

COMPANY NUMBER: 1247918

WORLD HABITAT
(Formerly known as Building and Social Housing Foundation)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

WORLD HABITAT
IS A REGISTERED CHARITY

CHARITY NUMBER: 270987

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LEGAL AND ADMINISTRATIVE INFORMATION

The members of the Council of Management, who are also directors of the charity for the purposes of the Companies Act 2006, are pleased to submit their thirty-ninth annual report, together with the audited financial statements for the year ended 31 December 2018.

REFERENCE AND ADMINISTRATIVE DETAILS

Charity number 270987

Company number 1247918

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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 (Co-optee)

P Elderfield (reappointed on 6 June 2018 to serve a further three-year term)

J Gibbs (reappointed on 6 June 2018 to serve a further three-year term)

A Kennedy

A Pearson

S Macdonald

I McCormack (Co-optee)

N Murphy (Co-optee)

J Richardson (appointed on 6 June 2018 to serve a three-year term)

G Payne - resigned on 23 January 2018

J Strange – resigned on 11 September 2018

J Gibbs – resigned on 5 December 2018

Management team

D Ireland – Director

I Ashford – Deputy Director (Part of the year)

J Kovach

J Line

E Melia

M Veronesi

L Winterburn

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The 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 5 September 2001 to include the power to purchase trustee indemnity insurance, on 5 March 2003 to increase the number of trustees from six to eight and on the 6 June 2007 to formalise the process by which the Chairman was elected. On the 26 September 2017 the Memorandum and Articles of Association were amended 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 one third of all trustees are required to retire each year but are eligible for re-election 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, known as the Council of Management, 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.

Pat Elderfield and Jill Gibbs retired by rotation at the AGM and were re-elected for a further three-year term. Prof Jo Richardson was appointed at the AGM to serve a three-year term. Geoff Payne resigned on 23rd January 2018, John Strange resigned on 11th September 2018 and Jill Gibbs resigned on the 5th December 2018. We express our sincere appreciation to Geoff Payne, John Strange and Jill Gibbs, who have ably and loyally served the Board of Trustees over their time here and has brought their wide experience and insight to support the organisation as it has grown and developed in this time.

We welcomed Adam Challis, Ian McCormack and Nick Murphy as Co-optees during the year.

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 Director is appointed by the trustees to manage the day-to-day operations of the charity. To facilitate effective operations, the Director 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 Director 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:

- 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 Council of Management 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 Council of Management members, in order that there is a broad understanding of the financial position by all members.

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
- Helping new ideas grow, so they benefit the people who need them most

Achievements

2018 was a successful year for World Habitat. We made significant progress with our programmes and made some important improvements to the organisation itself.

Our End Street Homelessness campaign developed significantly. We developed bespoke plans for each of our partner cities to chart a route towards ending street homelessness in each city.

We worked intensively with two outstanding housing programmes to help them develop and grow. The two; both winners in our World Habitat awards, provided new and innovative approaches to tackle major housing problems. A pioneering system of self-recovery that helped tens of thousands of people rebuild their own homes after the most destructive typhoon ever recorded wreaked havoc across the Philippines, and a green affordable housing programme that provided seasonal agricultural workers in California with year-round homes.

We published important research on the LGBTQ+ community's access to the housing system in the UK. And we began an important programme developing a Community Led Housing programme in central and Eastern Europe.

We also made internal improvements reorganising our management structure and making several significant appointments to the board of trustees

Promoting innovative housing - The World Habitat Awards

The World Habitat Awards is a global housing competition run in partnership with UN-Habitat. It identifies and rewards the very best housing projects around the world. We set the competition up 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 give two awards to projects that provide practical, innovative solutions to current housing needs. In 2018 the two winners were: Post-Haiyan Self-Recovery Housing Programme in the Philippines and Mutual Housing at Spring Lake in the United States of America.

Mutual Housing offers permanent year-round housing to agricultural workers in California. It is also the first 100% zero net energy ready rental housing development in the USA. Agricultural workers have traditionally endured some of the worst housing conditions and most dangerous jobs in the country. Seasonal employment means

accommodation is usually only available at government-funded migrant centres during the farming season. Living in appalling conditions in privately rented housing is often the only other alternative for workers.

Mutual Housing's work with residents goes well beyond providing energy efficient homes. Through a range of opportunities including leadership development schemes, peer lending circles and digital literacy classes, residents gain skills and confidence. For many this has opened up new opportunities in education and community life. New leaders have emerged from the community who now work to advocate for the rights of agricultural workers

Post-Haiyan Self-Recovery Housing Programme was a response by CARE Philippines to the devastation caused by the most destructive typhoon ever recorded. Typhoon Haiyan hit the 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 provided kits to help people renovate and rebuild their homes themselves along with advice on simple techniques to make sure houses are built to be more typhoon resistant. This approach meant they helped more people more quickly than traditional emergency responses. The programme also provided emergency food in the early days shortly after the typhoon and a livelihood programme to help people rebuild economically. It helped over 15,500 families to rebuild their homes.

The awards were presented by Raf Tuts: The Director of the Programme Division of UN-Habitat at The World Urban Forum in Kuala Lumpur In February 2018.

The purpose of the awards is to fuel innovation and inspire others to adopt the best housing practice from around the world. There are many examples of this happening. In 2008 the award was won by a Community Land Trust; Champlain Housing Trust in Vermont, United States. Our work following the awards helped transfer the principles of the project and inspired the development of the first Community Land Trust in Europe in Brussels. Brussels Community Land Trust has since expanded and has inspired the creation of several other new Community Land Trusts around Europe. Our work with our 2012 winner FUCVAM – the federation of housing cooperatives in Uruguay led to the model being adopted across Latin America.

We have invested in both award winners to help them develop and transfer their model. In late 2018 we ran a strategy workshop in California to help Mutual Housing develop their plans for growth. The event brought together International and American participants with experience of housing and community development providing a sounding board for Mutual Housing's future strategy.

In early 2019 we will be running an event in Manila with Care Philippines. The event brings together participants from Care International and other international aid agencies to learn the lessons of the self-recovery housing programme that was so successfully used following Typhoon Haiyan. The aim is that elements of the programme will be transferred and used elsewhere in response to future natural disasters.

Ending Chronic Homelessness in Europe – The European End Street Homelessness Campaign

Chronic homelessness (or rough sleeping) continues to rise in most cities across Europe. A problem that once felt as if it was resolved has returned. We believe that housing is a human right; chronic street homelessness is the most extreme and manifest failure of this right. A lack of affordable housing, cuts in public services and in some countries a dramatic increase in poverty have manifested themselves in this most extreme expression of housing need.

We believe that it does not have to be like this. Whilst one organisation cannot end homelessness by itself, a movement of many organisations just might. In 2016 we brought together partners from cities across Europe with the aim of creating such a movement. The partner cities share a goal of ending street homelessness, and have signed up two key organising principles – Housing First and community involvement – both are deliberately disruptive of the status quo.

Our campaign partner RAIS are working in a number of Spanish cities focusing on influencing policy through advocacy at a national level. This includes working with the Spanish President, Pedro Sánchez to influence a national homelessness initiative

The movement was inspired by the successful 100,000 Homes Campaign in the United States (winner of the 2014 World Habitat Award) and the work of Y-Foundation in Finland (winner of the 2015 World Habitat Award), we

TRUSTEES' REPORT

believe it is possible for cities to end chronic homelessness, not just manage it. Both of these inspiring programmes demonstrated that it is possible to do this within existing homelessness budgets.

In Barcelona our campaign partner Arrels have begun offering repairs to owners of empty properties in exchange for six-years low rent to house homeless people. They have 100 flats across the city housing over 200 people.

The campaign helps cities implement programmes for ending homelessness. This includes providing a toolkit, training, materials, and bespoke help and assistance from specialists. It also brings people from the cities together to learn from and support each other. Most cities have undertaken "Connection weeks" in which large number of volunteers from the local community have met and interviewed people living on the streets in order to understand their needs and design solutions that meet them.

Shekinah Mission our campaign partner in Torbay commissioned Crisis to carry out a Housing First Feasibility Study, funded by the Nationwide Foundation. The report has now been adopted by Torbay Council, which has committed £500,000 over two years. The first Housing First units will be opened in early 2019

We are currently working with Thirteen cities from large metropolises like Glasgow, Athens, and Barcelona to smaller cities and towns such as Alicante and Torbay. The majority of our partner organisations in each of these cities have no additional funding to carry out work. In order to create system change they are involved in a wide range of activities including having to set up new partnerships; overcome historic distrust of partnership working; engaging and mobilising their local communities; gaining local municipality or government support; finding secure, affordable housing; and creating or significantly developing local systems to map housing local housing and the street homeless population. Some like Athens and Bratislava, are operating in extremely difficult circumstances with little social care infrastructure, high levels of needs and political uncertainty.

Glasgow are adopting a city-wide housing first model. They are beginning to close hostels and replacing them with self-contained apartments for homeless people

The cities are at different stages in their development, with very different resources and operating in often diverse contexts. This means that the campaign's outcomes are less predictable, and the risks of failure are greater. However, the strength of this approach is its diversity being able to support and learn from cities who are tackling very different issues and having a wide range of impacts.

Arrels, our partner in Barcelona organised a Day of Action - 'We Are Not Invisible', based on Spanish community action, to raise awareness of homelessness issues. They also established their first housing first homes.

We helped Evolve our partner in Croydon to become the first European city to use the "by Name List" approach. This provides a real-time, up-to-date list of all the people experiencing homelessness, in a local community. This approach has proven highly effective in reducing homelessness in cities across America. Evolve worked with our 2013 World Habitat Award winner Community Solutions.

Brussels has begun developing modular housing to house homeless people. They have leased land and are currently building their first three modular houses

We worked with our partners to run connections weeks in Barcelona, Brighton, Bratislava, Torbay, and Athens. Connections weeks involve hundreds of volunteers from the local community going on to the streets to meet and interview homeless people. The information gathered provides vital evidence about people's needs so that services can be adapted and provided to get people properly housed.

Scaling up Community Led Housing

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 confident local communities, and it helps people to develop skills they never knew they had.

TRUSTEES' REPORT

We have always supported the growth of community led housing. In the 1970s and 1980s we supported the global housing cooperative 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.

In 2018 we began exploring how we could help 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 through the transition underwent 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 a quite 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 home sin their own communities.

Tackling inequalities in housing

We published a new report 'Left Out' which detailed the discrimination LGBTQ+ people face accessing housing in England. The report presents research, evidence and case studies which highlighted the disproportionate number of housing issues faced by LGBTQ+ people. These cause high-levels of hardship and discrimination but are mostly ignored. Our research examined the impact of this with a specific focus on older people; those experiencing domestic violence; asylum seekers and refugees; and those who are homeless.

We called upon all UK housing associations to address discrimination by implementing a programme of training for their staff. David Montague, Chief Executive of L&Q housing association wrote a blog supporting the report, calling on organisations to start addressing this discrimination

Governance

During 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 have adopted the version for larger charities. World Habitat will review all its activities to ensure they meet the code's recommendations. It will make changes and improvements where necessary and report any areas where it does not meet the code's recommendations in the annual report.

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.

We laid new paths, improved gates and fences and worked with a local volunteer group to rebuild an ancient dry-stone

During 2018 we made significant improvements to Peter Elderfield Wood. A 27 Acre area of woodland planted in memory of our founder. We have consulted with the local community about encouraging greater public access to the land for relaxation and leisure. We have laid new paths, improved gates and fences. We worked with a local volunteer group to rebuild an ancient dry-stone wall which separates the wood from the road. We will be improving signage and public information about the site. We have planted over 37,000 trees on our land to improve sustainability and contribute to the National Forest (an environmental project in the East Midlands of the UK that

aims to create a new forest). During the year we approved a management plan for the trees to ensure that they are managed effectively and biodiversity is maintained.

Carbon Management

Since 2016, World Habitat has committed to reducing and offsetting its carbon emissions. It has set a target of reducing its emissions by 15 percent of 2016 emissions by 2026. Our carbon emissions are offset through an informal as yet unregistered scheme. The scheme is a contract with Nubian Vault Association to build vaulted earth buildings obviating the need to build an equivalent number of concrete buildings.

World Habitat invested £6,050 in Nubian Vault Association to enable them to construct an additional six buildings. This offset World Habitat's 2016 carbon emissions.

The Nubian Vault Association's programme "A Roof, a Skill, a Market" won the World Habitat Awards during 2016, promotes, manages and trains people to build vaulted earth roof buildings. This approach uses sun dried mud bricks to create a vaulted roof that supports itself and so doesn't need supporting beams or joists. The design borrows building techniques and materials used in ancient Egypt. A house built using this technique is more comfortable, healthy and robust than one with concrete walls and a sheet metal roof. It is also cheaper and can be made from freely available local materials with virtually no embodied carbon. The project started in Burkina Faso but has spread to other parts of West Africa including Mali, Senegal, Benin, and Ghana. Since its inception, the association has constructed 2,000 buildings, and housed 24,000 beneficiaries in five countries, trained 440 masons and 400 apprentices, contributed over £2 million to local economies and saved an estimate of 65,000 tons of CO₂ equivalent (calculated over a 30-year lifespan of the building). For a 25 m² building and over a 30-year life cycle, carbon saving in building and using an earth building over a concrete one is estimated at 20.5 tons.

Future Plans

We believe that 2019 is set to be a significant year for World Habitat. During the year we will implement a new strategy to guide our work through the next three years. The strategy will focus on achieving greater impact for our work and greater visibility for its outcomes.

We will invest in housing projects identified through the World Habitat Awards to help them grow and transfer to places where they are needed. We look forward to working with the Heritage Foundation of Pakistan to promote the growth of Pakistan Chullahs, and work to combat the discrimination against single mothers in Japan.

We will further develop the European End Street Homelessness Campaign to help cities campaign for and implement housing first programmes to provide homes for homeless people.

We will develop the informal carbon offsetting programme we have developed to regulate and formalise it with along term aim of making it available for wider investment.

We will review our investments to ensure that they are in line with our values. This will include working with the local community to provide greater public access and undertake environmental improvements to our land assets; and reviewing our financial investments to ensure that they are consistent with our values.

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 transfer to where they are needed most. This we believe will enable more people in housing need to be better housed.

Our scaling up 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 Ending Chronic 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 permanently and quickly 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.

FINANCIAL REVIEW

Overview of the year

In 2015, 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 four years (until December 2018) implementation of the plan started during 2015.

The total income for the year was £1,288,876. This represents a 8.495 per cent increase on the income in 2017 of £1,187,954. The increase is primary due to an increase in investment income received. The principal funding source is income received from financial investments (£1,240,690 i.e. 96.3 per cent), with the remaining 3.7 per cent coming from grants, rental income, interest and sales. Expenditure in the year was £980,666. This was lower than income by £308,210. This was mainly due to the reorganisation of staff in 2018. World Habitat created four new Head of Programme posts after the resignation of the Deputy Director in February 2018. This resulted in a delay with some of the programme costs, costs on the Homelessness programme being done in house due to the additional staff working on the programme. The Philippines peer exchange event was delayed until 2019 which meant £22.5k was carried forward to the next year's account. The new contacts database was also delayed until 2019 which resulted in £15k being carried forward.

Staff salaries reduced in the year due to the reorganisation.

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 Members of the Council of Management 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 8.199 per cent from £1,148,460 in 2017 to £1,242,625 in 2018. There was a decrease of £2,651,341 in the valuation of the World Habitat total investment portfolio at the year end from £32,621,627 in 2017 to £29,970,286 in 2018. This decrease was due to uncertainty in the markets due to Brexit. The biggest fall happened in December 2018 and has been reflected in the accounts.

Key management personnel remuneration

The trustees consider the director as comprising key management personnel of the charity in charge of directing and controlling the charity and running and operating the charity on a day to day basis. 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.

Trustees are required to disclose all relevant interests and register them with the Director 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.

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 31st December 2018 the World Habitat investment portfolio is currently managed by four investment managers, M & G (31.6%), Newton Investment Management (NIM) (35.8%), CCLA (6.3%) and Schroders (26.3%). 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 31st December 2018 was £31,419,065. This was made up of the following:

• Designated Funds	£23,123,494
• Revaluation Reserve	£7,027,164
• General Unrestricted Funds	£1,268,407
• 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.

Restricted Funds

Restricted funds represent funds provided by an external body to be used for specific expenditure.

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.

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

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 Director. 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)
5 June 2019

INDEPENDENT AUDITOR'S REPORT

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 2018 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 2018 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.

The impact of uncertainties due to Britain exiting the European Union

The Trustees' view on the impact of Brexit is disclosed on page 9.

The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications to the charity's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the charity as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the charity's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible implications for the charity and this is particularly the case in relation to Brexit.

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.

INDEPENDENT AUDITOR'S REPORT

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.

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 11, 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.

INDEPENDENT AUDITOR'S REPORT

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. 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: 5/6/19

WORLD HABITAT

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2018 (Incorporating the income and expenditure account)

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
INCOME FROM					
Donations and legacies:					
General grants		-	-	-	-
Charitable activities:					
Grant income	3	7,444	-	7,444	16,972
Investments	4	1,281,410	-	1,281,410	1,170,883
Other trading activities:		22	-	22	98
TOTAL		<u>1,288,876</u>	<u>-</u>	<u>1,288,876</u>	<u>1,187,954</u>
EXPENDITURE ON:					
Raising funds		86,154	-	86,154	81,041
Charitable activities		894,512	-	894,512	1,181,607
TOTAL	5	<u>980,666</u>	<u>-</u>	<u>980,666</u>	<u>1,262,648</u>
NET INCOME/(EXPENDITURE)		308,210	-	308,210	(74,694)
Transfers between funds		-	-	-	-
Other recognised gains/(losses):					
<i>Gains and losses on investment assets:</i>					
Revaluation of Investment Assets	10,12	(538)	-	(538)	(16,300)
Realised Loss on Investment		-	-	-	(14,260)
Income on Land – Overage		538,299	-	538,299	339,149
Income on Land - Encroachment		5,000	-	5,000	-
Taxation charge on overage income	9	(102,284)	-	(102,284)	(65,286)
Unrealised gains/(losses) on investment assets	10	(2,440,803)	-	(2,440,803)	2,014,906
Revaluation of Fixed Assets	11	(55,667)	-	(55,667)	-
Net movement in funds for the year		<u>(1,747,783)</u>	<u>-</u>	<u>(1,747,783)</u>	<u>2,183,515</u>
Reconciliation of funds					
Total funds brought forward		<u>33,166,848</u>	<u>-</u>	<u>33,166,848</u>	<u>30,983,333</u>
Total funds carried forward		<u>31,419,065</u>	<u>-</u>	<u>31,419,065</u>	<u>33,166,848</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 17-28 form part of these financial statements.

WORLD HABITAT

BALANCE SHEET – COMPANY REGISTRATION NUMBER: 1247918

	Note	£	2018 £	£	2017 £
Fixed Assets					
Tangible	11		133,009		190,965
Investments	12		29,970,286		32,621,627
			<u>30,103,295</u>		<u>32,812,592</u>
Current Assets					
Investments	13	433,900		181,985	
Debtors	14	11,935		12,373	
Cash in hand		<u>1,020,546</u>		<u>275,323</u>	
		1,466,381		469,681	
Creditors:					
Amounts falling due within one year	15	<u>(150,611)</u>		<u>(115,425)</u>	
Net Current Assets			1,315,770		354,256
Provisions for liabilities					
Other provisions	16		-		-
Total Assets Less Current Liabilities					
			<u>31,419,065</u>		<u>33,166,848</u>
Capital and Income Funds:					
<i>Unrestricted funds:</i>					
Designated funds	17	23,123,494		22,613,056	
Revaluation reserve	17	7,027,164		9,749,972	
General unrestricted funds	17	<u>1,268,407</u>		<u>803,820</u>	
			31,419,065		33,166,848
<i>Restricted funds</i>					
	18		-		-
			<u>31,419,065</u>		<u>33,166,848</u>

The financial statements on pages 14 to 28 were approved by the Council of Management on 5 JUNE 2019 and signed on its behalf by:

DR A KENNEDY OBE

CHAIR

Alex Kennedy

CASHFLOW TO THE FINANCIAL STATEMENTS

	Notes	2018 £	2017 £
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	(a)	(966,104)	(1,301,372)
Cash flows from investing activities:			
Returns on investments			
Dividends, interest and rents from investments		1,281,410	1,170,883
Purchase of property , plant and equipment		(6,174)	(4,390)
Proceeds from sale of investments		753,299	1,647,768
Cash held on investment (Increase) Decrease		(251,915)	219,156
Purchase of investments		-	(1,750,000)
Taxation paid		(65,293)	-
Net cash provided by (used in) investing activities		1,711,327	1,283,417
Change in cash and cash equivalents in the reporting period		745,223	(17,955)
Cash and cash equivalents at the beginning of the reporting period		275,323	293,279
Cash and cash equivalents at the end of the reporting period		1,020,546	275,323

FOOTNOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of net outgoing resources for the year to net inflow/(outflow) from operating activities

Net incoming resources	308,210	(74,694)
Less: dividends & interest	(1,281,410)	(1,170,883)
Add: depreciation	7,406	8,976
Loss on fixed asset disposal	1,056	-
Decrease in debtors	438	10,162
Increase in creditors	(1,804)	(74,933)
Net cash inflow from operating activities	(966,104)	(1,301,372)

(b) Increase/(Decrease) in Cash

Opening balance	275,323	293,279
Balance at 31 December 2018	1,020,546	275,323
Increase/(Decrease) in year	745,223	(17,956)

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 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 Council of Management 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

NOTES TO THE FINANCIAL STATEMENTS

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

	2018 £	2017 £
Grant Income:		
Rural Payments Agency	5,419	2,649
Nationwide grant	-	14,323
The National Forest	2,025	-
	<u>7,444</u>	<u>16,972</u>

In 2017, £14,323 of the income was to restricted funds and £2,649 was to unrestricted funds.

4 INVESTMENT INCOME

	2018 £	2017 £
Listed:		
Dividends on unit trusts and Common Investment Funds	1,240,690	1,147,994
Cash on Deposit:		
Interest received	1,935	466
Other:		
Rental income	38,785	22,423
	<u>1,281,410</u>	<u>1,170,883</u>

In 2017, All income from investments was unrestricted

NOTES TO THE FINANCIAL STATEMENTS

5 RESOURCES EXPENDED

	Unrestricted Funds £	Restricted Funds £	2018 £	2017 £
Raising funds:				
Professional & investment fees	69,446	-	69,446	64,697
Support costs (see note 6)	16,708	-	16,708	16,344
	86,154	-	86,154	81,041
Charitable activities:				
Awards	45,926	-	45,926	32,617
Salaries and pensions	470,950	-	470,950	496,555
Research travel (overseas)	29,153	-	29,153	43,991
Research travel (UK)	12,137	-	12,137	13,552
Research dissemination materials	12,498	-	12,498	28,030
Recruitment and training	17,786	-	17,786	10,824
Subscriptions	6,734	-	6,734	10,264
External research meetings –WH	85,626	-	85,626	187,465
External research meetings – Others	2,274	-	2,274	1,387
WH research meetings	4,674	-	4,674	4,814
Publication of research	44,011	-	44,011	89,175
Nationwide Foundation costs	-	-	-	108,890
Auditor's remuneration and related costs	12,355	-	12,355	6,949
Support costs (see note 6)	150,388	-	150,388	147,094
	894,512	-	894,512	1,181,607
	980,666	-	980,666	1,262,648

In 2017, the restricted expenditure was £108,890 and unrestricted expenditure was £1,153,758.

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 £	2018 Total £	2017 Total £
Overheads:				
Administrative salaries	6,315	56,831	63,146	59,681
Stationery, postage and telephone	217	1,960	2,177	2,187
Motor and travelling expenses	265	2,381	2,646	2,898
Miscellaneous expenses	151	1,365	1,516	4,780
Carbon Offsetting	1,245	11,209	12,454	12,000
Lease charges	293	2,641	2,934	3,180
Bank charges	168	1,515	1,683	942
Foreign exchange rate differences	15	140	155	411
Premises Expenses:				
Rates, heat and light	1,093	9,833	10,926	13,529
Repairs	5,255	47,294	52,549	45,549
Insurance	950	8,555	9,505	9,305
Depreciation	741	6,664	7,405	8,976
	16,708	150,388	167,096	163,438

NOTES TO THE FINANCIAL STATEMENTS

7 STAFF COSTS

	2018	2017
	£	£
Wages and salaries	454,600	475,674
Social security costs	47,571	50,522
Pension costs	31,926	30,040
	<u>534,097</u>	<u>556,236</u>

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

	No.	No.
Research and development	12	11
Administration and support	2	2
	<u>14</u>	<u>13</u>

The number of higher paid employees was:

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

	2018	2017
	£	£
Total cost for the management team	<u>349,116</u>	<u>173,013</u>

The management team cost £349,116 for 2018 is for a management team of 7 and £173,013 for 2017 is for a management team of 2.

8 NET INCOME/(EXPENDITURE) FOR THE YEAR

	2018	2017
	£	£
This is stated after charging:		
Operating lease rentals	26,747	22,248
Depreciation	7,406	8,976
Auditor's remuneration:		
- Audit services	7,150	7,050
- Non-audit services	5,205	8,850
Trustees indemnity insurance	<u>428</u>	<u>428</u>

During the year ended 31 December 2018, travel expenses totalling £2,646 were paid to 8 members of the Council of Management (2017: £2,898).

No remuneration was payable to members of the Board of Trustees during the year (2017: £Nil).

The trustee indemnity insurance of £428 was paid in January 2018.

The percentage of income arising outside the United Kingdom was 0% (2017: 0%)

NOTES TO THE FINANCIAL STATEMENTS

9 TAXATION

During the year the Charity received overage payments of £538,299. The overage payments are subject to Corporation Tax.

Analysis of taxation charge in the year

	2018 £	2017 £
Tax on profit on ordinary activities	102,284	65,286

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

	2018 £	2017 £
Surplus/(deficit) on ordinary activities before tax	(1,645,499)	339,148
Standard rate of corporation tax in the UK	19.00%	19.25%
Items not subject to corporation tax	£ 2,183,799	£ 65,286
rate of corporation tax		
Effects of		
	102,284	65,286

10 GAINS ON INVESTMENTS

	2018 £	2017 £
Unrealised gain:		
Market Value of Investments at year end	29,970,286	32,621,627
Original cost of Investments	23,038,629	23,038,829
	6,931,657	9,582,798
Plus: Gains realised from previous years	209,800	239,809
Less: Unrealised gains on investments brought forward	(9,582,798)	(7,824,001)
Unrealised (loss)/gain in the year	(2,441,341)	1,998,606

NOTES TO THE FINANCIAL STATEMENTS

11 TANGIBLE FIXED ASSETS

	Freehold Property £	Office and Other Equipment £	Total £
Cost or valuation:			
At 1 January 2018	200,000	95,526	295,526
Revaluation during the year	(71,667)	-	(71,667)
Additions	-	6,174	6,174
Disposals	-	(6,794)	(6,794)
At 31 December 2018	128,333	94,906	223,239
Depreciation:			
At 1 January 2018	16,000	88,561	104,561
Depreciation written back on revaluation	(16,000)	-	(16,000)
Charge for the year	2,567	4,839	7,406
Depreciation written back on disposals	-	(5,737)	(5,737)
At 31 December 2018	2,567	87,663	90,230
Net Book Value:			
At 31 December 2018	125,766	7,243	133,009
At 31 December 2017	184,000	6,965	190,965

Freehold Property

The freehold property was valued at a market value of £385,000 on the 10th 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 2018 was £32,826.

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

12 INVESTMENTS

	2018 £	2017 £
At valuation:		
Freehold property	848,667	1,059,205
Listed investments	29,121,619	31,562,422
	<u>29,970,286</u>	<u>32,621,627</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 2018.

	2018 £	2017 £
At beginning of year	1,059,205	1,075,505
Additions	-	-
Revaluations	(538)	(16,300)
Disposals at opening book value	(210,000)	-
	<u>848,667</u>	<u>1,059,205</u>
Historical cost at 31 December	<u>76,592</u>	<u>76,792</u>
Listed investments		
At beginning of year	31,562,422	29,120,394
Acquisitions at cost	-	1,750,000
Disposals at opening book value	-	(1,322,878)
Net (loss) gains on revaluation in the year	(2,440,803)	2,014,906
Market value at 31 December	<u>29,121,619</u>	<u>31,562,422</u>
Historical cost as at 31 December	<u>22,962,037</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 2018 £	Market Value 2017 £
Holding:			
Charity Multi Asset Fund	10,601,425	5,487,298	5,992,986
Equity Fund	3,706,056	2,172,120	2,307,020
M&G "Charifund"	646,559	9,207,189	10,620,890
Global Growth & Income	8,239,940	10,415,284	10,863,537
COIF Charities Property Fund	1,515,049	1,814,727	1,752,988

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

	2018 £	2017 £
Cash on deposit	433,900	181,985

14 DEBTORS

	2018 £	2017 £
Prepayments	8,967	12,373
Accrued income	2,968	-
	<u>11,935</u>	<u>12,373</u>

15 CREDITORS (Amounts falling due within one year)

	2018 £	2017 £
Other taxes and social security	13,644	13,785
Corporation Tax payable	102,277	65,286
Other creditors	34,690	36,354
	<u>150,611</u>	<u>115,425</u>

16 PROVISIONS FOR LIABILITIES

	Professional fees £	Total £
At 1 January 2018	-	-
Repayment	-	-
At 31 December 2018	<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 2018 £	Incoming Resources (inc. Gains) £	Outgoing Resources £	Transfers £	At 31 Dec 2018 £
Designated Funds:					
Revaluation reserve	9,749,972	-	(2,497,008)	(225,800)	7,027,164
Income maintenance	14,065,978	-	-	225,800	14,291,778
Gift maintenance	8,547,078	-	-	284,638	8,831,716
General Funds	803,820	1,832,175	(1,082,950)	(284,638)	1,268,407
	33,166,848	1,832,175	(3,579,958)	-	31,419,065

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 £284,638 was completed during the year.

18 RESTRICTED RESERVES

	At 1 Jan 2018 £	Incoming Resources (inc. Gains) £	Outgoing Resources £	Transfers £	At 31 Dec 2018 £
Nationwide – CLH Project	-	-	-	-	-
	-	-	-	-	-

19 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted funds £	General funds £	Designated funds £	Total 2018 £
Fixed assets	-	7,243	125,766	133,009
Investments	-	-	29,970,286	29,970,286
Current assets	-	1,411,775	54,606	1,466,381
Creditors	-	(150,611)	-	(150,611)
Provisions	-	-	-	-
	-	1,268,407	30,150,658	31,419,065

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 £31,926 (2017: £30,040) as at 31 December 2018 there were contributions outstanding of £0 (2017: £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 1st 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 2018 the charity had total commitments under non-cancellable operating leases as set out below.

	2018 £	2017 £
Operating leases which expire:		
Within 1 year	12,221	12,738
Within 1 and 5 years	5,640	8,125
	<u>17,861</u>	<u>20,863</u>