

Operation Smile Ireland
(A company limited by guarantee with no share capital)

Directors Report and Financial Statements

For the year ended 30 June 2011

Operation Smile Ireland
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Financial statements for the year ended 30 June 2011

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Directors and other information

Directors

William Casey
Teresa Cosgrove
Michael Earley
Martina Healy (Resigned 30/07/11)
Robert Kiely (Appointed 30/01/12)
Mary Martin (Appointed 30/04/11)
Eleanor McGovern
Pauric O'Grady
Jack O'Keeffe
David Orr
Fairley Pilaro (Resigned 01/06/11)
Paul Sullivan

Secretary

Teresa Cosgrove

Company number

380841

Registered office

31 Pembroke Road
Dublin 4

Auditors

Horwath Bastow Charleton
Registered Auditors
The Red Church
Henry Street
Limerick

Bankers

Allied Irish Bank
Upper Baggot Street
Dublin 4

Operation Smile Ireland **(A company limited by guarantee with no share capital)**

Directors' report

The directors present their report and the financial statements for the year ended 30 June 2011.

Aims and policies

Operation Smile Ireland is a member of Operation Smile Inc, an organisation set up to provide free reconstructive surgery to children and adults in over 80 countries worldwide, in particular to the repair of childrens cleft lips and cleft palates.

Operation Smile Ireland is a Resource Chapter whose role is to build awareness and to support International Foundations via funding and with volunteers to enable Operations Missions to reach as many children as possible and to create sustainable developments in the above developing countries.

The worldwide demand for client repair is staggering. Every 3 minutes, it is estimated, a child somewhere in the world is born with a cleft. With as many as 75% of the children born with clefts in developing countries never receiving treatment, Operation Smile Ireland continues to advocate for and helps provide surgeries for these forgotten children.

Operation Smile Ireland is committed to building local healthcare sustainability through medical education and funding crucial medical equipment in Operation Smile Mission Countries. Last year, nearly 60% of Operation Smile's 16,000 annual surgeries were taken care of from local medical missions and Comprehensive Care Centres. Anywhere in the world, Operation Smile patients, no matter where they live, are treated the same with state-of-the-art equipment, procedures and highly trained and credentialed medical volunteers.

Today, more than 5,000 medical volunteers from 76 countries volunteer with Operation Smile. Our Irish volunteers continue to teach and train on many of the 175 annual Operation Smile medical mission teams; these volunteers comprise highly skilled plastic surgeons, anaesthesiologists, paediatricians, nurses, dentists, speech therapists, child life therapists, biomedical technicians, medical recorders, medical students, secondary school students and local community volunteers from our Mission Countries.

Review of developments, activities and achievements

While the fundraising climate in Ireland remains subdued, we managed to bring in significant donation revenues. We remain committed to creating awareness, raising funds and sending Irish volunteers to assist in bringing safe sustainable surgeries to children in the Third World born with cleft lip and/or cleft palates.

Worldwide in 2009, some 16,000 children received free surgeries on Operation Smile medical missions, a record for its 28 year history. On an Operation Smile medical mission, typically 300-500 children will get medical screening and 125-150 children will receive medical operations over five surgery days.

Operation Smile Ireland supports medical missions in two ways. First, it provides resources and funds directly to Operation Smile missions, including in particular the funding of Irish medical volunteer participation. During the past year, over 35 medical volunteers including plastic surgeons, anaesthetists, dentists, OR and recovery nurses, medical records, medical student fellows, paediatric intensivists, speech therapists and our first Trinity/UCD masters fellow and students participated on inaugural Operation Smile medical missions to Senegal and the Congo, as well as joining the international teams for medical missions in Bolivia, China, Ethiopia, India, Kenya, Peru and Paraguay.

Secondly, Operation Smile Ireland supports other Operation Smile International missions through financial contributions towards the costs of those missions.

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Directors' report

During the year, Medical Director, Michael Earley gave a talk to World Cranial Facial Society in China. Also, Chairman, David Orr was named visiting Professor of Plastic Surgery for Jimma University in Ethiopia and is continuing to work on the establishment of the Operation Smile Teaching Centre there, with the first rotation scheduled to be in March 2012.

At Operation Smile Ireland, we truly believe that every child deserves to live their life with dignity and for those born with a cleft lip and/or cleft palate, dignity begins with a smile.

Reserves and financial position

The available resources at the year end are €230,832, as set out on page 8.

Risk management

The directors are aware of the major risks to which the charity is exposed, in particular those related to the operations and finances of the organisation, and are satisfied that appropriate systems are in place to mitigate exposure to the major risks.

State of affairs and events since the balance sheet date

In the opinion of the directors, the state of the company's affairs is satisfactory and there has been no material change since the balance sheet date.

Taxation status

Operation Smile Ireland has been granted charitable status under Section 848A of the Taxes Consolidation Act 1997.

Directors

The present membership of the board is set out on page 1.

Political Contributions

There were no political contributions during the year which require disclosure under the Electoral Act 1997.

Auditors

The Auditors, Horwath Bastow Charleton, Registered Auditors, have indicated their willingness to continue in office in accordance with the provisions of Section 160(2) of the Companies Act, 1963.

This report was approved by the Board on _____ and signed on its behalf by

Director

Director

Operation Smile Ireland

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland including the accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland.

Irish Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of that company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and with Irish statute comprising the Companies Act 1963 to 2009. They are also responsible for safeguarding the assets of the company and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

On behalf of the board

Director

Director

Date

Independent Auditors report to the members of Operation Smile Ireland

We have audited the financial statements of Operation Smile Limited for the year ended 30 June 2011 on pages 7 to 14 which comprise the Statement of Financial Activities, the Balance Sheet, Cashflow Statement and the related notes. These financial statements have been prepared under the historical cost convention and in accordance with the accounting policies set out on page 10.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 4, the Company's Directors are responsible for preparing the financial statements in accordance with applicable law and generally accepted accounting practice in Ireland including the accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice).

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

This report is made solely to the company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland and are properly prepared in accordance with Generally Accepted Accounting Practice in Ireland and are properly prepared in accordance with the Companies Acts, 1963 to 2009. We also report to you whether in our opinion proper books of account have been kept by the company; whether, at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the company; and whether the information given in the Directors' report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account.

We report to you if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

Independent Auditors report to the members of Operation Smile Ireland - continued

Basis of opinion - continued

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

Opinion

In our opinion the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the company's affairs as at the 30 June 2011 and of its results for the year then ended and have been properly prepared in accordance with the Companies Acts 1963 to 2009.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In our opinion the information given in the Directors' Report on pages 2 and 3 is consistent with the financial statements.

Date

**Liam Hession
For and on behalf of
Horwath Bastow Charleton
Registered Auditors
The Red Church
Henry Street
Limerick**

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Profit and loss account for the year ended 30 June 2011

	Notes	2011 €	2010 €
Incoming resources			
Donations and gifts		77,440	53,657
Activities for generating funds		45,258	94,600
Total incoming resources		<u>122,698</u>	<u>148,257</u>
Cost of generating voluntary income	3	(1,472)	(22,569)
Net income from activities		<u>121,226</u>	<u>125,688</u>
Resources expended			
Cost of generating funds:			
-Direct charitable expenditure		(56,898)	(184,478)
-Managing and administering the charity		(54,273)	(71,979)
Total resources expended	4	<u>(111,171)</u>	<u>(256,457)</u>
Other operating income	5	4,105	8,462
Net incoming/(outgoing) resources for the year		<u>14,160</u>	<u>(122,307)</u>

The results as outlined above derive from the company's continuing activities.

There are no recognised gains or losses other than the results for the above two financial years.

The notes on pages 10 to 15 form part of these financial statements.

On behalf of the board

Director

Director

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Balance sheet as at 30 June 2011

	Notes	2011 €	2010 €
Fixed assets			
Tangible assets	7	<u>10,185</u>	<u>12,313</u>
Current assets			
Debtors	8	1,713	1,489
Cash at bank		<u>238,934</u>	<u>227,154</u>
		240,647	228,643
Creditors: amounts falling due within one year			
	9	20,000	24,284
		<u> </u>	<u> </u>
Net current assets		220,647	204,359
		<u> </u>	<u> </u>
Total assets less current liabilities		230,832	216,672
		<u> </u>	<u> </u>
Net assets		230,832	216,672
		<u> </u>	<u> </u>
Reserves			
Reserves	10	<u>230,832</u>	<u>216,672</u>

The notes on pages 10 to 15 form part of these financial statements.

On behalf of the board

Director

Director

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Cash Flow Statement for the year ended 30 June 2011

	Notes	2011 €	2010 €
Reconciliation of operating profit/(loss) to net cash inflow from operating activities			
Operating profit/(loss)		14,160	(122,307)
Depreciation		2,128	1,972
Interest received		(4,105)	(4,462)
(Increase) /decrease in debtors		(224)	829
(Decrease)/increase in creditors		(4,284)	21,784
Net cash inflow/(outflow) from operating activities		<u>7,675</u>	<u>(102,184)</u>
Cash Flow Statement			
Net cash inflow/(outflow) from operating activities		7,675	(102,184)
Returns on investments and servicing of finance	11	4,105	4,462
Capital expenditure	11	-	(5,125)
Increase/(decrease) in cash in the year		<u>11,780</u>	<u>(102,847)</u>
Reconciliation of net cash flow to movement in net debt (Note 12)			
Increase/(decrease) in cash in the year		11,780	(102,847)
Net debt at 1 July 2010		<u>227,154</u>	<u>330,001</u>
Net debt at 30 June 2011	12	<u>238,934</u>	<u>227,154</u>

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Notes to financial statements for the year ended 30 June 2011

1. Statement of accounting policies for the year ended 30 June 2011

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and with reference to to recommendations of the revised Statement of Recommended Practice (SORP) Accounting and Reporting by Charities issued by the Charity Commissioners in 2000.

1.2. Income

Income is credited to the statement of financial activities in the year to which it relates. The income of the organisation includes donations and fundraising funds, over which control is exercised when received by the company.

1.3. Cashflow statement

The company does not meet the criteria for a small company set by the Companies (Amendment) Act 1986 and therefore, in accordance with FRS1: 'Cash Flow Statements', it has prepared a cash flow statement.

1.4. Resources Expended

Resources expended are analysed between fundraising and publicity costs and the costs of managing and administering the charity.

1.5 Taxation

No charge to taxation arises as the Trust has been granted exemption under Sections 848A of the Taxes Consolidation Act 1997.

1.6. Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic cost less accumulated depreciation.

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Fixtures, fittings and equipment - 12.5% straight line

2. Basis of preparing the financial statements

The financial statements have been prepared on the going concern basis in accordance with Irish statute comprising the Companies Acts, 1963 to 2009 and with accounting standards generally accepted in Ireland as published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

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Notes to financial statements for the year ended 30 June 2011

3. Cost of generating voluntary income	2011	2010
	€	€
Fundraising and publicity		
Cost of generating voluntary income	1,472	22,569
	<u> </u>	<u> </u>
4. Analysis of total resources expended	2011	2010
	€	€
Direct charitable expenditure		
Student programme: Educational development	5,965	4,457
International medical missions: Volunteer expenses	50,933	80,001
Central region education and training programmes	-	100,020
	<u> </u>	<u> </u>
	56,898	184,478
	<u> </u>	<u> </u>
Managing and administering the charity		
Wages and salaries	-	24,563
Employer's PRSI	-	1,868
Rent payable	20,000	21,500
Rates	779	-
Insurance	731	727
Light and heat	3,697	5,589
Printing, postage and stationery	4,426	5,979
Marketing and advertising	7,433	3,957
Telephone	1,960	2,576
Consultancy fees	12,650	-
Bank charges	219	865
General expenses	250	2,383
Depreciation on FF & Equipment	2,128	1,972
	<u> </u>	<u> </u>
	54,273	71,979
	<u> </u>	<u> </u>
Total resources expended	111,171	256,457
	<u> </u>	<u> </u>
5. Other operating income	2011	2010
	€	€
Rental income	-	4,000
Interest income	4,105	4,462
	<u> </u>	<u> </u>
	4,105	8,462
	<u> </u>	<u> </u>

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Notes to financial statements for the year ended 30 June 2011

6. Employees

Number of employees

The average numbers of employees employed by the company during the year was:

	2011	2010
Administration	-	1

Employment costs

	2011	2010
	€	€
Wages and salaries	-	24,563
Social welfare costs	-	1,868
	-	26,431

7. Tangible fixed assets

	Fixtures, fittings and equipment	Total
	€	€
Cost		
At 1 July 2010	17,027	17,027
At 30 June 2011	17,027	17,027
Depreciation		
At 1 July 2010	4,714	4,714
Charge for the year	2,128	2,128
At 30 June 2011	6,842	6,842
Net book values		
At 30 June 2011	10,185	10,185
At 30 June 2010	12,313	12,313

The basis by which depreciation is calculated is stated at Note 1.6.

8. Debtors

	2011	2010
	€	€
Prepayments	1,713	1,489

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Notes to financial statements for the year ended 30 June 2011

9. Creditors: amounts falling due within one year	2011	2010	
	€	€	
PAYE/PRSI	-	4,284	
Accruals and deferred income	20,000	20,000	
	<u>20,000</u>	<u>24,284</u>	
10. Equity reserves	2011	2010	
	€	€	
At 1 July 2010	216,672	338,979	
Profit/(loss) for the year	14,160	(122,307)	
At 30 June 2011	<u>230,832</u>	<u>216,672</u>	
11. Gross cash flows	2011	2010	
	€	€	
Returns on investments and servicing of finance			
Interest received	<u>4,105</u>	<u>4,462</u>	
Capital expenditure			
Payments to acquire tangible assets	<u>-</u>	<u>(5,125)</u>	
12. Analysis of changes in net debt	Opening	Cash	Closing
	balance	flows	balance
	€	€	€
Cash at bank	<u>227,154</u>	<u>11,780</u>	<u>238,934</u>
13. Capital commitments			

As at 30 June 2011 the company had not entered into any capital commitments.

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Notes to financial statements for the year ended 30 June 2011

14. Approval of financial statements

The financial statements were approved and authorised for issue by the Board on _____.