

THE SMILE TRAIN UK
TRUSTEES' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2010
Charity Registration No. 1114748
Company Registration No. 05738962 (England and Wales)

SHELLEY STOCK HUTTER LLP
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THE SMILE TRAIN UK

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THE SMILE TRAIN UK

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	R Price M Schell P Ma
Secretary	P Ma
Charity number	1114748
Company number	05738962
Principal address	41 Madison Avenue 28th Floor New York NY 10010
Registered office	C/O Bates Wells & Braithwaite 2-6 Cannon Street London EC4M 6YH
Auditors	Shelley Stock Hutter LLP 1st Floor 7 - 10 Chandos Street London W1G 9DQ
Bankers	HSBC Plc 60 Queen Victoria Street London EC4N 4TR
Solicitors	Bates Wells & Braithwaite 2-6 Cannon Street London EC4M 6YH

THE SMILE TRAIN UK

TRUSTEES' REPORT

FOR THE YEAR ENDED 30 JUNE 2010

The Trustees, who are also the directors of the charity for the purposes of company law, submit their annual report and the audited financial statements of The Smile Train UK for the year ended 30 June 2010.

The Trustees confirm that the annual report and financial statements of the charity 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 the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities", issued in March 2005.

The information on page 1 regarding the Charity, its Trustees, Officers, Legal and Administrative information forms part of this report. The Trustees report is also the directors report required by s417 of the Companies Act 2006.

The charity is taking advantage of small company exemptions in order not to disclose the charity's use of financial instruments, key performance indicators and non-financial key performance indicators.

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 at least three times a year and a chairman is appointed by the Trustees to manage the day to day operations of the charity.

The sole member of the charity is Smile Train Inc.

Governing document

The Smile Train UK is a charitable company limited by guarantee and is governed by its Memorandum and Articles of Association, as amended by special resolution dated 23 March 2006.

There is currently one member who agrees to contribute £1 in the event of the charity winding up. It is a registered charity with the Charities Commission (Charity registration no. 1114748).

Appointment and election of Trustees

Trustees shall be appointed by resolution of the members for an initial term of three years, renewable by resolution of the members for a further non-renewable term of three years. A Trustee who has served the maximum continuous term of six years shall remain out of office for at least one year.

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:

B Mullaney	(Resigned 28 March 2011)
M O'Reilly	(Retired 1 April 2010)
R Price	
M Schell	
D Greenwood	(Appointed 1 April 2010 and resigned 14 February 2011)

Induction and training of Trustees

New Trustees undergo an orientation day to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee, the decision making process, 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.

THE SMILE TRAIN UK

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2010

Risk management

We are committed to a policy of 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 charity 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 ongoing process for identifying, evaluating and managing the significant risks faced by The Smile Train UK 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.

Objectives and activities

As stated in the Memorandum and Articles of Association, the objectives 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 in any way relieve the suffering of those with cleft lips and palates.

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

These objectives are achieved through an ongoing marketing campaign used to raise awareness of cleft lips and palates. Marketing campaigns are also targeted at raising donations within the UK. Donations are then made to Smile Train Inc. who has the infrastructure in place to directly meet the charities objectives. Smile Train Inc.'s mission is to help the millions of children in the world who suffer from cleft lip and palate through free surgery, free training for doctors and research to find a cure.

Throughout the year there were a number of volunteers who visited the New York headquarters to assist with administrative tasks. In addition to this, staff employed by Smile Train Inc. assist in various administrative tasks. The number of hours expended by the volunteers has not been quantified, but has been substantial.

Achievements and performance

During the year the charity paid £9,361,932 (2009: £8,268,876) in program activities cost. These activities were all mainly related to the provision of free cleft lip and palate treatment.

The following sub-sections provide additional information on the achievements and performance that was undertaken by Smile Train Inc. as a result of the donations made by The Smile Train UK, during 2010 fiscal year.

THE SMILE TRAIN UK

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2010

Surgeries performed

Together with its affiliate, the charity provided 103,670 free cleft surgeries for poor children around the world. These children otherwise might never have received treatment for their cleft lip and palate.

Free cleft surgeries were delivered in the following parts of the world:

- 44,539 in India & South Asia
- 26,610 in China
- 6,670 in Latin America
- 8,357 in Africa
- 9,461 in Southeast Asia
- 1,532 in Eastern Europe
- 6,501 in the "Rest of the World"

Partners

The key to helping more children is adding partners who can provide the free cleft surgeries that these children need. The charity is always searching for new partners who have the experience, talent and equipment to provide safe and high quality cleft lip and palate surgery for poor children.

Smile Train partner applications are received almost every day and these are carefully vetted to make sure that each hospital and its surgeons and staff are up to the very high standards the Smile Train has set.

At the end of 2010 fiscal year, there were a total of 923 Smile Train partners around the world.

Grants awarded

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

Smile Train supported the following educational and training conferences in 2010 fiscal year:

September 2009 - Cleft 2009, Forteza, Brazil

A total of 800 medical professionals attended this conference and 300 were Smile Train partners.

October & December 2009 - Chang Gung Forum, Taipei, Taiwan and Xiamen, China

200 Smile Train partners attended this world-renowned conference.

May 2010 - Safety in Cleft Care Training Workshop at Mulago National Hospital, Kampala, Uganda

100 Smile Train partners attended this workshop to train Ugandan healthcare workers in the care of cleft children with basic skills in handling the cleft child from birth to surgery.

June 2010 ICPF Korea Congress, Seoul, South Korea

250 Smile Train partners gathered in Seoul to attend the 6th Congress of the International Cleft Palate Foundation.

Mission Group Grants

Mission Group Grants allow the charity to go to places in the world where there are no doctors and few, if any, hospitals. In places like these, the only way to help poor children is through sending a traditional team of doctors and nurses with equipment for a 2-week mission. The Smile Train works with and supports every major medical mission organisation in the world.

THE SMILE TRAIN UK

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2010

Ancillary Care Grants

Every child with a cleft needs not only cleft surgery, but also a whole range of other types of care, such as speech therapy, orthodontics, dentistry, ENT, etc. Ancillary Care grants augment and enhance the free cleft surgery programs supported and help these kids learn how to eat and speak properly, etc.

Medical Exchange Grants

There is an acute shortage of doctors in many developing countries. Smile Train developed a Medical Exchange Program for US and UK doctors to go to a developing country to help children and train local doctors.

The Medical Exchange grant program gives plastic surgeons and other kinds of doctors and medical professionals such as orthodontists, speech therapists etc. unprecedented freedom of choice when it comes to going on trips like these. Participants can choose where they want to go, when they want to, with whom they want to go and for how long.

Equipment Grants

These grants assist hospitals in purchasing much needed equipment such as surgical instruments and anesthesia machines for the operating room and computers for the doctors and hospital administrators.

Special Programmes

The Smile Train Speech Therapy Programme

The development of normal speech habits can be affected by clefts since these defects involve the lip and palate. To help children after surgery, Smile Train awarded a major grant to establish speech therapy programmes in China and India.

"Cleft free" China Initiative

Located in China's western inland, the underdeveloped Gansu Province has long been suffering from a higher incidence of cleft lip and palate in comparison to the rest of the country. Smile Train partnered with the Gansu Provincial Health Bureau to survey a sample of the population and identified 14,200 people requiring cleft surgery.

This project is a brand new approach to solving the problem of clefts in the developing world. It is the first time that Smile Train funded a survey to more accurately predict the number of people living with clefts in a given province. It is also the first time that Smile Train have partnered with the Provincial Government and Health Bureau to find the people suffering with unrepaired clefts and treat them.

Financial review

We have set out the full details of our income and expenditure in the statement of financial activities (SOFA) on page 10. The Smile Train UK income for the year, principally representing income from donors and support from the US affiliate was £11.7m (2009: £13.2m). Total resources expended, principally representing program costs, were £12.5m (2009: £12.9m). As a result, we recorded negative net incoming resources of £0.7m (2009: positive £0.4m). Unrestricted funds at the end of the 2010 fiscal year stood at £0.6m (2009: £1.3m).

THE SMILE TRAIN UK

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2010

Funds

The charity holds two types of fund - 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 2010, such restricted donations were all spent in accordance with the donors' directions. There was a £600 Restricted Fund balance at the end of the year.

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 £0.6m.

Reserves policy

It is the policy of the charity that unrestricted funds which have not been designated for a specific use be maintained at a minimum level equivalent to twelve months' administrative expenditures which are set at £120,000. The administrative expenditures exclude the costs of generating income and charitable activities. The Trustees consider that reserves at this level will ensure that in the event of a significant drop in funding, they will be able to continue the charity's current administrative functions while consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the year. Any funds held in excess of this level, can then be available for allocation to designated funds to be spent on generating voluntary income and charitable activities. The reserve policy is reviewed annually by the Trustees.

Plans for the future

Thanks to the generosity of our donors, Smile Train was able to provide more than 103,000 free cleft surgeries for poor children, train a record number of doctors and grow our programs in every aspect all over the world.

While Smile Train was busy doing all of these things this past year, more than 160,000 new babies with clefts were born in developing countries. 160,000 newborns with gaping holes in their faces, horrified parents, and little prospect of ever receiving the cleft surgery they so desperately need.

Their families, often living on less than £1 a day are too poor to ever afford surgery. Their local doctors and hospitals are too poor to afford free surgery programs. And their government does not consider the problem of clefts a high priority.

Smile Train cares about these children and with the continued support of our donors, Smile Train will keep working hard to grow our programs, train more doctors, find more partners and help more children.

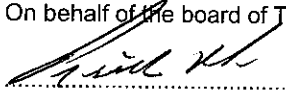
Disclosure of information to auditors

Each of the Trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditors are unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

Auditors

A resolution proposing that Shelley Stock Hutter LLP be reappointed as auditors of the charity will be put to the members.

On behalf of the board of Trustees



P Ma
Trustee

29/03/11
Date

THE SMILE TRAIN UK

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees, who are also the directors of The Smile Train UK for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE SMILE TRAIN UK

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE SMILE TRAIN UK

We have audited the accounts of The Smile Train UK for the year ended 30 June 2010 set out on pages 10 to 16. These accounts have been prepared in accordance with the accounting policies set out on page 12.

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 auditors' 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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

As described on page 7, the Trustees, who are also the directors of The Smile Train UK for the purposes of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for satisfying themselves that the charity's accounts give a true and fair view.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, have been prepared in accordance with the Companies Act 2006, and give a true and fair view. We also report to you whether in our opinion the information given in the Trustees' Report is consistent with the accounts.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of Trustees' remuneration specified by law are not made.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the accounts, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

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

THE SMILE TRAIN UK

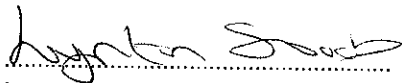
INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF THE SMILE TRAIN UK

Opinion

In our opinion:

- the accounts give a true and fair view of the state of the charity's affairs as at 30 June 2010, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the accounts have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the accounts have been prepared in accordance with the Companies Act 2006; and
- the information given in the Trustees' Report is consistent with the accounts.



Lynton Stock (Senior Statutory Auditor)
for and on behalf of Shelley Stock Hutter LLP

31/03/11

Date

Chartered Accountants

Statutory Auditor

1st Floor

7 - 10 Chandos Street

London

W1G 9DQ

THE SMILE TRAIN UK

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2010

	Notes	Unrestricted funds £	Designated funds £	Restricted funds £	Total 2010 £	Total 2009 £
Incoming resources from generated funds						
Voluntary income	2	4,253,990	7,280,479	180,946	11,715,415	13,239,868
Investment income	3	184	-	-	184	17,048
Total incoming resources		4,254,174	7,280,479	180,946	11,715,599	13,256,916
Resources expended						
Costs of generating funds						
Costs of generating voluntary income	4	3,070,797	-	-	3,070,797	2,891,531
Charitable activities						
Donations to The Smile Train US restricted for programs		-	6,554,234	180,346	6,734,580	8,268,876
Program costs		-	2,627,352	-	2,627,352	1,688,412
Total charitable expenditure		-	9,181,586	180,346	9,361,932	9,957,288
Governance costs		24,646	-	-	24,646	24,900
Total resources expended		3,095,443	9,181,586	180,346	12,457,375	12,873,719
Net incoming/(outgoing) resources before transfers		1,158,731	(1,901,107)	600	(741,776)	383,197
Gross transfers between funds		(836,107)	836,107	-	-	-
Net income/(expenditure) for the year/ Net movement in funds		322,624	(1,065,000)	600	(741,776)	383,197
Fund balances at 1 July 2009		122,899	1,185,000	-	1,307,899	924,702
Fund balances at 30 June 2010		445,523	120,000	600	566,123	1,307,899

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

BALANCE SHEET

AS AT 30 JUNE 2010

	Notes	2010		2009	
		£	£	£	£
Current assets					
Debtors	7	113,179		332,208	
Cash at bank and in hand		<u>2,354,923</u>		<u>990,616</u>	
		2,468,102		1,322,824	
Creditors: amounts falling due within one year					
	8	<u>(1,901,979)</u>		<u>(14,925)</u>	
Total assets less current liabilities			<u>566,123</u>		<u>1,307,899</u>
Income funds					
Restricted funds	9		600		-
Unrestricted funds:					
Designated funds	10		120,000		1,185,000
Other charitable funds			<u>445,523</u>		<u>122,899</u>
			<u>566,123</u>		<u>1,307,899</u>

The accounts were approved by the Board on 29/03/11


P Ma
Trustee

Company Registration No. 05738962

THE SMILE TRAIN UK

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2010

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention.

The charity has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small charity.

The accounts have been prepared in accordance with applicable United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005 and the Companies Act 2006.

1.2 Incoming resources

Donations, legacies and other forms of voluntary income are recognised as incoming resources when receivable, except insofar as they are incapable of financial measurement.

1.3 Resources expended

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

Costs of generating funds are those incurred in attracting voluntary income.

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

1.4 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.

1.5 Accumulated 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. The purposes and uses of the designated funds are set out in the notes to the accounts.

All public donations are automatically allocated to the unrestricted fund. Any transfers are to be agreed by the board.

2 Voluntary income

	Unrestricted funds	Designated funds	Restricted funds	Total 2010	Total 2009
	£	£	£	£	£
Donations and gifts	<u>4,253,990</u>	<u>7,280,479</u>	<u>180,946</u>	<u>11,715,415</u>	<u>13,239,868</u>

THE SMILE TRAIN UK

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2010

3 Investment income

	2010 £	2009 £
Interest receivable	184	17,048

4 Total resources expended

	Staff costs £	Other costs £	Total 2010 £	Total 2009 £
Costs of generating funds				
Advertising and fundraising costs	18,761	3,052,036	3,070,797	2,891,531
Charitable activities				
Program costs	-	6,734,580	6,734,580	8,268,876
Printed educational materials and services	-	2,627,352	2,627,352	1,688,412
Governance costs	6,254	18,392	24,646	24,900
	<u>25,015</u>	<u>12,432,360</u>	<u>12,457,375</u>	<u>12,873,719</u>

Governance costs includes payments to the auditors of £20,712 (2009: £17,643) for audit fees.

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.

5 Trustees

B Mullaney, the Chairman, received a fee of £156,624 (2009: £nil), and D Greenwood received a fee of £45,138 (2009: £nil) during the year under the provisions of the Memorandum and Articles of Association of the Charity. They were responsible for developing the overall marketing and fundraising strategy and the cultivation of major donors within the UK. None of the Trustees were reimbursed travelling expenses.

THE SMILE TRAIN UK

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2010

6 Employees

Number of employees

There was one employee during the year.

Employment costs

	2010 £	2009 £
Wages and salaries	<u>25,014</u>	<u>16,667</u>

There were no employees whose annual remuneration was £60,000 or more.

7 Debtors

	2010 £	2009 £
Prepayments and accrued income	<u>113,179</u>	<u>332,208</u>

8 Creditors: amounts falling due within one year

	2010 £	2009 £
Trade creditors	31,330	-
Amounts owed to member	1,852,478	-
Accruals	18,171	14,925
	<u>1,901,979</u>	<u>14,925</u>

THE SMILE TRAIN UK

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2010

9 Restricted funds

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

	Movement in funds			
	Balance at 1 July 2009	Incoming resources	Resources expended	Balance at 30 June 2010
	£	£	£	£
Restricted donations	-	180,946	(180,346)	600
	-	180,946	(180,346)	600

Donations received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the nature of the donor's restriction.

All donor-restricted donations are recorded as temporarily or permanently restricted revenue if the donation is received with donor conditions that limit its use. When a donor's restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the temporarily restricted net asset is reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

10 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the Trustees for specific purposes:

	Movement in funds				
	Balance at 1 July 2009	Incoming resources	Resources expended	Transfers	Balance at 30 June 2010
	£	£	£	£	£
The Smile Train Inc.	1,185,000	7,280,479	(9,181,586)	836,107	120,000
	1,185,000	7,280,479	(9,181,586)	836,107	120,000

Funds donated by the public have been designated to be donated to The Smile Train Inc. for inclusion in their direct charitable expenditure. The fund balance is to be donated in the next financial year.

An amount of £836,107 was transferred from unrestricted funds to designated funds for inclusion in Smile Train Inc's direct charitable activities.

THE SMILE TRAIN UK

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2010

11 Analysis of net assets between funds

	Unrestricted funds £	Designated funds £	Restricted funds £	Total £
Fund balances at 30 June 2010 are represented by:				
Current assets	2,347,502	120,000	600	2,468,102
Creditors: amounts falling due within one year	(1,901,979)	-	-	(1,901,979)
	<u>445,523</u>	<u>120,000</u>	<u>600</u>	<u>566,123</u>

12 Related parties

The Smile Train Inc. the sole member of The Smile Train UK, provided income of £nil (2009: £4,645,806) to support the charity's expenditure for the period. The Smile Train UK donated £6,728,080 (2009: £8,268,276) to The Smile Train Inc. for inclusion in their direct charitable activities. At the period end, an amount of £1,852,478 (2009: £nil) was due to The Smile Train Inc.

The Smile Train Inc. is controlled by a Board of Trustees. There is no ultimate controlling party in the current or preceding period.