

**Saigon Children's Charity**

Annual Report for the year ended  
31 December 2012

**Saigon Children's Charity**  
**Annual Report**  
**For the year ended 31 December 2012**

**Contents**

Chairman's message	2
Declaration – Serious Incidents	4
Director's report	5
Independent auditors' report	14
Financial statements	
Balance sheet	16
Statement of income and expenditure	17
Notes to the financial statements	18
Organisation information	25

### **From the outgoing Chairman of the Trustees in 2012**

This is my last contribution to an Annual Report of SCC as Chairman of the Trustees: I stood down at Tet this year after seventeen years as a Trustee. My involvement with SCC goes back, however, almost twenty years, from the time I first met Paul Cleves. I had just taken the role of General Manager of Shell Vietnam and he was in the process of moving from the UK to Ho Chi Minh City to devote himself full-time to the development of the charity he had founded several years earlier.

Although times have changed enormously since 1993 (and not only the disappearance of the conical hat as a substitute for a crash helmet on the – then – ubiquitous Honda Dream, though that in itself says a lot), it is clear that there is still a real need for the work of the Saigon Children's Charity. There are changes – more shifts of emphasis than wholesale change – in our programmes and activities, but the objective remains the same: to address the needs of the poorest children in the most effective way possible.

As I do every year, I would like, on behalf of the Trustees, to pay tribute to Paul Finnis and his team, and also to the numerous volunteers from all countries and backgrounds, who make these programmes a reality. But I would like to take the opportunity this year to express heartfelt thanks to Diana Wells: Trustee and UK Treasurer, but so much more than that. As almost anyone living in the UK will know, Diana is the unsung hero who distributes newsletters, despatches cards, arranges scholarships and attends enthusiastically to any query or question which comes her way. Since returning from full-time employment, she has been able to visit Saigon more regularly, demonstrating the quiet commitment which she has shown for more than twenty years. SCC – all of us – benefit enormously from what she has done for the Charity, and I am pleased to have this platform to say so.

It is with pleasure that I hand over the Chairmanship to Alain Cany, who has been a strong supporter of SCC for a number of years and a Trustee since he moved to Vietnam.

Howard Gatiss  
July 2013

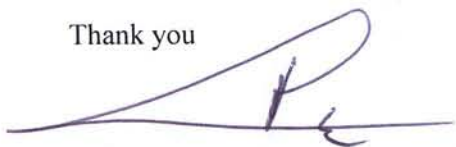
**From the new Chairman of Saigon Children's Charity, Mr. Alain Cany**

It was a great pleasure for me to take over as Chairman in March 2013 and to have the chance, in our annual report, to thank the outgoing chairman, Howard Gatiss, for his outstanding contribution to SCC both as Chairman for the last 7 years and as a Trustee for many more.

I have been part of SCC's Board of Trustees since 2003 when I was the CEO of HSBC in Vietnam. I became the Chairman for Vietnam of Jardine Matheson in 2007 and I have been very pleased to continue to support SCC however I can. SCC is an organisation which I am very proud to be part of – providing, as it does, real measureable support to some of Vietnam's poorest children and families. Over the 10 years that I have been a Trustee of SCC I have had the privilege of seeing many of the children we have supported grow into confident young people at work and earning enough to lift themselves out of poverty. It is seeing this success that encourages me to continue to do what I can.

My sincere thanks to all of our supporters, companies, individuals, foundations and families for everything you do for us and with us. I pledge to continue to ensure that SCC remains an effective organisation that honors your commitment in the best way possible – by achieving change for the children and young people we support.

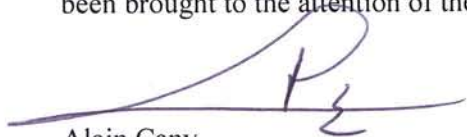
Thank you

A handwritten signature in dark ink, appearing to be 'Alain Cany', with a long horizontal stroke extending to the left.

Alain Cany  
Chairman of the Board of Trustees  
Saigon Children's Charity

### **Declaration – Serious Incidents**

Charity law requires us as Saigon Children's Charity's Board of Trustees to submit and sign, as part of this Annual Return, a declaration that there were no serious incidents or other matters relating to Saigon Children's Charity over the previous financial year – 2012 – that should have been brought to the attention of the UK Charity Commission but have not.

A handwritten signature in blue ink, appearing to read 'Alain Cany', is written over a horizontal line.

Alain Cany  
Chairman of the Board of Trustees  
Saigon Children's Charity  
Charity Number 1015484

## **Objectives of Saigon Children's Charity**

Saigon Children's Charity is committed to assisting in the elimination of poverty in Vietnam. We do this through ensuring those children and young people in the most difficult circumstances receive an education. Education is, we believe, the most lasting and effective way we can help children and their families to escape from the cycle of poverty. We work exclusively in Vietnam working with disadvantaged children in Ho Chi Minh City and in rural provinces in the South of the country. We currently work in a number of provinces including: Ho Chi Minh, Tay Ninh, Tra Vinh, Tien Giang and Dong Nai. SCC assists the most disadvantaged children by giving them an opportunity to realise their potential and approach adulthood with a good education, in good health and able to sustain themselves and their families.

Our vision is to eliminate poverty through education and our mission is therefore to *"enable disadvantaged children in Vietnam to reach their full potential through receiving a quality education relevant to their needs."*

### **SCC – 2012 Director's report**

2012 felt a stronger year than 2011 in many ways and this was reflected mainly in an enhanced school building programme. We have continued to operate prudently as it continues to remain difficult to foresee how funding might be affected during the continuing financial doldrums.

The plans for the last two years have involved us looking closely at the work that we do and how we do that and this preliminary work is now finding its way into our day-to-day activities. We are seeing more of a shift of responsibility – particularly with our Child Development Programme – from SCC to our local authority partners. It is, after all, their responsibility and this is a pre-cursor to our being able to handover completely at the point when we feel they are able to provide adequate and appropriate support to the children that otherwise SCC picks up.

We also continue to get better at identifying the genuine impact that we make as we work more and more on our systems of Monitoring and Evaluation. These are far from complete and we need to do more benchmarking, particularly, but this is now part of our common discussions on all areas of our work.

We have, in light of the downturn, invested a little more in fundraising with some new ideas and approaches. These have been successful and we saw the benefits of that in 2012 with this expected to grow in future years too. The Charity Cycle Adventure, particularly, has really come into its own and raised more than \$50,000 in 2012 with much of the work being undertaken by one or two outstanding volunteers.

We have also done more work on bringing SCC teams together so that the links are more seamless – particularly if you are a young person moving between support from each of them. The Child Development Programme (used to be called "Scholarships") and Development & Integration Programme (used to be called "Development Projects and Vocational Training") are now linked together in supporting young people in vocational training and share and agree common criteria for the selection of children and young people for certain SCC programmes.

This has all also involved a lot of training and development of the staff here at SCC. I am immensely proud of the work that they do and the hours that they all put in. We find that the professionalism and commitment that they demonstrate daily is not always reflected by our partners here and although this also gives cause for concern it is one of the reasons why SCC will, from 2013 onwards, spend some of its time developing and training our partners to the same level.

### **School Building and Learning Environments**

Nguyen Hoang Phuong joined us as School Building Manager in 2013 coming from time worked at two other great ngos - Save the Children and, previously, Room to Read. He brings some great skills and a big personality with him and he has a lot of work in front of him too! It was a very busy year for School Building not just in terms of numbers of classrooms built but also in terms of work being done on the "learning environments" side of the work.

As of 1st January 2012 there was 1 school with 4 classrooms that had been started in 2011 and was completed during 2012. In 2012 we also started and completed 2 further schools with 5 classrooms and we repaired and upgraded 2 further classrooms. By the end of calendar year 2012 we had started, but not yet completed, a further 10 schools with 17 classrooms and these will be completed in 2013. In total this work will help 574 children who will use these class rooms.

Of particular note is the work on Cay Oi kindergarten in Tra Vinh which was built to plans provided pro bono by DWP architects. The school was aimed to be a step closer to working with the environment rather than against it and contained some unique elements which we will continue to use in the future. These elements included a covered playground (it rains a lot there sometimes!) but then collecting the rainwater falling on the roof and using that to supply water for flushing the toilets etc. The location of the school within the space we had been given also took advantage of the pattern of winds there and the rise and setting of the sun to minimise the heat and maximise the natural breezes – saving on fans and air conditioners and electricity whilst providing a better atmosphere for the children.

We are also working much more actively with the local communities. This has not always been possible for us in Vietnam in the past but as our authority partners trust us more we have increasing opportunities to involve local people in decision making. This translates into a community getting a school which is more suited to its purposes but also the community adopts the school more easily as it feels it has vested "ownership". The team meets various people including parents, the youth union, authorities and village heads, to assess the needs for the school and asks them for their participation with implementing the project too. A group is then set up called the Community Management Unit (CMU) which monitors the entire project before, during and, importantly, after it is completed. The CMU is trained by SCC and our retained engineer and helps ensure the smooth progress of the work.

The SB team also works closely with the fundraising and communications team in running what we call Challenge Days – these have proved a very popular way for companies, particularly, to engage with us and helps us enormously too as we get great volunteer work focused on a single task such as building a garden or painting fences. The volunteers use their own funds or raise additional sums to do the work and benefit from some great team building as well as engaging with the local community people in a shared task for the day.

The team will look in 2013 at where we might work next. As a result partly of the general improvement in investment in Vietnam and partly as a result of the success of our programmes in each District we are seeing a time when there will no longer be a need for us to build schools in the areas where we are currently and can leave that task to the local authorities to finish as long as it is within their capabilities to do that.

We will have a heavy work schedule next year too with plans to build 5 new kindergartens as well as one large Primary School. We don't normally "blow our own trumpet" but at SCC we currently think that we are building some of the best schools in Vietnam right now and we would like to also acknowledge all of the funders – particularly Premier Oil and AEFA – who work with us and occasionally try new things to bring about the move that we are committed to of changing "school classrooms" into "learning environments".

### **Development and Integration Programme**

Following work done in 2011 on the new strategic path for the department, 2012 was a time for seeing the consequences of this start to appear.

The team now works with new project cycle management tools and this has helped enormously in gauging effectiveness of the work. This has also required a change in the organisational structure which aimed to eliminate the overlap in roles and functions of team members and, at the same time, help with better cooperation as well as providing better quality service and support to our children.

One result of this has been that the team is now called "Development & Integration Programme" or DIP for short as they felt this better reflected the range of work that the team now does.

One key piece of work involved the independent evaluation of Thang Long School as well as a general education and vocational training needs-assessment for disadvantaged children/young people in a number of districts in HCMC. The report will not be ready until 2013 but we already understand more about where we have been effective and where not so. The process involved, amongst other things, interviews with some hundreds of children and young people - past and present students at TLS. We noted completely different views about effectiveness depending on the ages of the children and whilst we also received almost unanimous votes of thanks from the children it was less clear about how TLS actually impacts on job enhancement for them.

We were also able to give TLS a much-needed facelift thanks to investment from a new Japanese partner and friend called Dears Brain. The school received some structural repairs and professional decorating with help from some of the children at the school. It now looks more inviting than ever! The new relationship with Dears Brain also resulted in 4 young people taking a Japanese course and they are enjoying that immensely. If all goes well then we will start to offer Japanese courses to more young people in 2013. There are something like 1500 Japanese companies operating in HCMC and this would give these young people a very strong edge in recruitment.

We particularly enjoy our work with Lufthansa Help Alliance on *Working with Others* as we get to see some excellent work being done often on the tiniest budgets and with lots of passion but also too little expertise too. This year we welcomed some of the Lufthansa and HelpAlliance teams to Vietnam and they continue to be really committed funders and engagers in the work.

Following the recruitment in 2012 to our Vocational Coordinator role, SCC is increasingly becoming better able to offer good quality job counselling advice to children on all aspects of work including vocational training. This is really set to take off next year and plans are well advanced to produce an introductory video which we will be able to share widely and young people will get an insider's guide to 10 or so different types of jobs.

Key plans for 2013 will include a refresh at TLS in light of the findings of the report we will receive next year as well as more focus on the wider issue of capacity development for WWO-supported organisations. As I said above there is often a great will but often not the wherewithal to see plans and ideas through for many of the smaller local organisations we work with. We are committed to helping develop a vibrant local ngo sector and feel that this is another key way that an international ngo like SCC can help move things forward.

### **Child Development Programme – scholarships**

Vu Khanh Truong joined in January as our new Scholarship Manager and brings a wealth of experience with him from his time at Save the Children where he also had responsibility for child protection matters.

2012 was really a landmark year for our team. Starting the year as the "Scholarships" Team and ending as the "Child Development Programme" which really says it all.

The numbers of children and young people supported through the CDP fluctuate during the year – particularly as the school year also crosses over the financial calendar year. Hence numbers of children vary as they leave naturally at the end of a school year – either as they graduate from High School or as they move from one grade or school type to another. The numbers also fluctuate because children still drop out of school at various times during the year and for a whole variety of reasons. This phrase "drop out" is misleading, I think, as it seems to imply that the youngsters have given up but this is often far from the truth and simply what has happened is that the family circumstances have overwhelmed them and their ability to remain in school. This aspect of our work will take ever higher priority and you will note later that we are putting in place systems to provide us and the authorities with "earlier warnings" of this happening so we can step in and reverse the problem before it goes beyond our or the authorities' help.

This makes it difficult to give an exact figure for the number of children supported within our 'scholarship' programme each year. But we felt that it is important to give you a guide. At 1st January 2012 we had 2,568 children and young people in the scholarship program that were funded during the 2011-2012 school year that ended in June 2012. We commenced the new 2012-2013 academic year in September (schools) and October (Colleges and Universities) 2012 with 2,237 children and young people in the programme and, at year end, this number was 2,289.

We have to wait at the start of each school year to be clear about which children have been able to stay in school and which have had to stop. There is then a frantic process of meeting those that have stopped to find the reasons why and, if possible, to try and persuade them to return. If we are unsuccessful then we work to add-in new children to replace those that we have to stop supporting.

The numbers in 2013 are expected to rise again slightly as we add-in new children but will continue to fluctuate.

It has long been our ambition to move into a more developmental role in terms of supporting our children rather than the more charitable model that has been the basis of this programme in the past. This has been driven mainly by necessity as we have struggled to find a way to balance bringing the children the kind of tangible benefits they need with the more personal individual support that they also need. We have been working with our local authority partners on designing and developing a system whereby they take more responsibility for delivering the tangible needs such as school books and school fee support while we develop our team and our approach to provide the counselling side.

We are calling this "Community-based child support" - a new community development approach involving parents, teachers, schools and the wider community in general. Children need education but parents, teachers and the wider local community also need to enhance their capacity and be made fully aware of the importance of education for everyone so they will, in turn, support all of the children in their community. Children benefit from having a faster, more local response – particularly important if they are dropping out from school, for instance. This new approach does present some challenges for our partners as well as SCC staff but, so far, we have received very positive feedback.

This will be piloted in the second half of 2013 as we sign up partners to the programme and we are confident that this will not only hugely impact on the effectiveness of our support for children but will also bring much-needed skills to our partners such that they can do more and more of the work themselves. A good example of where we expect this to have an impact is on children "dropping out" from school. Communications within our partner's systems can mean that it can be months before a child is detected as having "dropped out" and that being communicated to us and even more time can be lost before they are visited, if at all. Often by then it is too late as the child has missed too much school or whatever caused the problem in the first place has exacerbated beyond easy management. Again there is no lack of will on this matter more a lack of focus only. This process should only take a day or two now and this is time for that to be dealt with and the process reversed.

We spent a considerable amount of our time in the latter half of 2011 and the first half of 2012 meeting and talking to all of our children and families or at least as many as we were able to see. In the end we were able to see all but about 200 and the exercise was critical in ensuring that SCC is directing its resources – mainly supplied by readers such as you – in the right place. In the end 300 children we moved out of the scheme either because their circumstances had changed enough for the better or they had moved or were moving out of our geographical reach.

Increasingly part of the network of local support we will provide will be delivered through members of our growing Alumni team. The network now has some 400 members and, as well as being a kind of self-help group, it will also support activities for existing and former scholarship children such as *Getting Ready For Work* (life-skills training, job orientation and job information sharing) as well as monitoring and supporting current scholarship children. They are a wonderful lively group of young people and it is always a pleasure to see them.

The Alumni network was initially made up from past and existing SCC university and college students and this is another group which has continued to grow. We started the year with 167 and added 103 more during the year and with 33 graduating this year we finished 2012 with 237 young people at vocational college or university. Needless to say that we see this as at least one indicator that we are having an impact and that our children and young people demonstrate that that being poor does not mean being unintelligent.

## **Communications (Fundraising and IT)**

The two teams of Fundraising and IT were brought together in the latter stages of 2012 to form "Communications". This is a reflection of the increasing role of IT in our fundraising activities – particularly through the use of the internet and social networking such as Facebook and also reflects the role of fundraising and IT in communications about SCC.

The Communications Team took the lead on supporting the new brand which we have been developing behind the scenes for many months now. We hope you like the new logo and colours and you will see this almost everywhere now. The job of changing over is a big task as the old SCC 'brand' appeared in countless places (and probably still does). The new bright fresh look will, we hope, help us to better show our core values of:

Kind – in the way we support children and families  
Cooperative – in the way we seek sustainable solutions  
Effective – in the way we spend money entrusted to us by our donors  
Accountable – to everyone about what we do and how we do it  
Friendly – in the way we go about our work internally and externally

Fundraising activities have strengthened at SCC in terms of garnering long term support from a small number of committed high-value donors and we are grateful to organisations like Metage, Fondation Albatros, Richard Hua Education Trust Fund, Genesis Investment Management and Premier Oil for making the forward commitments they have. Because of these commitments we are able to build strong foundations for the future and this is a rare privilege especially in the current testing times the world is facing.

SCC has also broadened and strengthened its own fundraising tools and bicycling seems to have become a theme – partly because Vietnam offers some of the most breath-taking (literally!) cycling routes in the world. In 2012 there were three bicycle-related events - each of which was extraordinary in their own way. H2H is a ride from Hanoi to HCMC taking around 1 month so represents an amazing feat for the 19 or 20 participants. Between them they raised \$20,000 for SCC out of \$40,000 raised altogether. SCC is hoping to continue as a key partner again next year. Another smaller version of this set off in the summer recess with 4 UK riders undertaking the same challenging ride and calling themselves Ride4Education. The 4 British university undergrads called Sam, Callum, Jamie and Fred connected with SCC through our erstwhile Chairman and continuing supporter and advocate, Peter Grant Peterkin. They raised more than \$20,000 which is being used to support a number of young people through university.

The third wheel of the bicycling endeavours was the increasingly popular and successful Charity Cyclo Adventure which, in 2012 was led again by Mr Craig Eldred along with more than 30 riders who between them raised more than \$50,000 including three unlucky riders who fell ill before the ride but were still amongst the top fundraisers for the event!

Our ever popular Saigon Cyclo Challenge now in its 13th year finished with net funds of \$38,000 – 10% more than last year and, after mostly positive feedback, most teams seem keen to be involved again next year.

After some gestation – Saigon - The Future – a beautiful collection of photographs taken by TLS youngsters will be printed early in 2013. The work on design was given entirely pro bono by a British designer and part-time drummer – Andy Potter and we are grateful indeed to him for his time and energy with this. We were very fortunate to receive \$5,000 in sponsorship from each of three organisations – Jardine Matheson, HLHV and KPMG which will mean that we can print 3,000 copies. This also means, of course, that every copy we sell will generate 100% profit and this will go on supporting our vocational training work. Copies are just \$30 each in Vietnam and \$50 outside Vietnam and it will be possible to order copies online via our website and, later in 2013, via Amazon as well.

In spite of some worries about “event fatigue/overload” here in Saigon and with three almost-colliding similar events, the Summer Ball ran successfully once again with 382 guests and raised \$42,448 net. The event was sponsored by BMW. This was the fourth and final year that Lisa Tobin has been involved and huge thanks to her for everything she did for SCC and the Summer Ball which raised nearly \$200,000 under her Chairmanship. We are fortunate to have secured support from Jennifer Howell to lead on the Summer Ball in 2013 in place of Lisa.

Fundraising also made many changes in 2012 to our social media and online presence, and we are now at least on a par with other NGOs in Vietnam. Social media, online communication, news updates and press releases have not always received the attention they need, but this is now being turned around effectively with the objective of using these communication channels to generate more funding and other support.

On the IT side we recruited a new member of staff who will help lead us on some key projects in 2013 and including a workable cross-SCC database as well as further development of our website.

We were fortunate to receive 64 used computers which were just 3-years old from RMIT – a major Australian-led university here in the South of Vietnam. More than half of these have been sent to small organisations that SCC works with such as Hy Vong 1, Thien An Shelter, Khai Tri Special School, Anh Minh Special School, Nhat Hong Shelter. The rest of the computers went on to Thang Long School for the recycling project there. Some even stayed at SCC to replace a few failing staff computers.

Managing donors, partners, volunteers and children and keeping their information up to date has been a struggle over the years as it is for many organisations. Part of the current Communications strategy involves seeking a reliable knowledge-based system to do just this. We continue to seek support for this but there are limited organisations here in Vietnam with the strength and skills to do what we need. We end the year hopeful that we have not only identified an organisation to help but that they may offer to do the work pro bono.

### **Finance, Administration and Governance**

SCC was affected by birth, illness and loss in 2012. Two members of staff returned from maternity leave whilst others, including the Director, had their children later in the year. It was an auspicious year for babies – being the Year of the Dragon and in all there were 5 children born to SCC staff members which helps demonstrate how SCC is indeed growing up! Sadly we were also affected by the deaths of two people close to SCC which made 2012 a sad year for us too.

A new government Decree came into force in June 2012 and Decree 12, which updates Decree 340, is designed to make it easier for international ngos to operate in Vietnam. One crucial change will see our licenses expanded from two-year to five years and relieve some of the administrative burden that goes with that. SCC will also be able to upscale our status to 'representative office' status which we will apply for.

We are again enormously grateful to KPMG for their help with this audit which they do completely pro bono. It is a source of great strength for us to have their help with this and also reflects in the kind of relationships with major organisations that we are able to form on the strength of their work.

Training – our new HR policy commits SCC to continue to invest and do more with staff training. This will be a mixture of externally-run courses (we were fortunate to be given places on a First Aid course run by our good friends at Talisman) as well as courses specifically related to individual work areas. We plan in 2013 to complete a comprehensive staff training plan. Also we continue to run SCC-wide training workshops on generally useful topics such as, in 2012, Time Management and Presentation Skills. We thank Radical Coaching for their partnership with us on this which includes offering some excellent advice and support to many of our young people too.

We always seem to be so lucky in securing outstanding volunteers and 2012 was no different. Whether it is helping for a day as some 50 volunteers do for the Cyclo Challenge or helping with English conversation classes or helping in the office I am constantly amazed at the commitment that all of them bring with some volunteers occasionally offering us 6 months or more of their time.

There were two Trustees' meetings held with some changes to the Board. Howard Gatiss will leave as Chairman in March 2013 after 17 years as a Trustee and 7 as Chairman. I will personally miss his support and guidance and SCC as a whole will remember the quality and good nature of his Chairmanship. He will be replaced by Alain Cany who was CEO of HSBC in Vietnam and is now the Chairman of Jardine Matheson. Alain has been a Trustee for many years and he brings with him not just enormous experience but also a genuine passion and vision to drive SCC where it needs to be in the next few years. Tom Tobin stepped down as he moved to Hong Kong and he and his wife have left a big mark on SCC. These departures have been matched by two new Trustees joining. We welcome Ms Truc Nguyen who is the CFO at HSBC and has been a personal supporter of SCC for a number of years. Also we welcome Paul McGee – a Director of UPS now in Hong Kong although he spent a number of years working in Vietnam which was the source of his interest in being involved with our work and he has also been a major supporter of our work for a number of years.

We continue to work closely with SCC-USA - an independent US ngo but which shares our commitment to change here in Vietnam. They are active in the USA in supporting our work and that of other ngos here in Vietnam and we are working with them to strengthen the organisation. The Director, Trinh Kokkoris visited us in Vietnam in August and spent two days with SCC and met some of the Trustees. We are working with them to augment the Board and help develop their capacity to raise funds for work here in Vietnam.

We are requested by the UK Charity Commission also to confirm that there were no serious incidents of any kind recorded during the last year that we are aware of or that were not reported to the Commission.

## LOOKING AHEAD

Our core objectives and values remain unchanged, but it will be clear from this account of 2012 that we are adapting to a changing world and to the nature of the progress which is evident here in Vietnam. A priority is to improve the link for our children between education and work: that is most evident in the further development of vocational training such as the very successful hospitality course. We will seek to improve further our ability to measure the fruits of our – and your – labour: to ensure that our resources are being expended in the most efficient way possible that that we have the right programmes and the right approach. We will focus, as we commented above, on the development of our own staff to give them the best chance possible of helping to ensure a brighter future for the children of Vietnam.

Paul Finnis  
Director  
Saigon Children's Charity



**KPMG Limited Branch**  
10<sup>th</sup> Floor, Sun Wah Tower  
115 Nguyen Hue Street  
District 1, Ho Chi Minh City  
The Socialist Republic of Vietnam

Telephone +84 (8) 3821 9266  
Fax +84 (8) 3821 9267  
Internet [www.kpmg.com.vn](http://www.kpmg.com.vn)

## **INDEPENDENT AUDITORS' REPORT**

**To the Trustees**  
**Saigon Children's Charity**

### **Scope**

We have audited the accompanying balance sheet of Saigon Children's Charity ("the Organisation") as of 31 December 2012 and the related statement of income and expenditure for the year then ended and the explanatory notes thereto which were authorised for issue by the Board of Trustees on 20 September 2013, as set out on pages 16 to 25.

### *Trustees' Responsibility for the Financial Statements*

The Organisation's Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with the accounting policies set out in Note 1 to the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organisation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Organisation's Trustees, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion.

### **Audit opinion**

In our opinion, the financial statements give a true and fair view of the state of the Organisation's affairs as of 31 December 2012 and its incoming resources and resources expended for the year then ended, which have been properly prepared in accordance with the Charities Act 1993 and Regulation 3 of the Charities Act (Account and Reports) Regulation 2000.

*ICPMG limited*

---

**KPMG Limited**

Vietnam

Investment Certificate No: 011043000345

Ho Chi Minh City, 20 September 2013

**Saigon Children's Charity**  
**Balance sheet at 31 December 2012**

	Note	31/12/2012 USD	31/12/2011 USD
<b>Fixed assets</b>			
Tangible fixed assets	2	-	-
<b>Current assets</b>			
Accounts receivable	3	105,815	41,291
Cash	4	527,037	657,284
		632,852	698,575
<b>Current liabilities</b>			
Accounts payable		(79,511)	(64,860)
Accrued expenses		(46,051)	(43,100)
Unearned income	5	(162,704)	(252,364)
		344,586	338,251
<b>Net current assets</b>			
<b>Long-term liabilities</b>			
Provision for severance allowance	6	(44,352)	(36,467)
		300,234	301,784
<b>NET ASSETS</b>			
<b>FUNDS</b>			
Funds brought forward at the beginning of the year		301,784	293,302
Net (expenditure)/income for the year		(1,550)	8,482
<b>FUNDS CARRIED FORWARD AT THE END OF THE YEAR</b>	7	<b>300,234</b>	<b>301,784</b>

The accounts were approved and authorised for issue by the Board of Trustees on 20 September 2013 and signed on their behalf by:

  
Alain Camy  
Chairman

*The accompanying notes are an integral part of these financial statements*

**Saigon Children's Charity**

**Statement of income and expenditure for the year ended 31 December 2012**

		<b>2012 USD</b>	<b>2011 USD</b>
<b>Incoming resources</b>			
<i>Unrestricted funds:</i>			
Donations		140,584	89,233
<i>Restricted funds:</i>			
School building		188,782	152,089
Scholarships		336,348	339,079
Teaching and training		71,926	39,136
Working with other organisations		58,221	91,897
Bank interest		7	16
Exchange differences		927	9,844
Other income	8	257,226	202,343
<b>TOTAL INCOMING RESOURCES</b>		<b>1,054,021</b>	<b>923,637</b>
<b>Resources expended</b>			
<i>Cost of generating funds:</i>			
Fund raising costs	9	70,908	49,080
<i>Charitable activities:</i>			
School building		310,384	219,680
Scholarships		351,447	332,621
Vocational training		174,227	159,695
Special hardship		13,168	13,803
Working with other organisations		63,954	62,191
Administrative expenses	10	71,483	78,085
<b>TOTAL RESOURCES EXPENDED</b>		<b>1,055,571</b>	<b>915,155</b>
<b>NET (EXPENDITURE)/INCOME</b>		<b>(1,550)</b>	<b>8,482</b>

The accounts were approved and authorised for issue by the Board of Trustees on 20 September 2013 and signed on their behalf by:



Alain Cany  
Chairman

*The accompanying notes are an integral part of these financial statements*

**Saigon Children's Charity**  
**Notes to the financial statements for the year ended 31 December 2012**

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

**1. Summary of significant accounting policies**

The following significant accounting policies have been adopted by the Organisation in the preparation of these financial statements.

**(a) Basis of financial statement preparation**

The financial statements are expressed in United States Dollars ("USD") and have been prepared on the accrual basis using the historical concept. The accounting policies have been consistently applied by the Organisation and are consistent with those used in the previous year.

**(b) Foreign currency transactions**

Monetary assets and liabilities denominated in currencies other than USD are translated into USD at rates of exchange ruling at the balance sheet date. Transactions in currencies other than USD during the year have been translated into USD at rates of exchange ruling at the transaction dates. All foreign exchange differences are recorded in the statement of income and expenditure.

**(c) Cash**

Cash comprises cash balances and call deposits.

**(d) Accounts receivable**

Trade and other receivables are stated at cost less allowance for doubtful debts.

**(e) Tangible fixed assets**

**(i) Cost**

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, is charged to the statement of income and expenditure in the year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

## **Saigon Children's Charity**

### **Notes to the financial statements for the year ended 31 December 2012 (continued)**

#### **(ii) Depreciation**

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful life for office equipment is 3 years.

#### **(f) Trade payables**

Trade payables are stated at their cost.

#### **(g) Provisions**

A provision is recognised if, as a result of a past event, the Organisation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

#### ***Severance allowance***

Under the Vietnamese Labour Code, when employees who have worked for 12 months or more ("eligible employees") voluntarily terminates his/her labour contract, the employer is required to pay eligible employees severance allowance calculated based on years of service and employees' compensation at termination. Provision for severance allowance has been provided based on employees' years of service and their current salary level.

Pursuant to Law on Social Insurance, effective from 1 January 2009 the Organization and its employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. The contribution to be paid by each party is calculated at 1% of the lower of the employees' basic salary and 20 times the general minimum salary level as specified by the Government from time to time. With the implementation of the unemployment insurance scheme, the Organization is no longer required to provide severance allowance for the service period after 1 January 2009. However, severance allowance to be paid to existing eligible employees as of 31 December 2008 will be determined based on the eligible employees' years of service as of 31 December 2008 and their average salary for the six-month period prior to the termination date.

#### **(h) Incoming resources**

Unrestricted funds are available for use at the discretion of the Organisation's Trustees in furtherance of the charitable objectives of Saigon Children's Charity. Donations received represent all cash donations received during the year. Restricted income are funds subject to specific restrictions imposed by donors or by the purpose of the appeal. All income is accounted for as soon as Saigon Children's Charity has entitlement to the income, there is certainty of receipt and the amount is quantifiable.

**Saigon Children's Charity**

**Notes to the financial statements for the year ended 31 December 2012 (continued)**

**2. Tangible fixed assets**

	<b>Office equipment USD</b>
<b>Cost</b>	
Opening balance/closing balance	6,313
<b>Accumulated depreciation</b>	
Opening balance/closing balance	6,313
<b>Net book value</b>	
Opening balance/closing balance	-

**3. Accounts receivable**

	<b>31/12/2012 USD</b>	<b>31/12/2011 USD</b>
Receivables	96,343	29,750
Others	9,472	11,541
	<u>105,815</u>	<u>41,291</u>

**4. Cash**

	<b>31/12/2012 USD</b>	<b>31/12/2011 USD</b>
Cash on hand	15,020	14,548
Cash in banks	512,017	642,736
	<u>527,037</u>	<u>657,284</u>

**Saigon Children's Charity****Notes to the financial statements for the year ended 31 December 2012 (continued)****5. Unearned income**

	31/12/2012 USD	31/12/2011 USD
Scholarships (a)	81,133	68,772
School building (b)	68,311	150,474
Development and Vocational Training Projects (a)	13,260	33,118
	<hr/> 162,704	<hr/> 252,364

- a. Unearned income relates to donations for Scholarships, Development and Vocational Training Projects received during 2012 but will not be used until 2013.
- b. Unearned income for School Building relates to money received for particular School Building projects which had not been started by the end of 2012 and are expected to be built during 2013.

**6. Provision for severance allowance**

Movements of provision for severance allowance during the year were as follows:

	USD
Opening balance	36,467
Provision made during the year	13,551
Provision used during the year	(5,666)
	<hr/>
Closing balance	44,352

For the year ended 31 December 2012, the Organization contributed USD1,109 (31/12/2011: USD1,848) to the unemployment insurance fund and the amount is recorded as part of labour and staff costs in the statement of income and expenditure.

**Saigon Children's Charity**

**Notes to the financial statements for the year ended 31 December 2012 (continued)**

**7. Funds**

	<b>Unrestricted funds USD</b>	<b>Restricted funds USD</b>	<b>Total USD</b>
Incoming resources	398,744	655,277	1,054,021
Resources expended	(142,391)	(913,180)	(1,055,571)
Net income/(expenditure) for the year	256,353	(257,903)	(1,550)
Total funds brought forward at 1 January 2012	651,279	(349,495)	301,784
Total funds carried forward at 31 December 2012	907,632	(607,398)	300,234

**8. Other income**

	<b>2012 USD</b>	<b>2011 USD</b>
Cards, calendars and T-shirts	15,120	27,217
Cyclo challenge	42,546	38,064
Ball events	69,652	74,159
H2H bikeride	49,935	24,217
Charity Cycle Adventure	53,654	29,998
Photo books	15,024	-
Others	11,295	8,688
	257,226	202,343

**Saigon Children's Charity****Notes to the financial statements for the year ended 31 December 2012 (continued)****9. Fund raising costs**

	2012 USD	2011 USD
Cards, calendars and T-shirts	9,288	3,414
Cyclo challenge	3,813	4,240
Ball events	30,402	34,509
H2H bikeride	12,346	6,360
Charity Cycle Adventure	654	557
Photo books	10,149	-
Others	4,256	-
	<hr/> 70,908	<hr/> 49,080

**10. Administrative expenses**

	2012 USD	2011 USD
Staff costs	42,105	51,380
Severance allowance	13,551	12,026
Rent and utilities	4,279	5,579
Telephone and internet	1,642	1,419
Office expenses	2,532	3,594
Travelling expenses	1,550	1,701
Bank charges	920	548
Others	4,904	1,838
	<hr/> 71,483	<hr/> 78,085

**11. Employee information**

As at 31 December 2012, the Organisation had 31 employees (31/12/2011: 31 employees).

**Saigon Children's Charity****Notes to the financial statements for the year ended 31 December 2012 (continued)****12. Commitments****(a) Capital expenditure**

As at 31 December 2012 the Organisation had the following outstanding capital commitment approved but not provided for in the balance sheet:

	31/12/2012 USD	31/12/2011 USD
Approved but not contracted	55,022	2,161
Approved and contracted	-	31,688
	<hr/> 55,022	<hr/> 33,849

**(b) Leases**

The future minimum lease payments under non-cancellable operating leases were:

	31/12/2012 USD	31/12/2011 USD
Within one year	34,147	38,400
Within two to five years	30,030	64,817
	<hr/> 64,177	<hr/> 103,217

## Saigon Children's Charity Organisation Information

<b>Board of Trustees</b>	Alain Cany (Chairman) (from 31 January 2013) Howard Gatiss (Chairman) (until 31 January 2013) Diana Simone Wells Mark Anthony Fraser Phillip Jeffery Turner Jonathan Ralph Alexander Waugh Paul Graham Cleves Nguyen Thi Thanh Truc Paul McGee Theodore
<b>Director</b>	Paul Finnis
<b>Scholarship Program Committee</b>	Vu Khanh Truong (Scholarship Manager) Nguyen Thi Van Anh Pham Thi Viet Ha Pham Thi Thu
<b>School Building and Learning Environment Program Committee</b>	Tran Vu Ngan Giang (Head of Programmes) Nguyen Hoang Phuong (School building and Learning Environment Manager)
<b>Development and Vocational Training Program Committee</b>	Nguyen Thi Duy Huong (Development and Vocational Training Manager) Pham Thi Kim Oanh (Thang Long School Principal) Phan Thanh Thuy Hang (Saigon Hospitality Manager)
<b>Administration</b>	Nguyen Thi Van Anh (Finance and Office Manager) Nguyen Hoang Van (IT Manager) Truong Minh Hai (IT Specialist)
<b>Fundraising Committee</b>	Frederikkle Lindholm (Head of Fundraising Manager) Do Thi Xuan Phuc (Event Fundraising Manager) Dong Thanh Ngan (Media Fundraising Manager)
<b>Registered Number</b>	1015484
<b>Registered Office</b>	24 Gloucester Road Teddington, Middlesex TW11 ONU
<b>Main Operating Office</b>	59 Tran Quoc Thao District 3
<b>Auditors</b>	KPMG Limited 10th Floor, Sun Wah Tower 115 Nguyen Hue Street, District 1 Ho Chi Minh City, Vietnam