



SMILE TRAIN UK
Annual Report 2021

THANK YOU FOR KEEPING THE WORLD SMILING THROUGH CRISIS



Susannah Schaefer

Executive Vice Chair, President & Chief Executive Officer, Smile Train

A handwritten signature in black ink that reads "Susannah Schaefer".

Reflecting on the year brings me back to this time last year. Like most of us, I spent much of last summer worrying about the health and safety of those closest to me, including my Smile Train family and our patients. My anxiety compounded as the year ended and the board and I were forced to answer impossible questions like, How do you plan for another year when no one knows what the world will look like next week or even tomorrow? We decided to start at the bedrock: What did we know would still be true in the coming year, come what may? We quickly came up with two answers: Our staff's absolute dedication to helping our partners and patients, and our donors' total commitment to strengthening global healthcare systems and giving every child with a cleft something to smile about.

One year later, I can say that while we knew we could count on you, we never could have imagined just how much you would overwhelm us with your support. During the biggest crisis of our lifetimes, you didn't just show you believed in Smile Train and in our unique model — you made this one of our most successful fundraising years yet.

Thanks to you, at a time when other global health charities were scaling back or suspending operations, from surgeries — the keystone of the cleft journey — to the other forms of comprehensive cleft care that support and flow from it, Smile Train was expanding its reach like never before. With your help, we:

- Enabled **81,000+ safe cleft surgeries in 70+ countries**
- Brought lifesaving cleft nutrition programmes to **41 new countries**
- Sponsored **93,000 essential non-surgical cleft treatments**—a 429% jump from FY21

...And that's just the beginning of your impact!

On behalf of Smile Train's staff in the UK and around the world and the countless children you made smile when they needed it most, ***thank you.***

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A world where everyone has access to safe, high-quality comprehensive cleft care and is able to live a full and healthy life.

OUR VISION

1,100+

PARTNER hospitals

90+

COUNTRIES where Smile Train has sponsored free cleft treatment

40k+

TRAINING opportunities

35+

COUNTRIES where Smile Train offers essential non-surgical cleft care services

1.5m+

SURGERIES

performed on people of all ages since our founding in 1999

3k+

DOCTORS TRAINED

via our Virtual Surgery Simulator

£15b

in economic impact achieved as a result of cleft treatment*

1

GOAL: a world where everyone has access to safe, high-quality comprehensive cleft care and is able to live a full and healthy life.

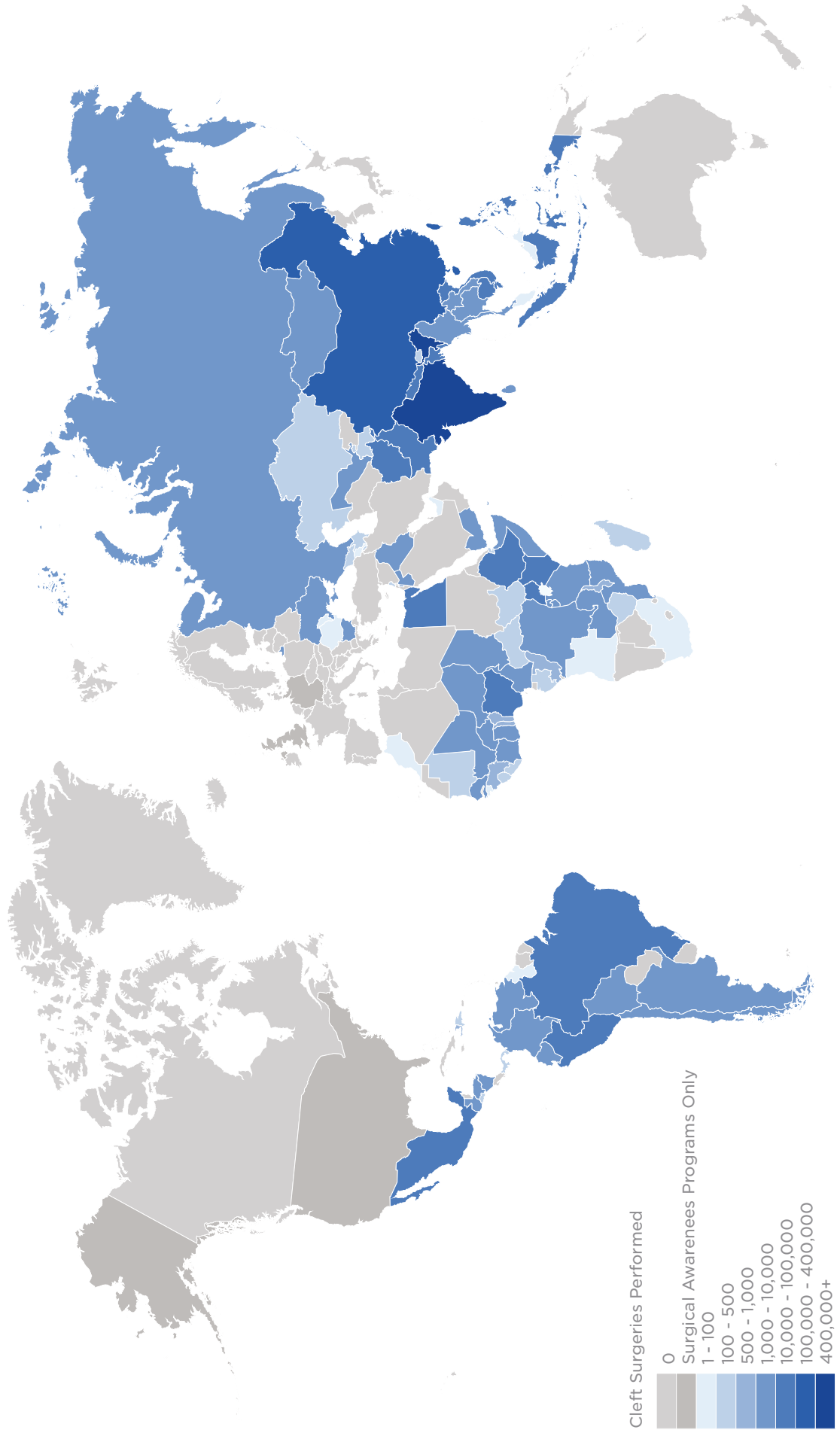
2.1k+

TRAINED medical professionals—including surgeons, anaesthesiologists, orthodontists, and nutritionists around the world

OUR IMPACT

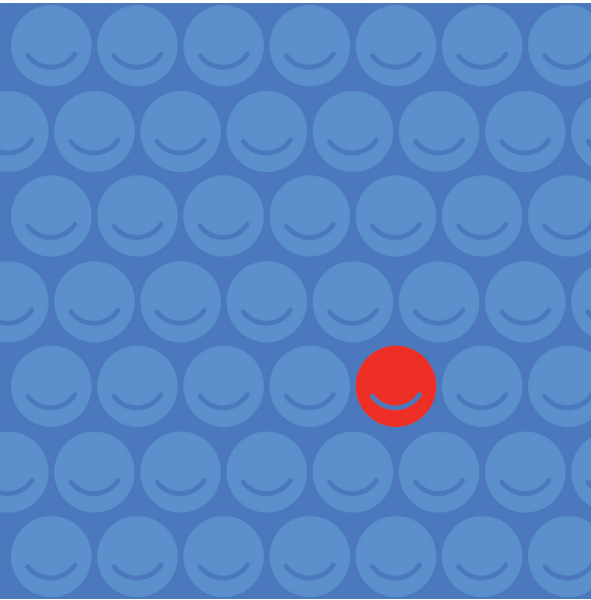
* BMJ Global Health - Economic valuation of the impact of a large surgical charity using the value of lost welfare approach. Daniel Scott Corlew, et al. Published 8/12/16.

SMILE TRAIN: SHOWING THE WORLD THE TRUE POWER OF A SMILE



Map as of July 2021

*Smile Train has provided support for cleft organisations in the U.S. and U.K. Smile Train, Inc. can accept donations worldwide and has fundraising programmes in Brazil, Germany, India, Indonesia, Mexico, Philippines, U.A.E., U.K. and U.S.



Gianna, Peru

OUR WORK THROUGH THE PANDEMIC



GIANNA'S STORY

In March 2020, Aurea was afraid, alone, and desperately trying to feed Gianna, her starving newborn with a cleft. Unable to leave the house due to quarantine, she searched for information online and discovered Mision Caritas Felices (MCF), a nearby cleft centre in Lima, Peru.

Just days prior to Aurea's call, COVID-19 had forced MCF to change everything about the way they offer care on a moment's notice. There was no guidebook, but, as a longtime Smile Train partner, they had support from the world's leading experts. So when Aurea

called, all she knew was that she had at last found someone who understood her and had what she needed to keep her child healthy and safe.

MCF promptly provided Aurea with specialised equipment for feeding Gianna and remote consultations so she knew how to use it. They also scheduled remote pre-surgical consultations and invited her to virtual support groups for new parents of children with clefts. All for free, because Smile Train's donors refused to leave babies like Gianna behind.

Aurea went on to become a leader in the online groups, eager to reassure other mothers and help them navigate their own journeys through telehealth.

"Since I got involved with MCF, I've no longer felt alone or depressed. I feel good," Aurea said. "I will always be extremely grateful to Smile Train for the support they gave us, and I thank you for the support you will provide to other children in the future.... It is the best thing that could have happened to us."

AND CONTINUES WITH HEALING THE WHOLE CHILD

Smile Train knows that truly healing from a cleft requires a holistic process that is as unique as each patient. That's why the secret to our model's success is the promise it makes to each and every one: We will be there for you. We will provide you with the nutritional support you need to reach a healthy weight and thrive. Once you reach it, a local, well-equipped team will perform the cleft surgery- or surgeries- that will change your life forever. After surgery,

we will provide you with speech therapy, dental treatment, and orthodontics for as long as you need to communicate clearly and smile your brightest and with psychosocial care until your emotional scars are as well-healed as your physical scars. Our model is ultimately a promise that, whatever the need, Smile Train will be there to meet it with the safest, highest-quality care possible because our donors know that children with clefts deserve no less.

IT
STARTS
WITH A



COMPREHENSIVE CARE

We represent this unique model—this promise—as a wheel because all facets of cleft care are equal, and any area may come in and out of a child’s life at any time as they grow and develop.





MIRIAN'S STORY

At one month old, Mirian weighed less than two kilos. Like so many infants with a cleft, she was acutely malnourished and at severe risk of delayed growth despite her mother, Modesta's, best efforts at breastfeeding. Mirian grew weaker by the hour and Modesta felt powerless to do anything about it.

The help Mirian desperately needed came just in time when a team from Smile Train partner Esperanza de Vida in Guatemala arrived in the family's village.

"This was the opportunity we were praying for," said Modesta.

When they arrived at the rescue centre, the medical team started Mirian on a specialised treatment plan. Her cries made it clear she was not giving up without a fight. Her team at Esperanza de Vida wouldn't either.

Five months of constant care and attention later, this once-emaciated infant had transformed into a happy, chubby baby.

This is just the beginning. Her care will continue with surgery and ongoing care - and Smile Train will be there through it all.

"I feel blessed by how we were treated. I want to give my daughter the best and I hope that we can thrive together in the future," Modesta said.

"Nutritional care for children with clefts is not a complimentary service. It's critical for the well-being of our patients," said Andrea Anaya, Smile Train's Program Manager for Central America. "Mirian is the perfect example of how great our impact can be. Smile Train's donors make it possible."

The care that saved the lives of the children you just met and allowed their mothers to sleep at night; the trainings and cutting-edge equipment that empowered their doctors, speech therapists, nurses, nutritionists, social workers, and so many others to provide it, was only possible because of people like you. From secondary school students to endurance athletes to A-list celebrities to families like yours, the passion, creativity, and generosity of our supporters from all walks of life is the beating, loving heart that makes each life-changing smile possible. Here are the stories of just two of them.

C  **MMUNITY**



THE BAYLEY FAMILY DIVES IN FOR SMILES

The Bayleys, of St Helens, only learned their daughter Heidi had a cleft when she was born with no nostrils, no top lip, no hard palate, no soft palate, no roof of mouth, and no top gum. They were shocked and afraid, but the generosity, kindness, and support this roaming Army family received from their cleft teams and from other cleft-affected families across the country changed their lives forever.

It also made them want to give back. And when Heidi's mum, Liz, happened upon a Smile Train leaflet just after one of her daughter's first cleft surgeries, they knew exactly how they wanted to pay their good fortune forward.

"We were instantly moved by how Smile

Train's model of training and empowering local healthcare workers makes it possible for families around the world to receive the same superb care as Heidi," said Liz.

A few years later, a doctor told Heidi she would never be able to swim, one of the family's favourite hobbies. The Bayleys knew right then they had found the perfect way to both raise funds for Smile Train and prove that doctor wrong.

Liz and Heidi immediately signed up for Mummy and Me swim lessons, while the whole family signed up to support Smile Train through participating in the Great North Swim in Windermere. They raised £1,000 that year, and thus a family tradition was born.

That was 2017. In the years since, Heidi has undergone many treatments, and has grown into a physically and emotionally strong young woman—and quite the swimmer! She participated in the Great North Swim for the first time this year and completed the 250m event! No less impressive, her family has used her progress, especially the fact that she was privileged to still receive safe, high-quality cleft care even at the height of the coronavirus pandemic, as motivation for their own fundraising. After being forced to skip last year, the Bayley's dove right in again this summer to raise another £1,200 to help other children like Heidi steady on through their own life-changing cleft journeys.



BRINGING BUSINESSES ABOARD

Smile Train is proud to partner with businesses in industries from cosmetics to tea, from sushi to chocolate, and every field in between, who share our commitment to building sustainable healthcare systems the world over. Our long-term partnership with GSK Consumer Healthcare is a sterling example of what's possible when two organisations with common values team up to do good together.

Since our corporate partnership began in 2018, GSK has joined their global reach and

commitment to making holistic oral healthcare available to consumers around the world with Smile Train's unparalleled expertise in local cleft care. The results?

Thousands of the world's most dedicated healthcare workers have received further training in the latest cleft care techniques and technologies. Thousands more children in two dozen countries can now eat, breathe, and smile. Families in the furthest reaches of India and Nigeria have a toll-free hotline they can call 24/7

to find free, high-quality cleft care near them. Consumers from Sweden to the Philippines are learning about clefts and Smile Train's lifesaving work every time they pass a GSK in-store display. GSK employees from the UK to Brazil are challenging themselves to run marathons, hold bake sales, and otherwise turn their passions into more money for smiles.

And this is only scratching the surface of the impact — and the smiles — you and our corporate partners make possible every day.

GSK

As a global organisation, Smile Train understands that our responsibility to make our name synonymous with diversity, equity, and inclusivity requires concrete, proactive, and long-term action at our partner centres in 70+ countries and in our offices around the world.

Inclusion is the essence of our model. Unlike mission-based organisations that undermine healthcare workers in low- and middle-income countries (LMICs) by flying in Western doctors to provide cleft care, Smile Train sees health professionals in these regions as equal to any other—because they are. Our “teach a man to fish” model means we proudly support the unique needs

of dedicated local partners who speak dozens—if not hundreds—of languages and represent nearly every race, religion, and ethnicity imaginable.

Internally, Smile Train is working with an independent consulting firm to help us develop and implement a comprehensive diversity, equity, and inclusion plan that will ensure everything from our hiring practises to the vendors we onboard to the way we structure our website reflects our values as an anti-racist, inclusive organisation.

Smiles are contagious. We all smile brighter when we can all smile together, and this is yet another way Smile Train is changing the world one smile at a time.

**DIVERSITY
EQUITY
AND
INCLUSION**



Everyone at Smile Train is acutely aware that this pandemic is far from over. That's why, as one year ends, we have already hit the ground running on the next, safely providing not only world-class cleft care, but also lifesaving Personal Protective Equipment (PPE), training, telehealth technology, pulse oximeters, and whatever else children with clefts, their families, and our partners need to stay healthy and safe. No one knows what this new year will bring. But with you on our side, we are certain that, together, we will again surpass every challenge with a smile.

JOURNEY AHEAD



THE SMILE TRAIN UK TRUSTEES' REPORT AND ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2021

Charity Registration No. 1114748
Company Registration No. 05738962 (England and Wales)

THE SMILE TRAIN UK LEGAL AND ADMINISTRATIVE INFORMATION

TRUSTEES

S Schaefer
E F Monopoli
R Reichbach
T Poliakova
S Dransfield

KEY MANAGEMENT PERSONNEL

Director, Senior Manager Direct Marketing and
Smile Train's CEO and VP of Finance

SECRETARY

BWB Secretarial Limited
10 Queen Street Place
London
EC4R 1BE

CHARITY NUMBER

1114748

COMPANY NUMBER

05738962

PRINCIPAL ADDRESS

30 Stamford Street
London
SE1 9LQ

REGISTERED OFFICE

C/O Bates Wells & Braithwaite London LLP
10 Queen Street Place
London
EC4R 1BE

AUDITOR

Crowe U.K. LLP
55 Ludgate Hill
London, EC4M 7JW

BANKERS

HSBC Plc
60 Queen Victoria Street
London
EC4N 4TR

SOLICITORS

Bates Wells & Braithwaite London LLP
10 Queen Street Place
London
EC4R 1BE

THE SMILE TRAIN UK TRUSTEES' REPORT FOR THE YEAR ENDED 30 JUNE 2021

The Trustees, who are also the directors of The Smile Train UK (“the Charity”) for the purposes of company law, submit their annual report and the audited financial statements for the year ended 30 June 2021. Its subsidiary undertaking, The Smile Train UK Trading Company Limited, was incorporated on 20 June 2014. The company is wholly owned and the Trustees’ report and accounts have been prepared for the Group.

The Trustees confirm that the annual report and financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charity’s Memorandum and Articles of Association, the Companies Act 2006 and Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

The Trustees’ report is also the directors’ report required by s417 of the Companies Act 2006.

STRUCTURE, GOVERNANCE AND MANAGEMENT

MANAGEMENT OF THE CHARITY

The Board of Trustees (which has a minimum of three) is the body responsible for the management of the Charity. The Board meets periodically as needed and aims to meet quarterly each year. Implementation of the day to day activities of the Charity during the fiscal year was undertaken by I Vallance, S Selby, S Schaefer and B Gonzalez. S Schaefer and B Gonzalez are employees of Smile Train, Inc. (‘Smile Train’) and neither of these two receive any remuneration from the Charity for this work. S Schaefer and R Reichbach, directors of Smile Train, Inc., were also Trustees of the Charity and receive no remuneration from the Charity. In addition, during the year there were three Trustees who are not on the Board of Smile Train, Inc. nor are they paid employees or consultants of Smile Train, Inc. This governance arrangement is in accordance with the Articles of Association of the Charity. All major and strategic decisions regarding the Charity are approved by the Charity’s Board of Trustees.

Smile Train, Inc. is a US-based non-profit organisation headquartered in New York City. Its offices are located at 633 Third Avenue, New York, NY 10017. Smile Train, Inc. and the Charity are dedicated to helping children worldwide who are born with cleft lips and palates. This is stated in the Charity’s objects. Smile Train, Inc. has charitable affiliates operating in Brazil, Canada, Germany, India, Indonesia, Mexico and Philippines. Smile Train, Inc. and the Charity share common goals, objectives and a management team. The Charity benefits from a number of donated services from Smile Train, Inc., including the time of Smile Train, Inc. employees, for which the Charity is not charged. Further details of these donated services are provided in Note 6 of the financial statements.

Smile Train, Inc. is the sole company law member of the Charity. The Charity is therefore a subsidiary of Smile Train, Inc. although the Board of Trustees of the Charity are responsible for its day to day management and ensuring it furthers its charitable purposes. Smile Train, Inc. is controlled by a Board of Directors who has nominated R Reichbach, a Director of Smile Train, Inc., as their authorised representative for all dealings with the Charity as sole member.

GOVERNING DOCUMENT

The Charity is a charitable company limited by guarantee and is governed by its Memorandum and Articles of Association, as amended by special resolutions dated 23 March 2006, 29 August 2012, and 11 October 2013.

Smile Train agrees to contribute £1 in the event of the Charity winding up.

The Charity is a registered charity with the Charity Commission (Charity registration no. 1114748).

Since the issuance of the updated Charity Governance Code in July 2017, the Charity has utilised the Code as a support tool for the Trustees to reflect upon its current governance structures and

consider the ways in which the Charity and its Trustees currently apply the Charity Governance Code's seven principles and recommended practice.

The Charity already applies a considerable number of the recommended practices, where applicable, relating to each of the Charity Governance Code's seven principles and is committed to further improvement of the Charity's governance standards to increase its overall effectiveness as an organisation. With our Trustees, we have ensured we are substantially compliant with the code. The following are areas where we have not applied the code's provisions, and deemed unnecessary, considering the small size of its board of trustees:

- The code recommends that the board have a vice-chair or similar who provides a sounding board for the chair and serves as an intermediary for the other trustees.
- The code recommends that the Charity consider using a nominations committee to lead the board appointment process and to make recommendations to the board.

APPOINTMENT AND ELECTION OF TRUSTEES

Trustees shall be appointed by resolution of the sole member for a renewable term of three years.

None of the Trustees has any beneficial interest in the Charity and none is a member of the Charity.

The Trustees, who are also the directors for the purpose of company law, and who served during the year were:

S Schaefer
E F Monopoli
R Reichbach
T Poliakova
S Dransfield

INDUCTION AND TRAINING OF TRUSTEES

Once appointed, Trustees are briefed on their legal obligations under charity and company law, provided with a copy of the Memorandum and Articles of Association of the Charity and the current budget and updated on the business plan and recent financial performance of the Charity. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

COVID-19

The ongoing COVID-19 crisis has impacted Smile Train's planned programmatic activity. In many countries and regions, Smile Train partners have postponed surgical treatments, comprehensive cleft care treatments, and various educational initiatives due to the crisis. However, due to the size and breadth of Smile Train's global programs we do not anticipate a significant impact upon our ability to continue our programmatic activity during the pandemic or after the COVID-19 crisis has ended.

In addition, the Charity's staff are now working from home and are practicing social distancing. The Charity's management personnel are actively engaged with assessing the likely impact of the crisis and are reporting to the Trustees regularly.

RISK MANAGEMENT

We are committed to identifying, monitoring and managing the risks that might adversely affect the activities in which we are involved. In this context, risk is defined as the potential to fail to achieve the Charity's objectives and for loss, financial and reputational, inherent in the environment in which we operate and in the nature of the transactions undertaken.

There has been in place throughout the year an on-going process for identifying, evaluating and managing the significant risks faced by the Charity, which has been regularly reviewed by the Trustees. Appropriate actions have been put in place to mitigate the exposure to and the consequences of these risks.

The principal risk facing the Group is a downward trend in income. The risk is considered regularly at meetings by Management and the Trustees, which allows them to respond quickly to changing events so as to reduce adverse effects on the Group's risk profile.

The Charity expects minimal impact on fundraising from the COVID-19 crisis. There will be a small decrease in Community and Athletic fundraising due to most physical events being postponed and/or cancelled. However, there is opportunity through virtual events to help minimize the decrease in donations. Legacy donations may see some impact due to decreases of property and stock market values. Other income streams like DRTV, Digital, Direct Mail, Corporate and Sustainer should perform as expected as our core donors have not been impacted by COVID.

SAFEGUARDING

We recognize that, in the course of our charitable activities, Smile Train and its partner's may come into contact with people who may be at increased risk of abuse and/or exploitation, particularly children and those living in poverty. We are committed to safeguarding children and vulnerable adults and ensuring that their rights to protection are realized. We believe that it is always unacceptable for a child or vulnerable adult to experience abuse of any kind and we recognize our duties of care to all children and vulnerable adults where our operations necessitate contact with them and/or have an impact on them.

OBJECTIVES AND ACTIVITIES

As stated in the Memorandum and Articles of Association, the objects of the Charity are:

1. to relieve the suffering of children with cleft lips or palates or both;
2. to advance the education and training of the public, including doctors, nurses and medical support staff in all matters relating to cleft lip and palate surgery and treatment and the support of those with this condition; and
3. to promote research into and the knowledge and study of the cause, improvement and application of treatments, cures and other medicinal agents, methods and processes that may relieve the suffering of those with cleft lips and palates.

The Trustees have paid due regard to guidance on public benefit issued by the Charity Commission in deciding what activities the Charity should undertake and believe that in reading the Trustees' report in totality, any reader would be satisfied the objects of the Charity have been achieved through the performance of the various worthwhile causes.

These objectives are achieved through on-going direct mail and advertising campaigns used to advance the education of the public and raise awareness of cleft lips and palates. These campaigns are also targeted at raising donations within the UK. The Charity uses the income received from these donations and other sources, net of related expenses, to fund cleft lip and palate treatment in countries around the world, by granting funds to Smile Train who has the infrastructure in place to directly carry out the Charity's objectives. Smile Train supports free cleft surgery and comprehensive cleft care to children in developing countries. Through training local doctors and empowering partner hospitals around the world, Smile Train advances a sustainable solution and scalable model to treat clefts, drastically improving children's lives, including their ability to eat, breathe, and speak over time. There are many children living with untreated clefts who do not have access to proper treatment.

Throughout the year staff employed by Smile Train provide management and operational services to the Charity, along with various marketing and administrative services. These services are not paid for by the Charity. The value of these donated services is £435,357 (2020: £420,586) and this has been included within the Group Statement of Financial Activities.

ACHIEVEMENTS AND PERFORMANCE

During the year the Charity paid £5,200,000 (2020: £3,700,000) in programme activities cost (see Note 6). The Charity granted these funds to Smile Train to fund cleft lip and palate treatment in countries in need around the world.

Through its public education and awareness initiatives the Charity believes it has reached millions of households in the UK and has successfully brought attention to the cause of cleft lip and palate, help to prevent clefts, how to repair clefts and the prevalence of this birth defect in developing countries. The Charity benefits from its relationship with Smile Train by leveraging management, operational support and administration as well as its contractual relationships with Smile Train partner hospitals. The Charity grants funds to Smile Train for cleft treatment primarily in Bangladesh, Brazil, Indonesia and Pakistan.

We have referred to Smile Train's treatment programmes in Bangladesh, Brazil, Indonesia and Pakistan but Smile Train undertakes a number of other activities. Below are examples of some of the work undertaken by Smile Train around the world, which is in part funded by grants received from the Charity. More information along with the Smile Train, Inc. and Affiliates Combined Audited Financial Statements and the annual report can be found on Smile Train's website www.smiletrain.org.

SURGERIES PERFORMED

The Charity funded approximately 15,892 (2020: 15,102) free cleft surgeries through Smile Train partner hospitals for children primarily in Bangladesh, Brazil, Indonesia and Pakistan. Smile Train, its affiliates and the Charity continue to lead the way in free, high-quality cleft surgery for poor children around the world. In 2021, Smile Train's cleft care spanned 5 continents through partnerships with more than 2,100 health professionals and 1,100 hospitals. Since its founding in 1999, Smile Train has now supported more than 1,600,000 free cleft surgeries and comprehensive cleft care for patients in 90+ countries.

Smile Train, Inc. and its affiliates also performed the following charitable activities, among other initiatives, during the fiscal year. In the future, in addition to funding cleft surgeries, the Charity may choose to fund similar activities.

PARTNERSHIPS

The key to helping more children is investing in partnerships with local medical professionals and collaborative organisations that can provide free cleft surgeries and the related cleft care that these children need. Smile Train is always searching for new partners in the developing world who have the experience, passion, human resources and infrastructure to provide safe and high-quality cleft lip and palate treatment.

At the end of fiscal year 2021, there were more than 1,100 Smile Train partner hospitals around the world, serving children in need of cleft care in their communities. Through partnerships and programmes with Smile Train, these hospitals and local medical teams were able to provide safe, free, high-quality cleft treatment to children with clefts in their communities.

GRANTS AWARDED

In addition to the partner programmes that deliver the free cleft surgeries that Smile Train provides, the following grants are also awarded to help strengthen the cleft programmes of hundreds of doctors, hospitals, charities and organisations who help poor children suffering with clefts.

EDUCATION AND TRAINING GRANTS

Smile Train supported educational and training opportunities in fiscal year 2021, including:

February 2021- BLS and PALS Training

Smile Train hosted an American Heart Association training at CURE Children's Hospital Ethiopia from February 23-25. AHA's BLS and PALS Training was given to 12 anesthesia care providers, providing them much needed experience during pre OP, Intra OP, Post OP and Emergency situations in their respective hospitals.

February 2021- Parent Support Group Training Programme

Smile Train supported Stichting European Cleft Organisation's development and delivery of an online course for 37 members of the Slovenian cleft parent group Društvo SHIZE to empower parents to support each other and their children, and raise cleft awareness in the community. Four training modules were developed and focused on positive support systems for cleft parents, strategies for supporting their school aged cleft affected child, building their own resilience and promoting visibility, awareness and fundraising for support groups. The modules were recorded and will serve as a permanent source of support for future parents.

February 2021- Virtual Workshop-Food Counseling and Nutritional Care in patients with Cleft Lip and Palate

A virtual workshop provided feeding counseling and nutrition training to 98 medical professionals affiliated with Smile Train partners in Mexico, Central America and Caribbean. Participants were educated on information and tools to help patients reach ideal conditions for growth and development through nutrition.

March 2021- Advanced Cleft Surgical Training

Four surgeons from West Africa participated in an advanced cleft surgical training organised by Ghana Cleft Foundation and hosted by Komfo Anokye Teaching Hospital in the Kumasi Ashanti Region of Ghana. The surgeons fine tuned their skills to provide higher quality surgical care for person with cleft in their various countries.

April 2021- Special Cleft Lip & Palate Workshop for Surgeons

Hosted at VIA-ME, Smile Train supported training for 15 resident surgeons (4th and 5th year) from Benin, DR Congo and Madagascar. The workshops focused on management, surgical techniques, and nutritional and anesthesia aspects of cleft lip and palate patients.

June 2021- Surgical Instrument Repair Training

Smile Train supported a Surgical Instrument Repair Training in Kumasi, Ghana from June 28 through July 23. 12 biomedical engineers were trained to repair equipment and machines used in cleft management. The refurbished instruments were donated to the Komfo Anokye Teaching Hospital and Instrument Repair Units will be established in trainees' institutions in an effort to address worn out instruments.

June 2021- Craniofacial and Oral Health Online (COHO) Summer Institute in Clinical Research Methods

Smile Train supported an 8-week online program to train 30+ Smile Train partners in the fundamentals of how to conduct good clinical research. This training program will improve the quality of research in cleft care in low and middle income countries. This in turn will improve care for persons with clefts in developing countries.

AWARENESS GRANTS

Awareness funding pays for publicity to educate people about clefts and the free cleft surgery programs available to them, reducing the stigma and driving thousands of patients to our partner hospitals.

SMILE GRANTS

While Smile Train grants predominantly focus on medical treatment, this grant programme targets the poorest of the poor who would never make it to the hospital for treatment without additional financial support to help the family with expenses such as food and shelter during their stay, money to cover the cost of traveling to and from the hospital, or money to help offset a parent's lost wages during a hospital stay. While the amount of support a family needs in this regard is often relatively small, it can mean the difference between a child receiving surgery or living their life with an unrepaired cleft.

COMPREHENSIVE CARE GRANTS

Smile Train's vision is to ensure every child born with a cleft can lead a full and productive life. A key to this is the critical pre-operative and follow-up care such as nutritional support, speech therapy and orthodontics that many patients require along with cleft surgery. Comprehensive Cleft Care Grants augment and enhance the free cleft surgery programmes and help these children learn to speak properly and, ultimately, have the opportunity for a full life ahead.

EQUIPMENT GRANTS

These grants assist hospitals in purchasing essential equipment such as surgical instruments, pulse oximeters, and anesthesia machines for the operating room to help increase the number of children who can be treated and to ensure safe surgery and cleft care for all Smile Train patients.

OUTREACH GRANTS

Funding for team travel, food, and lodging for Surgical Partners doing outreach trips outside their main surgical centers, either within their own country or in neighboring countries. An Outreach Support Grant can be awarded to cover additional costs above the amount the partner will receive from their per-surgery treatment partnership funding.

RESEARCH GRANTS

Smile Train aims to identify and facilitate research opportunities and collaborations through mentoring and training. Smile Train wants to play a key role in global cleft care research through partnership, competency building, and networking of researchers in low and middle income

countries to enable them to conduct relevant cleft focused research and innovation in their own countries.

SPECIAL GRANTS

Due to the global COVID pandemic, Smile Train has put an emphasis on awarding grants to help our partners provide telemedicine services in order to limit in-person contact when possible. Through grants for telemedicine, partners are able to remain in touch with their patients, helping to care for them even while remaining socially distant. Through telemedicine, life-saving care, such as breastfeeding guidance for mothers of babies born with clefts, has been able to continue. Smile Train's medical partners have remotely treated thousands of cleft patients providing vital guidance to families, assisting new patients awaiting surgery, and identifying and helping those in need of food and supplies.

FINANCIAL REVIEW

We have set out the full details of our consolidated income and expenditure in the group statement of financial activities (SOFA) on page 30. The income for the year, principally representing income from donors was £8.91m (2020: £7.9m). The group total expenditure, principally representing programme and fundraising costs, were £9.02m (2020: £7.3m). As a result, recorded net expenditure resources was £110k (2020 net income: £600k). Unrestricted funds at the end of fiscal year 2021 stood at £1.3m (2020: £1.4m).

The summarized results for the year's trading of The Smile Train UK Trading Company Limited is given on pages 35-36 of the notes to the financial statements. The Smile Train UK Trading Company Limited directors consider the company's state of affairs to be satisfactory. The directors are not anticipating any major changes to the activities of the company.

FUNDS

The Charity holds two types of funds - Restricted Funds and Unrestricted Funds.

Restricted Funds are those funds for which the original donors specified, directly or indirectly, the purposes for which they wanted the money to be used. The Trustees manage these funds but are governed by the donors' wishes as to how the funds are utilised. During the year ended 30 June 2021, £24,580 (2020: £48,672) of such restricted donations were spent in accordance with the donors' directions and £1,692k (2020: £nil) were remaining to be spent.

Unrestricted Funds are those funds for which the original donors did not give any particular instructions as to how they wished the funds spent. These funds are allocated by the Trustees at their discretion. At the end of the year, the value of these funds stood at £1.3m (2020: £1.4m).

RESERVES POLICY

The reserves policy is reviewed annually by the Trustees. In reviewing the risks faced by the Charity and its operational plans for the forthcoming period, the Trustees have decided that it is appropriate that the Charity holds reserves of £800k - £1.3m. This level of reserves has been maintained throughout the year. As there are unrestricted funds of £1,148,529 (2020: £1,261,385) held in excess of this level, these can be spent on raising funds and charitable activities. The Trustees are considering whether to increase the reserve level to ensure that in the event of a significant drop in funding, they will be able to continue the Charity's current functions while consideration is given to ways in which additional funds may be raised.

Considering the COVID-19 crisis, the level of reserves has been reviewed and found to be appropriate given the level of uncertainty and the nature of the developing crisis.

FUNDRAISING

As a registered member of the Fundraising Regulator, Smile Train UK is committed to fundraising in a transparent and accountable way in accordance with our Pledge to Donors which can be found at <https://smiletrain.org.uk/about/our-pledge-to-donors>. We are happy to receive feedback from our donors and members of the public. Details on how to reach out to us with a question or concern can be found at: <https://smiletrain.org.uk/about/faq#n8485>. Through the period July 1st 2020- June 30th 2021 we received 52 new complaints, all of which were resolved in accordance with Smile Train UK's Complaints Procedure.

We understand the importance of keeping our donors' personal data safe and secure in accordance with our <https://smiletrain.org.uk/about/privacy-policy-uk> designed to ensure continued compliance with the General Data Protection Regulation (GDPR). Our Fulfilment and Supporter Care agency is on hand to respond to supporter requests, including updating donor details and contact preferences, responding to questions and queries about Smile Train's work, our finances and our fundraising.

Along with our in-house fundraising team, we rely on trusted partners to fundraise on our behalf. All third-party fundraising organisations go through a robust procurement process. Formal, regular training is undertaken to ensure that the Smile Train is represented in a way that reflects our values and mission at all times. Fundraising activities are monitored through regular call recordings and performance is evaluated on an on-going basis by the campaign manager and partner agencies.

We are committed to ensuring that all donors are treated fairly. Our fundraisers and fundraising partners are trained on the Code of Fundraising Practice and Smile Train UK's Socially Responsible Fundraising Policy which can be found at: <https://smiletrain.org.uk/about/smile-train-uks-socially-responsible-fundraising-policy>. Our Policy is consistent with both the Institute of Fundraising's Guidance "Treating Donors Fairly" and the Direct Marketing Association's White paper "Guidelines for call centers dealing with vulnerable consumers. We aim to ensure every one of our supporters feels inspired and in control of their experience with us, and we encourage and welcome their feedback and involvement to help us improve. Without them, we couldn't continue to make a difference to children's lives.

KEY MANAGEMENT PERSONNEL COMPENSATION

As part of the annual budgeting process the Trustees review and approve, as appropriate, recommended compensation and changes to positions based on market analysis process. Trustees determine that compensation is reasonable based upon information sufficient to determine whether the value of services is the amount that would ordinarily be paid for like services by similar organisations; the availability of similar services in the geographic area of the Charity and current compensation surveys compiled by independent firms.

PLANS FOR THE FUTURE

Thanks to the generosity of our donors, Smile Train, its affiliates and the Charity, during fiscal year 2021, were able to support safe, free cleft surgeries (15,892 for the Charity) for poor children, launch programmes in new sites, train a record number of cleft care providers and grow our programmes all over the world.

In the 2021 fiscal year, the Charity continued with its approach of increasing sustainable income, underpinned by a strategy to attract loyal, long-term supporters across a diverse portfolio of fundraising activity. Mass acquisition of new donors through a further increase of investment in Direct Response Television continued to be highly effective, as did digital fundraising initiatives through social media and other online opportunities.

Strategic assessments of Legacy and Corporate fundraising channels were completed, and which offered additional insight into future opportunities for growth and development. The Charity continues to monitor additional fundraising through Schools, Community, Sporting and Challenge Event fundraising activities.

Despite the logistical challenges of Covid-19, the pandemic also enabled the charity to identify several successful new initiatives to engage new and existing donors, and which are reflected in the positive end of year results. This year, the current fundraising performance ratio was 40%, when comparing costs of £3.4m against the income raised of £8.5m.

In fiscal year 2021, grants from the Charity to Smile Train will continue to be made under a grant agreement, which outlines Smile Train's reporting obligations to the Charity.

While Smile Train and the Charity were busy doing all of these things this past year, an estimated 170,000 children were born with clefts in the developing world. Without intervention, these children have little prospect of ever receiving the cleft care they so desperately need. Their families, often living on less than £1 a day are too poor to ever afford surgery. Without Smile Train support, their local doctors and hospitals are too overburdened to provide free cleft care

programmes. And their government may not consider the problem of clefts a high priority when compared to other life threatening afflictions.

The Charity cares about these children and with the continued support of our donors, and working with Smile Train, will keep working hard to grow cleft lip and palate treatment programmes, train more doctors, raise awareness, find more partners and, ultimately, help more children in need.

In addition to providing much needed surgery, the Charity will fund programmes to address comprehensive cleft care, including nutrition, speech therapy and orthodontics.

The Charity will continue to work with Smile Train to meet its objectives for the future.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of The Smile Train UK for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company group will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees confirm that:

- so far as each trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report is prepared in accordance with the provisions of the Companies Act applicable to small entities.

By order of the board of trustees



S Schaefer
Trustee

Date: 26 January 2022

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

OPINION

We have audited the financial statements of the Smile Train UK ('the charitable company') and its subsidiary ('the group') for the year ended 30 June 2021 which comprise the group statement of financial activities, the group and parent charitable company balance sheets, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 30 June 2021 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' directors' report and from the requirement to prepare a strategic report.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the trustees' responsibilities statement [set out on page 26], the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members.

We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were anti-fraud, bribery and corruption legislation, taxation legislation and health and safety legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Board of Trustees about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

USE OF OUR REPORT

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Tim Redwood
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

Date: 3 February 2022

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

THE SMILE TRAIN UK GROUP STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2021

		Unrestricted funds	Restricted funds	Total 2021	Total 2020
	Note	£	£	£	£
<u>Income from:</u>					
Donations and legacies	2	8,885,479	26,272	8,911,751	7,884,782
Other trading activities	4	-	-	-	25,000
Investments		33	-	33	662
Total		8,885,512	26,272	8,911,784	7,910,444
<u>Expenditure on:</u>					
Raising funds	6	3,359,301	-	3,359,301	3,102,725
Charitable activities	6	5,175,420	24,580	5,200,000	3,700,000
Other	6	463,647	-	463,647	506,856
Total		8,998,368	24,580	9,022,948	7,309,581
Net income/ (expenditure)		(112,856)	1,692	(111,164)	600,863
Fund balances at 1 July 2020		1,411,385	-	1,411,385	810,522
Fund balances at 30 June 2021		1,298,529	1,692	1,300,221	1,411,385

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

THE SMILE TRAIN UK GROUP & PARENT CHARITABLE COMPANY BALANCE SHEETS AS AT 30 JUNE 2021

	Note	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Fixed assets					
Tangible assets	9	357	643	357	643
Investments		-	-	1	1
Total Fixed Assets		357	643	358	644
Current assets					
Debtors	10	782,581	266,564	795,594	254,577
Cash at bank and in hand		995,992	1,575,503	983,777	1,561,465
Total Current Assets		1,778,573	1,842,067	1,779,371	1,816,042
Liabilities					
Creditors falling due within one year	11	(478,709)	(431,325)	(476,909)	(427,725)
Current assets less current liabilities		1,299,864	1,410,742	1,302,462	1,388,317
Net Assets		1,300,221	1,411,385	1,302,820	1,388,961
The funds of the charity					
Restricted funds	12	1,692	-	1,692	-
Unrestricted funds					
General funds held as part of reserves policy	13	150,000	150,000	150,000	150,000
General funds for distribution		1,148,529	1,261,385	1,151,128	1,238,961
Total charity funds		1,300,221	1,411,385	1,302,820	1,388,961

The net expenditure for the charity only for the year ended 30 June 2021 was £86,141 (2020 net income: £593,544)

These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies.

Approved and authorised for issue by the Board of Trustees on 26 January 2022 and signed on their behalf



S Schaefer
Trustee
Date: 26 January 2022

Charity Registration No. 114748
Company Registration No. 05738962

THE SMILE TRAIN UK CONSOLIDATED STATEMENT OF CASH FLOWS AS AT 30 JUNE 2021

		2021	2020
	Note	£	£
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	(a)	(579,511)	408,411
Cash flows from investing activities:			
Purchase of tangible fixed assets		-	(857)
Change in cash at bank and in hand in the reporting period		<u>(579,511)</u>	<u>407,554</u>
Cash at bank and in hand at the beginning of the reporting period		<u>1,575,503</u>	<u>1,167,949</u>
Cash at bank and in hand at the end of the reporting period		<u>995,992</u>	<u>1,575,503</u>

Notes to the statement of cash flows

(a) Reconciliation of net cash used in operating activities

Net income (expenditure) for the reporting period		(111,164)	600,863
Adjustments for:			
Depreciation		286	394
Increase in debtors		(516,017)	(156,556)
Increase (decrease) in creditors		<u>47,384</u>	<u>(36,290)</u>
Net cash provided by operating activities		<u><u>(579,511)</u></u>	<u><u>408,411</u></u>

THE SMILE TRAIN UK NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

1.1 Basis of preparation

The Smile Train UK was incorporated in England and Wales as a charitable company limited by guarantee and governed by its Memorandum of Association.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Smile Train UK meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The financial statements are presented in sterling (£).

1.2 Preparation of the accounts on a going concern basis

After reviewing the group's forecasts, projections, and taking into consideration the COVID-19 crisis, the trustees have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its financial statements.

1.3 Group financial statements

The financial statements consolidate the results of the charity The Smile Train UK and its wholly owned subsidiary, The Smile Train UK Trading Company Limited (the 'Group) on a line-by-line basis.

The Charity has taken the exemption under section 408 of Companies Act 2006 from presenting an individual company Statement of Financial Activities.

1.4 Income

Donations and other forms of voluntary income are recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

For legacies, entitlement is taken once the charity is aware that probate has been granted and either final estate accounts have been approved, notification has been made by the executor(s) that a distribution will be made, or a distribution has been received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material (see note 3).

1.5 Donated services

The Group benefits from services donated to it by Smile Train, Inc. These donated services are recognised within the Group Statement of Financial Activities and are valued at the cost incurred by Smile Train, Inc being the value to the Group.

1.6 Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category.

Expenditure on raising funds is that incurred in attracting voluntary income.

Other costs are those incurred in connection with administration of the charity and compliance with statutory requirements.

Charitable activity costs reflect the costs associated with funding surgeries through Smile Train, Inc. and the production of printed public educational material and services to raise awareness, both of which are considered to further the Group's objectives. When educational material is distributed as part of a joint-purpose mailing, the costs are allocated across the expenditure categories on the basis of word count.

1.7 Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are included in net outgoing resources.

1.8 Funds

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

Designated funds comprise funds which have been set aside at the discretion of the Trustees, for specific purposes.

1.9 Tangible fixed assets and depreciation

The Group capitalises expenditures for fixtures, fittings and equipment and leaseholds in excess of £1,000 which are stated at cost less accumulated depreciation and amortisation.

Depreciation of fixtures, fittings and equipment is provided using the straight-line method over the following estimated useful lives:

Fixtures and fittings	5 years
Equipment	3 years

Leasehold improvements are amortised over the term of the related lease or the estimated useful life of the improvement, whichever is shorter.

1.10 Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.11 Creditors and provisions

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

1.12 Accounting judgements and sources of estimation uncertainty

In the application of the charity's accounting policies, trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The items in the accounts that are considered to involve significant judgements and sources of uncertainty through estimation, when applying Smile Train UK's accounting policies include:

- Revenue recognition where judgement is required to appropriately apply the income accounting policies explained in accounting policy note (1.4) above most notably in respect of the judgement as to whether a legacy meets the criteria for recognition in the financial statements and gift aid where income is only recognised to the extent that trustees are satisfied that the charity has the appropriate documentation in place to demonstrate entitlement to this income.
- Gifts in kind and donated services where an estimate of the time spent on Smile Train UK activities by Smile Train Inc staff is recognised in both income and expenditure in the financial statements.

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date, are likely to result in a material adjustment to their carrying amounts in the next financial year.

1.13 Retirement benefits

The Group offers its employees the opportunity to participate in a defined contribution scheme. The amounts charged to the Statement of Financial Activities represent the contributions payable to the scheme during the period.

1.14 Financial instruments

The Group has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method.

2 Donations and legacies

	Unrestricted funds	Restricted funds	Total 2021	Total 2020
	£	£	£	£
Donations	6,549,306	26,272	6,575,578	4,622,747
Legacies	1,900,816	-	1,900,816	2,800,574
Donated Services	435,357	-	435,357	461,461
Total	8,885,479	26,272	8,911,751	7,884,782

Donated services are represented by management, operational, administrative, marketing and fundraising services provided by Smile Train, Inc. staff to the Group at no cost, of £435,357 (2020: £420,586). Donated services also includes fundraising consultant service fees of £nil (2020: £40,875).

Income from donations and legacies in 2020 was £7,884,782 of which £7,870,252 was unrestricted and £14,530 was restricted.

3 Legacy Notifications

At 30 June 2021, in addition to legacy income that has been included in voluntary income, the Group is expected to benefit from a number of legacies from estates for which the administration had yet to be finalised. The Group's future income from these legacies is estimated at approximately £2.42m (2020: £1.47m).

4 Trading

In fiscal year 2021, other trading income was £nil (2020: £25,000).

5 Investment in Subsidiary

The Smile Train UK Trading Company Limited - Registration No. 09094982
The company acts as a trading subsidiary for its parent company, The Smile Train UK, which is a charity registered with the Charity Commission in England and Wales. The principal activity of the company in the year under review was to conduct the trading activities of its parent company. The profits of The Smile Train UK Trading Company Limited are paid to the charity. The Smile Train UK Trading Company Limited's directors during 2021 were R Bell, A McCarthy and S Schaefer.

Profit and Loss Account of the Smile Train UK Trading Company Limited

	2021 £	2020 £
Turnover	-	25,000
Expenditure	(2,599)	(2,576)
Profit (loss) for the year	<u>(2,599)</u>	<u>22,424</u>

Balance Sheet of The Smile Train UK Trading Company Limited

	2021 £	2020 £
Current Assets		
Cash at bank and in hand	12,215	14,038
Accounts receivable	-	25,000
Creditors: amounts falling due within one year	(14,813)	(16,613)
Net assets	<u>(2,598)</u>	<u>22,425</u>
Capital and reserves		
Called up share capital	1	1
Profit and loss account	(2,599)	22,424
Equity shareholders' funds	<u>(2,598)</u>	<u>22,425</u>

6 Expenditure

	Staff costs £	Other costs £	Total 2021 £	Total 2020 £
Raising funds				
Advertising and fundraising costs	175,977	2,895,272	3,071,249	2,826,812
Smile Train Inc. staff	288,052	-	288,052	275,913
	464,029	2,895,272	3,359,301	3,102,725
Charitable activities				
Programme costs	-	5,200,000	5,200,000	3,700,000
Support costs and governance				
Staff costs	87,989	-	87,989	81,499
Audit fees	-	24,800	24,800	25,360
Other accounting fees	-	1,800	1,800	1,800
Legal fees	-	59,923	59,923	99,461
Smile Train Inc. staff	147,305	-	147,305	144,673
Other administrative expenses	-	141,830	141,830	154,063
	235,294	228,353	463,647	506,856
Total	<u>699,323</u>	<u>8,323,625</u>	<u>9,022,948</u>	7,309,581

Expenditure on charitable activities in 2020 was £3,700,000 of which £3,651,328 was unrestricted and £48,672 was restricted. Expenditure on raising funds and other costs in 2020 was wholly unrestricted.

The Group staff costs relate to work carried out on the marketing and fundraising strategies, the cultivation of major donors and the management of the donation processing, direct marketing and media placement suppliers. Two thirds of staff compensation have been allocated to advertising and fundraising costs while one third is allocated to support staff costs.

Grants made to Smile Train Inc. of £5,200,000 (2020: £3,700,000) are included in programme costs for direct inclusion in their programme expenses.

Donated services are management, operational, administrative, marketing and fundraising services provided by Smile Train staff or other third parties to the Charity at no cost.

7 Trustees

During the year ended 30 June 2021, none of the trustees received compensation for his or her services or were reimbursed expenses by the Group.

8 Employees

Number of employees

There were 6 employees throughout the year (2020: 7).

Employee Costs	2021	2020
	£	£
Wages and salaries	230,042	213,749
Social security costs	15,982	20,950
Other pension costs	2,480	5,263
	248,504	239,962

One employee earned between £80,000 and £90,000 during the year (2020: One employee earned between £70,000 and £80,000 during the year)

Of these employees, retirement benefits are accruing under pension schemes funded by the group to 1 employee (2020: 1).

The key management personnel of the group are comprised of the Charity's trustees, Director, Senior Manager Direct Marketing and Smile Train's CEO and VP of Finance. Only the Director and the Senior Manager Direct Marketing are paid through the Charity. The employee benefits of these two Charity's key management personnel amounted to £135,543 (2020: £122,653).

9 *Tangible fixed assets*

Group and Charity

	Fixtures, fittings and equipment
Cost	£
At 1 July 2020	1,937
Additions	-
At 30 June 2021	1,937
Depreciation	
At 1 July 2020	1,294
Charge for the year	286
At 30 June 2021	1,580
Net book value	
At 1 July 2020	643
At 30 June 2021	357

10 *Debtors*

	Group 2021	Charity 2021	Group 2020	Charity 2020
	£	£	£	£
Prepayments and accrued income	782,581	782,581	266,564	241,564
Amounts due from subsidiary	-	13,013	-	13,013
	782,581	795,594	266,564	254,577

11 *Creditors: amounts falling due within one year*

	Group 2021	Charity 2021	Group 2020	Charity 2020
	£	£	£	£
Trade creditors	162,483	160,683	210,599	208,799
Amounts owed to group undertakings	159,368	159,368	60,738	60,738
Accruals	156,858	156,858	159,988	158,188
Total	478,709	476,909	431,325	427,725

12 Restricted Funds

The income funds of the Group include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

Group and Charity

	Balance at 1 July 2020	Income	Expenditure	Balance at 30 June 2021
	£	£	£	£
Restricted donations	-	26,272	(24,580)	1,692
	-	26,272	(24,580)	1,692

	Balance at 1 July 2019	Income	Expenditure	Balance at 30 June 2020
	£	£	£	£
Restricted donations	34,142	14,530	(48,672)	-
	34,142	14,530	(48,672)	-

Donations received are recorded as unrestricted or restricted, depending on the nature of the donor's restriction. All donor-restricted donations are recorded as restricted income if the donation is received with donor conditions that restrict its use. Of the £26,272 of restricted funds received in 2021, approximately £12,000 was restricted to support our programmes in India.

13 Analysis of net assets between funds

Group

	Unrestricted funds	Restricted funds	Total
	£	£	£
Fund balances at 30 June 2021 are represented by:			
Fixed assets	357	-	357
Current assets	1,776,881	1,692	1,778,573
Creditors: amounts falling due within one year	(478,709)	-	(478,709)
Total	1,298,529	1,692	1,300,221

	Unrestricted funds	Restricted funds	Total
	£	£	£
Fund balances at 30 June 2020 are represented by:			
Fixed assets	643	-	643
Current assets	1,842,067	-	1,842,067
Creditors: amounts falling due within one year	(431,325)	-	(431,325)
Total	1,411,385	-	1,411,385

14 **Operating lease commitments**

At 30 June 2020, the Group was committed to making the following payments under non-cancellable operating lease.

	Land and buildings:	
	2021	2020
	£	£
Operating leases which expire:		
Within one year	nil	11,700

15 **Related parties**

Smile Train Inc. paid expenses totaling £149,343 (2020: £9,495) on behalf of the Group during the year and the Group paid £nil (2020: £ nil) on behalf of Smile Train Inc. during the year. Smile Train Inc. received donations on behalf of the Group of £50,714 (2020: £nil). £159,368 (2020: £60,738) was owed to Smile Train Inc. as at 30 June 2021.

In addition, the Group granted £5,200,000 (2020: £3,700,000) to Smile Train Inc. to fund their jointly-stated charitable activities. In addition, the time of Smile Train Inc. staff provided at no cost has been recognised as a Gift in Kind (in income and expenditure) as stated in Note 2.

Smile Train Inc. is the sole company law member of the Group. The Group is therefore a subsidiary of Smile Train Inc. although the Board of Trustees of the Group are responsible for its day to day management.

The Director and Smile Train's CEO, who is also a trustee, attended a training course at a cost of £266.40 each (2020: nil). The course was facilitated by Adaptaa, Ltd., which is the employer of a trustee, Tatiana Poliakova.

16 **Parent undertaking**

The company's ultimate parent undertaking is Smile Train Inc., a US-based non-profit organisation headquartered in New York City. Its offices are located at 633 Third Avenue, New York, NY 10017. Smile Train Inc. and Affiliates accounts are available on www.smiletrain.org.



A charity registered with the Charity Commission for England and Wales No. 1114748

The Smile Train UK is a company limited by guarantee, registered in England and Wales
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