



SOS Children's Villages
Giving orphans a brighter future

annual review 2005



Dear Friends,

We are pleased to be bringing you the 2005 Annual Report for SOS Children's Villages.

Ongoing work to restore lives after the tsunami on Boxing Day 2004; the G8 summit and renewed commitments for Africa; and the devastating Kashmir earthquake meant that 2005 brought more challenges for SOS Children. It goes without saying, that along with these priorities, we continued to care for the 60,000 children living in our children's villages and were able also to support almost a million in the community.

Our post-tsunami work was awarded top marks by UN-Habitat during a post-event evaluation of work carried out in the centre of the tsunami region at Banda Aceh, Indonesia, (only a third of agencies studied achieved this). In our review we look at our post-tsunami work and see how lives have been rebuilt.

As a result of your kind donations, we have raised enough money to construct the first SOS Children's Village funded entirely by UK supporters. The SOS Children's Village Basse, in The Gambia will create a new home for orphaned, abandoned and destitute children. We are also constructing a new SOS Primary School in Basse which will help educate 420 children aged 6-12 in an area where schooling is almost non-existent.

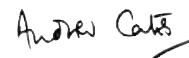
Following the Kashmir earthquake on 8 October 2005, SOS Children has provided support to thousands of affected people and will continue to do so for the long-term through our unique children's villages. Pervez Musharraf, President of Pakistan, commented in an interview that **"SOS Children's Villages is the best custodian of our Kashmiri children"**.

SOS Children has had villages in Pakistan for thirty years and supported families since the earthquake by providing essential supplies and shelter.

From a fundraising perspective, our decision to shift emphasis to the internet has been very successful, with more than a thousand new sponsors and many donations coming in during 2005 and into 2006. The cost of finding new donors via the internet is less than 1p per pound received and we continue to grow very inexpensively. As a result we achieved the unusual feat of doubling our income in 2005 from 2004! We would particularly like to thank those other supporters who have helped this by linking to our website and generating traffic to

www.soschildren.org

With Best Wishes



Andrew Cates
Chief Executive
SOS Children's Villages UK

2005 saw reduced costs for SOS Children
and a doubling of our UK income



SOS Children's work is centred around four basic principles:



SOS Mothers caring 365 days of the year

- **Strong and caring relationships**

Children are cared for by SOS Mothers, trained to deal with all situations, giving love to children who have lost their parents



Brothers and sisters staying together

- **The right to grow up together**

After ups and downs children need the stability or a loving environment, growing up together with brothers and sisters



The SOS family

- **A place to call home**

Children can grow up and live according to their own culture and religion, preparing them for the future



SOS Children's Villages – part of the wider community preparing for the future

- **Being part of the larger community**

Through SOS social support programmes, medical centres and schools preparing youngsters for their future independence.

Our Vision

Our vision is that every child should grow with love, respect and security

Our Mission

We build families for children in need,

We give orphaned and abandoned children the opportunity to grow up with the love and security of an SOS Mother, together with brothers and sisters

help them shape their own futures,

We enable children to live according to their own culture and religion. By helping them to recognise and express their individual abilities, interests and talents, they can become active members of the community.

and share in the development of their communities.

We work with local communities to establish support programmes and provide healthcare and education, strengthening families and community networks for the future.

Who we are

SOS Children pioneered a family-based approach to the long-term care of orphaned and abandoned children who had lost their families and homes as a result of the Second World War.

Traditionally, we provide our children with a home, a family and a new mother in a purpose-built local children's village. However, the sheer number of orphans has led us to find new ways of supporting child-headed families.

We look after children who have lost their parents through war, famine, disease and poverty. In total we care for over 60,000 children directly in children's villages and we support more than 900,000 in the community through SOS schools, vocational training centres, social support programmes and medical centres.

We help children who are orphaned, abandoned or whose families are unable to care for them. We give these children an opportunity to build lasting relationships within a family and ensure that they receive the education and skills training that they need to become successful and contributing members of society.

Summary of Accounts Year ending 2005

On the right is an extract from the financial statements of SOS Children's Villages UK and do not represent the full accounts that were submitted to the Charity Commission. The statutory financial statements have been externally examined and an unqualified audit report has been issued. The annual accounts were approved by the Trustees on 14th August 2006 and have been submitted to the Charity Commission.

A copy of the full report and accounts is available on request from SOS Children's Villages UK.



Mary Cockcroft, Chairman of Trustees

Auditors' report to the Trustees of SOS Children's Villages UK

We have examined the summary financial statements, which comprise the summary statement of financial activities and summary balance sheet.

Bankers

Barclays Bank plc, Chesterton Road, Cambridge CB4 3AZ
CAF Cash, Kings Hill, West Malling, Kent ME19 4JA

Solicitors

Mills and Reeve, Francis House, Hills Road, Cambridge CB2 1PH

Independent Auditors

Peters Elworthy and Moore, Station Road, Cambridge, CB1 2LA (as at August 2006)

Respective responsibilities of trustees and auditors

The trustees are responsible for preparing the summary financial statements. Our responsibility is to report to you our opinion on the consistency of the summary financial statements with the full financial statements and the trustees report.

Basis of Opinion

We conducted our work in accordance with International Standards in Auditing (UK & Ireland) issued by the Auditing Practices Board.

Opinion

In our opinion the summary financial statements are consistent with the full financial statements and trustees report of SOS Children's Villages UK for the year ended 31 December 2005.

Peters Elworthy & Moore
Registered Auditors
14 August 2006

For every £1 donated during the year to 31 December 2005, 86p was used to support projects and to provide sponsorship to children and villages. 14p was spent on the management and administration of the charity.



	Restricted fund £	Unrestricted fund £	Total funds 2005 £	Total funds 2004 £
INCOMING RESOURCES				
Voluntary income	2,289,701	780,894	3,070,595	1,345,390
Activities for generating funds	165,165	20,457	185,622	51,102
Investment income		33,217	33,217	12,426
TOTAL INCOMING RESOURCES	2,454,866	834,568	3,289,434	1,408,918
Less cost of generating funds:				
Costs of generating voluntary income		401,923	401,923	299,215
Fundraising trading		19,734	19,734	13,541
Sponsorship and support of orphans and children's villages	804,301	167,555	971,856	788,499
Governance		96,661	96,661	112,754
TOTAL RESOURCES EXPENDED	804,301	685,873	1,490,174	1,214,009
Transfers between funds	39,404	-39,404		
NET MOVEMENTS IN FUNDS	1,689,969	109,291	1,799,260	194,909
BALANCES BROUGHT FORWARD AT 1 JANUARY 2005	661,214	-412,492	248,722	53,813
BALANCES CARRIED FORWARD AT 31 DECEMBER 2005	2,351,183	-303,201	2,047,982	248,722
BALANCE SHEET AT 31 DECEMBER 2005				
ASSETS			2005	2004
Fixed Assets			44,670	45,268
Current Assets				
Stocks			96	6,099
Net assets held at branches			9,092	13,914
Accrued income			161,348	122,636
Debtors and prepayments			17,828	27,883
Cash at bank and in hand			2,094,152	318,675
			2,282,516	489,207
LIABILITIES				
Creditors due within one year			58,326	30,633
Net current assets			2,224,190	458,574
Creditors due after more than one year			220,678	254,920
Net assets			2,048,182	248,922
FUNDS				
Trust Capital			200	200
Unrestricted			-303,201	-412,492
Restricted			2,351,183	661,214
			2,048,182	248,922

An increase in the numbers of donations in 2005 means we are nearing our target of supporting 80,000 orphans by 2008



Educating for the future

In many countries where we work, local educational facilities are poor: SOS Children will often run nursery schools, primary and secondary schools not only for children living in the SOS Children's Village but also for children from the local community, with priority given to children from the poorest families. Teaching is tailored according to the local community and culture, with the aim of developing children's skills through play (SOS Nurseries) and through the in-country curriculum (SOS Primary and Secondary Schools).

Malawi

In 2005, Merrill Lynch Investment Managers Limited (MLIM), the UK fund management arm of Merrill Lynch & Co., Inc. - one of the world's leading financial services providers - chose SOS Children as their Charity of the Year and committed to fund the construction of a new SOS school at the SOS Children's Village in Blantyre, Malawi.

SOS Children's proposal for a school in Malawi, a country crippled by the HIV/AIDS epidemic and in which over 65% of the population lives below the poverty line, met MLIM's selection criteria of having an education and child bias and was likely to appeal to MLIM employees based throughout Europe, the Middle East and Asia Pacific.

Peter Hawkins, our representative at MLIM, was able to visit Malawi in June 2005 to gain a better understanding of SOS operations. During his trip, Peter visited established SOS villages and schools, accompanied SOS medical staff on their rounds to local villages and spent a day in Blantyre at the site of our new village and school. **“Having the opportunity to tour SOS operations in Malawi, under the experience and care of local SOS staff, was a once in a lifetime experience. I returned to the UK in awe of the work of these dedicated people and enthused about the fund-raising challenges which lay ahead.”**

Following a year of fund-raising at MLIM, which included a highly successful auction of senior management promises/forfeits, the sale of flowers from the Merrill Lynch garden at the Chelsea Flower Show, a Last Hour Payroll Giving Appeal and some extraordinary individual contributions, staff raised over £130,000. The MLIM Charitable Trust matched staff donations of £50,000.

In 2005, in response to the increasingly difficult social situation and the ever-growing numbers of orphans, SOS Children began the construction of the country's third SOS Children's Village in Blantyre, in the south of the country. The MLIM-funded school,

which will be closely linked to the new village, will provide education to 320 local children between the ages of 6 and 15 and give them the skills and knowledge they need to become successful, contributing members of the community.

Jeremy Sandbrook, National Director of SOS Children's Villages Malawi was not short of thanks, **“On behalf of SOS Malawi, I would like to thank Merrill Lynch – and in particular Peter Hawkins and the Charity Committee – for the fundraising they have done in supporting the construction of the SOS Primary School Blantyre. Without the selfless dedication and support of people such as these, we would not be able to continue the work that we do here on the ground; that is supporting the most innocent and vulnerable group of them all – children.”**

SOS Children currently runs 192 schools around the globe, providing over 93,000 children with an education to which they would otherwise have no access.



Over 320 children at Blantyre, Malawi will benefit from the new SOS Primary School



A healthy future

SOS Medical Centres play an important role within the community, offering HIV/AIDS testing and counselling, running information campaigns on the risks of infection and providing free or inexpensive ARV (anti-retroviral) medication. As well as these key elements, SOS Medical Centres provide basic medical care for the local population through vaccination programmes, maternity facilities and guidance on nutrition and hygiene.

SOS Mother and Child Clinic, San Ignacio, Paraguay

Infant and maternal mortality rates are high in Paraguay. Many women and young children, especially those in rural areas, do not have access to health services, midwives, doctors or paediatricians. One quarter of births are not attended by a skilled professional. SOS Children's Villages built Paraguay's first Mother and Child Clinic in 1978 and has since opened two more.

Monetary crises and government corruption have hampered Paraguay's social and economic development. Around 60% of the population officially live in poverty and 14% of children have stunted growth caused by malnutrition. The rural population suffer most: subsistence agriculture does not bring in an income and health services are scarce. This is the case in San Ignacio, a small district in the south of the country.

The SOS Mother and Child Clinic in San Ignacio supports 25,000 people a year, some of whom come from as far as 60 miles away for treatment. Although the clinic is well-known, local radio is used to inform people about it and its services. Radio is a successful way of communicating in rural areas being easily accessible and able to convey information regardless of literacy.

There are five examination rooms at the SOS clinic, alongside 62 beds (24 of which are for infants), a laboratory and a pharmacy. There is also a delivery room, an operating theatre for minor

surgery, an x-ray and ultrasound laboratory and a ward with three incubators and two heated beds for premature babies. We work in conjunction with the local health authority regarding complex cases. Twice a week, a civil servant from the Civil Registry visits to officially record new births.

Health education classes are run at the clinic to give local people the knowledge they need to keep themselves healthy and safe. Adults, both young and old, are educated about sexually transmitted diseases (STDs), HIV/AIDS, reproductive health, pregnancy and gender equality. The clinic provides reproductive health services to anyone from the community who needs them.

Alongside the Mother and Child Clinic in San Ignacio, there are two SOS Children's Villages in Paraguay, one of which is for children with special needs, in addition to an SOS Youth Home, an SOS Nursery School and an SOS Vocational Training Centre offering nursing courses.

Over 25,000 people supported in
the local community through the SOS
Medical Clinic in San Ignacio, Paraguay



A future through family strengthening

SOS Children is best known for its villages, which provide orphaned and abandoned children with a new family and home and the love and security that come with them. However, in order to support thousands more children and their families, we also work with communities and vulnerable families to provide them with the skills and support they need to continue caring for their children and prevent family break-up. These community support programmes take many different guises, from vocational training programmes and counselling for addiction, to support for single-parent families.

Ukraine

Independence from the USSR has been a mixed bag for Ukraine. Although economic growth has slowly improved in recent years, the social situation during this transition period remains far from ideal. Furthermore, the country still suffers from the tragic nuclear disaster at Chernobyl in April 1986. More than 3.5 million people became ill due to contamination, and new cases of cancer are continually being reported.

This difficult social and economic situation has resulted in a negative outlook among much of the Ukrainian population. Alcoholism and drug abuse

have become widespread, with as many as 123,000 drug-dependent people currently living in Ukraine. Related to drug abuse is the equally high prevalence of HIV/AIDS within the country. An estimated 1.4% of the population is HIV positive, ranking as the highest within both Europe and the Commonwealth of Independent States (CIS). Forty percent of those infected with HIV/AIDS are women, and as many as 97% of HIV-positive children were infected through their mothers. People living with the disease in Ukraine continue to suffer from stigmatisation and discrimination because of a lack of information regarding transmission, prevention and treatment.

As a result, many parents find themselves unable to care for their children, and according to government statistics the number of abandoned children has reached 50,000. Many children therefore end up living on the streets and often become victims of drug and solvent abuse. Some turn to prostitution, putting them at a greater risk of contracting HIV.

SOS Children's work in Ukraine began in the capital Kiev in 2003, targeting poorer households to support families through difficult times and prevent the abandonment of children. In Kiev, many families receive food and household packages.

The SOS Playbus scheme, which is very popular all over Eastern Europe, provides educational activities to over 3,000 children.

In response to the large numbers of children experimenting with drugs and the severe lack of facilities at their disposal, SOS Children also opened an HIV/AIDS counselling centre for this at-risk group and their parents. The main target groups are single parent, particularly female-headed, families; families living below the poverty line; and families where one or both parents suffer from a terminal disease. Almost 2,000 people have benefited from the centre's support through training sessions on child rights, hygiene, sexual education and prevention of substance, drug and alcohol misuse as well as through personal development support to overcome crisis situations and control emotions.

Through partnerships with other local NGOs, SOS Children is helping around 400 children in the prevention of abandonment project and an additional 60 children through the HIV/AIDS consultation centre. Four schools are also directly involved in the prevention of HIV/AIDS work. The first SOS Children's Village in Ukraine is under construction on the outskirts of Kiev.

The SOS Family Strengthening Programme in Kiev has been preventing child abandonment since 2004



At the heart of the SOS Children's Village

An SOS Children's Village provides a loving family to children in need. To deal with increasing numbers of children orphaned as a result of the Pakistan earthquake or in cases where children have been abandoned, we provide a new home complete with an SOS Mother and brothers and sisters. Children are able to grow confidently and successfully in their own societies.

Africa

The Saharan state of Chad, in northern Africa, is home to over 9.5 million people and is one of the poorest countries in the world. Thirty years of civil war had a devastating impact on the country's social, economic and medical infrastructure and its children.

An estimated 10,000 orphaned and abandoned children are reported to live on the capital N'Djamena's streets where they are exposed to drugs, alcohol and prostitution.

SOS Children is the first NGO to offer long-term family-based care for children in need in Chad. The new village symbolises the hope of an entire nation. Mr Hassan Terap, the Minister for Social Action and Family, said **“SOS Children's Village N'Djamena is an answer to the government's concern about the well-being of children in Chad. It is like a precious jewel which has to be preserved very carefully. It means a significant contribution to our efforts in improving the living conditions of the most vulnerable people in general and the children in particular.”**

SOS Children's Village N'Djamena is located in the Diguel district (about 15 minutes away from

the city centre) on a plot of land donated by the government. The first families moved into the village in early 2005 and all twelve family houses are now fully occupied with a total of 120 children. Because of its roofs, which are unique to the area, neighbours nicknamed the village the 'red roof area'.

Near the village, there are three more SOS Children projects in the area, aimed mainly at supporting children from the local communities around the capital. An SOS Nursery School with a capacity of 60 children and an SOS Primary School for some 180 pupils opened their doors at the start of the new school year on 10 October 2005. An SOS Medical Centre will support thousands in the local community by offering free first aid, general medicines and consultations as well as specific consultations in dermatology, paediatrics and gynaecology to around 600 patients a month.

The first SOS Children's Village in Chad offers a future to children formerly exposed to drugs, alcohol and prostitution.



Rebuilding for the future

Tsunami

Speed, in the course of an emergency, is vital. However, those affected by natural disasters including tsunamis, earthquakes and droughts need support over weeks, months and even years. The largest operation of this kind carried out by SOS Children was in response to the South Asian tsunami of 2004, where over 23,000 people have received support and 800 children, orphaned by the tsunami, will find love, security and a new family in six new SOS Children's Villages in the region.

Despite the difficult conditions at the time, Cedric de Silva, National Director of SOS Children Sri Lanka commented: **“We never thought that we could reach this many people so quickly.”** Reconstruction is progressing step by step. SOS Children has the advantage of having well-established local links and many years of experience working in partnership with local communities. **“The people are trying to come to terms with the situation and they find ways and means to begin anew, however humble their attempts may be.”** says Shubha Murthi, Regional Director of SOS Children for South Asia.

Fifteen communities in Sri Lanka, Indonesia, India and Thailand were 'adopted' by SOS Children and almost 2,200 houses are under construction for

11,500 people. Over 1,120 families benefited from the provision of 343 fishing boats together with all necessary equipment to survive and rebuild their livelihoods.

Day care centres provided child care support, allowing parents to start rebuilding their lives. Multi-purpose community centres will take over this role by housing nurseries. 18 centres are due for completion by the end of 2006 and, alongside child care, will offer medical services, training and family support. These are being built in such a way that they can serve as safe shelters in the event of another flood. Once completed and operational, the administration of the centres will be handed over to the communities, empowering the local people and ensuring the sustainability of the projects.

The goal now is to arrive at a tangible outlook for the future, brick by brick.

Pakistan

Over 73,000 people were killed and thousands made homeless on 8 October 2005 as a result of an earthquake that ripped through Kashmir. The SOS Children's Village Muzaffarabad in northern Pakistan was badly damaged but fortunately no children were injured.

SOS Children provided over 1,000 tents for temporary shelter to families during the harsh Kashmir winter and into 2006. Following the disaster, tented hospitals supported immediate efforts in the mountainous region, which did not have a single permanent hospital, assisting 120,000 people and SOS 'Search and Rescue' teams looked for unaccompanied children, orphaned or separated from their families. As a result of our work, the Pakistan and Kashmir authorities appointed us the temporary legal custodian of all unaccompanied children after the earthquake. Some children have been reunited with their families while others are cared for at a number of SOS Children's Villages and shelters in and around Kashmir.

Of a total of 11,500 schools in and around Muzaffarabad, 10,000 were destroyed. Some SOS tents were used as temporary schools, while future plans are to build permanent schools. Additional plans include new SOS Children's Villages providing a long term future to children who lost everything on that fateful day.

Speed is vital in an emergency. Long after the TV cameras have gone SOS Children's Villages is there to provide a lifelong partnership.



Our thanks

Our unique work, caring for orphaned and abandoned children, would not be possible without our supporters. SOS Children has been fortunate enough to work with a number of different companies, trusts, organisations, schools, groups and individuals, to whom we extend our warmest thanks for your assistance, encouragement and commitment. These partnerships allow us to continue helping some of the world's most vulnerable children.

Schools

“We became involved with SOS Children because we feel it is a charity that our pupils can take to their hearts, learn from and develop a commitment to. This is a really positive way to get them thinking about who they are, where they fit into the ‘bigger picture’ and how they can make a difference.”

Sarah Humphreys - Head Teacher, Kettlefields Primary School, Cambridgeshire

Events

• Classic Response

Event organiser Ed O'Driscoll said of Classic Response: **“There has been a tremendous response to this concert throughout the classical music industry; everybody wants to help by offering their services. Our sole objective is to raise as much money as possible for the orphans of the tsunami and SOS Children.”**

Amici Forever, performers at Classic Response and child sponsors added: **“We are delighted to be involved and really want to do anything we can to help raise funds for the appeal. We just hope that everyone continues to give over the next months and years!”** David Elliot, Chief Executive of The Royal Albert Hall added his support to the event: **“The concert will raise vital funds for the work of the SOS Children charity which in turn will help the tens of thousands of children whose lives have been devastated by the Asian Tsunami.”** With the agreement of the Trustees of the Royal Albert Hall, the venue and its services were provided free of charge.

• World Orphan Week

This unique event was launched in October to support our general work caring for orphaned and abandoned children. With the support of schools, companies, trusts and groups, World Orphan Week has become a key part of our fundraising year.

Partnerships

'6 villages for 2006' – the FIFA World Cup™ campaign

SOS Children's Villages deepened its partnership with FIFA to create the World Cup campaign 6 villages for 2006, which will provide hundreds of orphaned and abandoned children around the world with a new family home.

Support for the campaign has been impressive, with Wayne Rooney, Gordon Strachan, The FA and Celtic Football Club all joining the team and

supporting the construction of the new village being built in Rustenburg, South Africa as part of 6 villages for 2006.

Celtic Manager Strachan commented: **“I am very honoured and proud to be asked to be the FIFA/SOS Ambassador for Scotland. I will be delighted to offer whatever help I can either as a figurehead or in a practical way.”** Peter Lawwell, Celtic Chief Executive added, **“Celtic is proud to work with FIFA and SOS Children on this campaign and believes that this work is fully in line with the rich charitable history of Celtic FC.”**

England and Manchester United striker Wayne Rooney became an official FIFA/SOS Ambassador in October 2005, pledging his support for 6 villages for 2006, saying: **“I was made up when SOS Children asked me if I would get involved. I know how much it means to have a family that supports you, so I am delighted I can give my support to these kids.”**

Individuals and Groups

Supporters across the UK have been growing in their support for SOS Children's Villages. We have had an increase in the number of schools and groups supporting our work and linking to our work, as well as individuals raising awareness through our growing network of Volunteer Regional Co-ordinators.

If you would like more details about working in partnership with SOS Children, please contact us on **01223 365589** or via email at **info@soschildren.org**



“We are delighted to be associated with SOS Children’s Villages and to support them in their work caring for orphaned and abandoned children”

SOS Ambassadors:

Lord Richard Attenborough
Sir John Dankworth CBE
Professor Stephen Hawking
Aled Jones
Dame Cleo Laine CBE

Karen Millen
Jean-Christophe Novelli
Wayne Rooney
Prunella Scales CBE
Gordon Strachan
Timothy West CBE
Lord Frederick Windsor

SOS Children:
Give hope to orphans worldwide

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SOS Children's Villages refers to SOS Children's Villages UK and its international affiliate charities
Registered Charity Number 1069204