

Saigon Children's Charity

Annual Report for the year ended
31 December 2014



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Annual Report
For the year ended 31 December 2014

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

I have had close links with SCC for many years: it has been my privilege to have been part of SCC's Board of Trustees since 2003 when I was the CEO of HSBC in Vietnam, and to take over as Chairman in March 2013. SCC is an organisation of which I am immensely proud to be part, providing, as it does, real, measureable support to some of Vietnam's poorest children and families.

Over the years that I have been a Trustee 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 do what I can.

SCC has continued to grow its income and activity this year, particularly in the school-building area, but 2014 has also been a year of significant organisational change. Firstly, only the second change of Director at SCC since 1992 has seen Paul Finnis step down after seven years. I and the Trustees would like to thank Paul for all the hard and effective work that he has carried out on behalf of SCC, and we wish him and his family all the very best for the future. The new Director, Tim Mullett, has been in Vietnam for over 10 years, is a long-term supporter of the charity and brings with him considerable management experience in the military, commercial and not-for-profit sectors. We are delighted to welcome him to SCC.

On his departure Paul was awarded two prestigious medals. The *Medal of Peace and Friendship Among Nations* is awarded by the Union of Friendship Organisations (VUFO) to people who have made a positive and remarkable contribution to building friendship between Vietnam and other countries, and the *Ho Chi Minh City Badge* is awarded by the HCMC People's Committee to foreign citizens who have contributed positively to the development of the city. These awards of course mark not only Paul's significant contribution, but that of the whole SCC team and we congratulate them all.

The second significant change is that the Trustees resolved in 2014 to convert Saigon Children's Charity from an unincorporated charity to a Charitable Incorporated Organisation (CIO), a new charitable structure defined in the UK Charities Act of 2006 and first made available in 2013. The CIO structure will provide a more robust legal status and structure for SCC, and reduces the personal financial liability of the Trustees, an important consideration as the charity continues to grow.

All Trustees, staff, assets and programmes will transfer fully to Saigon Children's Charity CIO with effect from 1 January 2015, and considerable preparatory work has been carried out by the team in 2014 to ensure little or no impact on the ongoing operation of the charity, its beneficiaries, donor's and supporters.

Saigon Children's Charity

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Registered charity number: England -1015484 • Vietnam -21/BNG-VPDA

I would especially like to thank our Trustee Mark Fraser and Fraser's Law Company for their advice and support in preparing for this transition, and to thank and commend the People's Aid Co-ordinating Committee (PACCOM), which oversees the activities of INGOs in Vietnam, for their help and support in transitioning our Project Office license in Vietnam in a smooth and timely manner.

In the interests of good governance and to avoid any legal conflict of interest during the transition period from SCC to SCC CIO, I formally resigned from the Chairmanship of SCC with effect from 15 December 2014, and Paul Cleves was appointed Chairman of SCC from that date to oversee the transition. I remain the Chairman of Saigon Children's Charity CIO.

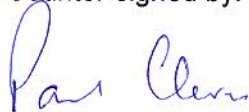
As always my sincere thanks goes to all of our supporters (companies, individuals, foundations and families) for everything you do for us and with us. I pledge to continue to ensure that SCC, and subsequently SCC CIO, remains an effective organisation which honours your commitment in the best way possible, by achieving change for the children and young people we support.

Thank you



Alan Cany
Chairman of the Board of Trustees (to 15 December 2014)
Saigon Children's Charity
Charity Number 1015484

Counter-signed by:



Paul Cleves
Chairman of the Board of Trustees (from 15 December 2014)
Saigon Children's Charity
Charity Number 1015484

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 during the previous financial year, 2014, that we should have brought to the attention of the UK Charity Commission but have not.



Alain Cary
Chairman of the Board of Trustees (to 15 December 2014)
Saigon Children's Charity Board of Trustees
Charity Number 1015484

Counter-signed by:



Paul Cleves
Chairman of the Board of Trustees (from 15 December 2014)
Saigon Children's Charity
Charity Number 1015484

Director's Report

Public Benefit

The Trustees have had due regard to the Charity Commission's public benefit guidance when exercising their powers and duties. This report is designed to demonstrate SCC's activities, thinking and approach in working with the children, families and communities in which we operate to ensure their well-being, and that SCC continuously strives to deliver real benefit to those people we support, in a way that enables them to use this support constructively in their lives.

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, effective and sustainable 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, Dong Nai, Kien Giang and Hau Giang. 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."*

'Disadvantaged' for SCC means 'any disadvantage physical or mental, visible or invisible which affects a child's ability to access education or to learn to their full potential'.

'Children' for SCC means any child up to and including 18 years old, the exception being the provision of additional educational assistance to young people who have already been a recipient of SCC support in order for them to reach their full potential. Our activities may occasionally have a broader catchment of young people from disadvantaged backgrounds aged up to 25.

Guiding Principles

The strategy and approach are based on basic principles agreed by the Board of Trustees and reviewed periodically. These are our tactical fundamentals on which all of SCC's work is based.

1. Since education is fundamental to breaking the cycle of poverty, SCC will work to get children into school, and work to ensure they have the best quality and quantity of education too.
2. SCC is never exclusive and will make its support available to all children that fall within its definitions and its mission.
3. We take a holistic view of each child in assisting them into school and to learn, and aim to tackle anything which affects their ability to enter and maintain education and to learn effectively.
4. We will ensure that our work is of the highest quality and aim to ensure that the work of our partners and the schools we work with is of the highest standard possible.
5. SCC will act and be seen as conductor/social worker/facilitator. We will always look for existing solutions via partners we trust and create new programmes/activities only when we are sure of the need and our ability to meet that need. SCC will always 'add value'.
6. All of our work will be comprehensively researched, monitored and fully evaluated. Results will be disseminated widely.

7. We will always prioritise our work to the children who most need our help.
8. We will always look for ways to involve the local community in designing and delivering solutions and leave behind learning when we can.
9. SCC will always act in a transparent and accountable fashion.

SCC Director's report: 2014

SUMMARY OF THE YEAR:

With a change of Director taking place in October 2014, although this report is signed by me as the incoming Director, much of the work carried out in this period happened under the purview of my predecessor. However I am confident that the handover delivered, and the residual knowledge and expertise of the team, ensures that this report is an accurate reflection of the year's activities.

Before his departure from SCC outgoing Director Paul Finnis was presented with two prestigious medals from the Union of Friendship Organisations (VUFO) and HCMC People's Committee. The Medal of Peace and Friendship Among Nations is awarded to people who have made a positive and remarkable contribution to building friendship between Vietnam and other countries, and the Ho Chi Minh City Badge is awarded by HCMC People's Committee to foreign citizens who have contributed positively to the development of the city. These medals represent a significant recognition by the government authorities, both national and local, of the outstanding contribution made by Paul and the SCC team during the last 7 years and we are very proud of that recognition.

With a change of Director imminent, the strategy originally published to 2013 was extended to include 2014 while work continued both with external partners and within SCC to support development of a new SCC strategy for 2015 onwards.

Core elements of the existing strategy for the years 2009-2014 are to:

- Maintain core activities current at the time – school building, individual child scholarships, Thang Long School and vocational training – but adjusted to meet current and future needs.
- Introduce new and complementary programmes:
 - (a) Aim to do more for those we currently support
 - (b) Broaden to capture children we do not currently support
 - (c) Be, and be recognised as, a quality organisation

SCC's strategy and work for the coming years will be set against the context in Vietnam in 2014 that is best summed up by the following:

WEF – Global Competitiveness¹:

“Up five positions, Vietnam ranks 70th, regaining half of the ground it lost last year. Despite these encouraging developments, the foundation of Vietnam's economy and prosperity remain fragile.”

Millennium Development Goals – United Nations²

¹ World Economic Forum – Global Competitiveness Report 2012-2013

² United Nations Vietnam – October 2012

- **MDG 1: Eradicate Extreme Poverty and Hunger**

“Great progress but applying the new approach³ adopted by Vietnam of measuring child poverty shows that about one third of all children under 16 can be identified as “poor”. This equates to around 7 million children or nearly 29% of all children. The Mekong Delta and the Northwest now have the highest child poverty rates of 52.8% and 64.6% respectively.”

- **MDG 2: Achieve Universal Primary Education**

“Vietnam has made significant progress. In 2009, the net enrolment rate in primary school was 95.5% and primary school completion rate was 88.2%. To build on these achievements several areas need attention – particularly relating to equity and quality of education. Despite the progress the poorest households, ethnic minorities and persons with disabilities still lag behind.”

Vietnam Sustainable Development Strategy 2011 – 2020⁴

“To advance the quality of education and training in order to improve intellectual standard of people and professional skills in favour of the requirements for national, regional and local development”.

Vietnam Education Development Strategy 2011 – 2020⁵

Vietnam aims to “achieve universal education.....the rate of children at primary school age is 99%, at secondary school is 95% and 80% of young people graduate from High School; 70% of children with a disability have the opportunity to access education.”

Income and Expenditure

2014 has seen a 20% growth in income from 2013, with our restricted income increasing as our school-building programme has expanded further. This has again been mainly due to the commitments of two major corporate partners, ANZ with Project 3E, and particularly in 2014, Prudential Vietnam and the Prudence Fund, who celebrated their 15th anniversary year in Vietnam by building seven schools with us, an extraordinary commitment.

My arrival as Director also happily coincided with another exceptional donation by Dragon Capital to celebrate their 20th Anniversary in Vietnam. This will fund more than 60 students to complete their entire four year tertiary education, a remarkable legacy and we look forward to seeing the beneficiaries grow and develop as they study for a better future. This donation explains for the most part, the significant increase in our deferred (unearned) income for scholarships.

Unrestricted income was given a much needed boost by a record income from the Saigon Summer Ball, and April also saw a fundraising event in Singapore with great support from friends at Credit Suisse and we will look to make such regional events a more regular occurrence in the future.

As always SCC aims to identify programmes and then raise money to support them, and this is particularly apparent in the school building programme area where we both identified schools that need support and were then able to raise and spend much more in 2014 than in 2013. This year all school construction was completed within the calendar year and we therefore have only one school building donation deferred to 2015.

³ Multi-dimensional approach adopted with UNICEF which includes education; health; nutrition; shelter; water; sanitation; child work; social inclusion and protection.

⁴ <http://chinhphu.vn/portal/page/portal/English/strategies/strategiesdetails?categoryId=30&articleId=10050825>

⁵

http://vanban.chinhphu.vn/portal/page/portal/chinhphu/hethongvanban?class_id=2&mode=detail&document_id=160806 and http://giaoducmoitruong-giz-baclicueu.com/images/c/c2/The_education_development_strategy_from_2011-2020.pdf (English)

On the cost side we incurred two unexpected and unbudgeted one-off costs in 2014, firstly for the work to prepare for the transition to become a Charitable Incorporated Organisation (CIO), and secondly the costs associated with the change of Director. These are reflected in the higher administrative costs, especially in staff and office costs for 2014, but should then revert in 2015.

The Summer Ball at a new venue cost more to stage, but generated a much increased return, and the Charity Cycle Adventure (CCA) costs fell back compared to 2013 as expenses were managed by the riders independent of SCC again this year.

Working with Others (WWO) continues to be a strong programme thanks to the unflagging support of Lufthansa Help Alliance. 2014 saw us change our approach to focus on capacity building and training, rather than facilities development, and also a move to look further outside HCMC. As a result both income and expenditure dropped this year as we provided fewer grants, but we expect the outcomes to have a longer term benefit and the programme to flourish and grow in this area which needs so much support.

We continued to operate prudently this year as it continues to remain difficult to foresee how funding might be affected in the longer term with the continued uncertainty surrounding the global economic situation. However SCC remains on a strong financial footing and our great thanks goes once again to all our generous, compassionate and long-standing supporters and funders for helping us to increase our income over the last few years and therefore the amount of work that we can do. This is especially true as these last few years have been difficult for many people and many organisations too, yet both individuals and companies have continued to support our work. We have been fortunate to receive an increasing number of long-term commitments, and this allows us to focus our attentions on delivering the best programmes that we can for the children and their families.

PROGRAMMES

The Programmes Team continued to be led through 2014 by Head of Programmes Ms Ngan Giang who, along with our children and youngsters, has kept the teams extremely busy.

School Building and Learning Environments

In 2014 we completed a record 20 schools (56 classrooms). Seven of those schools were carried over from the 2013 school-building programme and a further 13, representing 43 classrooms, started and finished within 2014. This total included completion of our first schools in three new provinces: Hau Giang, Kien Giang and Ca Mau. These new classrooms will benefit 1,363 children each year, providing a much improved learning environment and a positive starting point for their education.

In recognition of their 15th anniversary in Vietnam, Prudential Vietnam and the Prudence Fund embarked on an ambitious programme of school-building within 2014, building 7 schools with SCC totalling 19 classrooms and benefitting many hundreds of children for years to come. This was also linked to a reality TV programme called "Cung xay tuong lai" (Building Future Together) broadcast in 32 episodes over 32 weeks on a local channel. The programme received good attention from the public and certainly raised awareness, not only about the school building work that Prudential and SCC carried out within the year, but also, for many city dwellers, about the daily living condition of many of those less fortunate than themselves in the more rural areas of the Mekong Delta.

Following the start of the Project 3E partnership with ANZ in late 2013, 4 new schools and kindergartens funded by ANZ were completed in Long My District, Hau Giang Province, totalling 11 classrooms and benefitting 530 children each year. Project 3E has gone from strength to strength, focusing global ANZ employee interest in making a significant difference in a single geographic area. The school openings attracted ANZ visitors from as far afield as Japan, Taiwan, and even Fiji. We look forward to broadening out Project 3E beyond school building in 2015 to include the provision of scholarships in the same Long My district, and potentially the equipping of secondary schools.

Also notable this year was Tan Hoa Primary School in Tra Vinh, funded by the Consulate General of Japan. This is the biggest school SCC has ever built with 10 classrooms benefitting 253 children each year. The friendship exchange activities between schools in Vietnam and sister schools in Japan also continued to be developed and the school building coordinator, together with a teacher of a school in the Mekong Delta, was invited to visit schools in Japan during the summer months.

Following encouragement from the Vietnamese authorities, in 2014 we also started to survey the needs for school building in Northern provinces. After assessing five provinces the need for support was clearly identified, and we have decided to pilot building schools and kindergartens in two provinces nearer to Hanoi in 2015, Phu Tho and Hai Duong, subject to funding availability. We will then assess whether this is feasible for SCC as part of our longer term strategy and what additional resources might be needed to support a more geographically distributed school building programme.

The development of the Community Management Unit has continued to deliver real value and is now an integral element of the School Building programme, allowing much greater local community involvement in the building project, as well as the transfer of skills and knowledge in the supervision of the construction and the ongoing care and maintenance of the school once completed.

This year too we continued to add a further layer of Learning environment development, using a third party, Green Generation, to provide environmental training both in management of the environment and also in basic recycling of waste materials for use in the local community, or to be sold. These activities and awareness training are now built into our proposals for each new school.

The school building programme also provides a ready opportunity for engagement by donor staff, volunteers and individuals who want to do something practical to help. While we never want to take work away from, or in any way replace, the local contractor, our Challenge Days really do allow those from further afield to see for themselves the real need for their valuable support, and to engage with local community members in a more direct way.

Development and Integration Programme

This programme continues to be a focus for ongoing development as we follow our principle of looking at the whole child, and aim to ensure that formal education achieved is supplemented by increased self-confidence and life skills, and results in a genuine change of life circumstances.

2014 saw the Principal of Thang Long School (TLS) Ms. Oanh retire after 9 years of services. We would like to thank her for her contribution to the work at TLS and wish her a happy retirement. At the end of the year this position had not yet been filled, but we are hoping that a strong internal candidate from within the current SCC team will be approved by the District authorities. We intend to review the TLS strategy once a new Principal has been appointed, and will start the process of gathering supporting information in 2015.

With support of volunteers from ILA and the British Council, TLS introduced new curriculum and updated textbooks for the English training programme, focusing more on communicative English than on traditional grammar. The teachers were also trained to be more interactive with students, and this aligns with our objective to build longer-term employability skills.

The Japanese course has continued strongly with ongoing funding from Deers Brain, and while not seen as a direct entry into employment, certainly provides greater opportunities for the participating youngsters as they look at where they might be best employed in the future.

The Saigon Hospitality programme has continued to flourish with two courses (11 and 12) running in 2014. This programme, generously funded once again by Talisman, has an excellent record of job placement following completion of the programme and this reflects the continued growth of this sector within Vietnam. It is a real pleasure to meet Hospi course graduates at hotels, restaurants, coffee shops and bars across the city.

2014 also saw a change in our long-standing course on beauty and hairdressing. We started a collaboration with L'Oreal to provide professional beauty training to students through their L'Oreal programme, feeling that this programme could provide more professional training to our youngsters than the hairdressing and beauty courses run at TLS. We increasingly use third party providers to deliver higher quality training than we could do ourselves, and will watch progress in this area with interest.

We continue also to develop a proposal for a careers advisory and life skill programme for District 8 who approached us last year to help them address the problem of school drop-out and lack of skills and motivation amongst group of their young disadvantaged youngsters. Once we identify funding to support it, we will aim to launch this programme in 2015.

With funding and support from Lufthansa Help Alliance, Ms Hien our Programme Manager for Working with Others (supporting children with disability) was able to join an international conference in Toronto, Canada on Changing the Course of Autism in November. During the three week trip Hien was not only able to learn and network at the conference itself, but also able to visit several centres for children with autism in Canada to see best practice at work. She returned to Vietnam highly motivated, and full of ideas that she can share with the community and centres we support.

Child Development Programme – Scholarships

At the end of 2014 we were supporting 2,174 children with the expectation that this would increase to around 2200 by the end of the school year 2014-2015 a decrease in numbers against 2,103, but one that is expected to increase again through 2015 and beyond.

An extensive Socio-economic and education survey of our current areas of scholarship operation was carried out by the CDP programme officers late in the year, to review whether our presence was still really needed or whether local authorities and partners now had sufficient skills and resources to help families and children themselves. Interestingly the results were not as expected, with certain areas showing an unexpected ongoing need, often due to the impact of migrant workers and their families moving to more affluent areas in search of work and then finding life hard. Other districts however have shown strong development, and while we will continue to support children already in our programme through to completion of their education, we will not enroll new children in these areas. The main conclusion of the survey was that we should broadly consolidate where we are already working.

This valuable survey work will also feed in to development of our next stage strategy. We are always of course hoping to find increasing numbers of local partners who may be in a position to take on more of the work that we currently do for them but which is actually their responsibility.

The first Community Based Child Support Network (CBCSN) established in Tra Vinh has now been piloted with the objectives of providing increased support to our children when SCC is not there, and long-term to create the knowledge transfer and organisational infrastructure which will allow local partners to replace SCC's work completely. As an adjunct to this we are now aiming to work primarily through identified partner schools to support groups of children, rather than scattered scholars. This allows much great communication and support from the schools and much quicker communication of problems and drop-out risks.

The CDP Getting Ready for Work programme, developed during 2013 was also implemented in 2014, piloted at two schools in Tra Vinh Province, aiming to provide Life Skills and career advice to those who often have little exposure to career possibilities, and whose self-confidence and knowledge in many non-academic areas is lacking.

For older students there have also been developments. The SCC Alumni Network numbers continue to grow, with upwards of 700 students now registered both current and graduate. The Alumni Network exists to create connections between beneficiaries, provide skills, and to be ambassadors of people who have overcome difficulties. Seeing productive and employed graduate students returning to help current SCC scholars in their free time, with HR, careers and study advice shows the great potential for this alumni group, and demonstrates the level of commitment that these children have when given the chance.

In addition a Student Board was set up in late 2014 to encourage and give existing students a structure which provides practical opportunities to coordinate and organise student related activities and events, and to facilitate communication with SCC staff. It again shows promise and the students seem keen to get involved and extract the maximum benefit from it.

Work was started in late 2014 to improve our internal contact management and records database, particularly for the scholarship programme which has been running on what is now redundant software. This has been making the reporting process to our donors long and overly complicated and many have received reports late, and often not received general communications at all. In the short-term records have now been moved to spreadsheets, but with the firm intention that we implement a more up to date array of database, mailing and CRM systems, once a suitable solution and funding have been identified.

COMMUNICATIONS (FUNDRAISING AND IT)

Fundraising remains strong and we are fortunate that we are able to identify sufficient funds to enable us to do our work. As ever SCC has been project led, identifying projects before raising funds to support them. This approach helps to make sure that our programmes are funded in advance and several funders also now give longer-term commitments, something which provides invaluable security for the programmes.

There are some programme areas which are more difficult to raise funds for, especially those around older children, around employability, life skills and career advice, and we would particularly like to acknowledge Children for a Better World, Talisman and others for supporting those areas of our work.

We would dearly love to have all funding in place before the start of our financial year, but in fact our programmes run to different calendars and so this is not realistic. However, for the majority of our programmes, we only start once committed funding has been secured. For our CDP scholarship programme we will be aiming in future to have majority funding in place before the school year starts and will be working with our donors in some cases to change their renewal timetables in order to facilitate this, something we hope will simplify some unnecessarily complicated current processes.

As ever SCC also works hard to raise its own funds. The more we can raise ourselves, the more of each donation goes directly to programme work and the children.

Our main fundraising activities in 2014 were:

The 14th Cyclo Challenge was once again in District 7 in March, drawing a good crowd for a Sunday morning and generating much needed funding. This event also gets extensive media exposure and this helps to raise awareness of SCC itself as well as of the work we do.

Singapore exhibition: with support from SCC friends and Credit Suisse we organised a Photo Exhibition back in Singapore in April. The exhibition was the culmination of an internal photo contest at Thang Long School Art and Photography class. Nguyen Thanh Ngoc was the winner, and in fact his best photos won the 1st, 2nd and 3rd prizes. As the winner, Ngoc also won a trip to Singapore which widened his eyes and gave him lots of new exposure.

The Annual Saigon Summer Ball was held in June at a new venue, the InterContinental Asiana Saigon, and over 380 guests enjoyed what is regarded as one of the main social events of the year in Ho Chi Minh City. The Ball raised a wonderful record income of over \$84,000 net of costs, as a result of some tremendous Main Auction bids and the incredible generosity of those attending.

The Charity Cycle Adventure, in its 5th edition, was once again a great success, returning to conquer the famed Hai Van pass between Hue and Danang. Out thanks go to Tom Duncan for organising and leading the Challenge this year, and for agreeing to do so again in 2015 when a different route will be chosen. The riders raised over \$40,000 this year and have now raised over \$200,000 in total for SCC in the last few years, an outstanding effort.

I would also like to acknowledge the effort and contribution made by the riders in the H2H Hanoi to Ho Chi Minh City ride. These riders each take a month off work to make the ride in support of a collection of charities, covering their own costs and raising considerable sums. SCC is the lead beneficiary and we have been delighted to continue supporting Chris Rolls and his team in any way we can as they prepare for the ride in 2015.

We are of course immensely grateful to all our funders, donors and supporters, and we are delighted too to have some new donors working with us in 2014, in particular BASF, Ogilvy, and Shinhan Bank. Additionally we would like to recognise Rob Drake-Brockman from London, who visited Vietnam with his teenage son in November 2014 and has committed, in partnership with Stuart Bamford (Head of Chelsea Pre-Prep) and parents of the Kindergarten, to support the building of at least one school in 2015: that is very inspirational.

FINANCE AND ADMINISTRATION

After renewing our license in 2013, we then needed to amend our license again this year, in preparation for the transition to SCC CIO at the end of 2014. A lot of work is needed to make sure all requirements are met, and it was good to see the final and necessary piece of paper arrive at the end of December. Thank you to PACCOM and VUFO for their support in this.

Both the arrival of the new Director and the transition to SCC CIO have also given us cause and opportunity to re-evaluate, simplify and improve some of our internal systems and processes, both financial and operational. This healthy internal quality focus will continue into 2015-16 and will link with the projects for database and CRM implementation already mentioned.

The relationship with SCC USA is also evolving following the “Social Investment Agreement” (SIA) signed in 2013 and some changes to the SCC USA Board within 2014. We will continue to discuss how best to support each other moving forward and anticipate that conversation continuing into 2015 as they transition. SCC USA and the UK registered Saigon Children’s Charity (SCC) share some common ambitions but are entirely separate and individual organisations.

Our audit this year was conducted again by the superb team from KPMG who kindly do this on a pro bono basis. Our finance systems are run through SunSystems which has helped enormously in the job of properly tracking, recording and reporting on income and expenditure. This year the initial audit work was finished quickly but there has also been considerable further advice and support to ensure that all necessary preparations were correct for the transfer of assets to SCC CIO.

GOVERNANCE

SCC is managed by a Deed of Trust and is unincorporated. The organisation is governed by a Board of Trustees. Trustees are selected and invited to join with proper regard to their suitability for the role as well as what skills they are able to add to the Board. The current Board consists of 8 Trustees but there is provision for this to increase to 10. In 2014 there were 8 Trustees with 6 being based in Ho Chi Minh City, one in Hong Kong and one in England. More information about the Trustees and about SCC generally can be found on our website – www.saigonchildren.com.

The Trustees delegate management of the day-to-day activities of the organisation to the Director of SCC and this is managed through an agreed policy paper and budget. This ensures an appropriate degree of autonomy for the Director whilst ensuring that the Trustees remain informed and involved in a timely manner on key agreed areas such as:

- Significant policy, procedural or project changes
- Financial concerns
- Major personnel issues
- Other matters of significance

Trustees receive regular financial and activity update reports on all aspects of the organisation. In addition the Trustees aim to meet formally as a Board at least 3 times per year and more frequently if required. SCC Trustees take an active involvement with the organisation and are often involved in supporting aspects of the work, when required, as well as participating in fundraising events and other activities.

Transition to Saigon Children's Charity CIO

As mentioned in the Chairman's statement, the Trustees resolved in 2014 to convert Saigon Children's Charity from an unincorporated charity to a Charitable Incorporated Organisation (CIO). The CIO structure was defined in the UK Charities Act of 2006 but only became available in 2013. It will provide a more robust legal and contractual status for SCC, and reduces the personal financial liability of the Trustees, an important consideration as the charity continues to grow both its income and expenditure.

SCC CIO will come into operation from 1 January 2015 with a new UK charity number and an amended Vietnam license (also a new number). Legally we will be The Saigon Children's Charity CIO, however we will continue to be known as, and to operate as, SCC.

All Trustees, staff, assets, strategy and programmes will transfer to Saigon Children's Charity CIO from 1 January 2015, and all contracts and agreements, bank accounts and other payment channels have been prepared for migration. Considerable preparatory work has been carried out by the team in 2014 to ensure there will be little or no impact on the ongoing operation of the charity, its beneficiaries, donors and supporters.

I too would especially like to thank our Trustee Mark Fraser and the team at Fraser's Law Company for their invaluable research, advice and support in preparing for all legal aspects of this transition, and Mr Phan Anh Son General Director of PACCOM and Mr Nguyen Trung Dung, for their guidance and support in ensuring the process for revising our Vietnam Project Office license and registration number was smooth and timely.

Once the transition to SCC CIO has been achieved, and all accounts audited and asset transfer has been completed, the intention, in accordance with the guidance of the Charity Commission of England and Wales, will be to dissolve The Saigon Children's Charity (Charity number 1015484) and continue operation as The Saigon Children's Charity CIO (Charity number 1157774).

LOOKING AHEAD

Our core vision, mission, objectives and values remain unchanged, but it will be clear from this account of 2014 that we are continuing to adapt and respond to an ever-changing world. That will be seen administratively with the transition to SCC CIO on 1 January, but is also reflected in the nature and pace of the progress which is especially evident here in Vietnam.

Our overall strategic theme for 2015 with a new Director in place will be consolidation, making sure we continue to do well what we already do and that may include some upgrading of internal systems and IT infrastructure. However looking forward, a programme priority for the future is to improve the employability link for our children between education and work: that is most evident in the further development of vocational training such as the very successful Saigon Hospitality course and in the development of Life Skills training and career advice for those approaching employment age.

We will continue to improve our ability to measure the impact and outcomes of our labour, kindly funded by you, ensuring that our resources are being expended in the most efficient way possible, that we have the right programmes, the right people and partners in place and the right approaches to give the children and young adults we support the best chance possible of a brighter future.

On a personal note I consider becoming Director of SCC an enormous privilege and a great responsibility, and very much hope to build on the outstanding work of my two predecessors. With your support, the SCC team will continue to help give those children who need it most, that priceless opportunity of an education which can transform their lives, lift them from poverty and contribute to the ongoing development of their country.



Tim Mullett
Director
Saigon Children's Charity
October 2015



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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 2014 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 27 October 2015, as set out on pages 18 to 28.

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 2014 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.

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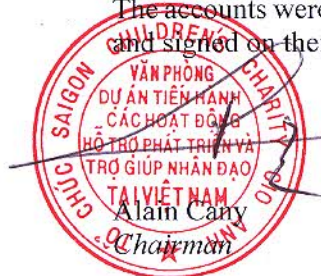
Vietnam

Ho Chi Minh City, 27 October 2015

Saigon Children's Charity
Balance sheet at 31 December 2014

	Note	31/12/2014 USD	31/12/2013 USD
Fixed assets			
Tangible fixed assets	2	-	-
Current assets			
Accounts receivable	3	126,982	156,619
Cash	4	812,830	673,319
		939,812	829,938
Current liabilities			
Accounts payable		(265,367)	(140,402)
Accrued expenses		(20,900)	(43,258)
Unearned income	5	(413,045)	(332,092)
		240,500	314,186
Net current assets		240,500	314,186
Long-term liabilities			
Provision for severance allowance	6	-	(16,194)
NET ASSETS		240,500	297,992
FUNDS			
Funds brought forward at the beginning of the year		297,992	300,234
Net expenditure for the year		(57,492)	(2,242)
FUNDS CARRIED FORWARD AT THE END OF THE YEAR	7	240,500	297,992

The accounts were approved and authorised for issue by the Board of Trustees on 27 October 2015 and signed on their behalf by:



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 2014

		2014 USD	2013 USD
Incoming resources			
<i>Unrestricted funds:</i>			
Donations		107,076	86,224
<i>Restricted funds:</i>			
School building		661,948	359,997
Scholarships		332,356	337,525
Teaching and training		97,880	97,306
Working with other organisations		33,884	61,997
Exchange differences		(11,139)	(172)
Other income	8	256,039	288,063
TOTAL INCOMING RESOURCES		1,478,044	1,230,940
Resources expended			
<i>Cost of generating funds:</i>			
Fund raising costs	9	70,393	74,953
<i>Charitable activities:</i>			
School building		745,873	405,028
Scholarships		407,497	423,457
Vocational training		191,311	183,735
Special hardship		7,317	10,816
Working with other organisations		46,115	75,999
Administrative expenses	10	67,030	59,194
TOTAL RESOURCES EXPENDED		1,535,536	1,233,182
NET EXPENDITURE		(57,492)	(2,242)

The accounts were approved and authorised for issue by the Board of Trustees on 27 October 2015 and signed on their behalf by:



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 2014

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 2014 (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) 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. Restricted income are funds subject to specific restrictions imposed by donors or by the purpose of the appeal. Income is recognized when earned by the Saigon Children's Charity and there are no significant uncertainties regarding the consideration due.

Unrestricted fund income is earned when donors are committed to the donation or, if there are significant uncertainties regarding the consideration due, when the donation is received.

Restricted fund income is earned (i) when donors are committed to the donation or, if there are significant uncertainties regarding the consideration due, when the donation is received; and (ii) when activities for which the fund is donated are started or time prorated in case of scholarship.

2. Tangible fixed assets

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

Saigon Children's Charity

Notes to the financial statements for the year ended 31 December 2014 (continued)

3. Accounts receivable

	31/12/2014 USD	31/12/2013 USD
Donation receivables	101,071	144,541
Others	25,911	12,078
	<hr/> 126,982	<hr/> 156,619

4. Cash

	31/12/2014 USD	31/12/2013 USD
Cash on hand	11,412	15,785
Cash in banks	801,418	657,534
	<hr/> 812,830	<hr/> 673,319

5. Unearned income

	31/12/2014 USD	31/12/2013 USD
Unrestricted donations:		
Management expense	-	5,000
Restricted donations:		
Scholarships (a)	301,338	119,229
School building (b)	62,134	190,283
Development and Vocational Training Projects (a)	49,573	17,580
	<hr/> 413,045	<hr/> 332,092

- a. Unearned income relates to donations for Scholarships, Development and Vocational Training Projects received during 2014 but for Scholarships, Development and Vocational Training Projects in 2015 onwards.
- b. Unearned income for School Building relates to money received for particular School Building projects which had not been started by the end of 2014 and are expected to be built during 2015 and 2016.

Saigon Children's Charity**Notes to the financial statements for the year ended 31 December 2014 (continued)****6. Provision for severance allowance**

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

	31/12/2014 USD	31/12/2013 USD
Opening balance	16,194	44,352
Provision made during the year	1,224	13,395
Provision used during the year	(17,418)	(41,553)
Closing balance	-	16,194

In 2014, the Organization decided to pay all of provision for severance allowance to employees.

7. Funds

	Unrestricted funds and restricted funds USD
Incoming resources	1,478,044
Resources expended	(1,535,536)
Net income/(expenditure) for the year	(57,492)
Total funds brought forward at 1 January 2014	297,992
Total funds carried forward at 31 December 2014	240,500

Saigon Children's Charity**Notes to the financial statements for the year ended 31 December 2014 (continued)****8. Other income**

	2014 USD	2013 USD
Cards, calendars and T-shirts	19,572	14,785
Cyclo challenge	31,823	32,603
Ball events	136,990	91,440
H2H bikeride	14,038	29,862
Charity Cycle Adventure	39,625	59,735
Photo books	3,241	10,083
Others	10,750	49,555
	<hr/>	<hr/>
	256,039	288,063

9. Fund raising costs

	2014 USD	2013 USD
Cards, calendars and T-shirts	3,927	5,352
Cyclo challenge	4,949	4,057
Ball events	52,718	36,179
H2H bikeride	2,663	13,509
Charity Cycle Adventure	1,319	8,120
Photo books	713	1,719
Others	4,104	6,017
	<hr/>	<hr/>
	70,393	74,953

Saigon Children's Charity

Notes to the financial statements for the year ended 31 December 2014 (continued)

10. Administrative expenses

	2014 USD	2013 USD
Staff costs	48,406	31,141
Severance allowance	1,224	13,395
Rent and utilities	4,642	3,510
Office expenses	6,495	3,852
Travelling expenses	3,728	2,126
Bank charges	862	1,280
Others	1,673	3,890
	<hr/> 67,030	<hr/> 59,194

An element of relevant administrative expenses is apportioned to each of our key areas of charitable activity in a ratio agreed each year with SCC Trustees.

11. Employee information

As at 31 December 2014, the Organisation had 26 employees (31/12/2013: 24 employees).

Saigon Children's Charity

Notes to the financial statements for the year ended 31 December 2014 (continued)

12. Commitments

(a) Capital expenditure

As at 31 December 2014 the Organisation had the following outstanding capital commitment approved but not provided for in the balance sheet:

	31/12/2014 USD	31/12/2013 USD
Approved but not contracted	62,855	192,127

(b) Leases

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

	31/12/2014 USD	31/12/2013 USD
Within one year	10,530	35,040
Within two to five years	-	2,480
	10,530	37,520

13. Subsequent events

From 1 January 2015, The Saigon Children's Charity has converted to a Charitable Incorporated Organisation (CIO) under UK Charity Law and will now legally be known as The Saigon Children's Charity CIO ("SCC CIO"). The Saigon Children's Charity CIO was entered on the Register of Charities of the Charity Commission of England and Wales on 8 July 2014, with registered charity number 1157774. Accordingly, the Organisation's Establishment Decision of Vietnam No. 21/CNV-VPDA dated 31 December 2014 was issued by the Ministry of Foreign Affairs of Vietnam and is valid for 4 years.

Saigon Children's Charity Organisation Information

Board of Trustees	Alain Xavier Cany (Chairman) (until 15 December 2014) Diana Simone Wells Mark Anthony Fraser Philip Jeffery Turner Jonathon Ralph Alexander Waugh Paul Graham Cleves (Chairman) (from 15 December 2014) Nguyen Thi Thanh Truc Paul Theodore McGee
Director	Paul John Augustus Finnis (until 10 October 2014) Timothy John Mullett (from 10 October 2014)
Child Development Program Committee	Nguyen Thi Yen (Scholarship Coordinator) Nguyen Thi Van Anh Pham Thi Viet Ha Pham Thi Thu Cao Hoang Tuong Vi Tran Thi Kim Yen
School Building and Learning Environment Program Committee	Tran Vu Ngan Giang (Head of Programmes) Nguyen Hoang Phuong (School building and Learning Environment Manager) Nguyen Hoang Hung
Development and Integration Program Committee	Nguyen Thi Duy Huong (Development and Integration Manager) Tran Thi Minh Thi Phan Thanh Thuy Hang Nguyen Thi Thuy Trieu Thi Anh Nguyet Do Thi Hien
Central Office	Nguyen Thi Van Anh (Head of Finance, Admin, HR) Nguyen Kim Thao Mai Kim Lien Bui Van Lam Nguyen Loc Thanh Nguyen Loc Vinh Truong Minh Hai
Communications Committee	Pham Thanh Hai (Head of Fundraising and Communications) Phan Thi Phuong Truc Banh Thi Tuyet Mai Nguyen Thao Nguyen
Registered Number	1015484
Registered Office	24 Gloucester Road Teddington, Middlesex TW11 ONU

**Saigon Children's Charity
Organisation Information**

Main Operating Office

59 Tran Quoc Thao
District 3

Auditors

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