

The HALO Trust

(a company limited by guarantee)

Annual report and financial statements

Company number 2228587

31 March 2002



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Legal and administrative information

Charity registration number 1001813

Company registration number 2228587

Directors and trustees
GNJ Willoughby
AL Grinling
ADN Blyth
A Robathan

Secretary B Collett

Business address
Gilchristland
Thornhill
Dumfries DG3 5HN

Registered office
10 Norwich Street
London
EC4A 1BD

Auditors
KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Bankers
Royal Bank of Scotland plc
PO Box 412
62/63 Threadneedle Street
London
EC2R 8LA

Solicitors
Harbottle Associates
2 Kentish Buildings
125 Borough High Street
London, SE1 1NP

Trustees' annual report

The Trustees, who are also directors of the charity for the purposes of the Companies Act, present their annual report and the audited financial statements for the year ended 31 March 2002.

Organisation

The company is a registered charity, incorporated under the Companies Act 1985 as a company limited by guarantee, and its governing documents are its Memorandum and Articles of Association. Each of the members has undertaken to contribute the sum of £100 in the event of the company being insolvent on winding up whilst he is a member, or within one year after he ceases to be a director. The company is managed on behalf of the members by a Board of Trustees.

The original concept is of a mediaeval order of Chivalry, in which old Knights, hardened by the wars, keep the roads open for pilgrims to Jerusalem. In an up to date context this involves route clearance and assessment for relief convoys and returning refugees. The concept of 'humanitarian mineclearance' was introduced to the international community by The Hazardous Areas Life-support Organisation (HALO) in 1988.

It is organised in the way the Trustees think most suitable at the time - currently with around 4,000 indigenous mine clearers and 29 expatriate managers and technicians, all spread across HALO's international programmes. The UK headquarters are staffed by one executive director, four regional desk officers (SE Asia, Central Asia, Caucasus, and Africa) and a finance/administration department under a finance director - all of whom travel around and co-ordinate the overseas work and liaise with governments and sponsors.

Objects

The charity is a non-political, non-religious, British charity engaged in monitoring relief operations in war zones and other hazardous areas, both undertaking its own relief operations and assisting other relief organisations in the provision of medical, engineering and mineclearance operations.

HALO's policy is to concentrate its efforts on pure mineclearance 'getting mines out of the ground, now', on bomb disposal and proving ground safe for road movement or rehabilitation. Its policy is to avoid all unnecessary distractions that so often clutter charitable operations - such as public relations, advertising, symposiums and conferences, and bumbling bureaucracies. There have been no changes in the charity's policies since the last annual report.

Review of activities

During the year, the HALO Trust carried out a total of 58 sponsored mineclearance programmes in Afghanistan, Cambodia, Angola, Mozambique, Abkhazia, Nagorno Karabakh, Kosovo, Somaliland and Eritrea. HALO has also conducted emergency earthquake, avalanche and road tunnel clearance in Afghanistan.

During the period, its programmes were sponsored by:-

- Government of Australia
- Government of Canada
- Government of Finland
- Government of Germany
- Government of Ireland
- Government of Japan
- Government of The Netherlands

Trustees' annual report *(continued)*

Review of activities *(continued)*

- Government of Switzerland
- Government of United Kingdom (DFID)
- The European Commission ECHO and PAR (DGV111)
- Diana, Princess of Wales Memorial Fund
- AAR Japan
- TBS Japan
- Anti Landmyn Stichting (Holland)
- 'Fondation Pro Victimis' (Geneva)
- Slovenia International Trust Fund
- USAID
- UNDP

And numerous private generous donations

The 4,000 staff working for HALO are supported by 120 "heavy" mechanical units - from vegetation cutters to medium wheeled loaders - and 620 other vehicles. HALO has 10 mine detecting dogs available for global deployment.

Between all the HALO teams in the financial year 00/01 a total of 41,007 mines and 279,215 UXO compared to 19,343 mines and 229,893 UXO in FY 00/01, and 15,202 mines and 140,988 UXO in FY 99/00 and 9,554 mines and 114,026 UXO in FY 98/99.

The main developments in 2001/02 have been expansion in Afghanistan following the demise of the Taliban regime in Kabul, and further expansion in Cambodia and Eritrea. HALO's programmes drew to a close in Kosovo, along with all other UN co-ordinated clearance.

As with each year, trying to summarise programmes in one page is hard and gives little credit to the thousands of HALO staff who have plugged away on their hands and knees for little financial reward - they are not forgotten, on the contrary, we honour them. Many of our deminers in Afghanistan and Cambodia have now worked day-in, day-out on the minefields for 10 years. Their's is an achievement unmatched in history.

Afghanistan - continues to be our largest programme, now being expanded from 1,200 to 1,800 or more staff. Donors have remained shy until the demise of the Taliban regime in Kabul in early November, but additional funds started to appear by the end of the financial year, and the remainder of 2002 should see considerable funding of mineclearance. The arrival of the international aid community has seen remarkable strengthening of the Afghan currency against the US dollar, and rapid increase in rental prices. By March 2002 our teams were clearing over 5,000 mines and 100,000 items of unexploded ordnance per month.

Cambodia - continues to remain peaceful, which has allowed safe access to all former Khmer Rouge villages. We now have over 1,000 local staff in Cambodia supported by 13 mechanical vegetation cutters - on the ground HALO has expanded east into Preah Vihear province.

• **Mozambique** - our mineclearance programme in Mozambique continues in the four northern provinces of Zambezia, Niassa, Nampula and Cabo Delgado. Virtually all the main minefields in Zambezia and Niassa provinces have been cleared and we are now developing the Fire Brigade concept. This is based on a mineclearance team being able to react at quite short notice to requests from provincial and district authorities to investigate new rumours of mines or individual UXO finds. The mines situation has been confused by a poorly conducted external/consultant survey that has created an entirely new "picture" of the "problem", and HALO will need to visit all these new mapped "red dots" to verify their actual status.

Trustees' annual report *(continued)*

Review of activities *(continued)*

Angola - as in the previous year, 2001/02 has been difficult as the war between the Government and UNITA continues out in the bush. Vague front lines have moved back and forth, and the road link between the coast, Huambo and Kuito has been cut much of the year. However we have continued mine clearing due to the increased pressure for safe ground by IDPs forced closer to the cities by the fighting. But, the death of Savimbi in February seems to have resulted in the collapse of UNITA and there is now a real chance of peace. That in itself will result in a movement of IDPs back to their homes – across abandoned front lines and minefields. HALO will need to quickly expand in the Summer of 2002.

Somaliland - HALO's Somaliland programme has expanded with funding from the Netherlands Governments augmenting the work of our sister organisation HALO USA. FY 2002 will see the deployment of mechanical clearance units into Somaliland.

Chechnya - HALO's programme is suspended while the Russian offensives continue.

Abkhazia - the integrated manual and mechanical mineclearance programme continued with no interruptions. The programme completed clearance around the Gumista river / Sukhumi suburbs and shifted its emphasis to Ochamchire district – an area desperately in need of agricultural redevelopment as soon as mineclearance is completed. FY 2002 will see the deployment of HALO Mine Detecting Dogs.

Nagorno Karabakh - Year 2001/02 has seen continued expansion of HALO's Battle Area Clearance programmes and manual mineclearance, and the arrival of the first HALO mechanical units redeployed from Kosovo.

Kosovo - By the later part of 2001 the UN co-ordinating centre for mineclearance expressed their determination to "complete" all priority clearance of Kosovo. HALO believed this exit strategy to be premature, but with Kosovo a UN Protectorate, HALO had no choice but to comply and close down its clearance tasks by the end of November. Undoubtedly, a considerable number of NATO cluster munitions remain uncleared, and UN plans to deploy a local Kosovo capacity to clear these tasks have faltered. In early 2001 HALO closed its programme down and redeployed equipment assets to other HALO programmes in SE Asia, the Caucasus and Africa. On the whole, HALO's programme in Kosovo was a success, though it is a shame that the UN were dazzled by an exit strategy rather than guided by an end state – as another 6 months of full clearance could have genuinely cleared the country. The closure of our Kosovo programme resulted in a slight drop in our total global income during this FY 2001/02.

Eritrea – For the duration of FY 2001/02 we had 10 manual clearance teams, 7 mechanical teams, 4 Mine dogs, 3 EOD and additional marking and awareness teams deployed across the country. HALO is by far the largest clearance agency in Eritrea (with over 450 staff), and we aim to hand over as much of the management to Eritrean staff as soon as possible.

Mine Dogs - By the end of the year HALO had 10 of its own Mine Detecting Dogs (MDD) and was conducting extensive trials with dogs to establish "whether dogs can consistently locate mines".

Significant post balance sheet events

HALO has been invited by the Government of Sri Lanka to undertake a major survey and mineclearance programme. This programme starts 1st June 2002.

HALO USA

Following the formation of HALO USA by The HALO Trust, HALO USA continues to grow through use of American funding (some \$7 million). Both organisations complement each others activities and work together in the field in an effort to clear even more mines around the world.

Trustees' annual report *(continued)*

Funding and reserves

It is confirmed that, on a fund by fund basis, the charity has sufficient assets available to enable it to meet its obligations as they fall due. HALO maintains reserves in short-term deposits to cover 3-4 months of operating costs, with these reserves actively managed by a treasury function. The trustees have the power to invest in such assets as they think fit.

Risk management

The trustees actively review the major risks which the charity faces on a regular basis and believe that maintaining free reserves at the levels stated above, combined with our annual review of the controls over key financial systems carried out through audit programmes, will provide sufficient resources in the event of adverse conditions. The trustees have also examined other operational risks which we face (particularly in the hazardous environments of our work - mines are inherently dangerous, and countries emerging from war often lack in safe infrastructures), and confirm that HALO has systems to mitigate the significant risks.

Appointment of trustees

HALO trustees are appointed by a 12 strong Board of Members. Once appointed trustees serve for 3 years and then offer themselves for re-election.

Financial review

The accounts of the charity can be found on pages 9 to 19. These accounts comply with current statutory requirements and the charity's governing document.

The application of the charity's funds are detailed in notes 2 and 5 on pages 13 and 14.

Overseas programme contracts with major donors frequently cover periods out of line with the UK financial year. This is because all donors, be they governments, or independent foreign charities in Switzerland, Japan or Holland, request HALO conducts humanitarian mineclearance for a given period, normally 6, 12 or 18 months. End dates for these programmes rarely fit into the financial year, which results in large amounts of committed funds being carried forward from one year to the next.

Of HALO's 58 programmes, over half are on-going into the new financial year with funds totally committed to contracted workplans.

All HALO's support from governments, large donors etc has been explained in the accounts.

Directors

The directors who served during the year were as follows:-

Mr. G.N.J. Willoughby, Mr. A.L. Grinling, Mr. A.D.N. Blyth, Mr. A. Robathan

The company's Articles of Association require one third of the serving directors to retire from office at each Annual General Meeting. The retiring directors are eligible for re-election.

All the directors are members of the company.

Trustees' annual report *(continued)*

Banking, legal and accountancy arrangements

For the purpose of crediting funds our banking details are as follows:-

The Royal Bank of Scotland PLC
London City Office, P.O. Box 412
62/63 Threadneedle Street
London EC2R 8LA Tel: 0207 623 4356

Bank sort code	:	15-10-00T
£ Sterling credited to	:	Account No. 13730000
US \$ credited to	:	HALTRU USDC Account
EUROs credited to	:	HALTRU EURA Account
Dms credited to	:	HALTRU - DEM1

Our legal advisors are:-

Harbottle Associates
Charity and Commercial Legal Advisors
2 Kentish Buildings
125 Borough High Street
London SE1 1NP Tel: 0207 234 0001
Fax: 0207 234 0002

Our company secretary is:-

Mr Brian Collett
c/o Macfarlanes
10 Norwich Street
London, EC4A 6LS

The charity is a registered charity (NO 1001813) on the Charity Commission's Register for Charity Conversion's Register for Charities in England and Wales and therefore falls within the regulatory jurisdiction of the Charity Commission.

Our accountants are:-

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG Tel: 0131 222 2000
Fax: 0131 527 6666

Any queries arising should be referred in the first instance to:-

Mr. G.N.J. Willoughby
Gilchristland
Thornhill
Dumfries, DG3 5HN Tel: 01848 331100
Fax: 01848 331122

The report was approved by the trustees and signed on their behalf by:

10 Norwich Street
London EC4A 6LS


Guy Willoughby
Director

18 July 2002

Statement of trustees' responsibilities

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

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

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They also have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
United Kingdom

Independent Auditors' Report to the members of The HALO Trust (a company limited by guarantee)

We have audited the financial statements on pages 9 to 19.

Respective responsibilities of trustees and auditors

The directors are responsible for preparing the trustees' report and, as described on page 8, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the trustees' report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the charity's affairs as at 31 March 2002 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP
Chartered Accountants
Registered Auditor

18 July 2002

Statement of financial activities
(including income and expenditure account)
for the year ended 31 March 2002

	Notes	Unrestricted funds £	Designated funds £	Restricted funds £	2002 Total £	2001 Total £
Income and expenditure						
Incoming resources						
Donations and gifts		53,222	42,229	-	95,451	94,769
Grants – International Authorities		-	106,307	10,110,016	10,216,323	11,918,789
Interest receivable and similar income	3	52,299	-	-	52,299	346,617
Other income		-	5,356	-	5,356	687
Total incoming resources		105,521	153,892	10,110,016	10,369,429	12,360,862
Resources expended						
Direct charitable expenditure						
Direct project expenditure	2	77,292	(130,155)	(10,917,268)	(10,970,131)	(10,842,606)
Other expenditure						
Management and administration	5	(444,267)	-	-	(444,267)	(512,499)
Interest payable and similar expenditure	4	(43,054)	-	-	(43,054)	(84)
Total resources expended		(410,029)	(130,155)	(10,917,268)	(11,457,452)	(11,355,189)
Net (expenditure)/income for the year		(304,508)	23,737	(807,252)	(1,088,023)	1,005,673
Transfer between funds		568,246	-	(568,246)	-	-
Net (outgoing)/incoming resources		263,738	23,737	(1,375,498)	(1,088,023)	1,005,673
Balance brought forward at 1 April 2001		1,473,805	377,219	3,194,959	5,045,983	4,040,310
Balance carried forward at 31 March 2002		1,737,543	400,956	1,819,461	3,957,960	5,045,983

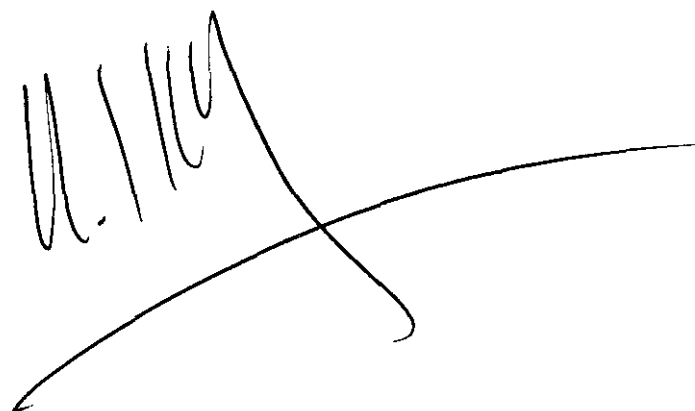
There were no recognised gains or losses other than the deficit for the year and the surplus for the preceding financial year.

Balance sheet
31 March 2002

	Note	£	2002 £	£	2001 £
Fixed assets					
Tangible assets	7		118,737		140,125
Current assets					
Stock		296,381		54,225	
Debtors	8	3,386,354		1,637,712	
Cash at bank and in hand		731,314		4,008,124	
		4,414,049		5,700,061	
		(574,826)		(728,886)	
Creditors: amounts falling due within one year	9				
Net current assets			3,839,223		4,971,175
Provisions for liabilities and charges	10		-		(65,317)
Net assets			3,957,960		5,045,983
Funds					
Unrestricted funds			1,737,543		1,473,805
Designated			400,956		377,219
Restricted funds	11		1,819,461		3,194,959
Total funds	12		3,957,960		5,045,983

The financial statements were approved by the Board of Directors on 18 July 2002 and were signed on its behalf by:

G Willoughby
Director



Cash flow statement

For the year ended 31 March 2002

	<i>Note</i>	2002 £	2001 £
Net cash (outflow)/inflow from operating activities	<i>15.1</i>	(3,295,238)	303,636
Returns on investments and servicing of finance			
Interest received		52,299	160,358
Interest paid		(758)	(84)
Capital expenditure and financial investments			
Payments to acquire tangible fixed assets		(33,113)	(95,803)
(Decrease)/increase in cash	<i>15.3</i>	(3,276,810)	368,107

Note 15 forms an integral part of this cash flow statement.

Notes

(forming part of the financial statements)

1 Accounting policies

1.1 Basis of preparation

The financial statements have been prepared under the historical cost accounting rules and except as noted in note 1.4 below in accordance with the Statement of Recommended Practice for Charities issued in October 2000. Accordingly the arrangements and headings have been adapted as provided for in the Companies Act 1985, Schedule 9, Part 1.

1.2 Funds

Funds are classified as either restricted funds or unrestricted funds, defined as follows:

Restricted funds are funds subject to specific trusts, which may be declared by the donors or with their authority or created through legal processes, but still within the wider objects of the charity.

Unrestricted funds are expendable at the discretion of the trustees in furtherance of the objects of the charity. If part of the unrestricted fund is earmarked at the discretion of the trustees for a particular purpose, it is designated as a separate fund. This designation has an administrative purpose only and does not legally restrict the trustees discretion to apply the fund.

1.3 Grants – International Authorities

In accordance with the Statement of Recommended Practice, all income and expenditure from the United Nations and various national governments and charitable foundations is credited or charged to restricted funds in the statement of financial activities and the unspent balance of such grants is included in the balance sheet as restricted funds.

1.4 Donations and gifts

All donations and gifts are included within incoming resources under either designated or unrestricted funds according to the terms under which the donation or gift is made.

Donations and gifts in kind are brought into the financial statements at their market value to the charity.

1.5 Direct project expenditure

All monies and assets transferred to countries in which the company is engaged in charitable projects are charged directly to field project expenditure.

Assets held overseas for use on specific projects are not reflected in the balance sheet as they are expected to be fully utilised in that particular project, which are undertaken in hazardous locations. These projects usually have a duration of 6-12 months.

Monies held overseas for use on specific projects are held on the balance sheet.

1.6 Depreciation

Depreciation is provided using the following rates and bases to write off the cost or initial values, less residual values, of tangible assets other than project assets overseas over their estimated useful lives:

Freehold Buildings	15 years
Leasehold properties	20% Straight line basis
Fixtures and fittings and office equipment	25% Straight Line
Motor vehicles	25% Reducing balance

As indicated in note 1.5 above, tangible assets for use overseas are fully written off in the year of purchase against the specific project for which they are acquired. The charity retains a full record of such assets which, at the end of an assignment are transferred to other projects. Some assets can be reclaimed by the appropriate funding donors.

Notes (continued)

1 Accounting policies (continued)

1.7 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. At year end, these are translated to the actual rate on the last day of the year. All differences are taken to the income and expenditure account.

1.8 Pension costs

The company contributes to personal pension schemes for certain employees. Contributions are charged to the income and expenditure account as they become payable in accordance with the rules of each scheme.

2 Direct project expenditure

	2002 £	2001 £
<i>Restricted funds</i>		
Afghanistan	1,855,293	813,882
Angola	745,088	587,427
Cambodia	2,061,812	2,198,237
Eritrea	2,218,945	1,723,789
Mozambique	1,374,481	971,603
Abkhazia	777,683	677,775
Chechnya	-	1,964
Kosovo	1,225,298	2,604,152
Nagorno Karabakh	455,196	150,908
Somaliland	130,525	8,355
World Wide Dogs	72,947	-
	<hr/>	<hr/>
Total restricted funds	10,917,268	9,738,092
<i>Unrestricted funds</i>		
Cambodia	(191,660)	61,436
Kosovo	52,271	56,402
Mozambique	8,329	(5,299)
Nagorno Karabakh	2,301	6,420
Afghanistan	10,928	184,902
Abkhazia	1,909	4,908
Eritrea	65,568	1,672
Chechnya	(1,557)	2,855
Angola	1,122	62,369
Somaliland	175	203
UK costs	(26,678)	187,665
	<hr/>	<hr/>
Total unrestricted funds	(77,292)	563,533
Designated funds	130,155	540,981
	<hr/>	<hr/>
Total funds	10,970,131	10,842,606
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

3 Interest receivable and similar charges

	2002 £	2001 £
Bank interest receivable	52,299	160,358
Foreign exchange gains	-	186,259
	<u>52,299</u>	<u>346,617</u>

4 Interest payable and similar charges

	2002 £	2001 £
On bank loans and overdrafts and on loans repayable in full within five years	758	84
Loss on foreign exchange	42,296	-
	<u>43,054</u>	<u>84</u>

5 Administration

	2002 £	2001 £
Computer costs	16,546	11,394
Bank charges	16,002	13,499
Video production	17,617	6,904
Directors' remuneration	53,487	94,155
Wages and salaries	109,554	103,806
Social security costs	16,025	20,052
Pension costs	25,169	32,904
Travel	15,831	8,895
Rent	11,212	40,576
Advertising	5,551	3,644
Motor expenses	12,366	5,030
Recruitment	5,274	13,049
Secretarial services	3,035	21,153
Legal and professional	22,659	31,871
Printing, stationery and report production	16,417	28,463
Telecommunication costs	38,227	42,186
Sundry	400	6
Accountancy and bookkeeping	980	19,495
Audit fees	12,745	20,164
Insurance	45,899	33,486
Repair and maintenance	4,084	2,861
Light and heat	3,748	3,241
Social and liaison	1,527	1,458
Hire of equipment	1,695	106
Cleaning	385	582
Depreciation	54,501	52,934
Equipment	-	319
Loss/(Profit) on sale of Fixed Asset	75	(18,860)
Recharge to HALO (USA) Inc	(66,744)	(80,874)
	<u>444,267</u>	<u>512,499</u>

Notes *(continued)*

6 Directors and employees

	2002 £	2001 £
<i>Staff costs</i>		
Wages and salaries	160,883	196,373
Social security costs	16,025	20,051
Other costs and pension costs	27,326	34,491
	<u>204,234</u>	<u>250,915</u>

The average monthly number of persons employed by the company during the year, excluding local indigenous mineclearers are shown below.

	2002 Number	2001 Number
Directors	1	2
Administration	5	4
Direct project personnel	29	30
	<u>35</u>	<u>36</u>

	2002 £	2001 £
<i>Directors' emoluments</i>		
Aggregate remuneration paid during the year	53,487	94,155
Pension contributions	11,669	11,669
Ex gratia payment on retiral of director	-	15,000
	<u>65,156</u>	<u>120,824</u>

Other trustees received no remuneration or expenses.

The number of employees whose emoluments amounted to over £50,000 in the year was as follows:

	2002 £	2001 £
£50,001 - £60,000	4	4

Notes (continued)

7 Tangible fixed assets

	Freehold property £	Leasehold property £	Fixtures, fittings & office equipment £	Motor vehicles £	Total £
Cost					
At beginning of year	66,644	60,767	157,430	6,000	290,841
Additions	-	27,365	6,759	-	34,124
Disposals	-	-	(1,152)	-	(1,152)
At end of year	66,644	88,132	163,037	6,000	323,813
Depreciation					
At beginning of year	9,670	48,613	88,331	4,102	150,716
Charge for year	4,368	17,628	32,030	475	54,501
Disposals	-	-	(141)	-	(141)
At end of year	14,038	66,241	120,220	4,577	205,076
Net book value					
At 31 March 2002	52,606	21,891	42,817	1,423	118,737
At 31 March 2001	56,974	12,154	69,099	1,898	140,125

All of the above assets are used in the administration of the charity.

8 Debtors

	2002 £	2001 £
Amounts owed by sister organisation	82,880	344,779
VAT recoverable	-	26,449
Other debtors	758	9,659
Prepayments and accrued charges	-	90,703
Accrued income	3,302,716	1,166,122
	3,386,354	1,637,712

9 Creditors: Amounts falling due within one year

	2002 £	2001 £
Trade creditors	479,997	191,048
Taxation and social security	9,423	12,690
Accruals and deferred income	85,406	525,148
	574,826	728,886

10 Provisions for liabilities and charges

	2002 £	2001 £
Obligations for donor expenditure	-	65,317

Notes (continued)

11 Restricted funds

	Balance at 1 April 2001 £	Net movement in the year £	Balance at 31 March 2002 £
Afghanistan	(67,216)	(517,299)	(584,515)
Angola	490,708	17,915	508,623
Cambodia	1,318,234	(219,206)	1,099,028
Mozambique	476,306	38,145	514,451
Abkhazia	(64,839)	(145,321)	(210,160)
Chechnya	427,594	-	427,594
Kosovo	(58,087)	131,210	73,123
Nagorno Karabakh	198,362	(180,830)	17,532
Eritrea	482,693	(530,372)	(47,679)
Somaliland	(8,796)	7,891	(905)
World Wide Dogs	-	22,369	22,369
	<u>3,194,959</u>	<u>(1,375,498)</u>	<u>1,819,461</u>

12 Analysis of net assets between funds

	Tangible fixed assets £	Net current assets/(liabilities) £	Provisions for liabilities and charges £	Total £
Restricted funds				
Afghanistan	-	(584,515)	-	(584,515)
Angola	-	508,623	-	508,623
Cambodia	-	1,354,713	-	1,354,713
Mozambique	-	514,451	-	514,451
Abkhazia	-	(210,160)	-	(210,160)
Chechnya	-	427,594	-	427,594
Kosovo	-	(182,562)	-	(182,562)
Nagorno Karabakh	-	17,532	-	17,532
Eritrea	-	(47,679)	-	(47,679)
Somaliland	-	(905)	-	(905)
World Wide Dogs	-	22,369	-	22,369
	<u>-</u>	<u>1,819,461</u>	<u>-</u>	<u>1,819,461</u>
Unrestricted funds				
Designated	-	400,956	-	400,956
General	118,737	1,618,806	-	1,737,543
	<u>118,737</u>	<u>2,019,762</u>	<u>-</u>	<u>2,138,499</u>
Total	<u>118,737</u>	<u>3,839,223</u>	<u>-</u>	<u>3,957,960</u>

13 Transactions with directors

The company has refurbished and occupies as an office, a property owned by Mr GNJ Willoughby on which an annual rent of £2,000 is paid. To secure the Charity's interest in that property, a commercial lease has been completed.

Notes (continued)

14 Transactions with HALO USA

	Transactions in year £	Outstanding at year end £
Costs recharged	66,744	64,744
Expenses paid on behalf of sister organisation	655,834	38,868
	<u>722,578</u>	<u>103,612</u>

15 Notes to the cash flow statement

15.1 Reconciliation of operating(deficit)/ surplus to net cash movement from operating activities

	2002 £	2001 £
Net (expenditure)/income for the year	(1,088,023)	1,005,673
Interest receivable	(52,299)	(160,358)
Interest payable	758	84
	<u>(1,139,564)</u>	<u>845,399</u>
Operating (deficit)/surplus before interest	(1,139,564)	845,399
Depreciation charges	54,501	52,934
(Decrease)/Increase in provisions for liabilities and charges	(65,317)	65,317
(Increase) in debtors	(1,748,642)	(663,079)
(Decrease)/increase in creditors due within one year	(154,060)	57,290
(Increase) in stock	(242,156)	(54,225)
	<u>(3,295,238)</u>	<u>303,636</u>
Net cash from operating activities	(3,295,238)	303,636

15.2 Analysis of changes in net funds

	At 1 April 2001 £	Cash flows £	Other changes £	At 31 March 2002 £
Cash at bank and in hand	4,008,124	(3,276,810)	-	731,314

15.3 Reconciliation of net cash flow to movements in net funds

	2002 £	2001 £
(Decrease)/increase in cash in year	(3,276,810)	368,107
Net debt at 1 April 2001	4,008,124	3,640,017
	<u>731,314</u>	<u>4,008,124</u>
Net debt at 31 March 2002	731,314	4,008,124

Notes (continued)

16 Contingent liabilities

Of the 4 guarantees granted in favour of the EEC and outstanding at the previous year end only one to the value of £183,000 remains outstanding and is currently in the process of being discharged.

In addition, the charity signed a counter-indemnity in favour of the Royal Bank of Scotland plc for this amount.

Under the terms of specific contracts entered into by the charity, certain assets purchased under contracts and cash balances unspent may be refundable to donors. It is not considered practical to estimate this contingent liability.

17 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2002		2001	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Operating leases which expire:				
Within one year	-	-	7,500	-
In the second to fifth years inclusive	2,000	-	2,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
	2,000	-	9,500	-
	<hr/>	<hr/>	<hr/>	<hr/>

The company had no capital commitments at the year end or the preceding year end.