased by 12% even though one of our objectives for the year was to increase income. Despite these barriers, and the very competitive environment, legacy income almost doubled in the same period and individual giving rose by 10%. All other income group generated reduced income of 5% or greater. We managed a diversity of income streams to generate unrestricted and restricted funds.

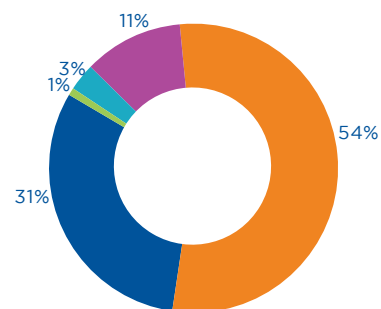
Our total expenditure decreased by 14% when compared with last financial year. Expenditure on charitable activities decreased by 22% whilst expenditure on raising funds increased by 6%. The decrease in charitable activities is primarily related to the partnership between Operation Smile Inc., Operation Smile Nicaragua and OSUK in a safe surgery pilot project in Nicaragua coming to an end.

As we develop further multi-year programmes, we hope to increase income and expenditure in charitable activities in line with our objectives.



- Individual Donations
- Grants & Corporate Donations
- Investments & Other

FY 17/18 EXPENDITURE AS % OF INCOME



- Programmatic Expenses
- Other charitable Activities - Resource Country aims
- Support Costs
- Property & Property Management
- Surplus to Reserves

In 2018, 85p in every £ donated was spent on programmatic and other charitable expenses. Support costs including property and property management costs were retained at a similar level (3p) to last year.

GOVERNANCE & STATEMENT OF TRUSTEES RESPONSIBILITIES

GOVERNANCE

Operation Smile UK is a registered charity with the Charity Commission in England and Wales and a Charitable Company Limited by Guarantee registered with Company House.

Under charity law they have legal duties and responsibilities as trustees and under company law the Board act as company directors of the charity.

During the year the board accepted the resignation of Mr Kevin Dyson and are grateful to have had him on the Board and for the contribution made. The Board also welcomed two new members, Catherine de Maid and Christopher Pinnington.

Operation Smile UK and Operation Smile Inc. are separately registered organisations with different management teams and boards of trustees. OSUK is an incorporated company limited by guarantee in the UK and is a registered charity by the Charity Commission of England and Wales. The two organisations work in close partnership but are legally distinct entities.

The Board reviewed its organisation and workings in the year and have adopted a Terms of Reference (ToR) as at June 2017. This makes clear the Board responsibilities and where there are clear delegated authorities to act on behalf of the Board. The delegated authorities are discharged through the subcommittees, the Chief Finance & Operating Officer and the Chief Executive Officer. The ToR will be reviewed periodically regarding fit for purpose and changing circumstances.

GOVERNING DOCUMENT

OSUK 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 the case of a winding up, none of the accumulated funds is distributable to the members, but shall be given or transferred to Operation Smile Inc. for its charitable purposes. Under the powers within its Articles of Association, the Trustees delegate the day to day management/responsibilities of the charity to

the Chief Executive Officer. She is accountable to the trustees and is guided by approved business plans, budgets and policies and supporting procedures.

APPOINTMENT AND RETIREMENT OF TRUSTEES

Potential OSUK trustee candidates are nominated at a Trustees' meeting by a serving member of the Board. If the Trustees present agree to pursue the proposed nomination, the candidate would then 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 to the Board. If the consensus is to move forward with the nomination, the nominee is invited to attend the next Trustees' meeting where he/she would be formally appointed as an active trustee on the Board. Trustees are appointed for a rolling three year term, re-appointed at the first board meeting of the year in which the third year expires if they are recommended for re-election/appointment.

TRUSTEE INDUCTION AND TRAINING

New trustees undergo an induction at their first quarterly 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 new trustees get the opportunity of meeting OSUK staff members. The new trustee's induction concludes with a meeting with the Chief Executive Officer to discuss feedback and any other queries/questions.

On going development and training is addressed through making available opportunities for external training. Trustees can request at any time to attend any of these training courses.

SUBCOMMITTEES

The Medical Subcommittee meets annually with ad hoc communication as required throughout the remainder of the year, reporting to the Board as required. Minutes are circulated to the Board.

REMUNERATION OF ALL STAFF

The governing principles of the Operation Smile UK's remuneration policy is to ensure the delivery of the Operation Smile UK's objectives by attracting and retaining a motivated workforce with the skills and expertise necessary for organisational effectiveness.

Operation Smile UK takes every step possible to ensure that remuneration should be equitable and coherent across the organisation. Operation Smile UK accepts the need to balance pay levels and pay increases appropriately within the context of our charitable purposes but also believe salaries must be realistic when set in the London work context.

In relation to deciding remuneration for Operation Smile UK's senior executives, Operation Smile UK considers the potential impact of remuneration levels and structures of senior executives on the wider Operation Smile UK workforce. The nature of the wider employment offer made to senior employees, where pay is one part of a package that includes personal development, personal fulfilment and association with the public benefit delivered. Operation Smile UK recognises that it is, on occasion, possible to attract senior executives at a discount to public sector or private sector market rates.

Remuneration for the year ended 30 June 2018 comprised of salary and pension contributions. There are no other pecuniary benefits for senior or other staff at Operation Smile UK.

RISK MANAGEMENT

A record of all risks is maintained in the risk register which is reviewed regularly.

The Finance and Audit Subcommittee reviews the risk register quarterly and takes appropriate action to mitigate or reduce the risk to Operation Smile UK. Any threats to Operation Smile UK are reported to the Chair immediately and to the Board either by the Chair or at Board meetings.

The Board of Trustees have, as part of its annual review, assessed the risk register and the major risks to OSUK has identified and are satisfied that Operation Smile UK's current systems and procedures are sufficient to manage the likelihood and impact of assessed risks.

Charity & Financial Regulatory Compliance and law remain a priority for Operation Smile UK with required policies and procedures consistently under review.

In line with this, Data Protection is reviewed with staff being regularly reminded of the need for confidentiality and compliance with General Data Protection Regulation and data security.

RESERVES POLICY

The trustees have determined an appropriate level of reserves to be six months of projected operating costs – which in FY 18/19 are budgeted to be £412K. This liquidity based approach would allow the charity to maintain sufficient funds to enable it to continue its work during any adverse fundraising periods. At 30th June 2018, the free reserves of the charity amounted to £1.197m (2017: £911K). The trustees are pleased with the result achieved as it will assist the charity in achieving its long term aim of the eradication of cleft in low and middle income countries.

TRUSTEES' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

The Trustees who are also directors of OSUK 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 (UK Generally Accepted Accounting Practice).

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

- Select suitable accounting policies and apply them consistently
- Observe the methods and principles in the Charities Statement of Recommended Practice on Accounting and Reporting (SORP)
- Make judgments and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements and;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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 Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

None of the Trustees had any beneficial interest in any contract to which the Charity was party during the year.

TRUSTEES INDEMNITY INSURANCE

As permitted by the Memorandum and Articles of Association, the Trustees have the benefit at a cost of £553 (2017: £549) of Trustees Liability insurance which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006.

The indemnity was in force throughout the last financial year and continues into the current financial year. All of the Trustees shown on page 37 of the Trustees' Report, even those who have retired, are covered by this policy.

STATEMENT AS TO DISCLOSURE TO AUDITORS

Insofar as the Trustees are aware at the time of approving the Trustee's report:

- There is no relevant audit information of which the charitable company's auditor is unaware, and
- The trustees have taken all steps that ought to have been taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of any such information.

The maintenance and integrity of OSUK's website is the responsibility of the Trustees. The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

PUBLIC BENEFIT

The Trustees have complied with the duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission. Resources expended seek to prevent poverty in the countries in which they are spent by transforming the lives of children with clefts and other facial deformities. Cleft and facial deformities can inhibit food intake and cause malnutrition, each successful treatment increases the advancement of health for these children and increases their chances of being socially accepted.

We are also required to describe how significant activities undertaken by the organisation further our charitable purpose for the public benefit. In response, the Trustees hereby clarify that the benefits that we have provided and will continue to provide directly relates to our aims and objectives in pursuing our objects improving healthcare in the developing countries. Furthermore, we can confirm that:

- Feedback from beneficiaries and 'partner countries' affirms that we are reaching our intended beneficiaries with life changing results.
- Feedback from our partners and our country offices indicates safe surgical practises and up skilling of healthcare workers and their care of cleft patients.
- Our volunteers from across the UK and the world feedback to us that they benefit from the exposure to different operating environments and cross practice contact.
- Any private benefit gained from the work of the charity (in particular salaries of its employees, and fees paid to consultants) is a necessary part of its cost of operations.

AUDITORS

Kingston Smith LLP was re-appointed auditors in the previous Financial Year and they have indicated their willingness to continue in office. They are deemed to be re-appointed in accordance with Section 487(2) of the Companies Act 2006.

Approved by the Board of Trustees

Signed on their behalf by



Dr Maria Moore, Chair

1/11/18



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OPERATION SMILE UK

OPINION

We have audited the financial statements of Operation Smile United Kingdom ('the company') for the year ended 30 June 2018 which comprise the Statement of Financial Activities, incorporating the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 June 2018 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate;
- or the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the 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 have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the 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 Trustees' Annual Report and from preparing a Strategic Report.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the trustees' responsibilities statement set out on page 41, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless

the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

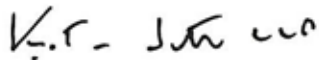
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

USE OF OUR REPORT

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 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 any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Neil Finlayson (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD





	Note	Unrestricted Fund	Designated Funds	Restricted Funds	2018	Unrestricted Funds	Designated Funds	Restricted Funds	2017
INCOME AND ENDOWMENTS:									
		£	£	£	£	£	£	£	£
Donations and legacies	2	2,813,095	-	853,904	2,866,999	1,596,441	-	1,604,374	3,200,815
Charitable Activities	2a	141,897	-	3,138	145,035	246,296	-	2,884	249,180
Investments		40,775	-	-	40,775	2,433	-	-	2,433
Total Income and endowments		2,195,767	-	857,042	3,052,809	1,845,170	-	1,607,258	3,452,428
EXPENDITURE:									
Raising Funds	3	986,363	-	-	986,363	939,845	-	-	939,845
Charitable Activities	3a	828,035	47,866	869,218	1,745,119	619,076	251	1,607,070	2,226,397
Total expenditure		1,814,398	47,866	869,218	2,731,482	1,558,921	251	1,607,070	3,166,242
Net Gains/(losses) on Investments	7	2,055	-	-	2,055	-	-	-	-
Net Income for the year		383,424	(47,866)	(12,176)	323,382	286,249	(251)	188	286,186
Transfer between funds	10	(100,000)	100,000	-	-	(50,000)	50,000	-	-
Net movement in funds		283,424	52,134	(12,176)	323,382	236,249	49,749	188	286,186
Reconciliation of funds									
Total funds brought forward		918,547	97,866	12,176	1,028,589	682,298	48,117	11,988	742,403
Total funds carried forward	11	1,201,971	150,000	-	1,351,971	918,547	97,866	12,176	1,028,589

Recognised gains or losses and the surplus for the financial year are as reported in the account above.

The net movements in funds for the year derive from the charity's continuing activities.

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET AT 30 JUNE 2018

	Note	2018	2018	2017	2017
		£	£	£	£
FIXED ASSETS	6		4,596		7,453
CURRENT ASSETS					
Debtors	8	450,831		157,529	
Cash at bank and in hand		1,539,980		1,050,146	
Total Current Assets		1,990,811		1,207,675	
CURRENT LIABILITIES					
Creditors:					
Amounts falling due within one year	9	(643,436)		(186,539)	
Net Current Assets			1,347,375		1,021,136
NET ASSETS			1,351,971		1,028,589
REPRESENTED BY:					
Restricted Funds			-		12,176
Designated Funds			150,000		97,866
General (Unrestricted) Funds	11		1,201,971		918,547
			1,351,971		1,028,589

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 and with Financial Reporting Standard 102 effective 01 January 2015.

The notes on pages 51 to 61 form an integral part of these accounts.

Approved, and authorised for distribution by the Board of Trustees:

And signed on their behalf on 11/06/18



Company Registration No: 04317039

Dr Maria Moore
Chair

CASH FLOW STATEMENT FOR THE YEAR TO 30 JUNE 2018

	Note	2018	2017
		£	£
Net cash provided by operating activities	A	491,199	338,052
Cashflows from investing in activities:			
Cost of purchasing tangible fixed assets		(1,366)	(5,658)
Change in cash and cash equivalents at 30 June		489,834	332,394
Cash and cash equivalents at the beginning 01 July		1,050,146	717,752
Total Cash held at 30 June		1,539,980	1,050,146

NOTE A

Reconciliation of Net Expenditure to Net Cash Provided
by Operating Activities

2018

Net Expenditure	£323,382
Depreciation of Tangible Assets	£4,223
Increase/(Decrease) in debtors	(293,303)
Increase/(Decrease) in creditors	456,897
Net cash inflow from Operating activities	£491,199

NOTES TO THE ACCOUNTS

ACCOUNTING POLICIES

The accounts for the charity have been prepared under the historical cost convention.

The financial statements are prepared in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (effective 1 January 2015). The Charitable Company is a public benefit company for the purposes of FRS 102 and therefore the Charity also prepared its financial statements in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standards applicable in the UK and Republic of Ireland (The FRS 102 Charities SORP), the Companies Act 2006 and the Charities Act 2011.

The functional currency of the charity is pound sterling. All amounts have been rounded to the nearest whole pound.

The trustees have assessed whether the use of the going concern basis is appropriate and have considered likely events or conditions that might cast significant doubt on the ability of OSUK to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of financial statements. In particular the trustees have considered the budget and forecasts and have concluded that with the Reserves Policy cash liquidity requirements there is reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

The principal accounting policies adopted in the preparation of the financial statements are set out below:

(a) Income and expenditure

All incoming resources are included in the Statement of Financial Activities when the charity is entitled to (or has physically received) the income and the amount can be quantified with reasonable accuracy.

For Legacy income, 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 OSUK 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 OSUK has been notified of the executor's intent to make a distribution. Where legacies have been notified to the charity, or where OSUK 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.

For Event income, entitlement is counted at the date of the event. Where income is received in advance, recognition is deferred and included in creditors and where entitlement arises before income is received, the income is accrued.

Expenditure is accounted for on an accrual basis. Support costs including governance costs which are not directly attributable to raising funds or charitable activities are allocated based on staff time and department headcount.

Raising funds

Raising funds relating to Direct Marketing has been allocated between charitable activities and fundraising costs based on an allocation process which analyses the use of staff time in the various Direct Marketing cost areas. Currently this analysis allocates 28% (2017: 30%) of costs towards charitable activities as the content relates to education and raising awareness of cleft and 72% (2017: 70%) towards cost of raising funds.

Charitable activities

All cost relating to medical mission programmes are recognised in the year in which they are agreed upon.

Total cost of charitable activities also includes a proportion of direct marketing costs relating to charitable activities as above. Proposals for funding which are in the final stages of the approval process are recorded as commitments.

Allocation of Support Costs including governance costs)

These are costs of providing strategic direction and ensuring public accountability; these are recognised as part of support costs. All support costs have been allocated between cost of raising funds and expenditure on charitable activity on the basis of staff time.

Critical accounting estimates and areas of judgement

In view of the trustees applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

Tax

Costs are recorded gross of VAT; the Charity is a registered charity and is not liable for income tax or corporation tax on income or gains derived from its charitable activities as it falls within the various exemptions available to registered charities.

(b) Fund accounting

The General Unrestricted Reserve comprises accumulated unrestricted surpluses and deficits. Restricted funds are subject to restrictions imposed by the donor. The amounts in designated funds represent amounts which the trustees have allocated to specific 'projects' from General Unrestricted Reserve, and which may at the discretion of the trustees be brought back into general reserves. Amounts recorded relate to our commitment to mission related activities in association with Jimma University Hospital and Lifebox and relocation costs.

(c) Fixed assets

Depreciation is calculated on a straight line basis for both office equipment and fixture and fittings so as to write off the cost of an asset, less its estimated residual value if appropriate, over the estimated economic life of that asset.

Office Equipment – over 3 years

Furniture, Fixtures and fittings (including IT hardware) – over 3 years

The charity currently adopts a minimum capitalisation limit of £1,000. However where complements of furniture and equipment are acquired with individual unit costs below the stated capitalisation threshold but collectively costs £1,000 and anticipated asset lives in excess of two years, then complements are capitalised at the time of purchase. There is no policy to review for impairment.

(d) Gifts in kind

The charity values gifts in kind (donated goods/services) against equivalent commercial value on the open market where these can be quantified. Medical volunteers have been valued using the relevant mid-band of NHS pay scale for time given during the project.

(e) Pensions

The charity operates a contributory group personal pension scheme and therefore has no pension liability. The amount charged to the Statement of Financial Activities in respect of pension costs is the total of contributions payable in the year.

(f) Leases

Rentals under operating leases are charged as per agreement; any benefit received/receivable as an incentive to sign an operating lease is spread over the lease term on a straight line basis. However, where the period to review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term then the shorter period is used.

(g) Other financial instruments**i. Cash and cash equivalents**

Cash and cash equivalents include cash at banks and in hand and short term deposits with a maturity date of three months or less.

ii. Debtors and creditors

Debtors and creditors receivable or payable within one year of the reporting date are carried at their transaction price. Debtors and creditors that are receivable or payable in more than one year and not subject to a market rate of interest are measured at the present value of the expected future receipts or payment discounted at a market rate of interest.

2. DONATIONS AND LEGACY INCOME

	Unrestricted Funds	Restricted Funds	2018	Unrestricted Funds	Restricted Funds	2017
	£	£	£	£	£	£
Donations	1,325,480	146,602	1,472,082	1,267,256	1,090,199	2,357,455
Legacies	627,996	-	627,996	284,264	-	284,264
Grants and other income	59,619	504,866	564,485	44,921	185,000	229,921
Sub-total	2,013,095	651,468	2,664,563	1,596,441	1,275,199	2,871,640
Gifts in Kind	-	202,436	202,436	-	329,175	329,175
Total	2,013,095	853,904	2,866,999	1,596,441	1,604,374	3,200,815

2a. CHARITABLE ACTIVITIES

	Unrestricted Funds	Restricted Funds	Total 2018	Unrestricted Funds	Restricted Funds	Total 2017
	£	£	£	£	£	£
Community Events	130,702	1,860	132,562	232,079	188	232,267
Special Events & Merchandise	11,195	-	11,195	14,217	-	14,217
Sub-total	141,897	1,860	143,757	246,296	188	246,484
Gifts in Kind	-	1,278	1,278	-	2,696	2,696
Total	141,897	3,138	145,035	246,296	2,884	249,180

3. RAISING FUNDS

	Total Unrestricted Funds 2018	Total Unrestricted Funds 2017
	£	£
Direct expenses	766,243	809,599
Staff Recruitment cost	6,705	6,804
Property and management cost	30,911	31,550
Administration cost	182,504	91,893
Total	986,363	939,845

3A. CHARITABLE ACTIVITIES

	Unrestricted Funds	Designated Funds	Restricted Funds	Total 2018	Unrestricted Funds	Designated Funds	Restricted Funds	Total 2017
Programme/Mission Expenses	£ 768,820	£ 47,866	£ 869,218	£ 1,685,905	£ 560,545	£ 251	£ 1,607,070	£ 2,167,866
Support Costs:								
Property & Management	1,726	-	-	1,726	1,336	-	-	1,336
Office Administration	13,016	-	-	13,016	10,063	-	-	10,063
Other support costs	28,679	-	-	28,679	25,410	-	-	25,410
Governance Costs:								
Audit and Accounting	8,121	-	-	8,121	7,643	-	-	7,643
Legal/Filing & Consultancy	-	-	-	-	3,600	-	-	3,600
Trustees Liability Insurance	553	-	-	553	549	-	-	549
Allocated support costs	7,119	-	-	7,119	9,930	-	-	9,930
Total	828,034	47,866	869,218	1,745,119	610,076	251	1,607,070	2,226,397

Support costs (including governance costs) are allocated on the basis of staff time spent on our two main categories of activities - raising funds and charitable/programmatic - and is reviewed annually. Allocation of other costs includes an element of judgement and the charity has had to consider the cost benefit of detailed calculations and record keeping. Therefore the support costs shown are a best estimate of the costs that have been so allocated. Support costs include expenses associated with Board of Trustees meetings, external audit, strategic review, and compliance with other constitutional and statutory requirements.

4. STAFF NUMBER AND COSTS

	2018	2017
	£	£
Staff Salaries	499,763	406,875
Employer's NIC	51,476	40,595
Employer's Pension Contribution	26,354	19,705
Other Staff cost - volunteers	-	24
Total	577,593	467,199

	2018	2017
	£	£
Staff Recruitment	6,705	6,804
Training and Development	5,188	1,716
Total	11,893	8,520

TRUSTEES AND KEY MANAGEMENT PERSONNEL

During the year two trustees received £3,415 (2017: Nil) in respect of reimbursement of mission attendance related expenses. £553 (2017: £549) was paid out in respect of trustees liability insurance as permitted by the Charities Memorandum & Articles of Association.

Key management personnel as listed on page 38 , and Trustees received remuneration £159K (2017: £149K)

One member of staff received ex-gratia payment of £2K in respect of variation of contract.

Total average number of staff on a full-time basis employed in the year was:

	2018	2017
	14.04	12.57
Employees Earning:		
£60K - £70K	1	1
£70K - £80K	1	-

The Employer's pension contribution in respect of the above amounted to £8.7K (2017: 4.3K)

5. NET INCOME FOR THE YEAR IS STATED AFTER CHARGING

	2018	2017
	£	£
Auditor's Remuneration	8,121	7,900
Depreciation of Tangible Assets	4,223	4,186
Operation Lease Rentals - Building	20,000	20,000

6. TANGIBLE FIXED ASSETS

Office Equipment and Furniture & Fixtures

	Office Equipment	Furniture & Fittings	Total 2018
	£	£	£
Cost at 01 July 2017	12,774	6,132	18,906
Additions	1,366	-	1,366
Cost at 30 June 2018	14,140	6,132	20,272
Depreciation at 01 July 2017	7,202	4,251	11,453
Depreciation Charge for the year	2,342	1,881	4,223
Depreciation at 30 June 2018	9,544	6,132	15,676
Net Book Values:			
30 June 2017	5,572	1,881	7,453
30 June 2018	4,596	-	4,596

7. LISTED INVESTMENTS

	2018	2017
	£	£
Donated Shares / Investment Assets	35,602	-
Disposal / Sales Proceeds	37,657	-
Realised Gains	2,055	-
Total Investment at 30 June	-	-

Operation Smile UK received two donations of shares and sold these during the year to 30 June 2018 in line with our current policy.

8. DEBTORS

	2018	2017
	£	£
Due from Operation Smile Inc	12,069	2,257
HMRC - Gift Aid Reclaims	17,777	13,907
Prepayments	110,243	117,354
Pledges	1,050	500
Other Debtors	309,692	23,511
Total	450,831	157,529

All debtors are financial instruments measured at present value.

9. CREDITORS

	2018	2017
	£	£
Trade Creditors	38,482	39,114
Due to Operation Smile Inc	558,971	109,269
HMRC - Tax and NIC Due	15,995	11,506
Deferred Income	9,415	12,095
Accrued Expenses	20,573	14,555
Total	643,436	186,539

All creditors, excluding accruals, are financial instruments measured at present value.

Deferred income

Deferred income comprises donations received in advance of community events taking place in the financial year FY18/19

	2018
	£
Balance as at 01 July	12,095
Amount related to income earned from charitable activities	(12,095)
Amount received and deferred in the year	9,415
Balance as at 30 June	9,415

10. STATEMENT OF FUNDS

	Balance at 1 July 2017	Income	Expenditure	Transfers between funds	Balance at 30 June 2018	Balance at 30 June 2016	Income	Expenditure	Transfers between funds	Balance at 30 June 2017
	£	£	£	£	£	£	£	£	£	£
General Funds	918,547	2,197,822	(1,814,398)	(100,000)	1,201,971	682,298	1,845,170	(1,558,921)	(50,000)	918,548
Designated Funds	97,866	-	(47,866)	100,000	150,000	48,117	-	(251)	50,000	97,866
Restricted Funds	12,176	857,042	(869,218)	-	-	11,988	1,607,258	(1,607,070)	-	12,176
Total	1,028,589	3,054,864	(2,731,482)	-	1,351,971	742,403	3,452,428	(3,166,242)	-	1,028,589

11. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General/ Unrestricted Funds	Designated Funds	Restricted Funds	Total 2018	General/ Unrestricted Funds	Designated Funds	Restricted Funds	Total 2017
	£	£	£	£	£	£	£	£
Fixed Asset	4,596	-	-	4,596	7,453	-	-	7,453
Current assets	1,840,811	150,000	-	1,990,811	1,097,633	97,866	12,176	1,207,675
Current liabilities	(634,021)	-	-	(634,021)	(174,443)	-	-	(174,443)
Deferred Income	(9,415)	-	-	(9,415)	(12,096)	-	-	(12,096)
At 30 June	1,201,971	150,000	-	1,351,971	918,547	97,866	12,176	1,028,589

RESTRICTED FUNDS BY REGION:

	Balance at 01 July 2017	Income	Expenditure	Balance at 30 June 2018	Balance at 01 July 2016	Income	Expenditure	Balance at 30 June 2017
	£	£	£	£	£	£	£	£
Africa	9,903	303,105	(313,008)	-	9,903	662,396	(662,396)	9,903
South/Central America	-	513,372	(513,372)	-	-	886,147	(886,147)	-
North America	2,000	8,122	(10,122)	-	2,000	1,000	(1,000)	2,000
Asia	273	19,694	(19,967)	-	85	31,333	(31,145)	274
Europe	-	12,749	(12,749)	-	-	7,892	(7,892)	-
World Care	-	-	-	-	-	-	-	-
OSUK Core Cost	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	6,677	(6,677)	-
Total	12,176	857,042	(869,218)	-	11,988	1,595,466	(1,595,257)	12,176

DESIGNATED FUNDS:

	Balance at 01 July 2017	Income	Expenditure	Transfers in/(out)	Balance at 30 June 2018	Balance at 01 July 2016	Income	Expenditure	Transfers in/(out)	Balance at 30 June 2017
	£	£	£	£	£	£	£	£	£	£
Jimma Training Rotation	47,866	-	(47,866)	-	-	48,117	-	(251)	-	47,866
Office Relocation	50,000	-	-	100,000	150,000	-	-	-	50,000	50,000
Total	97,866	-	(47,866)	100,000	150,000	48,117	-	(251)	50,000	97,866

12. OPERATING LEASES

As at 30 June OSUK had an annual operating lease commitment of £20K under a signed agreement (2017: £20K)
Amounts payable to end of lease:

	2018
	£
Within 1 year	19,014
Between 2 - 5 Years	-
Total	19,014

13. RELATED PARTIES

During the year:

* The partner (Jon Wood) of the charity's chair is in 'partnership' with UBS Foundation which gave OSUK a grant of £346K towards a collaborative pilot project in Nicaragua. There is no further obligation from UBS Foundation towards this project.

* Trustees donated £Nil (2017: £5K) to the charity

At Balance Sheet date OSUK had a liability of £559K (2017: £109K) to Operation Smile Inc. in respect of missions/cleft surgery expenses.

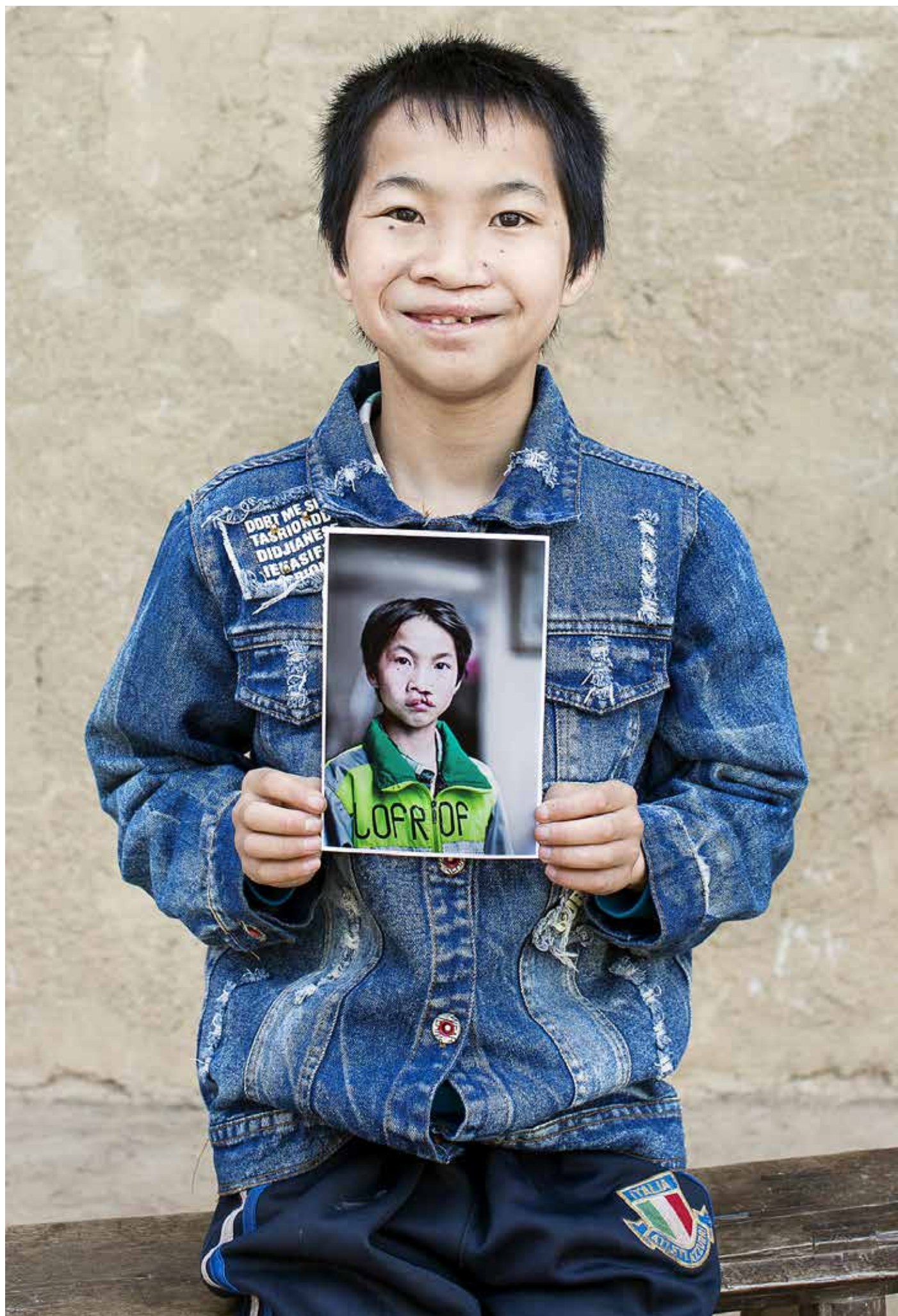
Operation Smile Inc was a debtor £12K (2017: £2.3K) in respect of expenses relating to unallocated funds received and miscellaneous mission expenses.

14. COMPANY LIMITED BY GUARANTEE

OSUK is a company limited by guarantee and has no share capital. By virtue of Section 30 of Companies Act 1958 (revised 2006) under which the company is 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 value of £1 each. At 30 June there were five (2017: four) registered members.







Sidonie after surgery

Operation  Smile
United Kingdom