



**Habitat**  
**for Humanity**<sup>®</sup>  
Great Britain



# Habitat for Humanity

# Great Britain

Report and financial statements for the year ended 30 June 2017

Company number: 3012626 Charity number: 1043641

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Front page: Julius Nyakeya Kinanda and his wife, Ruth Nygmorambo Nyakeya, and their children, Michelle Kwamboka Nyakeya (White top), 10, Elisha Kafiti Nyakeya, 8, and Joy Boera Nyakeya, 2. ©Habitat for Humanity International/Jason Asteros

All photo credits Habitat for Humanity unless stated.

# Reference and Administrative Information

**Company number:** 3012626

**Charity number:** 1043641

## Registered office and operational address

10 The Grove  
Slough  
Berkshire  
SL1 1QP

## Trustees

Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Stewart Baseley, Chair (resigned 20 Dec 2017)

Susan Revell, Vice Chair

Gordon Holmes, Treasurer

Ian Whitehead, Chair

Larry Sullivan

Gary von Lehmden

Simon Thomas

Adrienne Carr (resigned 20 Dec 2017)

Gregory Foster (resigned 20 Dec 2017)

Mike Freshney (appointed 20 Dec 2017)

Brian Clark (appointed 20 Dec 2017)

## Key management personnel

Meryl Davies, Chief Executive Officer

Tum Kazunga, Head of Income Generation and Deputy CEO

Manuela Campbell, Head of Supporter Services

Nuwa Serunjogi, Head of Partnerships and Programmes

Ben Coker, Head of Finance

Gareth Hepworth, CEO Habitat for Humanity

GB Homes

David Clare, COO Habitat for Humanity GB Homes

## Patrons

H.R.H. The Duke of Gloucester KG GCVO

The Rt. Hon. Alistair Burt MP

The Rt. Hon. Sir Simon Hughes

Rabbi Rt. Hon. Lord Jonathan Sacks Kt

Terry Waite CBE

Michael Kirkwood CMG

## Bankers

National Westminster Bank Plc

1 Town Hall Buildings

Bridge Street

Banbury

OX16 5JS

## Solicitors

Bates Wells and Braithwaite London LLP

10 Queen Street Place

London

EC4R 1BE

## Auditors

Wilkins Kennedy LLP

Gladstone House

77-79 High Street

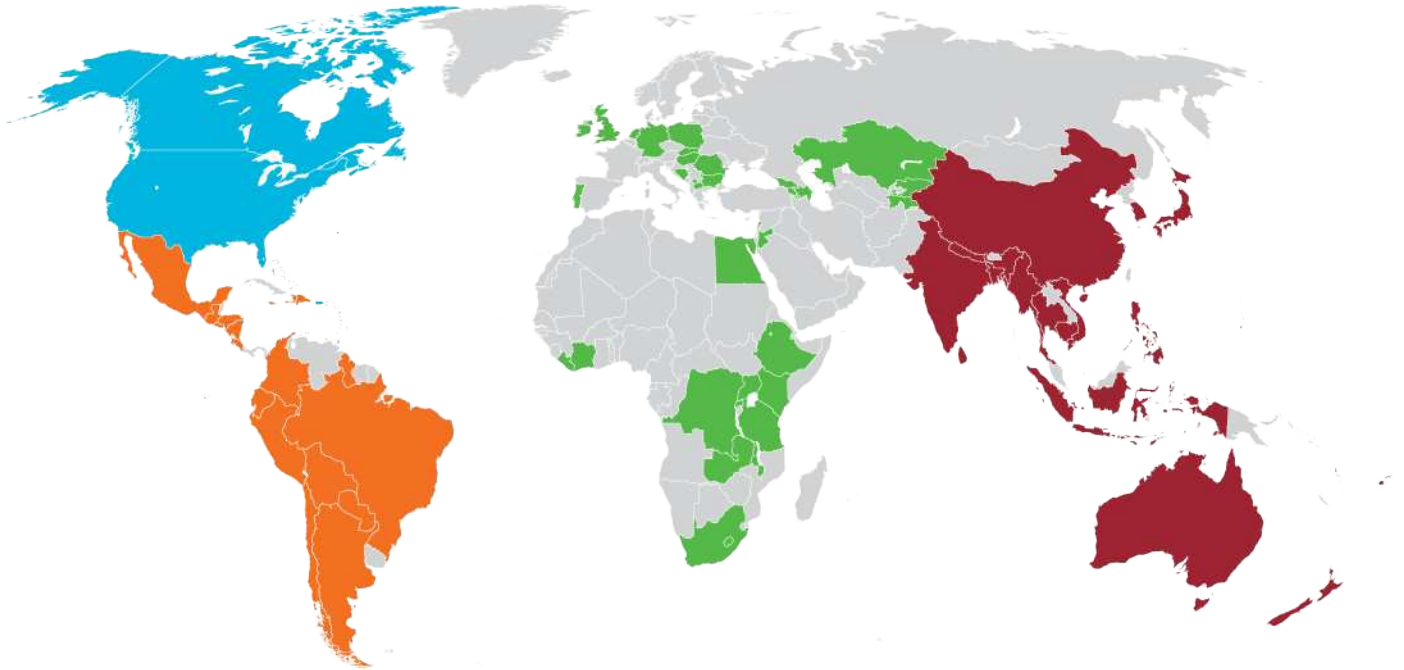
Egham

Surrey

TW20 9HY

# Local and global impact

During the last financial year, Habitat for Humanity International was active in 73 countries around the world, directly impacting just under 3.5 million people



## Number of individuals impacted through improved housing in the last Financial Year

United States & Canada	30,636
Latin America & the Caribbean	1,662,450
Europe, Middle East & Africa	686,355
Asia & the Pacific	1,120,305
<b>TOTAL</b>	<b>3,499,746</b>

## In Great Britain

Supporting local partners in London, we renovated, refurbished and converted community spaces, homes and offices. During the year, we received planning permission to build 32 units of affordable housing in Dagenham on behalf of Kingsley Hall Church & Community Centre and work also started at the Quaker Meeting Hall in Tunbridge Wells to convert the building into a more appropriate meeting space and accommodation for 9 young people at risk of becoming homeless. In total, our work in Great Britain impacted **481** individuals.

# Trustees' Annual Report

## Message from the Board Chair

Habitat for Humanity is one of the world's leading housing charities. Our vision is a world where everyone has a safe place to call home. Our mission is to build decent, affordable homes.

We believe every child, woman, and man has the right to live in a decent home that will keep them safe, secure, and warm. We stand with the most vulnerable to build decent and affordable houses that help give families and communities the foundation for a life out of poverty. Building a world where everyone has a safe place to call home will take all of us. By working together, we can all play a part, and we can all make a difference.

With a new strategic approach in place and a refreshed team taking on new areas of responsibility, we have consolidated the financial position of Habitat for Humanity GB under the leadership of our CEO, Meryl Davies, and her senior team. The fresh strategy will take us to 2020 and sets out the basis for significant growth in that period. With growth as our goal, we have underpinned our work with four core themes:

- Sustainability: we want long-term viability for both our programmes and our fundraising.
- Effectiveness: our programmes and practices will positively change lives and attract quality partners.
- Influence: we work with partners to promote actions and policies that improve homes and we are increasing our influence within the Habitat for Humanity network.
- Digital excellence: digital tools increasingly underpin both our programmes and our volunteer engagement.

Most of our work is in five areas of focus: housing; housing microfinance; sanitation and health; disaster resilience; and volunteering. This report will highlight these five areas with examples that show the breadth of our work. The locations range from the UK to Uganda, Bangladesh, and Ethiopia where we are involved in housing, sanitation, and disaster resilience



projects. These projects are having a huge impact on the lives of vulnerable people. In 2018, we are adding further projects in India and Lebanon to our partnerships. Our unique volunteering programme continues to change the lives of those who receive new houses and of those who help build them.

We are delighted to be part of a network of dynamic Habitat for Humanity organisations around the world and to be working with them to achieve housing justice and to reduce poverty housing.

Ian Whitehead  
Chair of Trustees



©Habitat for Humanity/Steffan Hacker

## OVERVIEW

Our vision is a world where everyone has a safe place to call home. We believe that a decent home helps to permanently break the cycle of poverty and allows families to be strong, to provide a stable home, and to achieve independence.

We believe decent homes are the heartbeat of strong communities and so we also fight for land rights for women, upgrade urban slums and informal settlements, improve access to water and sanitation, and help communities become more resilient in the face of natural disasters.

We support the most marginalised and vulnerable in society, and welcome all people to partner in our life-changing work through our volunteering programmes in the UK and internationally.

## STRATEGIC REVIEW

The priority of Habitat for Humanity Great Britain is to have a significant impact on global housing through the reduction of poverty housing and the achievement of housing justice. We have three goals to reach by 2020:

- We want to increase our unrestricted income so that we can support important and long-term programmes in the UK and overseas, using increased income to invest both in our programmes and in our capacity to support them, including through more sustainable and effective income generation.
- We plan to increase the scale and impact of our overseas programmes from projects costing £1.15m to projects of at least £3.3m in scale.
- We will engage more and more volunteers in our work both locally and internationally, with a goal to at least double our local volunteer numbers and to increase our overseas volunteers from 240 to 400 by 2020.

We have four underlying themes which cut across our programme and fundraising work:

1. Sustainability: 2017 saw a significant increase in our unrestricted reserves
2. Effectiveness: achieved particularly by working alongside our local partners, especially in disaster risk reduction.
3. Influence: we have increased our collaboration with various parts of the Habitat for Humanity International network and are making our voice heard.
4. Digital excellence: we have seen our website rise in search engine rankings and have entered into a development partnership for digital solutions in Nepal.

Our future growth will come from entering into robust partnerships to both fund and implement our work and through innovative yet practical solutions to entrenched housing problems.

## WHAT WE HAVE ACHIEVED

### UK Housing and Community Projects

In the UK, our work is currently focussed in London and the south-east of England. A subsidiary entity, Habitat for Humanity GB Homes, oversees these housing and community projects. This is a wholly owned subsidiary of Habitat for Humanity GB which focuses on developing partnerships with organisations that have land or space where we can develop housing. These include local authorities, other non-profits, and faith-based organisations. Once the land or space is secured, we can work in partnership with charities who work directly with beneficiaries and service users. Habitat for Humanity's role is to provide free or reduced-cost packages of improvement works for housing and community facilities for these charities. In 2017, we continued our work with Charlie Chaplin Adventure Playground, Housing for Women, the YMCA, and local authorities in London and Kent.

Working in partnership with the local authority and the YMCA, we redeveloped the Friends Meeting House in Tunbridge Wells and created three 2-bedroom flats for young people as they leave care.

### Housing microfinance

Habitat for Humanity intervenes in housing markets by providing technical expertise which helps lenders develop housing microfinance products. In Uganda, we set up a pilot scheme to help cooperatives make housing microfinance available to their members. The project will fund the technical assistance needed for training and market development and will provide an initial 250 housing loans – enough to help 1,500 people. With the results of the pilot, we should be able to move to the next phase: scaling up this new lending approach.



Our slum redevelopment project in Addis Ababa is transforming the lives of 2,730 families.

### Sanitation and health

Two years ago, we began a pilot scheme in the slums of Addis Ababa and now we are scaling up that project. Most Ethiopians live in poorly built, dilapidated, and cramped houses which lack even basic facilities such as toilets.

- Less than 1/3 of housing is even in a fair condition.
- Seven out of ten houses need total replacement.
- Less than half the population has access to safe drinking water.
- Only 1 in 5 people have access to adequate sanitation.

## Disaster resilience

In 2017 we led the DFID-funded Urban Crises Learning Partnership (UCLP), a two-year project of research and learning on urban disaster preparedness and response. The project’s goal was to improve collaboration and partnership for more effective responses to disasters in complex urban environments.

Meanwhile, we continued our disaster resilience project in Bangladesh, which is improving the lives of seafarers. 300 people have been trained in disaster preparedness through the formation of Village Disaster Management Committee. With the implementation of this project, vulnerable families are now living in disaster resilient houses and using disaster resilient latrines which have been built as part of the project.

## Volunteering

Volunteering is a central pillar of our work. We have bold ambitions to introduce more people from Great Britain to the experience of building together across the world. Volunteers go on week-long builds as a part of

corporate teams, school teams, and teams open to the public. In 2017 the global volunteering programme nearly doubled in both participation of individuals and number of opportunities offered, with emphasis on increasing corporate partners.

**“Absolutely do it because it will change your life.”**



GV volunteers from Addleshaw Goddard in Romania



2016



■ corporate ■ youth ■ public

**2016:** 127 volunteers participated in 7 overseas builds

2017



■ corporate ■ youth ■ public

**2017:** 233 volunteers participated in 13 overseas builds

## Growth in our volunteering programme 2016 - 2017

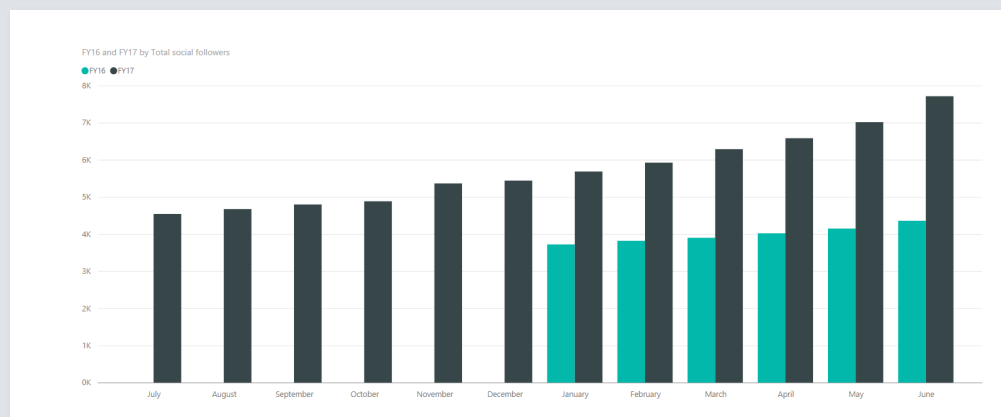
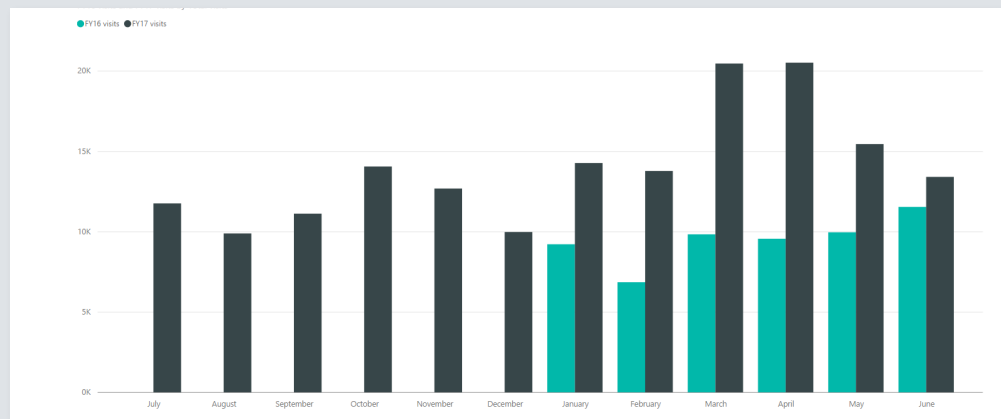
This growth is a result of investment in the programme, with greatly improved digital recruitment followed by a strong focus on the provision of personalised, high-quality support before, during, and after each build. With a continued drive towards excellence in these areas we expect to see steady growth year on year.

Our experienced volunteers lead our teams and are vital stakeholders who significantly contribute to the recruitment and provision of a high-quality volunteer experience, at the same time as acting as our most important advocates. After a successful training weekend in 2017, we have a pool of over forty individuals ready to lead volunteer teams overseas and to raise awareness of our mission.

## Digital growth

Investment in improved online activity has been critical in:

- Increasing visits to our website.
- Inspiring donations for our work.



## Hope Challenge – our flagship event for the house building industry



Taking place in the Peak District's Hope Valley, the Hope Challenge is our flagship annual fundraising event in which teams from the housebuilding and property sectors go head to head over two days of activities and challenges.

### Hope Challenge 2017 by the numbers

- 17 teams from across the sector.
- 3 sponsors from the industry.
- 1 media partner – Housebuilder magazine.
- 2 nights in a hand-built shelter.
- 20km hiked in the rain.
- 48 hours of fun.

**One amazing weekend and over £120,000 raised for Habitat for Humanity.**



## Partnership: the cornerstone of our work

Our focus on sustainable collaboration allows us to work with multiple different organisations to combine their strengths with ours and magnify the collective impact. In 2017 we engaged with partners in programme implementation, research, and funding.

In 2018 and beyond we will:

- build further partnerships within the Habitat for Humanity International network, particularly in the Middle East and in India.
- work more closely with our subsidiary, Habitat for Humanity GB (Homes) as we take over their fundraising and volunteer management.
- develop fresh partnerships with funders and supporters.
- encourage even more volunteers to experience building both in the UK and overseas.

Partnership and collaboration will always be at the heart of what we do. It is the secret of our success. Together, we build.

## Principal risks and uncertainties

### External

Both Habitat for Humanity GB and Habitat for Humanity GB (Homes) rely on external funding to carry out our mission. The two charities are working together and working towards a goal of diversifying their funding streams to mitigate this risk. Habitat for Humanity GB is investing in a robust institutional funding programme and Habitat for Humanity GB (Homes) continues to develop its models utilising capital obtained from social lenders with full cost recovery over the life of the project.

### Operational

Both Habitat for Humanity GB and Habitat for Humanity GB (Homes) are involved in building and infrastructure projects which are inherently risky both in Great Britain and abroad. During the year, Habitat for Humanity GB made significant progress in developing systems and processes safeguarding the charity from implementation risks through developing stronger ties to the programme specialists in Habitat for Humanity's Area Offices and jointly overseeing project implementation, including legal, financial, and donor

compliance.

Habitat for Humanity GB (Homes) mitigates this risk through having managers that are experienced in project management and trustees who have extensive construction and large project experience. Health and Safety of our staff and volunteers remains one of the key risks linked to the nature of our work.

Both organisations maintain strict Health and Safety procedures and insurance policies and provide volunteers with comprehensive training before allowing them on site. This risk is managed by the implementation of stringent donor agreements and careful planning at the partnership development stage which allows assessment of risks before commitment to the donor and the implementing entity is made.

Our volunteering programme is carefully assessed for risk. Prior to departure, we check that there are no adverse conditions in the location of the volunteering. Volunteers are led by experienced and well-trained Team Leaders, themselves volunteers, who are rigorously trained in risk management and crisis management.

### Reputational

Habitat for Humanity mitigates any reputational risk regarding our overseas work by adhering carefully to a set of safeguarding and whistleblowing policies which have been developed by Habitat for Humanity International.

Reputational risk in relation to the overseas volunteering programme is managed through careful monitoring of all activity by volunteers. All volunteers sign a set of terms and conditions designed to make clear the importance of the programme and the need to behave with respect towards all concerned.

### Financial

In recent years, the key risk for Habitat for Humanity GB was the unrestricted funds deficit and insufficient free reserves. During 2017, the charity built significant reserves. The level of unrestricted funds is monitored by the Board of Trustees on a quarterly basis.

Among other key risks to the financial stability of our work include currency fluctuations; defaults on agreed payments by donors; shortfalls in budgeted project funding.

## Compliance and Legal

Both organisations operate in a highly regulated environment and managing legal and compliance risk is one of the key responsibilities of management. Both organisations make sustained efforts to attract, retain and develop specialist staff. The key compliance areas, which are monitored on an ongoing basis include the upcoming changes to data protection regulations (General Data Protection Regulation or GDPR), Habitat for Humanity GB has invested significant resources in managing risk appropriately, including staff training, use of external advisers and development of internal policies.

## Structure, governance and management

The trustees recruit new members to the Board in accordance with the needs of the charity. Nominations are voted on by the full Board. New members are provided with information on the organisation and with a personal briefing from the Chief Executive. All trustees are encouraged to join Global Village build trips to familiarise themselves with the overseas operational work of the global Habitat for Humanity network. There is currently no fixed term for Trustees but this is under review by the Board. Day to day operation of Habitat for Humanity GB is delegated to the Chief Executive Officer, Meryl Davies. She was appointed in November 2015.

The organisation is a charitable company limited by guarantee, incorporated on the 16th of January 1995 and registered as a charity on 25th of January 1995. The company was established under a memorandum of association which established the objects and powers of the charitable company and is governed under its articles of association. All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 7 to the accounts.

## Related parties and relationships with other organisations

Habitat for Humanity GB (Homes) took on the role of managing and developing all domestic building projects in Great Britain in 2012. Habitat for Humanity GB (Homes) is a subsidiary of Habitat for Humanity GB. However, it remains a separate charity with its distinct set of charitable objectives. The consolidated Group financials present the combined income, expenditure

and funds for both Habitat for Humanity GB and Habitat for Humanity GB (Homes) net of intra-group transactions. Habitat for Humanity GB is a member of the Habitat for Humanity International network which has its headquarters in Atlanta, Georgia, USA.

Details of the related party transactions are disclosed in note 19 to the accounts.

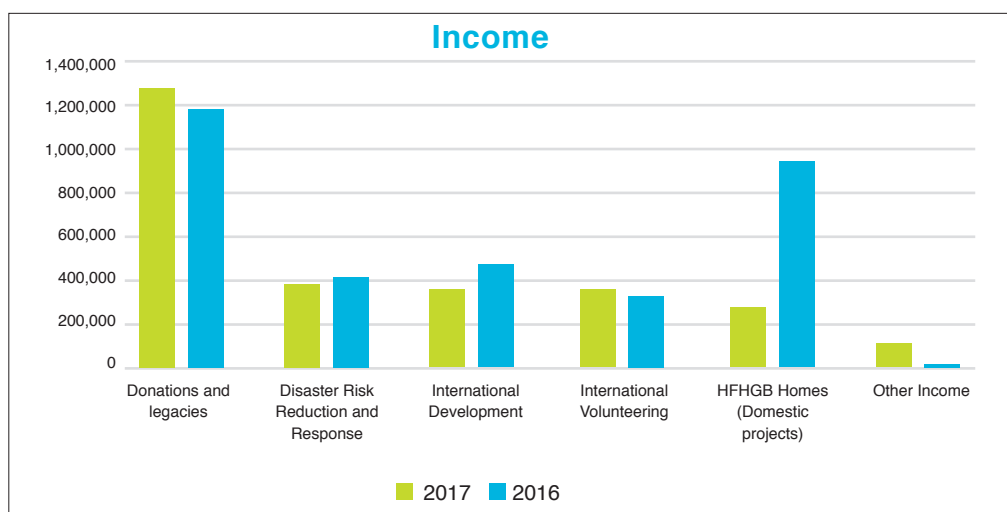
## Grant making policy

We make payments to Habitat for Humanity GB (Homes) and to HFH network members overseas. These payments are made from both restricted and unrestricted funds generated within Great Britain. These organisations have aims consistent with our charitable objectives. In respect of grants to overseas projects, we transfer funds directly to other HFH organisations. Authorisation processes involve the area office of Europe, Middle East and Africa (EMEA) and that of the recipient HFH organisation. We also manage the monitoring and reporting of project funding in liaison with, and supported by, HFHI area offices relevant to where funding is directed. Partnership Agreements are established between Habitat for Humanity GB and the implementing organisation for all major projects. The viability and standing of recipient HFH organisations are reviewed before making grants, and throughout the project cycle by means of our monitoring role. In addition to controls in place within the HFHI network, all grant payments are subject to internal financial controls and Habitat for Humanity GB transfer policies. This helps to ensure an appropriate level of management control is exerted over grants made from unrestricted and restricted funds.

## Remuneration policy for key management personnel

Habitat for Humanity GB is acutely aware of the need to be accountable to our supporters and those we serve through our programmatic work. We set competitive salaries which ensures we can attract and retain the best qualified staff who will make the most effective use of resources. We regularly review the ratio of funds spent on staff in the UK to funds spent on programmatic work to ensure that our approach is appropriate and effective. The Executive Committee of the Board determines the remuneration package of the Chief Executive by consulting relevant experts and reviewing organisations of similar size. The Executive Committee works with the Chief Executive to:

1. review staff salaries and ensure amendments are appropriate for Habitat for Humanity GB salaries to remain competitive.



2. approve the annual percentage increase in the payroll for all staff (which can be zero) considering RPI as at 31 December for the previous year.
3. approve any consolidated pay awards and staff salary increases outside of the annual review process as recommended from time to time by the Chief Executive
4. determine pension arrangements.
5. ensure that contractual terms on termination are fair to the individual and the charity.
6. ensure that poor performance is not rewarded, and
7. ensure that a duty to mitigate loss is recognised. The key management of the charity comprise the trustees and those staff listed on page 3

## Employees

Habitat for Humanity GB is committed to developing a strong and loyal staff which is actively engaged in the work of the organisation (there is a list of senior staff at the beginning of this report). We hold quarterly team development days and monthly team meetings where all members of staff are encouraged to present on their work. We have ensured that staff have had the opportunity for continued professional development by funding attendance on training courses for most staff in the last year.

## Public Benefit

All of the work carried out by Habitat for Humanity GB and Habitat for Humanity GB (Homes) is done so

- in accordance with the charity's purpose
- for the public benefit
- with regard to the Charity Commission's public benefit guidance and
- in accordance with the general framework for trustee decision making

## FINANCIAL REVIEW

Financial data in this section relates both to the performance of the Charity and the Group, including Habitat for Humanity GB (Homes) unless otherwise indicated.

### Summary

In 2017, Habitat for Humanity GB built on the achievement in the previous year by sustaining the growth in project activities and the proper alignment of unrestricted income and expenditure to maintain adequate free reserves. As a result, the charity finished the year with a 52% increase in its unrestricted funds as compared to 2016. However, Habitat for Humanity GB (Homes) incurred a deficit of £85,000 compared with the break-even position achieved in 2016. This was largely due to a reduction in the number of available projects with the consequence that the cost of the construction team could not be fully recovered. The reduced level of project activities in Habitat for Humanity GB (Homes) compared with 2016 resulted in 18% decrease in the group income

### Income

Total income for the Group in the year was £2,806,000 (2016: £3,407,000). Total income for the Charity in the year was £2,222,000 (2016: £2,339,000). The Charity's income was maintained at 95% of the previous year's level. The decrease is mainly due to a reduction in 'other income' to £54,000, compared with £239,000 in 2016, when a one-off donation was received. There was an increase of 3.4% in the International Volunteering income reflecting the continued growth of our Global Village programme. The overall decrease in the Group's income resulted mainly from the decrease in the project income of Habitat for Humanity GB (Homes) to £290,000 from £948,000 in 2016.

In 2017, Habitat for Humanity entered into an agreement with the Sailors' Society to deliver a project in a specific location

in the Philippines. The Sailors' Society representative then visited another existing project in the Philippines which was close to completion. This project had experienced delays, and against this backdrop, the funder requested a refund of their new restricted grant of £292,000. HFHGB conducted a full investigation into the situation, working in collaboration with the Asia Pacific Area Office..

## Charitable Expenditure

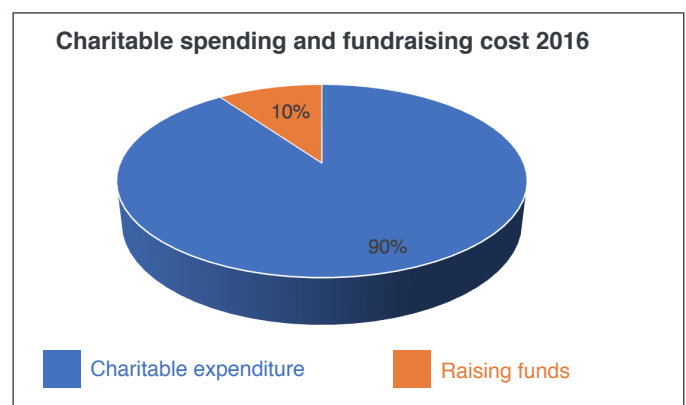
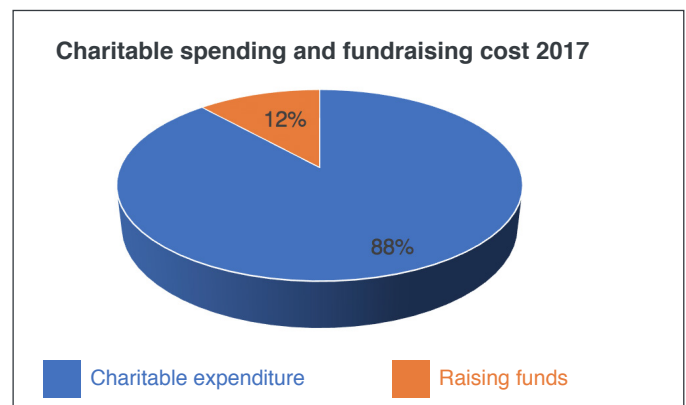
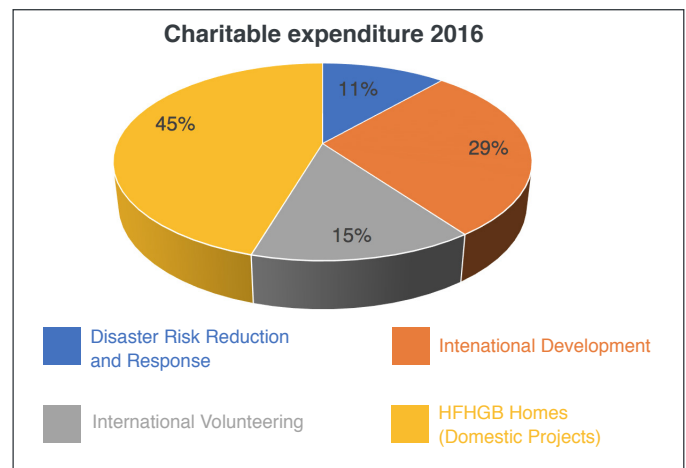
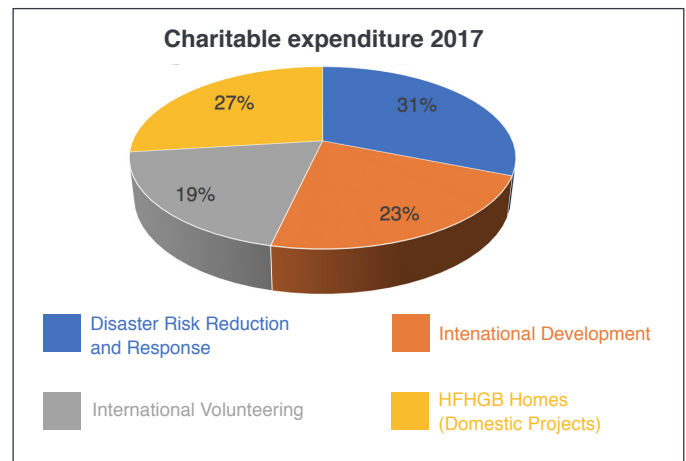
Charitable expenditure for the Group in the year was £2,550,000 an increase of 3.6% over the previous year (2016: £2,461,000). Charitable expenditure for the Charity in the year was £1,899,000 (2016: £1,423,000). The increase in charitable expenditure consists primarily of the increase in expenditure on restricted projects by way of international transfers to the implementing Habitat for Humanity organisations. The transfers increased from £670,000 in 2016 to £1,020,000 in the current year. While income in the year decreased by 5% from their 2016 level, international transfers for project implementation increased by 50% over the same period. The increase in project spending was funded from the restricted reserves, which fell by 18% from £1,159,000 at the end of 2016 to £952,000 in 2017.

## Total expenditure

Total expenditure for the Group in the year was £2,888,000 (2016: £2,730,000). Total expenditure for Habitat for Humanity GB was £2,219,000 (2016: £1,662,000) largely due to the increased level of transfers for projects overseas.

Expenditure on raising funds increased to £339,000 from £270,000 in 2016. The 25% increase was a result of increased staff numbers and investment in fundraising capacity. Because of new fundraising initiatives implemented during the year, direct fundraising and promotion costs increased to £96,000 from £44,000 in 2016.

Staff costs in 2017 for the Group were £824,000 (2016: £798,000). The 3% increase was due to increase in staff salaries and pensions. Average staff numbers remained the same as in 2016.



## Financial position Habitat for Humanity GB

The net result for the year was an unrestricted surplus of £206,000 before transfers (2016: £321,000). £27,000 was transferred from unrestricted to restricted funds leaving the unrestricted surplus after transfer at £179,000.

The decrease in unrestricted surplus, compared with 2016, is in line with the charity's aim to maintain unrestricted expenditure at about the same level as unrestricted income leaving only a modest surplus sufficient to maintain free reserves at a level consistent with the reserves policy. Therefore, the Charity finished the year with unrestricted funds of £518,000 (2016: £339,000). Restricted funds at the end of the year were £944,000 (2016: £1,121,000).

### Habitat for Humanity GB (Homes)

Habitat for Humanity GB (Homes) finished the year with £1,193,000 of unrestricted funds (2016: £1,247,000) and £8,000 of restricted funds (2016: £39,000). The subsidiary's unrestricted funds are primarily held as investments in charitable building projects. Habitat for Humanity GB (Homes) had liquid assets (net current assets less stock) of £334,000 at the end of 2017 (2016: £360,000). This is more than the minimum level set in the subsidiary's reserves policy.

### Reserves Policy

Free reserves are the charity's unrestricted funds that are freely available to spend on any of the charity's purposes. This figure is calculated as total unrestricted funds, excluding fixed assets and designated funds. At the end of 2017, Habitat for Humanity GB's free reserves were £504,000 (2016: £332,000) an increase of 23% on the previous year. The operating costs are based on the subsequent year's budget and include all unrestricted expenditure less transfers to other Habitat for Humanity entities and direct costs of International Volunteering as these are contingent on the income received in the year. All reserves are held as cash at bank and are therefore immediately available should the need arise.

The Trustees set the target level of reserves for 2018 as six months of the operating costs' budget. This level of reserves was determined based on consideration of the following:

- The Charity is operating in a constantly changing environment. There are current changes in the regulatory and political environment that carry inherent risks which the Trustees aim to manage appropriately.

- There has been improved capacity in programme management that indicates the Charity is unlikely to be liable for covering shortfalls in programme delivery from unrestricted funds.
- In the unexpected event that the Charity ceases to operate as a going concern, a minimum of 3 months of operating costs would be required.
- Habitat for Humanity International's Global Village Contingency Policy assesses the level of risk for sending countries of Habitat for Humanity GB's size. They determine the amount of contingency required in case of civil unrest or natural disasters, or to cover events such as currency fluctuations. The Trustees consider Habitat for Humanity GB's target reserves level as sufficient in this context.

In terms of the domestic programme, Habitat for Humanity GB (Homes) holds free reserves to develop new projects and to provide for contingencies, although it does not cover contingencies on individual projects. However, it is not constrained from providing for project contingencies should the need arise. The trustees have established that the minimum level of reserves in the general fund (that is funds that are freely available) that Habitat for Humanity GB (Homes) should have is six months of general expenditure which is approximately £160,000. This equates to £70,000 in cash and working capital, with the balance of £90,000 coming from lease receipts and mortgage repayments that we would expect to receive over a six-month period. This is sufficient to permit an orderly transition should this be needed. The current level of free reserves held by the subsidiary is £334,000. This amount is required to provide the working capital for current projects and to enable the organisation to fund future projects. Designated funds are being put in place to cover the expected costs that are likely to be incurred when leased property is handed back to owners on the expiry of the leases.

At the end of the year, the group's free reserves were £836,000 (2016: £682,000), an increasingly of 23% from the previous year.

The Trustees monitor the level of reserves held on a quarterly basis as part of routine management reporting, which includes the unrestricted fund balance at the end of each quarter. Should the level of reserves fall or be expected to fall below that set in the policy the Trustees, in consultation with the management team, will agree a plan for restoring the level of reserves within a reasonable period.

## Statement of responsibilities of the trustees

The trustees (who are also directors of Habitat for Humanity GB for the purposes of company law) are responsible for preparing the trustees' annual report including the strategic 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 trustees to prepare financial statements for each financial year which give a true and fair view of the of the charitable company and group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company or group for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP 2015 (FRS 102)
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements 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 charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditors are unaware
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

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

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

### Auditors

Wilkins Kennedy 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. In preparing this report, the trustees have taken advantage of the small companies' exemptions provided by section 415a of the Companies Act 2006.

Preparing the accounts for a small company does not require the preparation of a strategic report. However, much of the typical content of a strategic report is included in the trustees' report.

The trustees' annual report have been approved by the trustees on 1 March 2018 and signed on their behalf by

Ian Whitehead  
Chairman



# Independent Auditor's Report to the members of Habitat for Humanity Great Britain

## Opinion

We have audited the financial statements of Habitat for Humanity Great Britain (the 'charitable parent company') and its subsidiaries (the 'group') for the year ended 30 June 2017 which comprise the Consolidated Statement of Financial Activities, the Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the charitable parent company's affairs as at 30 June 2017 and of the group's incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting

in the preparation of the financial statements is not appropriate; or

- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

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

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

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

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

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

## Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the charitable parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable parent company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

## Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable

assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

## Use of our report

This report is made solely to the charitable parent 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 parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable parent company and the charitable parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Creasey (Senior Statutory Auditor)  
For and on behalf of Wilkins Kennedy LLP  
Statutory Auditor  
Chartered Accountants  
Egham  
1 March 2018

**Consolidated Statement of Financial Activities**  
**(incorporating an income and expenditure account)**  
**For the year ended 30 June 2017**

	Notes	2017			2016		
		Unrestricted £	Restricted £	Total £	Unrestricted £	Restricted £	Total £
<b>INCOME FROM:</b>							
Donations and legacies	2	845,066	443,998	<b>1,289,064</b>	825,761	354,476	<b>1,180,237</b>
Charitable activities							
Disaster Risk Reduction and Response	3	-	387,183	<b>387,183</b>	-	409,746	<b>409,746</b>
International Development	3	-	368,956	<b>368,956</b>	-	500,072	<b>500,072</b>
International Volunteering	3	355,384	-	<b>355,384</b>	343,704	-	<b>343,704</b>
HFHGB Homes	3	289,114	-	<b>289,114</b>	947,740	-	<b>947,740</b>
Investments		1,232	-	<b>1,232</b>	903	-	<b>903</b>
Other Income	4	114,957		<b>114,957</b>	24,230	285	<b>24,515</b>
<b>Total Income</b>		<b>1,605,753</b>	<b>1,200,137</b>	<b>2,805,890</b>	<b>2,142,338</b>	<b>1,264,579</b>	<b>3,406,917</b>
<b>EXPENDITURE ON:</b>							
Raising funds	5	337,217	1,005	<b>338,222</b>	261,050	8,080	<b>269,130</b>
Charitable activities							
Disaster Risk Reduction and Response	5	90,482	700,972	<b>791,454</b>	17,960	263,604	<b>281,564</b>
International Development	5	85,359	489,672	<b>575,031</b>	183,158	520,015	<b>703,173</b>
International Volunteering	5	495,283	536	<b>495,819</b>	355,049	3,804	<b>358,853</b>
HFHGB Homes	5	445,396	242,030	<b>687,426</b>	1,019,981	97,250	<b>1,117,231</b>
<b>Total expenditure</b>		<b>1,453,737</b>	<b>1,434,215</b>	<b>2,887,952</b>	<b>1,837,198</b>	<b>892,753</b>	<b>2,729,951</b>
<b>Net income / (expenditure) for the year</b>		<b>152,016</b>	<b>(234,078)</b>	<b>(82,062)</b>	<b>305,140</b>	<b>371,826</b>	<b>676,966</b>
Transfers between funds		(26,892)	26,892	-	(4,686)	15,067	-
<b>Net movement in funds</b>		<b>125,124</b>	<b>(207,186)</b>	<b>(82,062)</b>	<b>290,073</b>	<b>386,893</b>	<b>676,966</b>
<b>Reconciliation of funds:</b>							
Funds brought forward		1,585,507	1,158,977	<b>2,744,484</b>	1,295,434	772,084	<b>2,067,518</b>
<b>Total funds carried forward</b>		<b>1,710,631</b>	<b>951,791</b>	<b>2,662,422</b>	<b>1,585,507</b>	<b>1,158,977</b>	<b>2,744,484</b>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 10 to the financial statements.

## Balance Sheets As at 30 June 2017

	Notes	The Group		The Charity	
		2017	2016	2017	2016
		£	£	£	£
<b>FIXED ASSETS:</b>					
Tangible assets	11	681,139	687,258	14,499	7,087
Programme related investments	18	317,749	376,441	-	-
		<b>998,888</b>	1,063,699	<b>14,499</b>	7,087
<b>CURRENT ASSETS:</b>					
Debtors	12	234,239	318,817	116,597	57,148
Cash at bank and in hand		1,823,273	1,760,588	1,537,542	1,587,606
		<b>2,057,512</b>	2,079,405	<b>1,654,139</b>	1,644,754
<b>LIABILITIES:</b>					
Creditors: amounts falling due within one year	13	276,717	268,228	207,097	192,956
<b>Net current assets</b>		<b>1,780,795</b>	1,811,177	<b>1,447,042</b>	1,451,798
Creditors: Amounts falling due after more than one year	14	117,261	130,392	-	-
<b>Total net assets</b>		<b>2,662,422</b>	2,744,484	<b>1,461,541</b>	1,458,885
<b>FUNDS:</b>					
Restricted income funds	10	951,791	1,158,977	943,791	1,120,283
Unrestricted income funds	10	1,710,631	1,585,507	517,750	338,602
<b>Total funds</b>		<b>2,662,422</b>	2,744,484	<b>1,461,541</b>	1,458,885

The Financial Statements were approved and authorised for issue by the trustees on 1 March 2018 and signed on their behalf by:

.....  
 Ian Whitehead  
 Director, Chairman

.....  
 Gordon Holmes  
 Director, Honorary Treasurer

## Consolidated Statement of Cash Flows For the year ended 30 June 2017

	2017	2016
	£	£
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
<b>Net cash provided by operating activities</b> (see note below)	<b>169,429</b>	<b>367,182</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Dividends, interest and rents from investments	1,232	903
Purchase of fixed assets	(246,439)	(21,499)
Proceeds from sale of investments	94,152	-
Repayments of investments	58,692	54,448
<b>Net cash provided by investing activities</b>	<b>(92,363)</b>	<b>33,852</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Repayments of borrowing	(11,608)	
Financing costs	(4,539)	(2,188)
Cash inflows from new borrowing	-	142,000
<b>Net cash provided by / (used in) financing activities</b>	<b>(16,147)</b>	<b>139,812</b>
<b>Change in cash and cash equivalents in the year</b>	<b>60,919</b>	<b>540,846</b>
Cash and cash equivalents at the beginning of the year	<b>1,760,588</b>	<b>1,171,747</b>
Change in cash and cash equivalents due to exchange rate movements	<b>1,766</b>	<b>47,995</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>1,823,273</b>	<b>1,760,588</b>
<b>RECONCILIATION OF NET INCOME / (EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES</b>		
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Net income / (expenditure) for the reporting period</b> (as per the statement of financial activities)	<b>(82,062)</b>	<b>676,966</b>
Depreciation charges	<b>125,907</b>	<b>118,795</b>
Dividends, interest and rent from investments	<b>(1,232)</b>	<b>(903)</b>
Interest paid	<b>4,539</b>	<b>2,188</b>
Increase (Decrease) in stocks	<b>130,377</b>	<b>(185,258)</b>
Foreign exchange loss/(gain)	<b>(1,766)</b>	<b>(47,995)</b>
(Increase)/decrease in debtors	<b>80,852</b>	<b>(163,232)</b>
Increase/(decrease) in creditors	<b>6,966</b>	<b>(33,379)</b>
<b>Net cash provided by / (used in) operating activities</b>	<b>169,429</b>	<b>367,182</b>

All cash and cash equivalents at 30 June 2017 and 30 June 2016 we held as cash at bank and in hand.

## Notes to the Financial Statements

### 1. Accounting Policies

#### a) Basis of preparation

Habitat for Humanity Great Britain is a charitable company limited by guarantee, registered in England and Wales. The registered office is disclosed on page 2. The financial A5:N29 have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

These financial statements consolidate the results of the charitable company and its wholly-owned subsidiary HFHGB (Homes) on a line by line basis. Transactions and balances between the charitable company and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two companies are disclosed in the notes of the charitable company's balance sheet. A separate statement of financial activities for the charitable company itself is presented in note 25. The financial and presentational currency of the group is sterling.

#### b) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

#### c) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income from charitable activities includes income from restricted grants, received contractual arrangements and from performance-related grants which have conditions that specify the provision of particular goods or services to be provided by the charity.

Grants listed under income from charitable activities are undertaken for the charitable purposes of the charity. Income related to International Volunteering is included within the income from charitable activities as HFHGB recognises the obligation to provide volunteer placements upon meeting of fundraising targets by volunteer teams.

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

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

Income raised by HFHGB (Homes) is retained by the subsidiary and used to further its charitable objects.

#### d) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution. On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

## e) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

## f) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

## g) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of delivering services, advocacy and awareness raising undertaken to further the purposes of the charity and their associated support costs
- Other expenditure represents those items not falling into any other heading

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

## h) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity. The support and governance costs of the subsidiary are allocated directly to the HFH (Homes) charitable activity in the consolidated accounts and therefore no other costs are allocated here.

• Cost of Generating Funds	31.45%
• Disaster Risk Reduction and Response	28.33%
• International Development	14.35%
• International Volunteering	25.87%

Fundraising and promotion costs are apportioned between fundraising and charitable activities either directly or on the basis of the content percentage, measured in the number of pages, occupied by each activity. Website and other digital publicity costs are apportioned based on the website content percentage, measured in the number of pages, occupied by each activity. The average allocations for publicity materials, website and digital are:

• Cost of Generating Funds	27%
• Disaster Risk Reduction and Response	8%
• International Development	40.5%
• International Volunteering	24.5%

## i) Operating leases

Rental charges are charged on a straight line basis over the term of the lease. Lease incentives are recognised over the lease term on a straight line basis.

## j) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

• Furniture and Fixtures	10 years
• Computers and IT equipment	3 years
• Other equipment	5 years
• Short Term Leasehold Properties	Over Life of Lease

At each reporting date, all tangible fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is indication of possible impairment, the recoverable amount of any affected asset is estimated and compared to its carrying amount. If the estimated recoverable amount is lower, the resulting impairment loss is recognised within the statement of financial activities. If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lower of its recoverable amount and the carrying value prior to impairment loss.

## k) Short Term Leases

As part of the empty homes projects, HFHGB (Homes) enters into short term leases with either the local authority or housing association to enable the charity to generate rental income which will fund the cost of the renovation. The cost of the renovation are capitalised and depreciated over the life of the lease to the extent that future rental income will be received. Where the renovation expenditure is funded from grant income, the expenditure is charged to the statement of financial activities.

## l) Grant making

Grants payable to other HFH entities are recognised as expenditure when payment is due, in accordance with the terms of the contract (Grant Funded Activities Agreement or Term Sheet). Grant payments that are subject to the recipient fulfilling performance conditions are only accrued when any remaining unfulfilled conditions are outside of the control of HFHGB. For contracts in place at the year-end that include payments to be made in future years, the total of these payments is disclosed in Note 6 to the accounts as future transfers for which the conditions have not been met at the year-end.

## m) Investments in subsidiaries

Investments in subsidiaries are at cost.

## n) Debtors

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

## o) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Cash balances exclude any funds held on behalf of service users.

## p) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.



The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

### **q) Employee benefits**

Short term employee benefits (including holiday entitlement and other non-monetary benefits) and contributions to defined plans are recognised as an expenses in the period in which they are incurred.

The company recognises an accrual for accumulated annual leave accrued by employees as a result of service rendered in the current period for which employees can carry forward and use within the next year. The accrual is measure at the salary costs of the respective employee in relation to the period of absence.

### **r) Pensions**

HFHGB offers a Group Personal Pension defined contributions scheme to all staff. In line with the relevant staging date, from February 2017, HFHGB implemented changes to this scheme aligning it with the auto enrolment requirements.

### **s) Foreign currencies**

HFHGB holds funds in GBP and USD. The value of USD account balance in GBP is stated at the closing rate at the balance sheet date. Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transactions.

### **t) Programme related investments**

Programme related investments are stated at cost less provision for diminution in value. Such investments are subject to review and any diminution is charged to the statement of financial activities.

### **u) Judgements and key sources of estimation uncertainty**

The preparation of financial statements requires management to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on a continuing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key judgements and sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below:

- Timing of income recognition
- Carrying value of programme related investments
- Carrying value of short term leasehold properties used as part of the empty homes projects

## 2. Income from donations and legacies

			2017	2016
	Unrestricted	Restricted	Total	Total
	£	£	£	£
Individuals	185,740	96,064	<b>281,804</b>	221,745
Churches & Civic Groups	4,785	182	<b>4,967</b>	6,625
Companies and Employee Fundraising	356,059	141,816	<b>497,875</b>	366,562
Foundations, Organisations and Institutions	10,414	205,936	<b>216,350</b>	58,520
Legacies	133,777	-	<b>133,777</b>	177,806
HFHI transfers	61,841	-	<b>61,841</b>	260,037
Gifts in Kind	50,000	-	<b>50,000</b>	50,000
Gift Aid recovered	42,450	-	<b>42,450</b>	38,942
	<b>845,066</b>	<b>443,998</b>	<b>1,289,064</b>	<b>1,180,237</b>

Gifts in kind relate to office rental services donated in the year by Construction Industry Solutions Limited (COINS). Larry Sullivan who is a Director of HFHGB is also the Chairman of COINS.

### 3. Income from charitable activities

			2017	2016
	Unrestricted	Restricted	Total	Total
	£	£	£	£
DFID (IIED)	-	300,000	<b>300,000</b>	200,000
JOAC	-	30,000	<b>30,000</b>	130,000
Sailors Society	-	43,213	<b>43,213</b>	50,561
Other	-	13,970	<b>13,970</b>	29,095
<b>Sub-total for Disaster Risk Reduction and Response</b>	-	<b>387,183</b>	<b>387,183</b>	<b>409,746</b>
JOAC	-	-	-	203,868
Towerbrook	-	118,095	<b>118,095</b>	-
Embrace the Middle East	-	118,908	<b>118,908</b>	86,207
GOAC	-	40,000	<b>40,000</b>	40,000
Touchstone	-	38,719	<b>38,719</b>	35,360
Other	-	53,234	<b>53,234</b>	238,505
<b>Sub-total for International Development</b>	-	<b>368,956</b>	<b>368,956</b>	<b>500,072</b>
Corporate teams	228,542	-	<b>228,542</b>	233,769
Schools teams	24,489	-	<b>24,489</b>	25,632
Open teams	102,353	-	<b>102,353</b>	84,303
<b>Sub-total for International Volunteering</b>	<b>355,384</b>	-	<b>355,384</b>	<b>343,704</b>
Rental Income	154,681	-	<b>154,681</b>	343,704
Bloomberg	-	-	-	153,000
Other	42,584	-	<b>42,584</b>	16,691
Professional Fees	22,459	-	<b>22,459</b>	145,874
Contract Works	69,390	-	<b>69,390</b>	491,289
<b>Sub-total for HFHGB (HOMES)</b>	<b>289,114</b>	-	<b>289,114</b>	<b>947,740</b>
<b>Total income from charitable activities</b>	<b>644,498</b>	<b>756,139</b>	<b>1,400,637</b>	<b>2,201,262</b>

Income from charitable activities includes restricted grants by donor over £30,000. 'Other' includes smaller grants.

#### 4. Other income

			2017	2016
	Unrestricted	Restricted	Total	Total
	£	£	£	£
Gain on sale of HFHGB Homes mortgaged property	94,152	-	<b>94,152</b>	-
Other income	20,805	-	<b>20,805</b>	24,515
<b>Total other income</b>	<b>114,957</b>	-	<b>114,957</b>	<b>24,515</b>

## 5. Analysis of expenditure

	Charitable activities						2017	2016	Basis of allocation
	Cost of raising funds	Disaster Risk Reduction and Response	International Development	International Volunteering	HFHGB Homes	Support and governance costs	Total	Total	
	£	£	£	£	£	£	£	£	
Staff costs	143,294	102,096	53,797	83,303	224,233	195,852	<b>802,575</b>	785,949	Staff time and cost
Recruitment costs	-	-	-	-	-	998	<b>998</b>	5,109	Direct
Training	-	-	-	-	-	9,955	<b>9,955</b>	2,090	Direct
Consultancy costs	8,965	24,851	-	-	-	20,854	<b>54,670</b>	62,981	Direct
Grants to HFH Projects	-	463,724	448,336	107,883	-	-	<b>1,019,943</b>	669,030	Direct
Grants returned	-	-	-	-	-	-	-	-	Direct
International Project expenses	-	8,118	8,141	186,276	-	-	<b>202,535</b>	116,196	Direct
Domestic project expenses	-	-	-	-	267,641	-	<b>267,641</b>	607,773	Direct
Project depreciation	-	-	-	-	119,558	-	<b>119,558</b>	114,402	Direct
Fundraising and promotions	58,198	8,118	11,352	17,401	-	-	<b>95,069</b>	43,648	Direct and content %
Office costs	14,014	9,423	4,793	13,124	34,286	17,741	<b>93,381</b>	101,099	Direct
Travel costs	4,639	13,692	1,251	2,486	-	4,787	<b>26,855</b>	25,983	Direct
Audit and accountancy	-	-	-	1,024	-	10,976	<b>12,000</b>	36,194	Direct
Legal and professional	4,054	62,200	-	1,031	27,911	8,325	<b>103,521</b>	131,449	Direct
Bad debt expense	-	-	-	-	10,423	-	<b>10,423</b>	-	Direct
Other expenses	15,097	12,342	6,371	9,470	-	18,725	<b>62,005</b>	69,378	Direct
Foreign exchange loss / (gain)	-	6,577	322	-	(1,165)	(7,500)	<b>(1,766)</b>	(47,995)	Direct
Bank charges and interest	806	12	(18)	475	4,539	2,775	<b>8,589</b>	6,665	Direct
	249,067	711,153	534,347	422,473	687,426	283,488	<b>2,887,952</b>	2,729,951	
Support and governance costs	89,115	80,301	40,685	73,347	-	(283,488)	-	-	Staff time
<b>Total expenditure 2017</b>	<b>338,222</b>	<b>791,454</b>	<b>575,030</b>	<b>495,820</b>	<b>687,426</b>	<b>-</b>	<b>2,887,952</b>	<b>2,729,951</b>	
<b>Total expenditure includes:</b>				<b>2017</b>		<b>2016</b>			
				£		£			
Depreciation				125,907		118,795			
Auditors' remuneration (excluding VAT)				12,000		16,272			
Non-audit services				900		-			
Foreign exchange (gains) or losses				(1,766)		(47,995)			
Operating lease expenses				2,014		2,686			

## 6. Grants for HFH projects

All transfers were made to the national HFH organisations except marked \* where the 2017 transfers were made to HFHI as the entity managing the funds on behalf of the country organisation. The Middle East project operates in Lebanon and Jordan and is managed by a new regional HFH entity.

				2017	2016
	Disaster Risk Reduction and Response	International Development	International Volunteering	Total	Total
	£	£	£	£	£
Bangladesh	139,849	15,000	-	154,849	116,637
Cambodia	-	-	38,800	38,800	112,236
Cote D'Ivoire	-	30,000	-	30,000	10,000
Egypt*	-	50,460	-	50,460	62,500
Ethiopia	-	13,600	-	13,600	13,600
Haiti*	48,825	17,169	-	65,994	-
Hong Kong	-	39,000	-	39,000	-
India	30,000	26,874	10,000	66,874	-
Lebanon	20,700	26,601	-	47,301	227,088
Macedonia*	-	-	-	-	10,913
Malawi	-	38,719	13,950	52,669	39,680
Middle East	-	73,705	-	73,705	-
Nepal	170,214	-	-	170,214	32,191
Philippines	22,331	-	11,000	33,331	7,900
Romania	-	213	21,931	22,144	25,086
Sri Lanka	-	116,994	-	116,994	-
Thailand	-	-	-	-	6,000
Vietnam	31,806	-	-	31,806	-
Zambia	-	-	12,202	12,202	5,200
<b>Total</b>	<b>463,725</b>	<b>448,335</b>	<b>107,883</b>	<b>1,019,942</b>	<b>669,031</b>

As at 30 June 2017 HFHGB was committed to future transfers of £231,243 to other HFH entities, £22,267 of which were yet to be received from the donors. As at 30 June 2017 grant conditions for transfers have not been met for these future transfers.

## 7. Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

	2017	2016
	£	£
<b>Staff costs were as follows:</b>		
Salaries and wages	<b>737,333</b>	706,733
Redundancy and termination costs	-	10,952
Social security costs	<b>70,903</b>	68,965
Employer's contribution to defined contribution pension schemes	<b>15,723</b>	9,320
Contract labour	-	1,115
	<b>823,959</b>	<b>797,084</b>

£21,383 of HFHGB (Homes) staff costs were capitalised as part of Investment in Leasehold properties (2016: £11,135).

One employee earned between £80,000 and £90,000 (2016: nil). No other employee earned more than £60,000 during the year (2016: nil).

The total employee benefits including pension contributions of the key management personnel were £339,130 (2016: £265,704).

The charity trustees were not paid or received any other benefits from employment with the charity in the year (2016: £nil). No charity trustee received payment for professional or other services supplied to the charity (2016: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £nil (2016: £nil) relating to attendance at meetings of the trustees.

## 8. Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2017	2016
	No.	No.
Raising funds	2.9	2.4
Disaster Risk Reduction and Response	2.6	1.2
International Development	1.3	2.5
International Volunteering	2.4	2.7
HFHGB Homes	7.0	8.0
Governance	0.9	0.7
Support	4.1	3.9
	<b>21.2</b>	<b>21.3</b>

## 9(a). Analysis of group net assets between funds

			2017	2016
	General unrestricted	Restricted funds	Total funds	Total funds
	£	£	£	£
Tangible fixed assets	681,139	-	<b>681,139</b>	687,139
Programme related investments	317,749	-	<b>317,749</b>	376,441
Net current assets	829,004	951,791	<b>1,780,795</b>	1,811,177
Long term liabilities	(117,261)	-	<b>(117,261)</b>	(130,392)
<b>Net assets at the end of the year</b>	<b>1,710,631</b>	<b>951,791</b>	<b>2,662,422</b>	<b>2,744,484</b>

## 9(b). Analysis of charity net assets between funds

			2017	2016
	General unrestricted	Designated funds	Restricted funds	Total funds
	£	£	£	£
Tangible fixed assets	14,499	-	<b>14,499</b>	7,087
Net current assets	503,251	-	943,791	<b>1,447,042</b>
<b>Net assets at the end of the year</b>	<b>517,750</b>	<b>943,791</b>	<b>1,461,541</b>	<b>1,458,885</b>



## 10. Movements in funds

	At the start of the year	Incoming resources & gains	Outgoing resources & losses	Transfers	At the end of the year
	£	£	£	£	£
<b>RESTRICTED FUNDS:</b>					
<b>HFHGB</b>					
Grants over £30,000					
JOAC: Bangladesh PASSA & WASH	50,000	-	(50,000)	-	-
JOAC: Sri Lanka WASH	100,000	-	(100,000)	-	-
Embrace: 1501	(11)	25,000	(24,989)	-	
IIED: UCLP	153,014	300,000	(258,049)	-	<b>194,965</b>
Touchstone: Malawi 2016	-	38,719	(38,719)	-	
GOAC: CDI WASH 2016	10,000	20,000	(30,000)	-	
Christian Aid 1401	4,981	-	-	-	<b>4,981</b>
Towerbrook: Ethiopia	-	118,095	-	-	<b>118,095</b>
Embrace: Lebanon - Palestinian Refugees	-	32,775	(20,700)	-	<b>12,075</b>
Embrace: Lebanon - Families 17-19	-	22,596	(10,271)	-	<b>12,325</b>
Smaller Grants	78,892	198,954	(224,787)	-	<b>53,059</b>
Domestic Projects	4,000	-	(4,000)	-	<b>(0)</b>
HFHI investments (restricted donations)	103,680	-	(2,424)	-	<b>101,256</b>
Non-reportable donors (restricted donations)	615,727	236,662	(432,245)	26,892	<b>447,036</b>
<b>Sub-total for HFHGB</b>	<b>1,120,283</b>	<b>992,801</b>	<b>(1,196,185)</b>	<b>26,892</b>	<b>943,790</b>
<b>HFHGB (Homes)</b>					
Grants over £30,000					
Tunbridge wells DC/Society of friends	-	202,000	(202,000)	-	-
Bank of America	30,694	-	(30,694)	-	
Smaller Grants	8,000	5,336	(5,336)	-	<b>8,000</b>
<b>Sub-total for HFHGB Homes</b>	<b>38,694</b>	<b>207,336</b>	<b>(238,030)</b>	-	<b>8,000</b>
<b>Total restricted funds</b>	<b>1,158,977</b>	<b>1,200,137</b>	<b>(1,434,215)</b>	<b>26,892</b>	<b>951,791</b>
<b>Unrestricted funds:</b>					
<b>HFHGB</b>					
General unrestricted funds	338,602	1,195,751	(989,711)	(26,892)	<b>517,750</b>
<b>HFHGB Homes</b>					
General unrestricted funds	<b>1,246,905</b>	<b>410,002</b>	<b>(464,026)</b>	-	<b>1,192,881</b>
<b>Total unrestricted funds</b>	<b>1,585,507</b>	<b>1,605,753</b>	<b>(1,453,737)</b>	<b>(26,892)</b>	<b>1,710,631</b>
<b>Total funds</b>	<b>2,744,484</b>	<b>2,805,890</b>	<b>(2,887,952)</b>	-	<b>2,662,421</b>

## Movements in funds - Continued

Grants over £30,000 include multi-year grants; value in the financial year may be lower. 'Domestic Projects' include grants and donations received by HFHGB and restricted to HFHGB Homes. 'HFHI Investment' include funds received by HFHGB and restricted to specific overhead expenditure in HFHGB funded by HFHI. 'Non-reportable donors' include donations restricted to specific countries, themes, or projects.

Transfers from General unrestricted funds to Non-reportable donor funds of £26,892 relate to a decrease in estimated future overhead recoveries. .

## 11. Tangible fixed assets

	The Group					The Charity		
	Assets under Construction	Short Term Leasehold Properties	Office, Land & Buildings	Plant & machinery	Fixtures, fittings & equipment	Total	Fixtures, fittings & equipment	Total
	£	£	£	£	£	£	£	£
<b>COST</b>								
At the start of the year	185,258	765,732	30,160	11,158	17,399	<b>1,009,707</b>	17,399	<b>17,399</b>
Additions in year	100,999	-	-	5,029	13,761	<b>119,788</b>	13,761	<b>13,761</b>
Disposals in year	-	-	-	-	(3,899)	<b>(3,899)</b>	(3,899)	<b>(3,899)</b>
Transfers	(227,650)	227,650	-	-	(3,899)	<b>(3,899)</b>	-	-
<b>At the end of the year</b>	<b>58,607</b>	<b>993,382</b>	<b>30,160</b>	<b>16,186</b>	<b>27,261</b>	<b>1,125,596</b>	<b>27,261</b>	<b>27,261</b>
<b>DEPRECIATION</b>								
At the start of the year	-	300,420	1,122	10,595	10,312	<b>322,4490</b>	10,312	<b>10,312</b>
Charge for the year	-	118,455	102	1,001	6,349	<b>125,907</b>	6,349	<b>6,349</b>
Elimintaed on disposal	-	-	-	-	(3,899)	<b>(3,899)</b>	-	<b>(7,798)</b>
<b>At the end of the year</b>	<b>-</b>	<b>418,875</b>	<b>1,224</b>	<b>11,596</b>	<b>12,762</b>	<b>444,457</b>	<b>12,762</b>	<b>12,762</b>
<b>Net book value</b>								
<b>At the end of the year</b>	<b>58,607</b>	<b>574,506</b>	<b>28,936</b>	<b>4,590</b>	<b>14,498</b>	<b>681,138</b>	<b>14,499</b>	<b>14,499</b>
At the start of the year	185,258	465,312	29,038	563	7,086	687,257	7,087	7,087

Assets under construction comprise renovations to Short Term Leasehold properties prior to them being available for letting.

## 12. Debtors

	The Group		The Charity	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	38,464	75,998	-	-
Other debtors	168,234	205,766	101,659	43,094
Prepayments	22,120	18,830	14,938	14,054
VAT	5,421	18,223	-	-
	<b>234,239</b>	<b>318,817</b>	<b>116,597</b>	<b>57,148</b>

## 13. Creditors: amounts falling due within one year

	2017	2016	2017	2016
	£	£	£	£
Trade creditors	30,304	61,976	10,605	16,278
Taxation and social security	25,745	23,878	18,958	16,278
Deferred income	150	53,078	150	53,078
Accruals	207,193	114,824	177,190	104,458
Loans	13,131	11,608	-	-
Other creditors	194	2,864	195	2,864
	<b>276,717</b>	<b>268,228</b>	<b>207,098</b>	<b>192,956</b>

## 14. Creditors: amounts falling due after more than one year

	2017	2016	2017	2016
	£	£	£	£
Loans: balance repayable in 1-5 years	70,836	55,589	-	-
Loans: balance repayable in more than 5 years	46,425	74,803	-	-
	<b>117,261</b>	<b>130,392</b>	<b>-</b>	<b>-</b>

All Creditors: Amounts falling due after more than one year relate to a loan taken by HFHGB Homes to finance charitable building projects. The loan is secured against the assets of HFHGB (Homes) under a fixed and floating charge. The loan is repayable in monthly instalments of £1,485 which include interest charged at rate of 3.75% pa. The term of the loan is 9.5 years from the date of drawdown of the loan.

## 15. Deferred income

	The Group		The Charity	
	2017	2016	2017	2016
	£	£	£	£
Balance at the beginning of the year	53,078	166,244	53,078	166,244
Amount released to income in the year	(236,013)	(156,657)	(236,013)	(156,657)
Amount deferred in the year	183,085	43,491	183,085	43,491
<b>Balance at the end of the year</b>	<b>150</b>	<b>53,078</b>	<b>150</b>	<b>53,078</b>

Deferred income comprises entirely a remainder of HFHI investments.

## 16. Financial Instruments

	The Group		The Charity	
	2017	2016	2017	2016
	£	£	£	£
<b>FINANCIAL ASSETS</b>				
Debt instruments measured at amortised cost:				
Programme related investments	316,844	376,441	-	-
Trade debtors	38,464	75,998	-	-
Other debtors	168,234	205,766	101,659	43,094
	<b>523,542</b>	<b>658,205</b>	<b>101,659</b>	<b>43,094</b>
<b>FINANCIAL LIABILITIES</b>				
Trade creditors	30,304	61,976	10,605	16,278
Loans	130,392	142,000	-	-
Other creditors	194	2,864	194	2,864
	<b>160,890</b>	<b>206,840</b>	<b>10,799</b>	<b>19,142</b>

## 17. Operating lease commitments

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property		Equipment	
	2017	2016	2017	2016
	£	£	£	£
Less than one year	-	-	2,506	2,692
One to five years	-	-	265	2,771
	-	-	2,771	5,463

## 18. Programme Related Investments

COST OR VALUATION	2017	2016
	£	£
At 1st July 2016	376,441	430,889
Repayments	(58,692)	(54,448)
At 30th June 2017	317,749	376,441
Repayable within one year	60,530	55,175
Repayable in more than one year	257,219	321,266
	317,749	376,441

The values stated relate to houses built by HFHGB (Homes) in partnership with low income families which have been sold at cost price with interest free mortgages. This core activity involves the charity disposing of assets at less than market value, requiring permission from the Charity Commission. The Charity Commission has cleared the way for HFHGB (Homes) to sell houses without further reference to the Commission.

## 19. Related Party Transactions

During the year Habitat for Humanity International made significant unrestricted support to HFHGB as shown in the table below. The restricted investment of £103,680 made in the previous year in a planned ReStore retail initiative remained largely unspent. This and other restricted HFHI investments are shown in note 10. HFHGB remains an independent UK charity controlled by the Directors/Trustees.

	£
Deferred Revenue at 1 July 2016	9,887
Cash Receipts during the year	52,104
Income Recognised during the year	(61,841)
<b>Deferred Revenue at 30 June 2017</b>	<b>150</b>

## 20. Capital commitments

At the balance sheet date, the group had no capital commitments (2016: None).

## 21. Contingent assets or liabilities

There were no contingent liabilities as at 30 June 2017 (2016: None).

## 22. Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

## 23. Subsidiary details

HFHGB (Homes), Registered Office: 93 Gordon Road, London, SE15 3RR, Registered Company No: 03155218, Registered Charity No: 1053213, is a wholly controlled subsidiary of HFHGB. HFHGB (Homes) total income for the year was £ 617,338 (2016: £1,146,574) and total expenditure for the year was £702,056 (2016: £1,146,654). As at 30 June 2017 HFHGB Homes held £8,000 in Restricted Funds (2016: £38,694) and £1,192,881 in Unrestricted Funds (2016: £1,246,905).

## 25. HFHGB Single Charity SOFA

	2017			2016		
	Unrestricted £	Restricted £	Total £	Unrestricted £	Restricted £	Total £
<b>INCOME FROM:</b>						
Donations and legacies	819,423	269,250	<b>1,088,673</b>	746,559	320,626	1,067,185
Charitable activities						
Disaster Risk Reduction and Response	-	387,183	<b>387,183</b>	-	409,746	409,746
International Development	-	368,956	<b>368,956</b>	-	500,072	500,072
International Volunteering	355,384	-	<b>355,384</b>	343,704	-	343,704
Investments	1,044	-	<b>1,044</b>	573	-	573
Other Income	19,900	-	<b>19,900</b>	16,927	285	17,212
<b>Total income</b>	<b>1,195,751</b>	<b>1,025,389</b>	<b>2,221,140</b>	<b>1,107,763</b>	<b>1,230,729</b>	<b>2,338,492</b>
<b>EXPENDITURE ON:</b>						
Raising funds	318,587	1,005	<b>319,592</b>	230,984	8,080	239,064
Charitable activities						
Disaster Risk Reduction and Response	90,482	700,972	<b>791,454</b>	17,960	263,604	281,564
International Development	85,359	489,672	<b>575,031</b>	183,158	520,015	703,173
International Volunteering	495,283	536	<b>495,819</b>	355,049	3,408	358,853
HFHGB Homes	-	36,588	<b>36,588</b>	-	78,792	78,792
<b>Total expenditure</b>	<b>989,711</b>	<b>1,228,773</b>	<b>2,218,484</b>	<b>787,151</b>	<b>874,295</b>	<b>1,661,446</b>
Net income / (expenditure) for the year	206,040	(203,384)	<b>2,656</b>	320,612	356,434	677,046
Transfers between funds	(26,892)	26,892	-	(15,067)	15,067	-
<b>Net income / (expenditure) before other recognised gains and losses</b>	<b>179,148</b>	<b>(176,492)</b>	<b>2,656</b>	<b>305,545</b>	<b>371,501</b>	<b>677,046</b>
<b>Net movement in funds</b>	<b>179,148</b>	<b>(176,492)</b>	<b>2,656</b>	<b>305,545</b>	<b>371,501</b>	<b>677,046</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward	338,602	1,120,283	<b>1,458,885</b>	33,057	748,782	781,839
<b>Total funds carried forward</b>	<b>517,750</b>	<b>943,791</b>	<b>1,461,541</b>	<b>338,602</b>	<b>1,120,283</b>	<b>1,458,885</b>

