

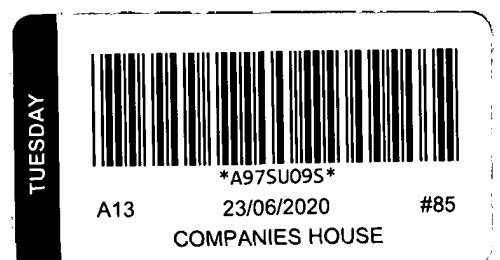
**COMPANY NUMBER: 1247918**

**WORLD HABITAT**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**WORLD HABITAT  
IS A REGISTERED CHARITY**

**CHARITY NUMBER: 270987**



# **WORLD HABITAT**

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## **WORLD HABITAT**

### **LEGAL AND ADMINISTRATIVE INFORMATION**

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The trustees who are also directors of the charity for the purposes of the Companies Act 2006, are pleased to submit their fortieth annual report, together with the audited financial statements for the year ended 31 December 2019.

#### **REFERENCE AND ADMINISTRATIVE DETAILS**

**Charity number** 270987

**Company number** 1247918

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**Auditor Mazars LLP**

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**Bankers Co-op Bank plc**

77-79 Market Place, Leicester, LE1 5EN

Barclays Bank

Bishop Meadow Branch, Loughborough

**Solicitors Freeths**

One Colton Square, Leicester, LE1 1QH

#### **DIRECTORS AND TRUSTEES**

The directors of the charitable company (World Habitat) are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees.

The trustees serving during the year and since the year-end were as follows:

**Elected trustees**

A Challis (appointed on 5 June 2019 to serve a three-year term)

P Elderfield

A Kennedy

A Pearson (reappointed on 5 June 2019 to serve a further three-year term)

S Macdonald (reappointed on 5 June 2019 to serve a further three-year term)

I McCormack (appointed on 5 June 2019 to serve a three-year term)

N Murphy (appointed on 5 June 2019 to serve a three-year term)

J Richardson

**Management team**

D Ireland – Chief Executive

E Melia

M Veronesi

J Line

J Kovach

L Winterburn

### STRUCTURE, GOVERNANCE AND MANAGEMENT

#### Governing document

World Habitat is a charitable company limited by guarantee incorporated on 9 March 1976. It is governed by a Memorandum and Articles of Association which were amended on the 26 September 2017 to change the name to World Habitat, change the charitable objects and amend the period of time trustees can serve on the board to a maximum of 9 years without special resolution. In the event of it being wound up, members are required to contribute an amount not exceeding £10.00.

#### Recruitment, appointment and training of trustees

As set out in the Articles of Association trustees are appointed for a fixed term of three years save where the Board of Trustees sets a shorter period prior to appointment. Trustees shall cease to be members of the Board of Trustees at the end of the fixed term but may be reappointed at the Annual General Meeting held in June. Trustees may serve as a member of the Board of Trustees for a continuous or aggregate period of 9 years without the support of a special resolution at a general meeting of the association. The Articles state that the number of trustees should not exceed nine. The members of the organisation are co-terminus with the trustees. All members of the organisation are circulated with invitations to nominate trustees prior to the AGM, advising them of the retiring trustees and requesting nominations for the AGM.

All members of the board of trustees give their time voluntarily and received no benefits from the charity. Any expenses reclaimed from the charity are set out in note 8 in the accounts.

Stuart Macdonald and Alan Pearson reached the end of their term of office and were re-elected for a further three-year term at the AGM. Adam Challis, Ian McCormack and Nick Murphy were appointed at the AGM to serve a three-year term.

During the year the board decided to appoint a vice chair to assist and deputise for the chair in his absence. A recruitment process was carried out and Stuart MacDonald was appointed as Vice Chair for a period of three years.

There is a process in place for trustee appraisals to take place every 12 to 18 months. Appraisals are carried out by the chair and feedback provided for trustees. General themes that emerge from trustee appraisals are reported back to the board.

In 2019 Trustees approved a process for appraising the chair. The process involves a self-appraisal and an interview carried out by trustees led by the vice chair.

A revised trustee induction policy is to be considered for approval by trustees in June 2020. New trustees are provided with full information to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision-making processes, the business plan and recent financial performance of the charity. Opportunities are provided for new trustees to meet all employees and other trustees. Trustees are encouraged to attend appropriate external training events to facilitate the undertaking of their role and to meet regularly with the World Habitat staff team.

#### Organisation

The board of trustees, which can have up to nine members, administers the charity. The board meets quarterly and there is one standing sub-committee covering investment and other financial matters. Working groups are established to address particular issues if needed. A Chief Executive is appointed by the trustees to manage the day-to-day operations of the charity. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the trustees, for operational matters including finance, employment and all activity relating to meeting the organisation's objectives. During the year, our Chief Executive was Mr David Ireland, who joined the organisation in June 2014.

#### Related parties

The charity has no closely related parties, although co-operates with a broad range of organisations both in the UK and internationally in its various housing research and knowledge transfer activities.

#### Risk management

Risk management is reviewed by trustees at every board meeting. The trustees have a risk management strategy, which comprises:

## **WORLD HABITAT**

### **TRUSTEES' REPORT**

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- An annual review of the risks the charity may face;
- The establishment of systems and procedures to mitigate those risks identified in the plan;
- The implementation of procedures designed to minimise any potential impact on the Charity should those risks materialise

Health and safety advisers and professional investment managers have been appointed and a business continuity plan has been prepared to address the need to maintain a normal mode of operation in the event of an emergency. A key element in the management of financial risk is the setting of policies in respect of reserves and investments, which are regularly reviewed by trustees. A major risk identified in previous risk mapping work is a major collapse of the financial markets and the impact that this would have on the income stream, which relies heavily on dividend income. Whilst the ongoing uncertainties in the global financial system continue to have an impact on our income, we are working closely with our investment advisers to keep the situation under review. The Board of Trustees delegates the Finance and Investment Sub-Committee to meet with our investment managers on a regular basis. The Finance and Investment Sub-Committee meetings normally take place three times a year. A full set of papers from the Finance and Investment Sub-Committee are provided to all trustees in order that there is a broad understanding of the financial position by all members.

#### **Risk and Uncertainties**

##### **Brexit - What are the risks facing us and how are we going to mitigate this?**

Trustees have carefully considered the risks posed by the UK's decision to leave the European Union. The issue has been near the top of the risks regularly reviewed by trustees since before the referendum in 2016. The risk of a disorderly exit from the UK's transitional arrangements with the EU at the end of 2020 remains one of the top risks regularly considered by trustees.

Trustees consider that the main risks to World Habitat are indirect rather than direct. By that they mean that direct risks such as disruption of supply chains, changes in import/export taxes and the removal of licences to operate do not significantly affect World Habitat. There are however many indirect effects which may have an impact on the organisation. These relate to four main areas. The risk of a general downturn in the UK economy, changes in the exchange rate between sterling and other major currencies, particularly the Euro, changes affecting travel between the UK and the EU, and the impact on employment and recruitment caused by changes to residency rules for EU citizens living in the UK.

Trustees have reviewed these risks and concluded that risks to World Habitat's investments are manageable. Risks to income are likely to be minor because World Habitat's investments are invested diversely and are not solely dependent on the performance of the UK's economy. In any case the effects of COVID 19 (see below) are likely to be much more profound.

World Habitat conducts much of its homelessness programme, and part of its Community Led Housing Programmes in EU countries. World Habitat employs one member of staff based in the Netherlands whose salary is paid in Euros. A reduction in the value of Sterling against the Euro will increase the organisations costs in all of these areas. The organisation has modelled this and built a contingency into its budget that would cover all but a major drop in the value of Sterling.

World Habitat employs a number of staff who are not UK citizens, and has traditionally recruited some staff from EU countries for their knowledge and experience in the areas of work the charity undertakes. All UK based staff have settled status, and the organisation's increasing proficiency in remote working provides the opportunity to recruit overseas staff if necessary, without the need for them to be based in the UK.

Trustees have considered the risks to overseas travel particularly in the event of a disorderly end to the transition period. They have concluded that the risks are likely to be short term, and although there may be greater costs to overseas travel in the future these are likely to fall within the organisation's travel budget. In any case the risks to overseas travel caused by COVID 19 are much more significant. The organisation aims to reduce its need for so much travel in the medium term as it seeks to reduce its carbon footprint.

Therefore whilst Brexit is a risk, the Trustees consider the impact to be manageable and not to be as significant as COVID 19.

**COVID 19 – What are the risks facing us and how are we going to mitigate this?**

Trustees are acutely aware that the impacts of COVID 19 will be felt most by those on low incomes and those with inadequate housing or no home at all. The pandemic has created an immediate threat to the most vulnerable people in society; the long-term effects of which are not yet known. Trustees acknowledge that these effects are likely to significantly shape the needs of the people that World Habitat's work aims to help. As a result, World Habitat's programmes and strategy need to be kept under regular review and may need to be adjusted so they best deliver the organisation's mission and objectives.

Trustees regularly review World Habitat's business continuity plan which sets out how the organisation will respond in the event of an emergency. When the UK government ordered all staff who were able to, to work from home the organisation was well prepared. It had IT systems and equipment already in place and was able to adapt its process and operations quickly to a working from home model. World Habitat's programmes have been able to continue uninterrupted, albeit the approach taken to each programme has been modified to the new circumstances.

Trustees have reviewed the potential medium-term impacts of the pandemic on World Habitat. They consider that the most significant impacts are on the organisation's income and restrictions to travel.

The vast majority of World Habitat's income is derived from financial investments. The financial shock caused by the pandemic has led to a significant drop in the value of these investments. Trustees have reviewed projections of the likely impact on the charity's income and concluded that in the short term there is no need to significantly change the 2020 budget, although income is expected to fall significantly, the organisation's expenditure is likely to be reduced as well, and as a result no additional savings will be needed during 2020. Trustees will regularly review the budget and make changes if necessary. Trustees will review the long-term outlook for our investments, they will also review the projected value of our investments against our reserves policy. This review will inform setting the organisation's budget for 2021 and beyond.

World Habitat's operations have previously required a significant amount of overseas travel. Trustees anticipate that it will not be possible to pursue operational models that require travel in the short to medium term. One important example is the evaluation visits which are undertaken each year to assess submissions from finalists in the World Habitat Awards. The organisation has reviewed how the awards process can be undertaken without these visits taking place and has developed a number of options. Similar planning has taken place for other parts of the organisation's operations. This planning remains under constant review.

#### Our Mission and Objectives

World Habitat is a catalyst for change. We aim to help bring the best housing to the people who need it most. We do this by:

- identifying great housing ideas and best practice from around the world;
- transferring ideas and practices to places where they are needed most; and
- helping new ideas develop, so they benefit the people who need them most.

Safe and secure housing is a human right; without it, people cannot fulfil their true life-potential. For a large proportion of the world's population poverty, conflict, natural disasters, and the growing impacts of the climate emergency deny people that fundamental right.

UN-Habitat estimates that a billion people currently live in unsafe and unhealthy homes and millions more have no home at all. It does not have to be like this. The world has made huge progress in social development. In recent decades billions have been lifted out of poverty. Life expectancy has soared, and more people than ever are safely housed. A world where everyone has a safe and secure home is a goal that is firmly within reach.

However, there are new dangers that threaten this progress. Old political and economic certainties are retreating, weakening people's rights and increasing the risk of conflict. A rising global population is straining the world's resources and the climate is becoming increasingly unstable and unpredictable. These tensions are felt first by the poorest people who can least afford to insulate themselves from the effects.

However, the poorest are often the most resourceful, and their communities are often the strongest. In our experience, with the right support, most communities have the potential to solve their own housing struggles and find a path out of poverty. Indeed, housing is always better, and the impacts on communities more significant, if they are shaped by those who are directly affected.

Solutions to most of the world's housing problems already exist, but most communities do not have access to the knowledge, support, expertise and experience to make full use of them. World Habitat is a catalyst, seeking out solutions to the world's housing problems helping them to grow and develop, and then transfer them to communities in new places where they are needed most.

In 2019 we sought to have a greater positive impact on more communities than ever before. Trustees approved a new strategy that will guide our work from 2019 to 2021. The strategy sets our objectives to:

- seek out and develop new and effective solutions to the world's greatest housing challenges;
- support emerging innovative ideas and projects to develop and grow, so they help more people;
- invest in housing projects to help them reach more people;
- promote proven housing solutions and helping to transfer them to places where they are needed most; and
- work around the world to develop what works and to discover new solutions to making housing safe and secure.

#### **The World Habitat Awards - Seeking out and developing new and effective solutions to the world's greatest housing challenges**

The World Habitat Awards are a global housing competition run in partnership with UN-Habitat. The Awards identify, reward and showcase the very best housing projects around the world. We established the competition in 1985 as our contribution to the UN International Year of Shelter for the Homeless and have operated it every year since. Each year we present two awards to projects that provide practical, innovative solutions to current housing needs. In 2018 the two winners were: Pakistan Chulahs: Smokeless stoves, empowering women and Affordable housing for single mothers in Japan. Both projects were presented with their World Habitat Awards at special events during 2019.

**Pakistan Chulahs** is a programme to build low-cost smokeless stoves to help improve women's health and alleviate poverty in rural Pakistan, where four in every five households lack access to a clean, safe cooking resource.



## WORLD HABITAT

### TRUSTEES' REPORT

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Smoke from traditional open-flame wood-burning stoves can cause serious respiratory infections and eye problems, while food cooked on these floor-mounted stoves is easily contaminated leading to diarrhoea, especially in children.

The Chulah programme teaches marginalised women to build a hygienic, sustainable, smokeless earthen stove, which not only improves their health but also empowers them to earn a living by marketing and building stoves in other villages.

The programme is run by the Heritage Foundation of Pakistan, which has trained 35 'Barefoot Village Entrepreneurs' (BVEs) in Chulah construction. BVEs act as master trainers, charging USD\$2 to teach other women to build their own Chulahs out of mud bricks and lime. Materials cost an additional USD\$6, bringing the total cost to USD\$8.

Chulah stoves use 50 – 70 per cent less firewood than traditional stoves, reducing deforestation and saving valuable time for women, whose job it is to collect fuel.

Since 2014, more than 40,000 stoves have been built, improving the health of 300,000 people. The Heritage Foundation aims to expand the programme to build 100,000 Chulahs per year, bringing the health and economic benefits of the stoves to millions more disadvantaged women and their families.

The World Habitat Award was presented to Yasmeen Lari, Chief Executive of The Heritage Foundation of Pakistan, by Dr. Arif Alvi the President of Pakistan during a conference held at the World Heritage site of Makli in Sindh province, Pakistan in November 2019.

**Affordable housing for single mothers in Japan** makes use of some of the millions of empty homes in Japan to provide safe and stable homes for single mothers to live in.

Single mothers experience hardship and discrimination in Japan. Traditional views of single mothers are that they are financially unstable. This creates barriers to them in the workplace after having children. Social stigma, lack of economic opportunities and sky-high living costs in cities like Tokyo mean the majority of single mothers and their children live below the poverty line.

Little Ones – a non-profit organisation established in 2008 to support the rising number of single parent families – works with property owners, estate agents and local government to acquire empty or abandoned homes. These account for 14 per cent of Japan's total housing stock and are considered a huge problem. The properties are renovated using government subsidies and rented out to single mothers at discounted rates.

Since 2013, Little Ones has housed more than 200 single mothers using this approach, turning problematic abandoned houses into much-needed homes for a vulnerable group of women and children.

The World Habitat Award was presented to Kuni Koyama, Director of Little Ones, by Victor Kisob, Assistant Secretary-General, Deputy Executive Director for UN-Habitat, at the first session of the UN-Habitat Assembly in Nairobi, Kenya in May 2019.

### **Our Transfer Programmes - Investing in evidenced housing projects, to help them reach more people**

One of our principal aims is to transfer great ideas and practices to places where they are needed most. Every year we invest in projects and programmes that we have evidenced and previously awarded through the World Habitat Awards.

### **Self-recovery from Natural Disasters**

In 2017 the Post-Haiyan Self-Recovery Housing Programme was one of our World Habitat Award winners.

This programme was a response by CARE Philippines to the devastation caused by the most destructive typhoon ever recorded. Typhoon Haiyan hit central Philippines in 2013 killing over 10,000 people and making over 4 million people homeless. The scale of the destruction created unprecedented levels of need. This programme took an innovative approach to aid – enabling communities to recover themselves. They provided kits to help people renovate and rebuild their homes themselves, along with advice on simple techniques to make sure

houses were rebuilt to be more typhoon resistant. This approach meant they helped more people, more quickly, than traditional emergency responses. It also enabled people to stay and rebuild their communities, rather than be relocated.

CARE Philippines and their network of local partner organisations responded with extensive shelter and livelihoods programmes, based on supporting self-recovery. They reached almost 16,000 families in geographically isolated and disadvantaged areas across the islands of Leyte and Panay with cash, materials and tools, combined with technical assistance. This helped them rebuild their homes so that they were stronger and better than before.

Many of the barangays (local administrative units) that received shelter support were also recipients of livelihood support through two cash grants, which families spent on projects as varied as piggeries and rice-mills. Evaluations found that the new homes were a significant improvement on the pre-Haiyan houses: better built, stronger, often bigger, and families expressing an evident sense of pride, satisfaction and 'ownership' of their achievements.

This programme was considered better than the contractor-built 'whole-house' approach (sometimes utilised by agencies) because it reduced costs, allowed for flexibility and choice, as well as potentially leaving a legacy of education in safer building. Despite having to invest their own time and resources into the houses, families recognised that their homes, once finished, were tailored to their needs and resources.

During 2019 we ran an event in Manila in partnership with CARE Philippines. This event brought together participants from CARE International and other international aid agencies to learn the lessons of the self-recovery housing programme that were successfully deployed following Typhoon Haiyan.

Following the event World Habitat jointly published two reports and a film with CARE international aimed at sharing the knowledge gained from the programme: 'Soaring High: Self-Recovery through the eyes of local actors' is a technical guidance booklet aimed at the international shelter community. It was supported by a short film produced by CARE International and 'Through the eyes of local actors. How self-recovery was supported after Typhoon Haiyan in the Philippines' is a briefing note for a non-technical audience.

#### **Scaling up Self Reliance in Pakistan**

The Pakistan Chulah programme operates in 150 villages in Southern Sindh province. These villages all lack basic amenities. There is no power, piped water supply, or toilets. Most houses are extremely basic and not resistant to flooding. The population have no access to schools, or health care. The Chulah (clay ovens) Project which we awarded with a World Habitat Award in 2018 are the first intervention in these villages by the Heritage Foundation of Pakistan. They have an ambition to make further improvements so that the villages meet the standards set out in the United Nation's Sustainable Development Goals.

The model that Heritage Foundation so successfully used with Pakistan Chulahs is the 'barefoot entrepreneur' model, where local people are trained so that they acquire the skills and knowledge to build chulahs. They impart that knowledge and provide project management to help other people for a small fee. The 'barefoot entrepreneur' model has been extraordinarily successful creating an exponential growth of knowledge as trainers cascade the training to more trainers. Some of the most successful trainers have transformed their lives creating an income that has lifted them out of poverty.

**Champa** is one of the 'barefoot entrepreneurs' working on the Pakistan Chulah programme.

*"So far, my husband and I have helped to make 14,000 stoves. We work together and have been able to purchase a motorcycle and jewellery from the money we have made. Now we are happy as we are able to live in comfort.*

*"The ladies always ask about the benefit of the stoves. Since it is placed at a certain height, it does not cause harm to the children, not even toddlers. It's also safe for women. It prevents the smoke entering their eyes. It also avoids the heat reaching your face.*

*"I teach them how to build the stove themselves. It makes us happy that they are also learning to build it and then teaching others.*

*"People from Heritage Foundation of Pakistan came to our village and taught us how to make stoves. We made one of our own and then went on to make stoves in other villages. We charge Rs. 200 (USD\$2) to build a stove. Whenever we visit a village, we first make a platform at a certain altitude. This platform is beneficial in case of damage caused by rain and floods.*

*"The stove helps in saving timber and it has a chimney alongside which guides the smoke upward. This stove also keeps the women safe. There is a separate storage space for utensils. Usually utensils are kept on the ground, uncovered, resulting in getting infected with insects & germs. That is why we urge people to make such elevated stoves.*

*"We have developed teams in every city. Approximately there are three to four teams in every village. They teach others how to make stoves and people learn from them."*

To help develop the 'barefoot entrepreneur' model even further, World Habitat has invested in the construction of training centres in thirty villages. These buildings will be traditionally-built from bamboo and mud and will provide locations where more 'barefoot entrepreneurs' can be trained but also where people from the villages will be able to learn the skills to not just build stoves but also rebuild houses and install toilets. The training centre buildings will also be used as a school classroom.

World Habitat are paying the capital costs of building the centres. The running costs of the training centres are being met by Heritage Foundation of Pakistan with the assistance of funding provided by the British Council. Flooding in late 2019 and the lockdown required by the Pakistan government in response to the COVID-19 pandemic has temporarily disrupted the programme, but it is expected to resume in 2021.

#### **Ending Street Homelessness in Europe - promoting proven housing solutions and helping to transfer them to places where they are needed most**

The European End Street Homelessness Campaign is a network of local city campaigns, all working with the same set of principles to end street homelessness in their communities. It is a movement of people, including support workers, directors of charities, local government officials, community volunteers and people with lived experience of street homelessness.

Since 2015 our campaign has brought these individuals and their organisations together to help them learn from each other and show how communities everywhere can develop solutions to street homelessness.

The origins of the campaign lie in adapting learning from our World Habitat Awards, by combining the community mobilisation and focus on data of the 100,000 Homes Campaign in the USA, with Finland's Y-Foundation and their national Housing First approach.

The campaign provides a space for individuals and organisations to learn from each other and share experiences as a community. We host Peer Exchanges and Annual Gatherings for representatives of city campaigns, while also bringing in expertise from across Europe as we promote the sharing of knowledge and good practice.

The campaign has always been a testing ground for new ideas and approaches. In 2019 our Innovation Grant and bespoke Support Programmes were a huge success - we worked in partnership with organisations to define what they needed to make the most meaningful change to the lives of those they work with.

Through delivering the campaign we continue to build our own body of evidence on what is working – and how others might learn from it. In 2019 we launched an online campaign toolkit detailing - step-by-step - how the same techniques and processes can be used by other interested organisations to bring their community together to campaign for change.

2019 saw exciting progress with new Housing First projects developing in Croydon and Torbay, Connections Weeks in Bratislava and Brighton, and the upscaling of Housing First across five cities in Scotland - including our campaign city Glasgow. We facilitated Peer Exchange visits for municipality commissioners, Housing First workers and campaign co-ordinators. And also facilitated training for people with lived experience to take more active roles in the way homelessness services are run.

**Paul is a 'Lived-Experience Champion' as part of Leicester's Homelessness Charter**

*"Before I worked with Action Homeless in Leicester, I had been in and out of hostels and night shelters in the city and doing my own thing during the day. By working closely with the organisation, I was found bed and breakfast accommodation in the interim and then placed into my own tenancy.*

*With support from both Action Homeless and Leicester City Council I've been housed now for over a year and am so grateful to those that helped.*

*"At the end of 2019 I took part in a training course for people with lived experience of homelessness by Expert Link called 'Being the Difference'. The aim is to help people become meaningfully involved in the way homeless services are run. This course – funded by an Innovation Grant from World Habitat – has been so motivating and inspirational. No one else has been able to motivate me like this, I just want to be involved and helpful. I wanted to do peer mentoring and the project has pushed me forward to do this. I know where homeless people are coming from because I have been there. I know how they are feeling and they'll listen to me more.*

*"People tell me they know how I feel but you have to be in a situation to know what it's like. I'm learning a lot about myself and homeless charities. Action Homeless have been brilliant, I am so grateful for all the support I've been given. Recently I've been to some more strategic meetings with Leicester's Homelessness Charter.*

*With everything I am involved in it is motivating to be part of something good. In my heart and mind, it's time for me to repay the favour."*

The real strength of the campaign is the individuals within organisations who have the passion, drive, commitment and tenacity to help deliver real change in their communities.

Our Support Programme helps these key people from across Europe to learn and adapt what has worked elsewhere, to identify the opportunities and challenges in their cities, to create a clear plan, and to work with other committed people who are equally determined to end street homelessness. The campaign cities demonstrate how communities themselves can take the necessary steps towards addressing some of the most pressing homelessness challenges of our time and the strength of being part of a wider campaign for change.

#### **Campaign City Bratislava**

*Conditions for people who are street homeless in Slovakia are some of the most challenging in Europe. Bratislava, like many other Eastern European capitals, can be deadly for those who sleep on the streets, especially in winter months when temperatures plummet. With no legal definition of homelessness and no accurate data on how many people are street homeless, the system relies on a limited number of basic - yet life-saving - emergency shelters.*

*World Habitat has been working with partners in the city to address these challenges. There is a growing movement of civil society organisations working to develop life-saving social outreach programmes, alongside stimulating debate in how to adapt evidence-based interventions like Housing First and Rapid Rehousing.*

*In June 2019 we hosted the Annual Gathering of Cities in the central Old Town District, which brought together professionals - from across Europe - for three days of learning, knowledge transfer and action planning. It highlighted the limitations of service provision in the city. World Habitat staff and city campaign partners met with senior officials in the local municipality to highlight the work of lead organisation OZ STOPA Slovensko, whilst advocating for the increased supply of social flats and encouraging more partnerships between the city's homelessness agencies.*

*In September we supported OZ STOPA Slovensko to co-ordinate their second Connections Week in the historic Old Town District. Over 40 local volunteers and trained outreach staff met and surveyed 169 people in just one afternoon. More than two-in-three (69%) were chronically homeless, with over one-in-five (21%) revealing they have been sleeping on the streets for 10 to 15 years.*

*With the support of World Habitat, the campaign in Bratislava will continue to change public perceptions and challenge the status quo that perpetuates widespread attitudes of street homelessness as an inevitable part of society.*

The world will face an unprecedented challenge throughout 2020 due to the COVID-19 pandemic. It brings into sharp focus the even more urgent need for effective action to provide homes and support for people who are street homeless. Even in these most difficult of times we see extraordinary efforts, inspiring action, communities mobilising and a strong commitment to supporting each other.

World Habitat is committed to building on the initial impact of our campaign – and in spite of the enormous challenge of COVID-19 - we will continue to provide resources and bring together like-minded people - to learn, share and, above all, act to end street homelessness.

#### **Community-Led Housing - promoting proven housing solutions and helping to transfer them to places where they are needed most**

World Habitat has always believed that housing is better when it is created by the communities who live in them. By doing so they create more sustainable, more affordable and longer-lasting homes than the traditional ways of developing housing. It helps people build resilient and confident local communities, and it helps people to develop skills they never knew they had.

We have always supported the growth of community-led housing. In the 1970s and 1980s we supported the global housing co-operative movement. In the 2000s we helped transfer the Community Land Trust model around the world and in recent years we helped build a community-led housing coalition in the UK.

Our current program aims to help community-led housing grow in areas of the world where there is a need for it, but it is currently underdeveloped. In 2019 our work was targeted in three areas: Eastern Europe, Brazil and Bangladesh. The programmes we are supporting in these areas also represent different contexts where community-led housing can help solve wider challenges faced by the communities who live there.

In 2019 we began helping to develop a community-led housing movement in Central and Eastern Europe. Many countries in this region saw a dramatic change in the housing markets during the transition from communism to market economies. Prior to the transition, most urban housing was state-owned, but the transition led to a dramatic period of privatisation, so that by the mid-1990s most housing was in private-owner occupation. The long-term impact of this change has created an inflexible and unaffordable housing system that has reduced the opportunities for younger generations to find a home.

Community-led housing is virtually unknown in this region. We helped bring together a coalition of communities from Serbia, Croatia, Hungary and Slovenia to learn from successful community-led housing programmes elsewhere around the world. We will be supporting these groups as they begin developing homes in their own communities.

**Zsuzsi Pósfai** is a member of the Rákóczi Collective (RC) in Budapest, Hungary.

*"At the end of January 2019, we moved into the first co-operative house set up by members of Rákóczi Collective – which will hopefully become a precedent for many similar houses in the future.*

*"It was the result of many years of effort and organisation. Seven of us now live here, with much more space and better living conditions than we had before. The housing situation has become increasingly difficult in Budapest, with house prices and rents rising sharply - some have nearly doubled in the last five years. Renting is also risky as it is under-regulated and tenants are not protected from landlords - you can be evicted at short notice or subjected to any rise in rent.*

*"We encountered a number of difficulties [including securing loans and renovations] along the way - many because this kind of housing doesn't exist in Hungary. Collectively-owned housing is practically unknown here, so municipalities, financial institutions or any other external party believe it's too risky.*

*"We're planning a systematic, reliable financial resource that other groups will also be able to use in the future. This is essential for creating a model that's truly accessible to a wide segment of Hungarian society, who have difficulties paying for their housing.*

## WORLD HABITAT

### TRUSTEES' REPORT

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*"All of the challenges we've faced are similar for all pioneering housing co-operative groups in Eastern Europe, which is why we collaborate as part of MOBA. Besides building a supportive network, we also help each other in very tangible ways to overcome these challenges.*

*"In the meantime, we are busy creating a home and a community, and not merely a pilot project out of this house, that has huge and lasting potential."*

We also began supporting a program piloting the introduction of a community land trust in Rio de Janeiro in Brazil. The community land trust model was first used to regularise an informal settlement in Cano Martín Peña in Puerto Rico, a project that won a World Habitat Award in 2015. Part of the transfer work from that project led us to Rio de Janeiro where ideas were exchanged and reciprocal visits undertaken. Residents of the Trapicheiros Favela are now developing the first community land trust in Brazil with support from Catalytic Communities and World Habitat. This new Favela Community Land Trust will ensure residents have control over all developments, including collective ownership of the land, which ensures they can stay living in their communities, without displacement by either the authorities or real estate markets.

The third project we are supporting is in the Bihari camps in Bangladesh. Approximately 300,000 people of the Urdu-speaking linguistic minority have been living in 116 internal displacement camps (Bihari Camps) since partition with Pakistan in 1971. In 2008, the long-standing question of the Urdu-speaking community's national identity status was resolved, when the Dhaka High Court confirmed their Bangladeshi citizenship. Now that they are no longer considered 'internally displaced' their rights to stay on the camps lands is in question. The project we are supporting seeks to adopt the community land trust model to protect and rehabilitate the camp lands. Our work is at the very early stages of galvanizing the community through community-based mapping, information gathering and building consensus about a way forward.

#### **Our Land**

World Habitat owns a small portfolio of land local to our office in Leicestershire in the UK. The land was bequeathed to the organisation when it was established. It is largely rented to local farmers and used for agricultural purposes. In the past some land has been sold and the proceeds invested to provide income for the charity.

During 2019 we held an open day at the Peter Elderfield Wood. A 27-Acre area of woodland planted in memory of our founder. The open day took place on Monday 29<sup>th</sup> April. On the day we were very lucky to be joined by local schoolchildren from St John the Baptist C of E Primary school, members of the local community, The National Forest, Leics and Rutland Wildlife Trust, The Conservation volunteers, staff and trustees from World Habitat and Alex and Ruth Elderfield – son and daughter of our founder.

The event started with a welcome by World Habitat CEO David Ireland, followed by a speech from the Deputy Lieutenant, Mrs Janie Martin. Mrs Martin then unveiled a sleeper bench dedicated to Peter Elderfield.

Following this, schoolchildren from St John the Baptist C of E Primary school planted fruit trees along with members of the local community. Fifteen fruit trees were planted, including pear, crab apple, cider apple and plum.

After planting the fruit trees, the children had a look at the dedicated forest school area. This includes a seating circle and spare wood for the children to use in their activities. The children then had a willow weaving demonstration from Jam of The Gardener's Boothby. After Jam had demonstrated how to make an obelisk, the children made a snail. An afternoon tea was also provided in the marquee.

#### **Reducing our carbon emissions**

Our Trustees acknowledge the climate emergency and want to ensure World Habitat is socially responsible and reduces and manages its own impact.

Like all organisations our activities consume energy and generate carbon dioxide and other greenhouse gas emissions. Our international travel means we consume more than most organisations of our size. We take our responsibilities seriously and have developed a carbon management plan that seeks to reduce our carbon

emissions and offset all that we emit. Trustees have approved targets to reduce our carbon emissions by 50% of 2016 levels by 2030 and reduce them to zero by 2050.

We do this through carefully measuring our emissions, setting annual targets, an annual carbon budget for each programme, and introducing improvements. To offset our emissions, we invest in housing-related programs that reduce carbon emissions and also help provide safe and secure housing for low-income people. We are currently planning to develop our carbon offsetting programme to enable others to invest in these same programs.

In 2019, our carbon emissions were 68 tonnes. This was a significant reduction on our peak year of 2017 when we emitted 143 tonnes. This was due to a large reduction in the number of flights taken during the year. We expect our emissions to be slightly lower in 2020, as a result of us undertaking very little travel and staff commuting is reduced as they are working from home due to the COVID-19 pandemic. We do not want this to be a blip. We aim to proactively adjust our approaches and policies so that we can continue to have a growing impact as an organisation whilst reducing our carbon emissions to at least meet our targets.

#### **Charity Code of Governance**

In 2018 World Habitat signed up to the Charity Code of Governance. This code is a practical tool to help charities and their trustees develop high standards of governance. The principles are based on, but go beyond, legal requirements. The code says that it is deliberately aspirational. It is produced by a large group of charities including NCVO and ACEVO. The Charity Commission has observer status.

There are two versions of this Code. World Habitat has adopted the version for larger charities.

During 2019 World Habitat reviewed all its activities to ensure they meet the code's recommendations. We made thirty-three changes to our policies and internal processes to ensure we meet the Code's recommendations. Trustees decided that any areas where we do not meet the standard we will publish in the annual report.

One area remains outstanding is trustee induction. Trustees concluded that our policy needs to be reviewed and until the review we cannot say that it meets the Charity Code of Governance standards. A new trustee induction policy is due to be considered by trustees for approval in June 2020.

#### **Future Plans**

We believe that 2020 is set to be an important year for World Habitat. Like every other organisation our plans have been significantly affected by the pandemic. Nevertheless, we aim to make a number of important improvements to the organisation which will have a long-term impact on our operations.

After 44 years based in Coalville, we plan to relocate our main workplace to a city centre location in Leicester so that we are better connected to our partners. We are also planning to reorganise our staffing structure to help us better deliver the objectives in our strategy. Whilst the pandemic may delay these plans, we are committed to achieving them this year.

We are also planning to develop the European End Street Homelessness Campaign. The pandemic has dramatically changed the environment in which the campaign operates. In some countries most street homeless people have been temporarily housed in shelters. Whilst the objectives of the campaign are unchanged, how we achieve them might need to. We aim to be broadminded and agile in how the campaign can add most value and help cities achieve their aims of permanently housing street homeless people.

Trustees have agreed to extend the campaign until 2025. We plan to develop the campaign so that as cities graduate from the campaign they are replaced with more diverse cities and early stages of their journey towards zero street homelessness. We are particularly interested in expanding the campaign in central and Eastern Europe.

We plan to operate the World Habitat Awards through the pandemic. We have been heartened by the extraordinary response to the competition with a record number of submissions. We believe that sharing and helping the uptake of good practice has never been more important. We will develop and improve our transfer programme to increase our impact. We will seek out evidence that seemingly impossible and insoluble housing

problems can be solved and, where we can, demonstrate solutions that can be scaled up and transferred so that they become world leading.

We will continue to develop our community-led housing work into parts of the world where the concept is less developed. We are enthusiastically working with some of the poorest communities around the world develop and improve their homes and communities through adapting and adopting community-led approaches.

We will vigorously pursue efforts to reduce our own carbon emissions and encourage our partners to do the same. Whilst we aim to achieve zero emissions in the long term, we recognise that we will need to off-set our existing emissions in the meantime. We will develop our own housing-based carbon offsetting programme that invests in the construction of net-zero carbon homes in Africa, so that it can be verified and enable others to invest.

We will continue to review and monitor our financial investments to ensure that they are in line with our values. We aim to ensure our investments are free from arms sales to military regimes, unethical lending practices, human rights violations, environmental degradation and activities that are incompatible with the 2015 Paris Agreement to limit the increase in global average temperature to 2°C and pursue efforts to limit the increase to 1.5°C.

We will continue to work with the local community to provide greater public access and undertake environmental improvements to our land assets.

#### **How our activities deliver public benefit**

When planning activities for the year World Habitat trustees had due regard to guidance on public benefit produced by the Charity Commission. Our charitable activities focus on the prevention or relief of poverty, and the advancement of education for the public benefit.

In particular our programs aim to increase the provision of adequate housing for people with few housing choices. Our work in operating and promoting the World Habitat Awards aims to fuel innovation and inspire others to adopt the best housing practice and enable the best housing projects to scale up, expand and be replicated where they are needed most. This we believe will enable more people in housing need to be better housed.

Our Community-Led Housing programme aims to create the conditions in which community led-housing can scale up and expand. This will provide a greater provision and greater choice of low-cost housing benefiting people on low incomes.

Our European End Street Homelessness program aims to help end street homelessness in participating cities in Europe. Street homelessness is the most extreme form of social exclusion. People living on the streets have dramatically worse health, lower life expectancy and lower life chances than others in society. Our programme aims to create the conditions in which people living on the streets are quickly and permanently housed.

Trustees believe undertaking our main activities described above fully meets the requirements of section 17 of The Charities Act 2011 to deliver public benefit.



## **WORLD HABITAT**

### **TRUSTEES' REPORT**

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#### **FINANCIAL REVIEW**

##### **Overview of the year**

In 2018, the trustees carried out a detailed review of the charity's activities and produced a strategic plan for the direction and activity of the charity for the following three years (until December 2021) implementation of the plan started during 2019.

The total income for the year was £1,379,706. This represents a 7.047 per cent increase on the income in 2018 of £1,288,876. The increase is primary due to an increase in investment income received. The principal funding source is income received from financial investments (£1,340,058 i.e. 97.1 per cent), with the remaining 2.9 per cent coming from grants, rental income, interest and sales. Expenditure in the year was £1,016,535. This was lower than income by £363,171. This was partly due to higher than anticipated investment income of £126k during the year and lower expenditure in the following areas. Staff costs were £93k lower than budget due to an employee being on sabbatical leave, a delay in appointing a replacement on the World Habitat Award team and changes to the staffing structure. Carbon Offsetting was £30k lower than budget due to a delay in setting up the accredited carbon offsetting scheme. This cost has been carried forward to the next year's account. Knowledge transfer activities were £60k lower than budget due to a reduction in the costs for the exchange activities and the knowledge development being delayed until 2020. This has been included in the budget for the following year.

Funds have been applied in respect of research costs and in the governance and administration of the organisation, with 92 per cent of funds expended relating to research and 8 per cent to governance and administration.

##### **Investment powers, policy and performance**

Under the Memorandum and Articles of Association, the charity has the power to make any investment that the trustees see fit. Investments are held to provide an income to further the objectives of the Foundation, both now and in the future and the investment policy has been amended to reflect the slight shift in emphasis towards income rather than capital growth.

Capital appreciation of the investments continues to ensure that the value of the original gift is maintained in real terms in the longer term, recognising that there will be short-term fluctuations due to changes in the stock market values. World Habitat seeks to ensure that a sufficient income stream is generated to cover its current activities without incurring undue financial risk for the charity. The income from the charity's investments increased by 7.19 per cent from £1,281,410 in 2018 to £1,373,590 in 2019. There was an increase of £4,699,520 in the valuation of the World Habitat total investment portfolio at the year end from £29,970,286 in 2018 to £34,669,806 in 2019. This increase was partly due to a recovery in the markets after the fall in December 2018 and investing £984,108 in the Responsible Multi Asset Fund.

##### **Key management personnel remuneration**

Key management personnel are defined in the Charity SORP as "those persons having authority and responsibility for planning, directing and controlling the activities of the charity, directly or indirectly, including any Directors of the charity" World Habitat trustees consider that key management personnel of the charity are the trustees, the Chief Executive and all other members of the senior executive team.

All trustees give up their time freely and no trustee remuneration was paid in the year. Details of trustee expenses are disclosed in note 8 to the accounts. One employee received remuneration above £60,000

Trustees are required to disclose all relevant interests and register them with the Chief Executive and in accordance with the charity's policy withdraw from decisions where a conflict of interest arises. The pay of the senior management personnel is reviewed annually and normally increased in accordance with average earnings and set at market rates. The remuneration is also bench-marked with charities of a similar size and activity to ensure that the remuneration set is fair and not out of line with that generally paid for similar roles.

**Diversity and Equality**

Each year trustees review reports on staff and recruitment equalities and diversity. In 2019 Trustees reviewed the charity's equalities and diversity policy and made a number of improvements. Trustees acknowledge that minority groups are underrepresented in the staff team and the board and have made a commitment to make further improvements with the aim of addressing this. Trustees undertook diversity training in June 2019. Trustees agreed through board succession and recruitment to at least maintain and ideally enhance the diversity of the board. By ensuring that when a trustee retires, the board seeks a successor that at least maintains and ideally increases board diversity.

Trustees agreed that in addition to recruitment information they would regularly monitor board and staff diversity. Trustees updated the criteria that they measure diversity so that the categories match the current census categories.

### Reserves policy

World Habitat operates within a comparatively low-risk funding environment, as it does not rely on any external financial support in delivering its charitable objectives and funds virtually all of its activities from the revenue generated from the financial investments, land and property that it received as a gift in 1976. As at the 31<sup>st</sup> December 2019 the World Habitat investment portfolio is currently managed by four investment managers, M & G (31.8%), Newton Investment Management (NIM) (35.6%), CCLA (5.2%) and Schroders (27.4%). World Habitat is committed to maintaining the value of the original gift in real terms.

This reserves policy has been developed as part of an ongoing integrated financial governance process which includes development of a strategic plan, a risk management policy and an investment policy.

In 2018, the trustees carried out a detailed review of the charity's activities and produced a strategic plan for the direction and activity of the charity for the following three years (until December 2021) implementation of the plan started during 2019. As a result of this review, business plans are developed which identifies specific levels of anticipated income and expenditure in each year, together with details of the expected outputs and outcomes of the activities.

In the event of a collapse of the international financial markets, the organisation retains sufficient resources in readily accessible funds to meet its current operating obligations.

The value of reserves held by World Habitat as at 31<sup>st</sup> December 2019 was £35,650,132. This was made up of the following:

• Designated Funds	£23,350,091
• Revaluation Reserve	£10,742,576
• General Unrestricted Funds	£1,557,465
• Restricted Funds	£0

### Designated Funds

Designated funds are made up of the income maintenance fund and gift maintenance. An income maintenance fund has been created to provide the charity with a portfolio of investment assets that will be managed to provide a sufficient level of income to finance the expenditure of the organisation in carrying out its objectives. Transfers are made to this reserve of surpluses generated from activities after providing for a level of unrestricted reserves reflecting six months planned activity. The gift maintenance fund has been created to maintain the original gift from East Midlands Housing Association in real terms value.

### Revaluation Reserve

A revaluation reserve is maintained in respect of those amounts by which investments and other assets exceed their historical cost.

### General Unrestricted Funds

General unrestricted funds should represent approximately six months planned activity. The balance of the funds at the 31<sup>st</sup> December 2019 is £1,557,465. This currently represents thirteen months planned activity. This is acceptable in the current time due to the uncertainty around the impact on our investments from COVID-19.

The reserves of World Habitat are held as a form of endowment in order to generate income for the organisation. The income provided should be sufficient to cover the charitable activities of the organisation so the capital is not diminished. World Habitat requires a minimum level of reserves of £25m to allow the charity to fund its core activities, any additional income generated above the required level will increase the money spent on the charitable aims of the organisation.

If the reserves of the organisation go below £25m then we would need to adjust our spending. If this was a short term dip, then we would review the dividends we receive, if the dip was long term we would look to review our future budget and strategy. The Business Plan is reviewed on an annual basis, with both income and expenditure projected forward on an on-going basis.

This reserves policy is also subject to review on an annual basis and the World Habitat trustees will carry out this review after giving due consideration to its planned programme of activity and the advice of its financial advisers as to likely income levels, any associated risks and the broader investment climate.

**TRUSTEES' REPORT**

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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The Trustees are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Auditors**

Under the provisions of the Companies Act 2006, a resolution is no longer required at the Annual General Meeting to nominate the auditors for the coming year.

The trustees who held office at the date of approval of this Annual Report, as set out above each confirm that:

- so far as they are aware, there is no relevant audit information (information required by the charity's auditor in connection with preparing their report) of which the charity's auditors are unaware; and
- as the directors of the charity the trustees have taken all the steps they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

**EMPLOYEE INVOLVEMENT AND APPRECIATION**

All members of staff have been regularly consulted on issues of concern with regular staff meetings being held and have been kept informed on specific matters where necessary by the Chief Executive. The trustees meet with all members of staff at the quarterly board meetings and staff members present their work to trustees at the meetings. Sincere thanks are expressed to all members of our staff for their dedicated service to the organisation during the year and to the excellent results that are being achieved as a result of their work.

**By order of the trustees**



**Dr A Kennedy OBE (Chair)**  
3 June 2020

**INDEPENDENT AUDITOR'S REPORT**

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**Independent auditor's report to the members of World Habitat**

**Opinion**

We have audited the financial statements of World Habitat (the "charity") for the year ended 31 December 2019 which comprise of The Statement of Financial Activities, the Balance Sheet, The Cash Flow Statement 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 FRS 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 charity's affairs as at 31 December 2019 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity 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.

**Emphasis of matter – Impact of the outbreak of COVID 19 on the financial statements**

In forming our opinion on the company financial statements, which is not modified, we draw your attention to the trustees' view on the impact of COVID 19 as disclosed on page 4 and the consideration in the going concern basis of preparation on page 25 and non-adjusting post balance sheet events on page 36.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID 19, the potential impact of COVID 19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The full impact following the recent emergence of the COVID 19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the charity's trade, customers, suppliers and the wider economy.

**INDEPENDENT AUDITOR'S REPORT**

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**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 charity'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 Trustees 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 Strategic Report and 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 Strategic Report and 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 light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included within the Trustees' Report.

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

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

## **WORLD HABITAT**

### **INDEPENDENT AUDITOR'S REPORT**

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#### **Responsibilities of Trustees**

As explained more fully in the trustees' responsibilities statement set out on page 18, 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

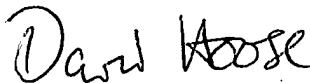
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 the audit report**

This report is made solely to the charity'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 charity'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 charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

Signed:



Name: David Hoose

(Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Park View House  
58 The Ropewalk  
Nottingham  
NG1 5DW

Date: 17 June 2020

**WORLD HABITAT**

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2019**  
(Incorporating the income and expenditure account)

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £	Total Funds 2018 £
<b>INCOME FROM</b>					
Donations and legacies:					
General grants		-	-	-	-
Charitable activities:					
Grant income	3	5,213	-	5,213	7,444
Investments	4	1,373,590	-	1,373,590	1,281,410
Other trading activities:		903	-	903	22
<b>TOTAL</b>		<u>1,379,706</u>	<u>-</u>	<u>1,379,706</u>	<u>1,288,876</u>
<b>EXPENDITURE ON:</b>					
Raising funds		51,715	-	51,715	86,154
Charitable activities		964,820	-	964,820	894,512
<b>TOTAL</b>	5	<u>1,016,535</u>	<u>-</u>	<u>1,016,535</u>	<u>980,666</u>
<b>NET INCOME</b>		363,171	-	363,171	308,210
Transfers between funds		-	-	-	-
<b>Other recognised gains/(losses):</b>					
<i>Gains and losses on investment assets:</i>					
Revaluation of Investment Assets	10,12	-	-	-	(538)
Realised Loss on Fixed Asset		(210)	-	(210)	-
Income on Land – Overage		186,268	-	186,268	538,299
Income on Land - Encroachment		-	-	-	5,000
Taxation charge on overage income	9	(33,574)	-	(33,574)	(102,284)
Unrealised gains/(losses) on investment assets	10	3,715,412	-	3,715,412	(2,440,803)
Revaluation of Fixed Assets	11	-	-	-	(55,667)
<b>Net movement in funds for the year</b>		<u>4,231,067</u>	<u>-</u>	<u>4,231,067</u>	<u>(1,747,783)</u>
<b>Reconciliation of funds</b>					
Total funds brought forward		<u>31,419,065</u>	<u>-</u>	<u>31,419,065</u>	<u>33,166,848</u>
<b>Total funds carried forward</b>		<u>35,650,132</u>	<u>-</u>	<u>35,650,132</u>	<u>31,419,065</u>

The statement of financial activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities.

The notes on page 25-36 form part of these financial statements.



**WORLD HABITAT**
**BALANCE SHEET – COMPANY REGISTRATION NUMBER: 1247918**

	Note	£	2019 £	£	2018 £
<b>Fixed Assets</b>					
Tangible	11		140,404		133,009
Investments	12		34,669,806		29,970,286
			<u>34,810,210</u>		<u>30,103,295</u>
<b>Current Assets</b>					
Investments	13	11,805		433,900	
Debtors	14	11,734		11,935	
Cash in hand		<u>908,391</u>		<u>1,020,546</u>	
		931,930		1,466,381	
<b>Creditors:</b>					
<b>Amounts falling due within one year</b>	15	<u>(92,008)</u>		<u>(150,611)</u>	
<b>Net Current Assets</b>			839,922		1,315,770
<b>Provisions for liabilities</b>					
Other provisions	16		-		-
<b>Total Assets Less Current Liabilities</b>			<u>35,650,132</u>		<u>31,419,065</u>
<b>Capital and Income Funds:</b>					
<i>Unrestricted funds:</i>					
Designated funds	17	23,350,091		23,123,494	
Revaluation reserve	17	10,742,576		7,027,164	
General unrestricted funds	17	<u>1,557,465</u>		<u>1,268,407</u>	
			35,650,132		31,419,065
<i>Restricted funds</i>	18		-		-
			<u>35,650,132</u>		<u>31,419,065</u>

The financial statements on pages 22 to 36 were approved by the board of trustees on 03/06/2020 and signed on its behalf by:

DR A KENNEDY OBE

CHAIR

*Angus Kennedy*

# WORLD HABITAT

## CASHFLOW TO THE FINANCIAL STATEMENTS

	Notes	2019 £	2018 £
<b>Cash flows from operating activities:</b>			
Net cash provided by (used in) operating activities	(a)	(991,638)	(966,104)
<b>Cash flows from investing activities:</b>			
<b>Returns on investments</b>			
Dividends, interest and rents from investments		1,373,590	1,281,410
Purchase of property, plant and equipment		(17,860)	(6,174)
Proceeds from sale of investments		186,268	753,299
Cash held on investment (Increase) Decrease		422,095	(251,915)
Purchase of investments		(984,108)	-
Taxation paid		(100,502)	(65,293)
<b>Net cash provided by (used in) investing activities</b>		<b>879,483</b>	<b>1,711,327</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(112,155)</b>	<b>745,223</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>1,020,546</b>	<b>275,323</b>
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>908,391</b>	<b>1,020,546</b>
<b>FOOTNOTES TO THE CASH FLOW STATEMENT</b>			
<b>(a) Reconciliation of net outgoing resources for the year to net inflow/(outflow) from operating activities</b>			
Net incoming resources		363,171	308,210
Less: dividends & interest		(1,373,590)	(1,281,410)
Add: depreciation		10,254	7,406
Loss on fixed asset disposal		-	1,056
Decrease in debtors		201	438
Increase in creditors		8,325	(1,804)
<b>Net cash inflow from operating activities</b>		<b>(991,638)</b>	<b>(966,104)</b>
<b>(b) Increase/(Decrease) in Cash</b>			
Opening balance		1,020,546	275,323
Balance at 31 December 2019		908,391	1,020,546
<b>Increase/(Decrease) in year</b>		<b>(112,155)</b>	<b>745,223</b>

## 1 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and in the preceding year.

### **Basis of Preparation and assessment of going concern**

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

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

The trustees and Senior Management Team of World Habitat are aware of the risks associated with COVID-19 including a reduction in the value of our investments and dividend income. We will look to mitigate the risks by reviewing our future budgets and strategy where necessary. As a result, the trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

### **Funds Structure**

- Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity. Within unrestricted funds are a number of designated funds.
- Designated funds are unrestricted funds earmarked by the trustees for particular purposes. Included within designated funds is a revaluation reserve representing the restatement of investments and other assets at market values.
- Restricted funds are those funds where restrictions are imposed by the donor in respect of how the funds can be expended.

### **Incoming Resources**

Items of income are recognised and included in the accounts when all of the following criteria are met:

- The charity or its subsidiary have entitlement to the funds;
- any performance conditions attached to the item(s) of income have been met or are fully within the control of the charity or its subsidiary;
- there is sufficient certainty that receipt of the income is considered probable; and
- the amount can be measured reliably.

Interest on funds held is included upon notification of the interest paid or payable by the Bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. This is normally upon notification by our investment advisor of the dividend yield of the investment portfolio.

**1 PRINCIPAL ACCOUNTING POLICIES (Continued)****Resources Expended**

Expenditure is recognised once there is a legal 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 headings:

- Costs of raising funds comprise the costs associated with generating income, consisting of investment manager's fees, plus a proportion of support costs.
- Charitable expenditure comprises those costs incurred by the charity in achieving its charitable objectives, and their associated support costs. Research expenditure is included within the year in which it is incurred. Governance costs including those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity are included within charitable expenditure.
- Other expenditure represents those items not falling into any other heading.

Expenditure includes any VAT which cannot be fully recovered and is reported as part of the expenditure to which it relates. Where research is commissioned over a period of time, the costs incurred are estimated based on the time elapsed as at the year end.

**Allocation of Support Costs**

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include administrative costs, finance, personnel and premises expenses. Those costs that are not specific to an activity are apportioned on the basis of the time spent in the different categories as set out in note 6.

**Fixed Assets and Depreciation**

Freehold buildings are stated at market value less depreciation. There have been no indications that impairment has occurred and no impairment review has been carried out. All other fixed assets are stated at purchase price less depreciation. Depreciation is calculated to write off fixed assets over their estimated useful lives at the following annual rates:

Freehold buildings	2% of revaluation
Office and other equipment	25% of cost
Motor vehicles	25% of cost

**Investment Property**

Investment properties are included in the balance sheet at their market value. Depreciation is not provided on investment property

**Mixed Use Property**

The charity has mixed use property, where it occupies part of the property and rents out the remainder. The proportion of the building that is considered to be investment property, is based on the number of floors occupied by the charity in relation to the number of floors rented out.

**Fixed Asset Investments**

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The Trust does not acquire put options, derivatives or other complex financial instruments. The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

**1 PRINCIPAL ACCOUNTING POLICIES (Continued)**

**Realised gains and losses**

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

**Cash Flow Statement**

World Habitat has prepared a cashflow statement in accordance with FRS 102.

**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.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction.

**Contributions to pension funds**

The company is a member of a defined contribution pension scheme. The amount charged through the statement of financial activities in respect of pension costs is the contributions payable in the year. In the past, the company also contributed to the Pensions Trust's Flexible Retirement Plan further details of which are included in note 20.

**Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lesser are charged to the statement of financial activities on a straight line basis over the period of the lease.

**Financial instruments**

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 amortised cost. The financing charge to expenditure is at a constant rate calculated using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS**

**2 LEGAL STATUS**

The charity is a company limited by guarantee registered in England and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity. The registered office is stated on the Legal and Administrative page.

**3 CHARITABLE ACTIVITIES**

	2019 £	2018 £
<b>Grant Income:</b>		
Rural Payments Agency	1,752	5,419
The National Forest	3,461	2,025
	<u>5,213</u>	<u>7,444</u>

*In 2018, all of the income was to unrestricted funds.*

**4 INVESTMENT INCOME**

	2019 £	2018 £
<b>Listed:</b>		
Dividends on unit trusts and Common Investment Funds	1,340,058	1,240,690
<b>Cash on Deposit:</b>		
Interest received	839	1,935
<b>Other:</b>		
Rental income	32,693	38,785
	<u>1,373,590</u>	<u>1,281,410</u>

*In 2018, All income from investments was unrestricted*

## NOTES TO THE FINANCIAL STATEMENTS

## 5 RESOURCES EXPENDED

	Unrestricted Funds £	Restricted Funds £	2019 £	2018 £
<b>Raising funds:</b>				
Professional & investment fees	36,489	-	36,489	69,446
Support costs (see note 6)	15,226	-	15,226	16,708
	51,715	-	51,715	86,154
<b>Charitable activities:</b>				
Awards	31,709	-	31,709	45,926
Salaries and pensions	497,761	-	497,761	470,950
Research travel (overseas)	19,047	-	19,047	29,153
Research travel (UK)	19,399	-	19,399	12,137
Research dissemination materials	17,264	-	17,264	12,498
Recruitment and training	16,292	-	16,292	17,786
Subscriptions	6,188	-	6,188	6,734
External research meetings –WH	163,046	-	163,046	85,626
External research meetings – Others	695	-	695	2,274
WH research meetings	6,495	-	6,495	4,674
Publication of research	35,656	-	35,656	44,011
Auditor's remuneration and related costs	14,235	-	14,235	12,355
Support costs (see note 6)	137,033	-	137,033	150,388
	964,820	-	964,820	894,512
	1,016,535	-	1,016,535	980,666

In 2018, the unrestricted expenditure was £980,666.

## 6 SUPPORT COSTS

The Charity allocates its support costs (all of which are unrestricted) as shown in the table below. Support costs are allocated on a basis consistent with the use of resources.

	Raising funds £	Charitable activities £	2019 Total £	2018 Total £
<b>Overheads:</b>				
Administrative salaries	6,527	58,743	65,270	63,146
Stationery, postage and telephone	153	1,376	1,529	2,177
Motor and travelling expenses	164	1,471	1,635	2,646
Miscellaneous expenses	102	927	1,029	1,516
Carbon Offsetting	1,175	10,575	11,750	12,454
Lease charges	157	1,409	1,566	2,934
Bank charges	195	1,759	1,954	1,683
Foreign exchange rate differences	23	214	237	155
<b>Premises Expenses:</b>				
Rates, heat and light	1,188	10,687	11,875	10,926
Repairs	3,635	32,715	36,350	52,549
Insurance	881	7,928	8,809	9,505
Depreciation	1,026	9,229	10,255	7,405
	15,226	137,033	152,259	167,096

## 7 STAFF COSTS

**NOTES TO THE FINANCIAL STATEMENTS**

	2019 £	2018 £
Wages and salaries	481,885	454,600
Social security costs	46,395	47,571
Pension costs	34,751	31,926
	<u>563,031</u>	<u>534,097</u>

The average number of persons directly employed during the year was:

	No.	No.
Research and development	12	12
Administration and support	2	2
	<u>14</u>	<u>14</u>

The number of higher paid employees was:

	No.	No.
Earning between £60,000 and £70,000	0	0
Earning between £80,000 and £90,000	1	1

	2019 £	2018 £
Total cost for the management team	<u>299,148</u>	<u>349,116</u>

The management team cost £299,148 for 2019 is for a management team of 6 and £349,116 for 2018 is for a management team of 7.

**8 NET INCOME/(EXPENDITURE) FOR THE YEAR**

	2019 £	2018 £
This is stated after charging:		
Operating lease rentals	28,556	26,747
Depreciation	10,254	7,406
Auditor's remuneration:		
- Audit services	7,476	7,150
- Non-audit services	1,590	5,205
Trustees indemnity insurance	<u>428</u>	<u>428</u>

During the year ended 31 December 2019, travel expenses totalling £1,635 were paid to 8 trustees (2018: £2,646).

No remuneration was payable to members of the Board of Trustees during the year (2018: £Nil).

The trustee indemnity insurance of £428 was paid in January 2019.

The percentage of income arising outside the United Kingdom was 0% (2018: 0%)



## NOTES TO THE FINANCIAL STATEMENTS

## 9 TAXATION

During the year the Charity received overage payments of £186,046. The overage payments are subject to Corporation Tax.

## Analysis of taxation charge in the year

	2019 £	2018 £
Tax on profit on ordinary activities at 19%	33,574	102,284

## Factors affecting tax charge for period

The difference between the tax assessed for the period and the tax assessed for the period and the standard rate of corporation tax are explained as follows

	2019 £	2018 £
Surplus/(deficit) on ordinary activities before tax	4,231,067	(1,645,499)
Standard rate of corporation tax in the UK	19.00%	19.00%
Items not subject to corporation tax	4,043,362	2,183,799
Tax on profit	33,574	102,284

## 10 GAINS ON INVESTMENTS

	2019 £	2018 £
<b>Unrealised gain:</b>		
Market Value of Investments at year end	34,669,806	29,970,286
Original cost of Investments	24,022,737	23,038,629
	10,647,069	6,931,657
Plus: Gains realised from previous years	-	209,800
Less: Unrealised gains on investments brought forward	(6,931,657)	(9,582,798)
Unrealised (loss)/gain in the year	3,715,412	(2,441,341)

## NOTES TO THE FINANCIAL STATEMENTS

## 11 TANGIBLE FIXED ASSETS

	Freehold Property £	Office and Other Equipment £	Total £
<b>Cost or valuation:</b>			
At 1 January 2019	128,333	94,906	223,239
Additions	-	17,860	17,860
Disposals	-	(18,825)	(18,825)
At 31 December 2019	128,333	93,941	222,274
<b>Depreciation:</b>			
At 1 January 2019	2,567	87,663	90,230
Charge for the year	2,566	7,688	10,254
Depreciation written back on disposals	-	(18,614)	(18,614)
At 31 December 2019	5,133	76,737	81,870
<b>Net Book Value:</b>			
At 31 December 2019	123,200	17,204	140,404
At 31 December 2018	125,766	7,243	133,009

**Freehold Property**

The freehold property was valued at a market value of £385,000 on the 10<sup>th</sup> October 2018 by Fisher German LLP, who are not connected with the charity. The trustees are not aware of any material changes in value since that date. The historical cost of the property together at 31 December 2019 was £32,826.

Two thirds of the Freehold property is accounted for as an investment property.

## 12 INVESTMENTS

	2019 £	2018 £
<b>At valuation:</b>		
Freehold property	848,667	848,667
Listed investments	33,821,139	29,121,619
	<u>34,669,806</u>	<u>29,970,286</u>

All investments are held within the UK.

Investments are held in order to provide an investment return for the purposes of funding the charity's activities.

## NOTES TO THE FINANCIAL STATEMENTS

## 12 INVESTMENTS (continued)

## Freehold Property

At 10 October 2018, Fisher German, Chartered Surveyors, prepared valuations of all of the Foundation's investment properties. In the opinion of the Board of Trustees, the valuations represent the true market value of the land held for investment purposes as at 31 December 2019.

	2019 £	2018 £
At beginning of year	848,667	1,059,205
Additions	-	-
Revaluations	-	(538)
Disposals at opening book value	-	(210,000)
	<u>848,667</u>	<u>848,667</u>
Historical cost at 31 December	<u>76,592</u>	<u>76,592</u>
<b>Listed investments</b>		
At beginning of year	29,121,619	31,562,422
Acquisitions at cost	984,108	-
Disposals at opening book value	-	-
Net (loss) gains on revaluation in the year	3,715,412	(2,440,803)
Market value at 31 December	<u>33,821,139</u>	<u>29,121,619</u>
Historical cost as at 31 December	<u>23,946,145</u>	<u>22,962,037</u>

These assets include indirect investments in listed securities, through a combination of Common Investment Funds and Unit Trusts. Included in listed investments are the following investments, which individually represent over 5% of the total year-end value of the investment portfolio:

	Quantity of Stock Held No	Market Value 2019 £	Market Value 2018 £
<b>Holding:</b>			
Charity Multi Asset Fund	10,601,425	5,941,039	5,487,298
Equity Fund	3,706,056	2,277,372	2,172,120
Responsible Multi Asset Fund	2,010,765	1,036,504	N/A
M&G "Charifund"	646,559	10,737,335	9,207,189
Global Growth & Income	8,239,940	12,038,553	10,415,284
COIF Charities Property Fund	1,515,049	1,765,336	1,814,727

All investments are carried at their fair value. Holdings in common investment funds and unit trusts are at the bid price. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

The significance of financial instruments to the ongoing financial sustainability of the charity is considered in the financial review and investment policy and performance sections of the Trustees' Annual Report. The main risk to the charity from financial instruments lies in the combination of uncertain investment markets and volatility in yield.

Liquidity risk is anticipated to be low as all assets are traded and the commitment to intervention by central banks and market regulators has continued to provide for orderly trading in the markets and so there ability to buy and sell quoted equities and stock is anticipated to continue. The charity's investments are traded in markets with good liquidity and high trading volumes.

## NOTES TO THE FINANCIAL STATEMENTS

**12 INVESTMENTS (Continued)**

The charity has no material investment holdings in markets subject to exchange controls or trading restrictions. The charity does not make use of derivatives and similar complex financial instruments as it takes the view that investments are held for their longer term yield total return and historic studies of quoted financial instruments have shown that volatility in any particular 5 year period will normally be corrected.

**13 CURRENT ASSET INVESTMENTS**

	2019 £	2018 £
Cash on deposit	11,805	433,900

**14 DEBTORS**

	2019 £	2018 £
Prepayments	6,375	8,967
Accrued income	5,359	2,968
	<u>11,734</u>	<u>11,935</u>

**15 CREDITORS (Amounts falling due within one year)**

	2019 £	2018 £
Other taxes and social security	12,116	13,644
Corporation Tax payable	35,349	102,277
Other creditors	44,543	34,690
	<u>92,008</u>	<u>150,611</u>

**16 PROVISIONS FOR LIABILITIES**

	Professional fees £	Total £
At 1 January 2019	-	-
Repayment	-	-
At 31 December 2019	<u>-</u>	<u>-</u>

**Professional fees** – a provision has been made for fees that are owed relating to the granting of planning permission and subsequent sale of some land held by the charity within investment properties.

## NOTES TO THE FINANCIAL STATEMENTS

## 17 UNRESTRICTED FUNDS

	At 1 Jan 2019 £	Incoming Resources (inc. Gains) £	Outgoing Resources £	Transfers £	At 31 Dec 2019 £
<b>Designated Funds:</b>					
Revaluation reserve	7,027,164	3,715,412	-	-	10,742,576
Income maintenance	14,291,778	-	-	-	14,291,778
Gift maintenance	8,831,716	-	-	226,597	9,058,313
<b>General Funds</b>	1,268,407	1,565,974	(1,050,319)	(226,597)	1,557,465
	<b>31,419,065</b>	<b>5,281,386</b>	<b>(1,050,319)</b>	<b>-</b>	<b>35,650,132</b>

**Purposes of Designated Funds**

**Revaluation Reserve** – The revaluation reserve fund represents the amounts by which investments and other assets exceed their historical cost.

**Income Maintenance** – The income maintenance fund has been created to provide the charity with a portfolio of investment assets that will be managed to provide a sufficient level of income to finance the expenditure of the organisation in carrying out its objectives. The fund is maintained by the transfer of the balance of realised gains after the funding of the gift maintenance fund and providing sufficient general funds to reflect six months planned activity.

**Gift Maintenance** – The gift maintenance fund has been created to maintain the original gift of £1,249,066 from East Midlands Housing Association in real terms value. The purpose of the original gift was to enable the generation of income to allow the charity to pursue and achieve its objectives. The underlying assets in which the funds are held are managed to do this. Maintenance of this fund is from realised gains on investment assets. A transfer of £226,597 was completed during the year.

## 18 RESTRICTED RESERVES

	At 1 Jan 2019 £	Incoming Resources (inc. Gains) £	Outgoing Resources £	Transfers £	At 31 Dec 2019 £
Nationwide – CLH Project	-	-	-	-	-
	-	-	-	-	-

## 19 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted funds £	General funds £	Designated funds £	Total 2019 £
Fixed assets	-	17,204	123,200	140,404
Investments	-	700,339	33,969,467	34,669,806
Current assets	-	931,930	-	931,930
Creditors	-	(92,008)	-	(92,008)
Provisions	-	-	-	-
	-	1,557,465	34,092,667	35,650,132

**NOTES TO THE FINANCIAL STATEMENTS**

**20 PENSION SCHEME**

The charity operates a pension scheme for the benefit of employees and directors. The assets of the scheme are administered by trustees in a fund independent from those of the company.

Total employer contributions paid in the year amounted to £34,751 (2018: £31,926) as at 31 December 2018 there were contributions outstanding of £0 (2018: £0).

World Habitat participates in the Flexible Retirement Plan and Ethical Fund that are both operated by the Pension Trust. They are both multi-employer pension plans.

The Flexible Retirement Plan is a defined contribution fund and is compliant with auto-enrolment. The employee can select to invest in the default Target Date Fund or select their own funds.

The Ethical Fund is also a defined contribution fund and compliant with auto-enrolment requirements. Any funds paid into the Ethical Fund are invested in the Ethical Target Date Funds (TDFs); which enables members to invest in companies that meet globally recognised corporate responsibility standards.

The charities' staging date for auto-enrolment was 1<sup>st</sup> July 2016.

**21 LIMITED BY GUARANTEE**

The company is limited by guarantee and accordingly does not have issued share capital. Every member of the Association undertakes to contribute an amount not exceeding £10 to the assets of the association in the event of the same being wound up.

**22 RELATED PARTY TRANSACTIONS**

There have been no related party transactions during the year other than the payment of trustees' expenses as disclosed in note 8.

**23. COMMITMENTS UNDER OPERATING LEASES**

As at 31 December 2019 the charity had total commitments under non-cancellable operating leases as set out below.

	2019 £	2018 £
Operating leases which expire:		
Within 1 year	16,178	12,221
Within 1 and 5 years	2,448	5,640
	<u>18,626</u>	<u>17,861</u>

**24. POST BALANCE SHEET EVENTS**

The Trustees have concluded that the COVID 19 impact is a non-adjusting Post Balance Sheet Event.