

**Saigon Children's Charity**  
**Annual report and financial statements for the year ended 31<sup>st</sup> December 2006**

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**Trustees:**

H. C. Gatiss (Chairman)  
A. Cany  
M. Fraser  
J. Waugh  
D. Wells  
P. Turner (appointed November 2006 )

**Governing Document:** Trust Deed dated 2nd November 1992

**Registered Number:** 1015484

**Registered Office:** 24 Gloucester Road, Teddington, Middlesex TW11 0NU

**Bankers:**

Hong Kong and Shanghai Bank  
Vietnam Export Import Bank

**Auditors:**

YT Lau & Co  
Chartered Certified Accountant  
23a Craven Terrace  
London W2 3QH

## Saigon Children's Charity

Annual report and financial statements for the year ended 31<sup>st</sup> December 2006

### Trustees' Report

#### ***Objectives of the Charity***

Saigon Children's Charity (SCC) is committed to the education of disadvantaged children in and around Ho Chi Minh City. SCC assists the neediest children by giving them an opportunity to approach adulthood with a good education, in good health and able to sustain themselves and their families. This report marks the thirteenth anniversary of Saigon Children's Charity and thirteen positive years of working to help Vietnamese children. We are pleased to reflect on the many achievements we have made and the positive impact we have had on thousands of young lives during this time.

Education is, we believe, the most lasting and effective way we can help children escape from the clutches of poverty and it is the most useful form of 'aid' to Vietnam. SCC has built up a reputation in Ho Chi Minh City as the educational charity of first choice for donors.

#### ***Review of the Year's Activities***

2006 was a further year of growth and achievement. Particular highlights included:

- Expenditure on projects increased by 40%
- Construction of 15 new classrooms
- Enrolment of 1,000 new children into our scholarship scheme

As the accounts show, in 2006 we spent £430,607, a substantial 35% increase on 2005 with expenditure on projects increasing by 40% over 2005. The increase in income did not quite keep pace with expenditure but, at £422,896, was up a healthy 17% on 2005. This imbalance resulted in a slight negative net balance for the year of £7,711 or £12,248 when exchange differences are added in. The figures show that of every £1 we received 89 pence went directly on the charity's projects.

#### ***School Building***

SCC builds small two or three classroom schools in small, remote villages where there are inadequate existing facilities or none at all. By building schools in these villages it means children do not have to walk miles to school each day. As a result of good progress made in recent years the need for new classrooms in Vietnam is diminishing so we also help to provide facilities for children with disabilities.

The School Building project had an outstanding year with 15 classrooms built (up from twelve last year). School building is, of course, a capital intensive activity and this project consumed – as it usually does – more money than any other project. We also made substantial repairs to Thang Long School which – built ten years ago – was in need of attention. We built a new roof, relaid some floors where there had been subsidence and settling and repainted the whole school.

The school for Deaf Children we referred to last year will be built in My Tho in the Mekong Delta in 2006 for opening in 2007. We have worked closely with the People's Committee of My Tho who have allocated land and we have drawn up plans and identified exactly what facilities will be required. Apart from providing educational and training facilities for deaf children the centre will also house an early intervention programme.

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**Trustees' Report (continued)**

***Vocational Training***

Our vocational training activities are concentrated on Thang Long Vocational Training School in District 4. This school was set up in 1994 by Saigon Children's Charity together with the local Bureau of Education. We provide training in a range of vocational skills to disadvantaged young people and then find them decent paid employment to help them break free from the cycle of poverty into which they were born. SCC funds the school and works with the Head to set the objectives and priorities for the school. We provide training in sewing, hairdressing and computer skills, English, art and photography.

The school has more than 400 children aged 12 to 19. Under the new Head Mistress the school has made excellent progress in developing training programmes and also in finding work for 'graduates' from the school. As always, the majority have found work in hospitality: we work closely with many hotels and restaurants across Ho Chi Minh City who are delighted to take our students, not only because they want to help but because they find them so eager to work and advance themselves.

***Scholarships***

The Saigon Children's Charity scholarship project gives a carefully measured dose of benefits to children, just sufficient to keep them in school. On the one hand we wish to help the parents who struggle to send their children to school but on the other hand we do not want to absolve parents of the responsibility for educating their own children. It is a question of finding the right balance. We think we do this by providing 10kg of rice each month, providing all school books and pens and a new school uniform each year. We also give bicycles to children who move up from primary to secondary school and who have to travel much further to school.

The year saw spectacular progress in recruiting approximately one thousand new children taking the total number enrolled in our scheme to around 3,200. Of course each year some children complete their education, some move away from our project areas and some (but few) drop out of school. We have expanded this project dramatically in recent years both in response to the need we see and – we are pleased to report – in response to growing interest in this project on the part of donors. In 2006 we also gave 135 bicycles to children in the scholarship scheme.

***Microfinance***

The object of the microfinance scheme is to help poor families to escape from poverty by lending them small sums of money to invest in income-generating activities. One of the main reasons why the poor are poor is because they lack capital, land, tools or livestock. Being so poor they tend to consume all that they earn each day and lack the will or means to save any surplus cash they might accumulate. By borrowing, families learn to budget, plan and save. Loans are invested in poultry, pigs or raising fish: micro-businesses that generate sufficient cash to help them to escape from poverty.

The microfinance project is run with the Dariu Foundation of Switzerland who share with us the planning of the programme and provide the funding. Following last year's rapid expansion the programme remained at roughly the same level of membership.

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**Annual report and financial statements for the year ended 31<sup>st</sup> December 2006**

**Trustees' Report (continued)**

***Working With Other Organisations***

For a number of years SCC has supported the work of small organisations working with children. Typically these organisations are informal and although registered with local authorities do not enjoy official status. They are the Vietnamese NGOs of the future, once such bodies are recognised here.

Through our Small Grant Scheme we continue to provide grants to help small organisations to develop their work and equally importantly we help them to understand the process of applying for funding so they can raise money from other sources more easily in the future. We require them to produce a convincing plan to demonstrate how their application fits securely and sustainably within their work, and how it will produce a clear benefit.

**Saigon Children's Charity**  
**Annual report and financial statements for the year ended 31<sup>st</sup> December 2006**

**Statement of Trustees' responsibilities for the accounts**

The purpose of this statement is to distinguish the Trustees' responsibilities for the accounts from those of the independent examiner as stated in their report.

The Charities Act 1993 requires the trustees to ensure that accounting records are kept in respect of all charity's transactions, and to prepare a statement of accounts for each accounting period consisting of a statement of income and expenditure account and a balance sheet. The trustees are also responsible for safeguarding the charity's assets, and hence for taking reasonable steps for the prevention and detection of error, fraud and other irregularities.

In preparing the accounts the trustees are expected to :

- 1 ) Select suitable accounting policies and apply them consistently, making judgements and estimates that are reasonable and prudent.
- 2 ) Follow the recommendations of the Charity Commission and of the accounting profession with regard to the content of the accounts, or to disclose and explain any departures therefrom: and
- 3 ) Prepare the accounts on the going concern basis unless it is inappropriate to assume that the charity will be able to continue to meet its objectives.

On behalf of the Board of Trustees

Trustee : ..... 2007

## Independent Auditor's Report

### Independent Auditor's Report to the Trustees of The Saigon Children's Charity

We have audited the financial statements on pages 7 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

This report is made solely to the Charity's trustees, as a body, in accordance with Regulation 6 of The Charities (Accounts and Reports) Regulations 1995. Our audit work has been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of Trustees and Auditors**

As described on the Statement of Trustees' Responsibilities, the Saigon Children's Charity trustees are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you. We have been appointed auditors under Section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act.

We read the Trustees' Report for the year ended 31<sup>st</sup> December 2006 and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

#### **Basis of Opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on test basis, of evidence relevant to the amounts and disclosure in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

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

**Independent Auditors' Report To Trustees**

**Independent Auditors Report to the Trustees of The Saigon Children's Charity Opinion**

In our opinion the accounts give a true and fair view of the state of the Charity's affairs as at 31<sup>st</sup> December 2006 and its incoming resources and resources expended for the year then ended and have been properly prepared in accordance with the Charities Act 1993 and Regulation 3 of the Charities Act (Account and Reports) Regulation 2000.

..... 2007

**YT Lau & Co  
Chartered Certified Accountants  
& Registered Auditors  
23a Craven Terrace  
London W2 3QH**

**Saigon Children's Charity**

**Income and Expenditure Account for the year ended 31<sup>st</sup> December 2006**

	<b>Notes</b>	<b><u>2006</u></b>		<b><u>2005</u></b>	
		£	£	£	£
<b>Incoming Resources :</b>					
Donation Received : Unrestricted			101,390		79,646
Restricted Funds			268,722		240,328
Bank Interest Received			748		938
Tax Credit			2,481		-
Other Income	<b>2</b>		<u>49,555</u>		<u>40,240</u>
			422,896		361,152
<b>Cost of Generating Funds</b>					
Fund-raising costs			<u>( 3,143 )</u>		<u>(5,045)</u>
			419,753		356,107
<b>Charitable Expenditure</b>					
School Building		127,905		81,504	
Scholarships		103,948		65,308	
Micro-finance Programme		86,881		60,621	
English & Vocational Training		41,096		39,387	
Special Hardship		2,050		3,178	
Other		514		1,368	
Arts & Photography		10,762		11,949	
Working with other Organisations		<u>11,522</u>		<u>12,105</u>	
			<u>(384,678)</u>		<u>(275,420)</u>
<b>Gross Income</b>			35,075		80,687
<b>Exchange Differences</b>			(4,537)		3,322
<b>Administrative Expenses</b>					
Staff Salaries & Pensions		18,514		18,296	
Insurance		305		215	
Rent & Utilities		3,242		3,947	
Printing & Stationery & Books		5,056		958	
Office Expenses		623		-	
Motor & Travelling Expenses		4,581		8,796	
Publicity & Promotion		-		160	
Telephone & Internet		452		323	
Recruitment & Agency Cost		2,961		-	
Audit & Accountancy Fees		3,650		3,200	
Bank Charges		40		58	
Sundry Expenses		313		894	
Equipment Depreciation		<u>3,049</u>		<u>2,398</u>	
			<u>(42,786)</u>		<u>(39,245)</u>
<b>Net (Deficit)/Income for the year</b>			<u>(12,248)</u>		<u>44,764</u>

**Saigon Children's Charity**  
**Balance Sheet as at 31<sup>st</sup> December 2006**

	<u>Notes</u>	<u>2006</u>		<u>2005</u>	
		£	£	£	£
<b>Fixed Assets</b>			4,250		4,695
<b>4</b>					
<b>Current Assets</b>					
Debtor		28,100		-	
<b>3</b>					
Cash in Hand		2,429		5,128	
Cash at Bank		<u>67,004</u>		<u>100,700</u>	
		<u>97,533</u>		<u>105,828</u>	
<b>Creditors : Amount falling due within one year</b>					
Accruals		<u>18,650</u>		<u>15,142</u>	
<b>Net Current Assets</b>			<u>78,883</u>		<u>90,686</u>
<b>Total Net Assets</b>			<u>83,133</u>		<u>95,381</u>
<b>Represented by :</b>					
<b>Accumulated Funds</b>					
Balance Brought Forward			95,381		50,617
Income & Expenditure Accounts			<u>(12,248)</u>		<u>44,764</u>
<b>Closing Balance</b>			<u>83,133</u>		<u>95,381</u>
<b>5</b>					

The accounts were approved by the Trustees on ..... **2007** and signed on their behalf by the Chairman.

Trustee : .....

## Saigon Children's Charity

Notes forming part of the accounts for the year ended 31<sup>st</sup> December 2006

### 1 ) Accounting Policies

The financial statements have been prepared under the historical cost convention using the following accounting policies.

#### a ) Donation

Donations Received represent all cash donations received during the year.

#### b ) Depreciation

Depreciation is provided to write off the cost less estimated residual value of all fixed assets over their useful lives at the following rates :

Equipment : 25% per annum on straight line basis

#### c ) Foreign exchange

Transactions in foreign currency are translated in sterling at the average rates ruling during the year. Foreign currency monetary assets and liabilities in the balance sheet are translated into sterling at the rates of exchange ruling at the end of the year. All differences are taken to the income and expenditure account.

#### d ) Cost Apportionment

Management and office costs have been apportioned to various projects to reflect the cost of each activity in the following proportions: English and Vocational Training 15% (2005-15%), Microfinance 20% (2005-20%), School Building 20% (2005-20%), Scholarships 20% (2005-20%), Working with other organisations 2.5%(2005-5%), Art & Photography 2.5%( 2005-5%).

### 2 ) Other Income

	<u>2006</u>	<u>2005</u>
	£	£
Net Income on card & calendar & T shirts	10,580	6,904
Cyclo Challenge	27,828	23,352
Photo & Painting	<u>11,147</u>	<u>9,984</u>
	<u>49,555</u>	<u>40,240</u>

### 3 ) Debtor

	<u>2006</u>	<u>2005</u>
	£	£
Donations Receivable	<u>28,100</u>	-

**Saigon Children's Charity**

**Notes forming part of the accounts for the year ended 31<sup>st</sup> December 2006**

<b>4) Tangible Fixed Assets</b>	<u><b>Equipment</b></u>	<u><b>Motor Car</b></u>	<u><b>Total</b></u>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 1.1.06 & 31.12.06	11,848	12,106	23,954
Addition	(2,254)	-	(2,254)
Disposal	<u>2,605</u>	-	<u>2,605</u>
	<u>12,199</u>	<u>12,106</u>	<u>24,305</u>
<b>Depreciation</b>			
At 1.1.06	7,154	12,105	19,259
Disposal	(2,253)	-	(2,253)
Charge for the year	<u>3,049</u>	-	<u>3,049</u>
At 31.12.06	<u>7,950</u>	<u>12,105</u>	<u>20,055</u>
<b>Net Book Value</b>			
At 31.12.06	<u>4,249</u>	<u>1</u>	<u>4,250</u>
At 31.12.05	<u>4,694</u>	<u>1</u>	<u>4,695</u>
 <b>5 ) Reserves</b>	 <u><b>Unrestricted</b></u> <u><b>Funds</b></u>	 <u><b>Restricted</b></u> <u><b>Funds</b></u>	 <u><b>2006</b></u> <u><b>Total</b></u>
	<b>£</b>	<b>£</b>	<b>£</b>
Income	154,174	268,722	422,896
Resources Expended	(156,782)	(278,362)	(435,144)
Deficit for the year	(2,608)	(9,640)	(12,248)
Opening Balance	<u>85,741</u>	<u>9,640</u>	<u>95,381</u>
<b>Balance at 31.12.06</b>	<u>83,133</u>	<u>-</u>	<u>83,133</u>