

**Habitat for Humanity Great Britain**  
**Company Limited by Guarantee**  
Financial Statements  
For the year ended 30 June 2008

**Company No. 3012626**  
**Charity No. 1043641**

## Members of the board and professional advisers

Company Registration Number:	3012626
Charity Registration Number:	1043641
Registered Office and Principal Office:	46 West Bar Street BANBURY Oxfordshire OX16 9RZ
Trustee Directors:	Mr S A Baseley Mr M J Coogan Mr D S Haszczyn Mr S L Howard 'Deputy Chairman' Mr C R Hyman Mr L Johnson Mr M J Kirkwood CMG 'Chairman' Miss R Liddle Miss S Revell Mr A M V Salz Mr C J V Shave Mr S Thomas Mr G J S Wallis OBE Mr I K Whitehead 'Treasurer'
Secretary:	Mr D C Stapleton

## Members of the board and professional advisers

### Patrons:

HRH The Duke of Gloucester KG GCVO  
Mr A Ali MBE  
The Lord Alton of Liverpool  
Prof G Ashworth  
The Rt Revd M Baughen  
The Very Revd M Bunker  
Mr A Burt MP  
The Revd Dr A Campolo  
The Revd S Chalke  
Mr W R Haughton  
Mr S Hughes MP  
The Lord Ouseley of Peckham Rye  
Sir J Sacks - Chief Rabbi  
Mr T Waite CBE

### Bankers:

National Westminster Bank Plc  
Bridge Street  
BANBURY  
OX16 5JS

### Auditors:

Grant Thornton UK LLP  
Registered Auditors  
Chartered Accountants  
1 Westminster Way  
OXFORD  
OX2 0PZ

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## Directors' Annual Report

The directors present their report together with financial statements for the year ended 30 June 2008.

Habitat for Humanity Great Britain is a company limited by guarantee and a registered charity governed by its Memorandum and Articles of Association. The liability of the directors, as members, is limited to £1. The directors of the charity are its trustees for the purposes of charity law and throughout this report are collectively referred to as the directors.

### Principal activities

Our principal activities are to bring together people in need with volunteers and other resources to build simple, decent and low-cost affordable homes.

We seek to achieve our mission by helping to develop and resource local community groups who are involved in community development by building and renovating simple, decent and affordable houses in their localities.

### Organisation

The directors met 4 times in the financial year with our annual general meeting held in November 2007.

The National Director, Ian Walkden, is responsible for the day to day running of the charity at our Registered Office.

During the year, the National Director had a team of 24 full-time equivalent staff, including a management team covering operations, fundraising and communications, and finance and administration.

### Related parties

Southwark Habitat for Humanity, Liverpool Habitat for Humanity and Banbury Habitat for Humanity are legally independent registered charities affiliated to us by means of a Covenant Agreement, a Memorandum of Understanding and a Licensing Agreement. These affiliates are responsible for completing their own financial statements due to their independent charitable status. We raise funds and make grants to these charities as reflected in Note 14 to the Accounts. In addition, we provide programme support for affiliates, mainly for Southwark Habitat for Humanity, the designated 'flagship' programme. The benefits of this support are reflected in the accounts of the local affiliates.

### Business Review

Our activities are focused on the international house building and volunteer programme, with some support for key strategic domestic projects.

## Directors' Annual Report (continued)

### International Programmes

#### Global Village

Global Village teams volunteer their time for Habitat for Humanity (HFH) projects overseas. In addition the teams raise a minimum £350 per team member (£300 for youth participants and £500 for corporate team participants) to support Habitat for Humanity. From funds raised, grants are made to help fund the cost of further houses in the relevant countries. £127,502 (2007: £220,769) was transferred to worldwide HFH affiliates through this programme. During the year, our staff team trained 31 team leaders for the Global Village trips overseas. Each team is assigned a volunteer coordinator who provides support in orientation, logistics, fundraising, health and safety and emergency planning.

#### Partnership Teams Programme

Our volunteer programme in partnership with Community Challenge (a third party provider of volunteer management and team logistics services), continued with teams in China, India and South Africa. As in previous years, the majority of these teams are sent by our many corporate partners. As with the Global Village programme, these volunteer teams contribute their volunteer labour and also raise funds to cover the specific management and construction costs of the programme and to provide valuable additional funds for the wider work of the organisation.

#### Asian Tsunami Response

In addition to our continuing programme of volunteer teams to Tsunami affected areas of South India, we continued to fund major reconstruction projects in Sri Lanka and Indonesia through our funding partnership with Christian Aid, a Disasters Emergency Committee (DEC) member organisation. Our funding of programmes in India through this source ceased in 2006/07. In the year we received DEC funding (received through Christian Aid) of £600,000 and Christian Aid funding of £805,563. From these funds and funds brought forward a total of £1,375,658 was transferred to HFH projects in Indonesia during the year. In addition, £200,000 was transferred to HFH Sri Lanka during the year. During the year a total of 574 home partner families were served, with 200 families receiving training in house construction and a further 300 skilled and unskilled construction workers trained to build earthquake resistant housing.

### Other International Programmes

In addition to Asian Tsunami-related income from DEC/Christian Aid and our international volunteering programme, we continued to generate income to support a variety of HFH projects worldwide. Donations and grants were received from the general public, from trusts, foundations and institutions and from companies, churches and other civic groups. Total restricted income generated for these international projects totalled £682,839 in the year.

We continued to support house-building projects in Egypt through our partnership with UK based charity Biblelands (who focus their work on the Middle East). A total of £101,590 (2007: £110,000) was transferred to HFH projects in Egypt during the year.

## Directors' Annual Report (continued)

We also continued to receive funding from non-UK governments. A total of £93,112 (2007: £143,105) was received from the governments of Jersey, Guernsey and Isle of Man. This funding supported projects in India (£50,000), Ghana (£22,060) and Tajikistan (£21,052) respectively.

Other smaller gifts were secured from a variety of sources to support HFH programmes and projects in Armenia, Bangladesh, Botswana, Côte d'Ivoire, Egypt, Ethiopia, Ghana, Guatemala, India, Indonesia, Lebanon, Kenya, Kyrgyzstan, Macedonia, Malawi, Mozambique, Poland, Romania, South Africa, Sri Lanka, Tanzania, Uganda and Zambia.

### Domestic Programme

#### London

During the year Southwark Habitat for Humanity concentrated on their largest project to date – the 'Star of India' project in Peckham. This project provides twelve new apartments built for people in need of social housing. Completion is expected in early 2009.

HFHGB has supported the project through the provision of legal services, fundraising, and through a loan of £100,000 to assist with cash flow, which was repaid in full within the financial year.

#### Liverpool

Liverpool Habitat for Humanity (LHFH) completed their first three houses in January 2008 on their site at Kingsley Road, Toxteth donated by the Archdiocese of Liverpool. During the year the second phase of this 32-house project was commenced. This phase saw three further homes being built for local families. As at the year end these homes were 80% complete at the year end. LHFH has won several awards for its work as a community builder.

## Directors' Annual Report (continued)

### Other Domestic Initiatives

We continued to support the house construction programme in Northern Ireland by making grants totalling £36,100. Through this partnership with HFH Northern Ireland, we are able to offer alternative volunteering opportunities to our corporate partners outside London and Liverpool.

We continue to develop our international volunteering programme and fundraising activities in Scotland but prevailing economic conditions may delay the establishment of an enlarged Scottish presence.

### Fundraising Performance

We entered 2007/08 with an expectation that our total income would fall significantly from its 2006/07 level of £5.5m. This was due to the gradual reduction in DEC/Christian Aid funding. Our 2007/08 total income was £4.8m. Although this represents a drop of 12% on 2006/07 it is significantly above the budgeted level of £4.1m. This better than expected performance was due to a high level of corporate income raised together with higher than anticipated levels of DEC/Christian Aid funding. We close 2007/08 knowing that the major funding received from DEC/Christian Aid for the past four years has now ceased. This fact, together with a degree of caution in weakening economic times, means that we enter 2008/09 expecting our income to drop still further. We strive to replace the DEC/Christian Aid funding with other major sources of income and we enter 2008/09 with a long term investment from Habitat for Humanity International (HFHI) focussed on expanding our donor base and developing a major donor and legacy income programme.

During 2007/08 we experienced continued growth in our fundraising from the corporate sector. We generated income of £924,580 (2007: £637,810) from companies through corporate fundraising events, grants for specific HFH projects and through charity of the year awards. In addition to income from fundraising activities in the corporate sector, we also continued to receive a significant contribution to our work from the corporate volunteer teams. In the year, corporate teams formed 56% of our total volunteer programme income, a total contribution of £747,666. When this is combined with corporate fundraising the total contribution to our work from the corporate sector was just under £1.7m. This represented 35% of our total income in the year, and was an increase in support by the corporate sector of 33% from 2006/07.

Our international volunteer programme has continued to expand into new countries. This is in response to our growing relationships with major companies and others who are attracted to the opportunities provided by HFH in helping address poverty housing through the involvement of volunteers. Our increasing collaborative relationships with other HFH organisations have also contributed to our expanding volunteer programme. Our income generated through the international volunteering programme rose by 10% to £1,329,243 (2007: £1,205,859). During the year we saw a significant movement to managing our own in-house teams away from those managed by third party organisers.

Income from individuals remained unchanged at £0.4m. This is due in part to reduced restricted income from this source. In 2007/08 disaster response appeals brought in funds which were not repeated in 2008/09. In addition, investment levels in direct marketing remained unchanged in 2007/08 contributing to this lack of growth. However, at the close of 2007/08 we secured the planned long-term investment from HFHI which will come in the form of a loan to fund an expanded direct marketing programme. This is aimed at raising growth levels in future years. We will be working closely with HFHI to grow our supporter base from 2008/09 onward. In addition to donations from individuals, we also receive contributions from individuals through our international volunteering programme.

## Directors' Annual Report (continued)

Many teams are made up of people not connected as a group to any particular company, church or other organisation. The contribution of these teams was £375,434 in the year and represented 28% of our total international volunteering programme income.

During the year we continued to develop fundraising from direct marketing (DM) activities. A total of 5,679 new donors supported us during the year. At the year end the total number of active donors increased to 17,996. The DM programme continues to be supported by investment from HFHI.

Support from churches, civic groups and educational establishments has remained relatively unchanged at £250,056 (2007: £262,429). We received some exceptional one-off church donations in 2007 which we regard to be the main cause for this slight drop. We have invested in a churches campaign called 123-Lift in the year. This is aimed at increasing income and volunteer team recruitment from the Christian community.

A detailed breakdown of income by donor type can be seen in Note 1 to the Accounts.

Highlights in fundraising performance during the year were as follows:

- higher than expected funding for our programmes in Indonesia and Sri Lanka through Christian Aid (£1.4m received in the year)
- 45% increase in corporate donations
- 20% increase in income from corporate volunteer teams
- 5,679 new donors recruited
- our 18 month partnership with The National House-builders Federation (NHBC) culminated with a total of £200,000 raised. A highlight of the relationship was the 2007 'HopeBuilders' fundraising event at Hope Valley in Derbyshire
- Martin Currie Investment Management Limited hosted the 'Rob Roy Challenge' naming Habitat for Humanity as a charity of choice.
- we repeated the successful Desmond Tutu build which saw 112 volunteers building homes in Cape Town alongside Habitat for Humanity homepartners soon after the year end.

## Directors' Annual Report (continued)

HFHGB would like to thank the following organisations and major supporters. Without their significant contribution, we would not have been able to help people in housing need both at home and overseas:

Abergavenny Methodist Church, Addleshaw Goddard, All Souls' Church Langham Place, Allan and Nesta Ferguson Charitable Settlement, Architects Benevolent Society, Arup, Atkins Ltd, Aviva plc, Bath Abbey, Bellway Homes Wales, Benoy, Benoy Foundation, BibleLands, Bognor Regis Community College, Bruton School, Buxted Construction Ltd, Cheltenham & Gloucester Building Society, Christian Aid UK, Christian Aware, Church of the Good Shepherd, Citi Foundation, Citigroup, COINS, Council of Mortgage Lenders, Diageo plc, EM-Financial, Emmanuel Methodist Church Barnsley, Enable, Eventia Ltd, Exeter University, Financial Risk Management Ltd, Foseco International Ltd, Freshfields Bruckhaus Deringer, Frimley Baptist Church, FRM Hedge, GE Money UK, Genworth Financial, George Wimpey West Scotland, Gosling Trust, Guernsey Overseas Aid Commission, Haymarket Media Group, HBOS plc, The Home Builders Federation, Incentive, Conference & Travel Group, Isle of Man Overseas Aid Committee, Jersey Overseas Aid Commission, John Laing Partnership, Land Data, Land Securities Group plc, Maloco Associates, Marr-Munning Trust, Martin Currie Charitable Foundation, Martin Currie Investment Management Ltd, Mettyear Charitable Trust, Miller Homes Limited - Southern Region, Mouchel, National House-building Council (NHBC), Old & Abbey Parish Church, Overton School, Oxford University, Parish of Llanilid with Pencoed & Heol y Cyw, Reuters plc, Robert Bion & Co Ltd, Saatchi & Saatchi, Salford Elim Church, Schroders plc, Sevenoaks School, Sharnbrook School Bedford, St. Andrews University, St. Nicholas Catholic High School Northwich, St. Martin of Tours Church Chelsfield, St. Paul with St. Mark Church London, Stephen George Partnership, Sunsplash Homes, The Beatrice Laing Trust, The Bryan Guinness Charitable Trust, The Elizabeth and Graham Manson Trust, The Girdlers' Company Charitable Trust, The Preston Trust, The Royal Bank of Scotland Group, The Set Me Free Trust, Tipton Green Methodist Church, Tisbury Telegraph Trust, Tring Team Parish, Turner Broadcasting System Inc., Useful Structures Ltd, Visa Europe, Wanderwide Charitable Trust, Whirlpool (UK) Limited, Womens Tennis Association (WTA), Yarm Homes Ltd.

In addition, we would like to express our appreciation to the hundreds individual donors, volunteers and other organisations who also gave so generously during the year to support the work of Habitat for Humanity both in Britain and abroad.

### Habitat for Humanity International

As in the previous year HFHI continued to support us with a strategic investment in direct marketing (DM) activities.

Each year we enter into a Memorandum of Understanding (MOU) with HFH International, where we state an intention to transfer at least 75% of net income derived from DM activities to international projects. The remaining 25% is invested in the work of our charity to build capacity, further develop the DM campaign and support other forms of income generation for international projects. If we transfer more than 75% of net funds received from all fundraising activities to international programmes, a higher proportion of the proceeds from DM activities can be reinvested into those areas mentioned above. This was the case during the year so no specific designation of funds was required from net DM proceeds. Note 13 to the accounts refers to the MOU as it impacts the financial statements for the year.

## Directors' Annual Report (continued)

### Financial Review

Total income fell by 12% to £4.8m in the year. Our income from the partnership with Christian Aid fell to £1.4m from £2.5m in 2006/07. Behind this drop in one major funding stream, our other income grew by 14%. The primary causes of this underlying growth was in our corporate income and volunteer programmes.

Funding received from HFHI (£161,486) dropped from the 2006/07 level (£195,342). This was due to a less favourable exchange rate on the direct marketing investment received and some one off capacity building funding provided in 2006/07 not repeated in 2007/08.

During the year, contributions were received from: Individuals (£411,049), Churches & Civic Groups (£35,392), Companies (£924,580), Foundations, Organisations and Institutions (£254,447) and income associated with the international volunteering programme totalling £1,329,243. Other income was received from gift aid recovery (£125,500), interest (£86,553), legacies (£2,449) and gifts-in-kind (£111,881).

Within the £1,329,243 generated from our volunteer programme, a large proportion of teams were from the corporate sector and from churches. Volunteer programme income from these sources was as follows: corporate volunteer teams (£747,666), church teams (£109,044), individuals (£375,434), schools & university teams (£66,855) and other teams (£30,244).

In the year, charitable expenditure (Note 5) included grants to other HFH projects totalling £2,633,615 (2007: £3,419,612). These grants were made to HFH affiliates worldwide and to local HFH affiliates in Great Britain. The purpose of these grants is for house construction and local affiliate development. In addition to these grants, direct project expenditure of £649,536 (2007: £550,832) was incurred.

Support costs of the organisation (employment, overhead and other expenses incurred in generating funds and in governance) totalled £1,447,234 (2007: £1,229,612). Employment and overhead expenses are apportioned to each of the main expense categories as shown on the Statement of Financial Activities. These apportionments are based upon staff time dedicated to charitable activities, to activities undertaken to generate funds and in governance work. In total the employment costs of the organisation (£719,845) represent 15% of total expenditure in the year.

The company's assets are held to further its charitable objectives. At 30th June 2008, the charity held net assets totalling £2,285,974 (2007: £2,168,216).

### Grant Making Policy

We make payments to other HFH entities in Great Britain and overseas. These payments are made from both restricted and unrestricted funds generated within Great Britain. Payments are made to organisations with aims consistent with our charitable objectives.

In respect of grants made to domestic projects, we make payments to other legally independent but affiliated HFH groups. We work alongside the local affiliates to monitor usage of the funds.

In respect of grants made to overseas projects, we manage the disbursement, monitoring and reporting of these grants through the European Area office of HFHI and also with the support of other HFHI area offices relevant to where the funding is directed. The viability and standing of other HFH organisations are reviewed before making grants.

## Directors' Annual Report (continued)

All grant payments are subject to internal financial controls and transfer policies. This helps to ensure an appropriate level of management control is exerted over grants made from unrestricted and restricted funds.

### Risk Assessment

On a periodic basis the directors review, with management, the major risks the charity faces. The Board receive financial reports on a quarterly basis to enable them to assess these risks. We seek to maintain sufficient unrestricted cash to cover ongoing costs in the near term but these projections assume ongoing levels of income. The directors continue to seek to build up a reserve fund to help meet obligations in the event of material adverse conditions.

In 2004/05 the directors initiated a process of review of business risks in conjunction with management and in line with Charity Commission guidelines. Systems and internal financial controls have been established to mitigate significant risks. The Company Secretary along with management will be undertaking a detailed review of business risks in 2008/09 aimed specifically at income risks in light of the weakening global economy and in particular it's potential for impact on our corporate and volunteering income.

### Reserves Policy

The directors have reviewed the charity's need for reserves in line with the Charity Commission guidelines and believe the charity should hold reserves to protect against the risks of shortfalls in its cash balances due to uncertainties in the timing of fund raising opportunities for unrestricted funds, particularly in the corporate and trust sectors.

The directors are seeking to establish a reserve fund equivalent to 6 months operating costs reviewed annually and that this fund should be built up to the desired level in stages consistent with the charity's overall financial position and its needs to maintain and develop its charitable activities. This year £40,000 has been transferred into a designated reserve fund, bringing the total of this designated fund to £180,000 (Note 13 to the Accounts).

### Funding

The charity's assets attributable to each of its individual funds are available and adequate to fulfil its obligations in relation to those funds.

## Directors' Annual Report (continued)

### Directors

The directors, who are the charity trustees, and who have served during the year are listed below.

Mr S A Baseley  
Mr M J Coogan (17 September 2007)  
Mr D S Haszczyn  
Mr S L Howard  
Mr C R Hyman  
Mr L Johnson  
Mr M J Kirkwood CMG  
Miss R Liddle  
Miss S Revell (17 September 2007)  
Mr A M V Salz  
Mr C J V Shave  
Mr S Thomas  
Mr G J S Wallis OBE  
Mr I K Whitehead

The company has no share capital and is limited by guarantee. The members' liability is limited to a maximum of £1 each.

### Directors' Responsibilities for the Financial Statements

The directors (who are also trustees of Habitat for Humanity Great Britain for the purposes of charity law) are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

## Directors' Annual Report (continued)

In so far as the directors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors' 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.

### Fixed Assets

The movements in fixed assets are set out in Note 8 to the Accounts.

### Charitable and Political Contribution

There were no donations to charitable organisations or political contributions made during the period.

### Auditors

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

BY ORDER OF THE BOARD

Mr D Stapleton  
Secretary



## Report of the Independent Auditor to the Directors of Habitat for Humanity Great Britain

We have audited the financial statements of Habitat for Humanity Great Britain for the year ended 30 June 2008 which comprise the principal accounting policies, the statement of financial activities, the balance sheet and notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's directors, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's directors 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 directors as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of Directors and Auditors

The responsibilities of the trustees (who are also the directors of Habitat for Humanity Great Britain for the purposes of company law) for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements 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 financial statements give a true and fair view, whether they are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the charitable company is not disclosed.

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

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



## Report of the Independent Auditor to the Directors of Habitat for Humanity Great Britain (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 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 financial statements.

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 30 June 2008 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements for the year ended 30 June 2008.

GRANT THORNTON UK LLP  
REGISTERED AUDITOR  
CHARTERED ACCOUNTANTS  
OXFORD  
Date:

The maintenance and integrity of the Habitat for Humanity Great Britain website is the responsibility of the directors: the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

## Accounting policies

### Basis of Preparation

The financial statements have been prepared under the historical cost convention and in accordance with the recommendations in the Statement of Recommended Practice: Accounting by Charities (the SORP) issued in 2005.

The principal accounting policies have remained unchanged from the previous year and are set out below.

### Incoming Resources

#### Grants Receivable

Revenue grants are credited as incoming resources when they are receivable provided conditions for receipt have been complied with, unless they relate to a specified future period, in which case they are deferred.

#### Donations and Gifts

All monetary donations and gifts are included in full in the statement of financial activities when receivable, provided that there are no donor-imposed restrictions as to the timing of the related expenditure, in which case recognition is deferred until the pre-condition has been met.

Legacies to which the company is entitled are included in the statement of financial activities unless they are incapable of measurement.

Gifts-in-kind are accounted for at the directors' estimate of value to the company or sale value as follows:

- assets received for distribution by the company are recognised only when distributed
- assets received for resale are recognised, where practicable, when receivable or otherwise when sold
- gifts of funds for acquiring fixed assets for company use are accounted for as restricted funds immediately on receipt.

Intangible income is valued and included in income to the extent that it represents goods or services which would otherwise be purchased. An equivalent amount is charged as expenditure. Voluntary help is not included in income.

## Projects

Project income is income received where there are restrictions placed upon it by the donor, such as the Global Village programme for short-term mission teams. Project income is accounted for when it is received.

## Foreign Currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Where exchange differences result from the translation of foreign currency borrowings raised to acquire foreign assets they are taken to reserves and offset against the differences arising from the translation of those assets. All other exchange differences are dealt with through the profit and loss account.

## Investment Income

Investment income, including associated tax recoveries, is recognised when receivable.

## Resources Expended

Expenditure, which is charged on an accruals basis, is allocated between:

- expenditure incurred directly to the fulfilment of the charity's objectives (charitable activities)
- expenditure incurred directly in the effort to raise voluntary contributions (costs of generating voluntary income) and
- expenditure incurred directly attributable to the governing of the charity (governance costs).

Items of expenditure involving more than one cost category are apportioned on the basis of the estimated costs relating to each category appropriate. Notes 3 to 5 detail the basis of apportioning costs. In summary:

- Governance costs are costs associated with the governance arrangements of the charity which relate to the general running of the charity as opposed to those costs associated with fundraising or charitable activity. Governance costs includes external audit, legal and professional fees to trustees and costs associated with constitutional and statutory requirements. Also included within this category are any costs associated with the strategic management of the charity's activities.
- Office costs and employments costs are apportioned based on staff time analysis.
- Grants to Habitat for Humanity projects, projects expenses, fundraising and publicity, and travel costs are charged directly to the project to which they relate.

## Grants

Grant expenditure is treated as outgoing when it is payable provided payment conditions have been met, unless it relates to a specified future period, in which case it is treated as prepaid.

## Liabilities

Liabilities are recognised when there is a legal and constructive obligation committing the charity to the expenditure.

### Corporation Tax and VAT

The company has charitable status and is exempt from corporation tax on the income it has received.

The company is not registered for VAT.

### Pension Contributions

At the year end the company operated a stakeholder pension scheme into which the employer and employees make contributions on a matching basis. The pension costs charged against the Statement of Financial Activities are the contributions payable to this scheme in respect of the accounting period, as shown in note 6.

### Fund Accounting

Restricted funds are to be used for specified purposes laid down by the donor. Expenditure for those purposes is charged to the fund, together with a fair allocation of overheads and support costs.

Unrestricted funds are donations and other incoming resources received or generated for expenditure on the general objectives of the charity.

Designated funds are unrestricted funds which have been designated for specific purposes by the directors.

### Tangible Fixed Assets and Depreciation

Tangible fixed assets are capitalised at cost where their acquisition value is greater than £250, and are stated at cost net of depreciation.

Depreciation is calculated to write down the cost of all tangible fixed assets by equal annual instalments over their expected useful lives. The rates generally applicable are:

Fixtures, fittings and equipment	-	20% per annum, on a straight line basis.
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### Leased Assets

All leases are regarded as operating leases and the payments made under them are charged to the statement of financial activities on a straight line basis over the lease term.

## Statement of Financial Activities (incorporating an income and expenditure account)

	Note	Unrestricted Funds £	Restricted Funds £	Total 2008 £	Total 2007 £
<b>Incoming resources</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income	1	1,369,970	3,391,620	4,761,590	5,430,632
Investment income		86,553	-	86,553	74,659
<b>Total incoming resources</b>	2	<b>1,456,523</b>	<b>3,391,620</b>	<b>4,848,143</b>	<b>5,505,291</b>
<b>Resources expended</b>					
<b>Costs of generating funds:</b>					
Costs of generating voluntary income	3	479,446	-	479,446	482,682
Charitable activities	4	903,446	3,260,586	4,164,032	4,641,719
Governance costs		86,907	-	86,907	75,655
<b>Total resources expended</b>	5	<b>1,469,799</b>	<b>3,260,586</b>	<b>4,730,385</b>	<b>5,200,056</b>
<b>Net incoming resources before transfers</b>		<b>(13,276)</b>	<b>131,034</b>	<b>117,758</b>	<b>305,235</b>
<b>Transfers</b>		<b>(10,897)</b>	<b>10,897</b>	<b>-</b>	<b>-</b>
<b>Net income and expenditure and movement in funds</b>		<b>(24,173)</b>	<b>141,931</b>	<b>117,758</b>	<b>305,235</b>
<b>Total funds brought forward at 1 July 2007</b>		<b>679,912</b>	<b>1,488,304</b>	<b>2,168,216</b>	<b>1,862,981</b>
<b>Total funds carried forward at 30 June 2008</b>	12	<b>655,739</b>	<b>1,630,235</b>	<b>2,285,974</b>	<b>2,168,216</b>

There were no recognised gains or losses other than the surplus for the financial period. All incoming resources and resources expended derive from continuing operations.

The accompanying accounting policies and notes form an integral part of these financial statements.

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## Balance Sheet

	Note	2008		2007
		£	£	£
<b>Fixed assets</b>				
Tangible assets for use by the charity	8		<b>33,612</b>	40,496
<b>Current assets</b>				
Debtors	9	<b>212,003</b>		105,527
Cash at bank and in hand		<u><b>2,418,071</b></u>		<u>2,148,020</u>
		<b>2,630,074</b>		2,253,547
<b>Creditors - amounts falling due within one year</b>	10	<u><b>207,292</b></u>		<u>125,827</u>
<b>Net current assets</b>			<u><b>2,422,782</b></u>	<u>2,127,720</u>
<b>Creditors - amounts falling due in more than one year</b>	11		<b>170,420</b>	-
<b>Net Assets</b>			<u><u><b>2,285,974</b></u></u>	<u><u>2,168,216</u></u>
<b>Funds</b>				
Unrestricted funds	13		<b>655,739</b>	679,912
Restricted funds	14		<u><b>1,630,235</b></u>	<u>1,488,304</u>
			<u><b>2,285,974</b></u>	<u>2,168,216</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Directors on .....

M J Kirkwood  
 Director and Chairman

I K Whitehead  
 Director and Treasurer

The accompanying accounting policies and notes form an integral part of these financial statements.

## Notes to the financial statements

### 1 Voluntary income

	Unrestricted £	Restricted £	2008 Total £	2007 Total £
Grant income:				
Non-United Kingdom Governments	-	93,111	93,111	143,105
Disasters Emergency Committee	-	600,000	600,000	1,877,350
Habitat for Humanity International	161,487	-	161,487	195,342
Christian Aid	-	805,563	805,563	608,718
Biblelands	-	101,590	101,590	110,000
	<u>161,487</u>	<u>1,600,264</u>	<u>1,761,751</u>	<u>2,934,515</u>
Donation income:				
Individuals	363,963	47,086	411,049	434,838
Churches	18,334	16,239	34,573	62,218
Companies	326,826	597,754	924,580	637,817
Gifts in kind	84,581	27,300	111,881	6,000
Civic groups	819	-	819	-
Legacies	2,449	-	2,449	-
Foundations, Organisations & Institutions	16,210	43,535	59,745	30,813
Gift Aid recovered on donations from individuals	125,500	-	125,500	118,572
	<u>938,682</u>	<u>731,914</u>	<u>1,670,596</u>	<u>1,290,258</u>
International Volunteering Programmes	<u>269,801</u>	<u>1,059,442</u>	<u>1,329,243</u>	<u>1,205,859</u>
<b>Total voluntary income</b>	<u><b>1,369,970</b></u>	<u><b>3,391,620</b></u>	<u><b>4,761,590</b></u>	<u><b>5,430,632</b></u>

During the year £111,881 of consultancy & legal services were received free of charge, and this has been included in Gifts in kind.

### 2 Total incoming resources

Income attributable to geographical markets outside the United Kingdom amounted to 7% (2007: 6%).

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### 3 Costs of generating voluntary income

	Unrestricted £	Restricted £	2008 Total £	2007 Total £	Basis of allocation
Fund raising and promotion	225,949	-	225,949	277,944	Direct
Employment costs	169,517	-	169,517	144,560	Staff time
Support costs	83,980	-	83,980	60,178	Staff time
	<u>479,446</u>	<u>-</u>	<u>479,446</u>	<u>482,682</u>	

### 4 Charitable activities

	Unrestricted £	Restricted £	2008 Total £	2007 Total £
International grants programme	161,342	1,779,406	1,940,748	1,074,943
International volunteering programme	238,262	820,853	1,059,115	1,060,984
Disasters Emergency Committee funding programme (tsunami countries)	21,176	600,000	621,176	1,953,462
Domestic programme	193,276	60,327	253,603	382,562
Advocacy	289,390	-	289,390	169,768
Total	<u>903,446</u>	<u>3,260,586</u>	<u>4,164,032</u>	<u>4,641,719</u>

### 5 Analysis of resources expended

	Cost of generating funds £	Charitable activities £	Governance £	2008 Total £	2007 Total £	Basis of allocation
Grants to HFH projects	-	2,633,615	-	2,633,615	3,419,612	Direct*
Project expenses	-	649,536	-	649,536	550,832	Direct*
Fundraising and promotions	225,949	211,737	-	437,686	399,453	Direct*
Employment costs	169,517	495,899	54,429	719,845	575,275	Staff time
Office costs	44,262	129,482	13,777	187,521	158,420	Staff time
Travel costs	11,984	31,158	4,794	47,936	49,209	Direct*
Training	1,480	2,479	90	4,049	3,082	Direct*
Audit and accountancy	-	-	9,190	9,190	8,421	Governance
Consultancy costs	26,254	5,296	424	31,974	10,959	Direct*
Recruitment costs	-	886	-	886	5,185	Governance
Legal and Professional	-	3,944	4,203	8,147	19,608	Governance
	<u>479,446</u>	<u>4,164,032</u>	<u>86,907</u>	<u>4,730,385</u>	<u>5,200,056</u>	

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### Analysis of resources expended (continued)

Total resources expended include:	<b>2008</b>	2007
	<b>£</b>	<b>£</b>
Auditors remuneration:		
Audit services	<b>9,190</b>	8,421
Depreciation:		
Tangible fixed assets	<b>10,978</b>	7,145
	<u><b>10,978</b></u>	<u>7,145</u>

\* Costs that are allocated on a "Direct" basis are charged directly to the project to which they relate; no apportionment of those costs is required.

All grants were paid to institutions and none to individuals.

## 6 Employees

Wages and salaries included in staff costs during the period were as follows:

	<b>2008</b>	2007
	<b>£</b>	<b>£</b>
Wages and salaries	<b>631,906</b>	497,857
Social security costs	<b>64,118</b>	50,945
Relocation costs	-	5,345
Other pension costs	<b>22,156</b>	19,463
Death in service	<b>1,665</b>	1,665
	<u><b>719,845</b></u>	<u>575,275</u>

The average number of full time equivalent employees during the period, analysed by activity, were as follows:

	<b>2008</b>	2007
	<b>Number</b>	<b>Number</b>
Costs of generating funds	<b>6</b>	5
Charitable activities	<b>16</b>	12
Governance	<b>2</b>	1
	<u><b>24</b></u>	<u>18</u>

During the year and the prior year no employee received emoluments more than £60,000.

## 7 Payments to Directors and connected persons

No director or person with a family or business connection with a director received remuneration in the period directly or indirectly, from either the charity or an institution or company controlled by the charity.

No trustees received reimbursement of expenses during this or the prior year.

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## 8 Tangible fixed assets

	<b>Fixtures, fittings and equipment £</b>
Cost	
At 1 July 2007	113,268
Additions	<u>4,094</u>
At 30 June 2008	<u>117,362</u>
Depreciation	
At 1 July 2007	72,772
Provided in the period	<u>10,978</u>
At 30 June 2008	<u>83,750</u>
Net book amount at 30 June 2008	<u>33,612</u>
Net book amount at 30 June 2007	<u>40,496</u>

## 9 Debtors

	<b>2008 £</b>	2007 £
Loans to HFH Projects	<b>100,000</b>	-
Gift aid recoverable	<b>92,083</b>	75,473
Prepayments	<b>19,920</b>	30,054
	<u><b>212,003</b></u>	<u>105,527</u>

## 10 Creditors: amounts falling due within one year

	<b>2008 £</b>	2007 £
Social security and other taxes	<b>18,272</b>	14,999
Trade creditors	<b>56,204</b>	72,188
Accruals	<b>33,076</b>	8,402
Habitat for Humanity International Loan	<b>80,280</b>	-
Other creditors	<b>19,460</b>	30,238
	<u><b>207,292</b></u>	<u>125,827</u>

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## 11 Creditors: amounts falling due in more than one year

	2008	2007
	£	£
Habitat for Humanity International Loan	<u>17,420</u>	-

## 12 Fund movements summary

	Unrestricted funds (note 13) £	Restricted funds (note 14) £	Total funds £
At 1 July 2007	679,912	1,488,304	2,168,216
Incoming resources	1,456,523	3,391,620	4,848,143
Expenditure	(1,469,799)	(3,260,586)	(4,730,385)
Transfers	(10,897)	10,897	-
At 30 June 2008	<u>655,739</u>	<u>1,630,235</u>	<u>2,285,974</u>

## 13 Unrestricted funds

	General undesignated funds £	Designated international fund £	Designated reserves fund £	Total unrestricted funds £
At 1 July 2007	531,734	8,178	140,000	679,912
Incoming resources	1,416,523	-	40,000	1,456,523
Expenditure	(1,469,799)	-	-	(1,469,799)
Transfers	(10,897)	-	-	(10,897)
At 30 June 2008	<u>467,561</u>	<u>8,178</u>	<u>180,000</u>	<u>655,739</u>

### General undesignated funds

This fund is available to the directors to apply for the general purposes of the charity as set out in its governing document. The directors are free to use these funds for any of the charity's purposes.

### Designated international fund

Under the terms of the 2004/05 Memorandum of Understanding with Habitat for Humanity International, HFHGB designated 75% of all net income from its direct marketing campaign to international projects. The balance of £8,178 represents the remaining sum awaiting transfer as at the year end.

### Designated reserves fund

The directors have set aside an amount of £40,000 in the year. This takes the reserve fund to £180,000. This fund was established in 2004/05 to mitigate against operational risks; see reserves policy within the directors report.

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#### 14 Restricted funds

	<b>HFHGB Domestic affiliates £</b>	<b>International projects £</b>	<b>Total restricted funds £</b>
At 1 July 2007	6,444	1,481,860	<b>1,488,304</b>
Incoming resources	49,074	3,342,546	<b>3,391,620</b>
Expenditure	(60,327)	(3,200,259)	<b>(3,260,586)</b>
Transfers	11,081	(184)	<b>10,897</b>
	<u>6,272</u>	<u>1,623,963</u>	<u>1,630,235</u>
At 30 June 2008	<b>6,272</b>	<b>1,623,963</b>	<b>1,630,235</b>

#### Further breakdown of the reserves held for Habitat for Humanity Great Britain affiliates:

	<b>Scotland £</b>	<b>Birmingham £</b>	<b>Liverpool £</b>	<b>London £</b>	<b>Other £</b>	<b>Total £</b>
At 1 July 2007	-	6,118	128	44	154	<b>6,444</b>
Incoming resources	-	-	2,934	46,140	-	<b>49,074</b>
Expenditure	(3,377)	-	(3,122)	(53,828)	-	<b>(60,327)</b>
Transfers	3,377	-	60	7,644	-	<b>11,081</b>
	<u>-</u>	<u>6,118</u>	<u>-</u>	<u>-</u>	<u>154</u>	<u>6,272</u>
At 30 June 2008	<b>-</b>	<b>6,118</b>	<b>-</b>	<b>-</b>	<b>154</b>	<b>6,272</b>

The Habitat for Humanity Great Britain affiliates' funds represent amounts collected on behalf of the appropriate local affiliated groups for the purpose of building and renovating decent and affordable houses in their localities.

## 14 Restricted funds (continued)

### Further breakdown of the reserves held for other Habitat for Humanity projects:

	<b>Global Village £</b>	<b>Partnership Teams £</b>	<b>Emergency Sri Lanka Fund £</b>	<b>International Grants Fund £</b>	<b>Other International Projects £</b>	<b>Total £</b>
At 1 July 2007	240,060	370,951	294,756	272,210	303,883	<b>1,481,860</b>
Incoming resources	902,147	157,295	7,548	1,600,265	675,291	<b>3,342,546</b>
Expenditure	(602,123)	(218,728)	(27,432)	(1,819,133)	(532,843)	<b>(3,200,259)</b>
Transfers	(184)	-	-	41,765	(41,765)	<b>(184)</b>
At 30 June 2008	<b>539,900</b>	<b>309,518</b>	<b>274,872</b>	<b>95,107</b>	<b>404,566</b>	<b>1,623,963</b>

#### Global Village

The Global Village fund represents amounts collected to fund the cost of sending volunteers to build houses in Habitat for Humanity projects overseas, to make donations to those and other HFH projects and to develop the Global Village programme.

#### Partnership Teams

In the year the Partnership Teams programme continued in China, India and South Africa. The Partnership Teams fund represents amounts collected to support the costs of volunteer teams and house construction in these countries.

#### Emergency Sri Lanka Fund

This represents funds to support the ongoing construction of housing in tsunami affected areas of Sri Lanka. To date our response to the tsunami has seen us prioritise the usage of time bound funds in Sri Lanka (e.g. DEC funding). Once all time bound funds have been fully utilised HFHGB can, in future years, continue to support reconstruction in Sri Lanka through the use of the Emergency Sri Lanka Fund.

#### International Grants Fund

This represents major grant funding for specific disaster response and housing projects.

#### Other International Projects Fund

This represents restricted donations for international projects and the subsequent transfer of funds to, and support for, HFH projects overseas.

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## 15 Analysis of net assets between funds

	Unrestricted fund £	Restricted fund £	Total £
Tangible fixed assets	33,612	-	33,612
Current assets	957,282	1,672,792	2,630,074
Current liabilities	(164,735)	(42,557)	(207,292)
Long term liabilities	(170,420)	-	(170,420)
	<u>655,739</u>	<u>1,630,235</u>	<u>2,285,974</u>

## 16 Share capital

Habitat for Humanity Great Britain is a company limited by guarantee and does not have a share capital.

## 17 Contingent liabilities

There were no contingent liabilities as at 30 June 2008 or 30 June 2007.

## 18 Operating lease commitments

At 30 June 2008 the company was committed to making the following payments during the next year in respect of operating leases:

	Buildings £	2008 Other £	Buildings £	2007 Other £
Leases which expire within:				
Two to five years	<u>55,350</u>	<u>4,412</u>	<u>55,350</u>	<u>2,964</u>

## 19 Capital commitments

There were no capital commitments as at 30 June 2008 or 30 June 2007.

## 20 Related party transactions

During the year a short-term loan of £100k was made to Southwark Habitat for Humanity on which interest was charged at 2%. Habitat for Humanity Great Britain continues to raise funds to support a number of affiliated Habitat organisations in the United Kingdom and abroad.

## 21 Controlling related party

The Directors believe that they are the controlling related party.

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## Management information

**The following pages do not form part of the statutory financial statements  
which are the subject of the independent auditors' report on pages 11 and 12.**

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## Detailed Income and Expenditure Account

	Year to 30 June 2008		Year to 30 June 2007	
	£	£	£	£
<b>Income</b>				
Grants		1,761,751		2,934,515
Donations		1,545,096		1,171,686
International Volunteering Programmes		1,329,243		1,205,859
Other		212,053		193,231
		<u>4,848,143</u>		<u>5,505,291</u>
<b>Office expenditure</b>				
Postage	11,175		13,541	
Telephone and fax	15,290		21,276	
Stationery and publications	5,570		4,977	
Subscriptions	1,971		2,952	
Photocopying	6,992		7,612	
Fund raising and promotion	437,686		399,453	
Insurance	1,764		3,455	
Other	336		208	
Depreciation	10,978		7,145	
Accountancy	9,190		8,421	
Rent and rates	75,841		20,024	
Printing	1,290		2,421	
IT systems and maintenance	35,484		49,036	
Electricity	216		4,160	
Office cleaning and maintenance	9,900		10,389	
Legal and professional fees	8,147		19,608	
Bank charges	8,516		8,957	
		<u>(640,346)</u>		<u>(583,635)</u>
<b>Travel</b>				
Hotel	7,760		7,531	
Meals	1,635		1,520	
Train	9,235		6,481	
Car rental	8,335		7,944	
Car parking	655		1,057	
Taxi	803		422	
Mileage	4,529		5,454	
Travel insurance	-		393	
Air travel	12,654		15,233	
Entertainment	1,925		2,865	
Coach/bus	405		308	
		<u>(47,936)</u>		<u>(49,208)</u>
<b>Personnel</b>				
Employment costs including staff recruitment, staff training, staff welfare and consultancy		(758,952)		(596,769)
		<u>3,400,909</u>		<u>4,275,679</u>
Carried forward				

This page does not form part of the statutory financial statements which are the subject of the independent auditors' report on pages 11 and 12.

## Detailed Income and Expenditure Account (continued)

	Year to 30 June 2008		Year to 30 June 2007	
	£	£	£	£
Brought forward		<b>3,400,909</b>		4,275,679
<b>Other direct charitable expenditure</b>				
Grants to HFH projects (international and domestic)		<b>2,633,615</b>		3,419,612
Project expenses (international and domestic)		<b>649,536</b>		550,832
		<b>(3,283,151)</b>		<b>(3,970,444)</b>
<b>Surplus for the year</b>		<b>117,758</b>		<b>305,235</b>