

The HALO Trust
(a company limited by guarantee)

Annual report and financial statements
Company number 2228587
Charity registration numbers
1001813 and SC037870
31 March 2012

Contents

Trustees' annual report	1
Statement of Trustees' responsibilities in respect of the Trustees' Report and the financial statements	15
Independent Auditor's Report to the members of The HALO Trust	16
Statement of financial activities	18
Balance sheet	19
Cash flow statement	20
Notes	21

Trustees' annual report

The Trustees, who are also directors of The HALO Trust for the purposes of the Companies Act 2006, present their annual report and the audited financial statements for the year ended 31 March 2012.

Reference and administrative information

Charity Name	The HALO Trust		
Charity registration numbers	1001813 and SC037870		
Company registration number	2228587		
Business address	Carronfoot Thornhill Dumfries DG3 5BF		
Directors and Trustees	T P McMullen (Chairman) A W Bird A L Grinling (resigned 27 October 2011) A J M Lowther-Pinkerton MVO MBE M R Merton FCA ACT A J G Wight OBE MC LVO		
Chief Executive	G N J Willoughby		
Secretary	A J Wigan FCA		
Registered office	2 Kentish Buildings 125 Borough High Street London SE1 1NP		
Auditors	KPMG LLP 191 West George Street Glasgow G2 2LJ		
Bankers	Royal Bank of Scotland plc 36 St Andrew Square Edinburgh EH2 2YB		
Legal advisors	Harbottle Associates 2 Kentish Buildings 125 Borough High Street London SE1 1NP	Anderson Strathern WS 1 Rutland Court Edinburgh EH3 8EY	Brodies LLP 15 Atholl Crescent Edinburgh EH3 8HA
Investment advisors	Cazenove Capital Management Limited Edinburgh Quay 133 Fountainbridge Edinburgh EH3 9QG		

Trustees' annual report *(continued)*

Structure

The company is a registered charity (with the Charity Commission for England and Wales - no. 1001813 and with the Office of the Scottish Charity Regulator - no. SC037870) incorporated under the Companies Act 2006 as a company limited by guarantee (Company number 2228587), 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/she is a member, or within one year after he/she ceases to be a member. The company is managed on behalf of the members by a Board of Trustees.

Governance and Management

Governance

While the Trustees delegate, subject to their statutory oversight function, operational decision making in respect of programme management to the Chief Executive and senior management, they reserve the required legal obligations for Board decision. They are also, in consultation with senior management, responsible for the strategic direction of the organisation.

Potential new Trustees are initially identified and appointed by current Trustees and serve until the next Annual General Meeting at which the Members of the company will either confirm or reject their appointment. Once appointed, Trustees serve for three years at which point they must retire and offer themselves for re-election. In addition, the company's Articles of Association require one third of the serving Trustees to retire from office at each Annual General Meeting. The retiring Trustees are eligible for re-election. The Trustees who served during the year are shown on page 1.

Potential new Trustees are selected according to specific skills they possess that would benefit the overall management and direction of the organisation as a whole. For example, given the nature of some of the countries in which HALO operates, security of our staff is a major concern; as such, one of the Trustees has a background in related issues and is able to provide appropriate advice and guidance. Other Trustees have skills related to the legal environment and financial issues. Once agreement on the potential new Trustee has been reached, an informal approach is made to ascertain whether the individual would wish to undertake what is in essence a significant responsibility.

Trustee induction comprises an initial two day intensive period at the UK headquarters in south west Scotland. This two day period is designed to give the new Trustee both a thorough briefing on the range and breadth of HALO operations and a clear understanding of their own legal and administrative responsibilities arising out of their position on the Board. Operational issues are dealt with by a combination of staff drawn from the senior management team, with the administrative aspects of their responsibilities arising from legislation and regulation covered by the Chief Executive and Finance Director. In addition, Trustees are free to consult the organisation's legal advisers should they feel it appropriate. Trustees are also expected to undertake at least one country visit every two years to ensure that they maintain a clear understanding of the operational process and environment.

The Board meets sufficiently regularly during the year to, among other things, allow the communication of changes in regulation and to ensure that Trustees are kept up to date.

During the year, the Board established an audit committee comprising three members (M R Merton FCA ACT, T P McMullen and A W Bird) which, together with attendance by the chief executive and company secretary at its meetings, will assist the Board in discharging its obligations in relation to financial controls, risk management and dealings with professional advisers, particularly the auditors.

Trustees' annual report *(continued)*

Disclosure of information to auditor

The Trustees who held office at the date of approval of this Trustees' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each Trustee has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Management

The charity is organised in the way the Trustees think most suitable at the time - currently The HALO Trust and its allied organisation, The HALO Trust (USA), Inc. ("HALO USA"), employ 8,000 indigenous mineclearers and 30 expatriate managers, all spread across HALO's international programmes. The UK headquarters is staffed by one Director, five regional Desk Officers (SE Asia and Colombia, Central Asia, Caucasus & Balkans, Horn of Africa and Sri Lanka, and Southern Africa), three other Desk/Project Officers covering Logistics/Support, Weapons & Ammunition Disposal (WAD), and Mechanical, and also a Finance/Administration Department under a Finance Director - who all travel to, and co-ordinate work in, HALO's overseas programmes, and liaise with governments and other donors.

This headquarters is also responsible for the separate day-to-day management of the operations of HALO USA.

The Trustees benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Risk management

The Trustees have identified the major strategic risks to which HALO is exposed and have established controls and action to minimise potential adverse outcomes. Risk is a significant part of daily operations for HALO and is thus accorded considerable management time. As far as possible, the Trustees have ensured that all operational risks to staff, assets and third parties have been examined and appropriate plans put in place to manage this risk. Examples include ensuring that all staff are insured against injury and death, continuous training and review of staff and skill sets necessary to undertake clearance operations safely, appropriate third party and business insurance, vehicles having necessary mine protection fitted, and regular monitoring visits by senior management, finance staff and UK-based medical advisers.

The Trustees also review on a regular basis the major financial risks which the charity faces and believe that maintaining free reserves at the levels stated, combined with regularly reviewing the controls over key financial systems, ensures sufficient resources in the event of adverse conditions.

The Trustees consider the following to be the main risks faced by the organisation:

- Interruption/discontinuance of donor funding - a number of multi-year programme funding agreements are now in place with donor governments;
- Acts of Terrorism - detailed personal security planning and reviews are undertaken; casevac procedures are in place and are also regularly reviewed;
- Security of staff and equipment - security assessments are continually reviewed in the light of current local conditions; physical access to equipment and stores is strictly controlled by use of secure compounds and locked facilities; specific staff have delegated responsibility and authority subject to senior management review;
- Foreign exchange rate movements, principally the depreciation of non-US Dollar donor currencies against the US Dollar; and
- Financial management system integrity - comprehensive and frequent system reviews are undertaken allied to strong internal control and check processes.

Trustees' annual report *(continued)*

Objectives and activities for the public benefit

Objectives

The charity is a non-political, non-religious British charity, whose main objective is the relief of poverty, sickness, suffering and distress including the removal of the debris of war. HALO provides mineclearance, engineering and medical support, and also assists other relief organisations and monitors programmes in a post-conflict environment. HALO's policy is to concentrate its efforts on pure mineclearance 'getting mines out of the ground, now', on weapons, ammunition and bomb disposal, and on proving ground safe for road movement or rehabilitation – and being flexible enough to use its very considerable human and equipment assets for emergency disaster relief where necessary. 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.

The HALO vision is to continue to strengthen its role as the biggest independent mineclearance operator in the world, while ensuring the overall priority of effective and efficient service delivery to the local populations in countries that are affected by the debris of war. In order to achieve its objectives, HALO strives to maintain the highest standards of service delivery and expand wherever and whenever resources will allow in the fields of:

- Mineclearance – to allow teams to provide clearance based on priority humanitarian need;
- Explosive Ordnance Disposal (EOD) – to provide specialist services to destroy or safely remove any items of unexploded ordnance which remains as debris of war (now referred to as "ERW" – Explosive Remnants of War); and
- Weapons & Ammunition Disposal (abbreviated to "WAD") – to enable disarmament, demobilisation and reintegration of former combatants and the disposal of surplus stockpiles of weapons and ammunition in support of various peace processes.

The Trustees confirm that they have referred to the Charity Commission's general guidance on public benefit when reviewing HALO's aims and objectives and in planning future activities.

Activities

The whole concept of 'humanitarian mineclearance' was introduced to the international community by The Hazardous Areas Life-support Organisation (HALO) in 1988.

During the year 2011/12, HALO conducted mineclearance and associated programmes in Afghanistan, Cambodia, Angola, Mozambique, Georgia, Abkhazia, Nagorno Karabakh, Somaliland, Kosovo, Sri Lanka, Colombia and Zimbabwe.

In brief, HALO's income rose by £0.87m from the previous financial year to £23.33m and expenditure rose by £0.37m to £23.00m.

During the year, HALO projects were sponsored by the Governments of:

- Australia;
- Belgium;
- Canada;
- Finland;
- Germany;
- Ireland;
- Japan;
- The Netherlands;
- New Zealand;
- Norway;
- Switzerland;
- United Kingdom (Foreign & Commonwealth Office and the Department for International Development);

Trustees' annual report (*continued*)

Objectives (*continued*)

and also by:

- European Commission Humanitarian Aid Office (ECHO) and European Development Fund (EDF);
- Pro Victimis Foundation
- Association for Aid and Relief (AAR) Japan;
- Actiefonds Mijnen Ruimen (AMR); and
- United Nations Development Programme (UNDP) and United Nations Mine Action Service (UNMAS);

and numerous generous private donations.

Of note, the Governments of Ireland, Finland and The Netherlands continued their "block" funding scheme, which allows HALO more freedom to allocate clearance funds between countries in response to any emergency requirements.

Achievements and performance

It is often very difficult for HALO to set meaningful performance targets in relation to operational output, as to a large degree it is impossible to ascertain where the need for services will arise or the magnitude of the problem once identified. These difficulties are inherent in the nature of clearance operations, as all too often maps and records no longer exist, personnel involved in establishing minefields have subsequently been killed in the conflict, and shifting front lines have led to the same ground being mined on more than one occasion. Furthermore, the strategic clearance and development plans of the countries in which we work, and their provincial and district plans, will take primacy and these plans are subject to quite frequent change.

Operational performance within the year was strongly ahead of expectations and is all the more remarkable given the nature and scale of the problems facing, sometimes remote, communities. HALO continues to ensure that all available resources are targeted to where they will do the most humanitarian good. The following paragraphs outline the detailed operational performance and benefits achieved from our work.

In the financial year 2011/12 the HALO teams destroyed a total of 69,375 mines and 326,165 unexploded ordnance (UXO). In addition, over 619,900 rounds of small arms ammunition were destroyed.

During the year HALO's staff numbers stayed at around 8,000. They are supported by 137 "heavy" mechanical units and a further 96 mechanical ancillary systems - from vegetation cutters to roller attachments. HALO's total transport fleet has 1,339 vehicles.

Since inception, HALO UK and HALO USA cumulative clearance figures for mines and ordnance reached 12,858,460 by 31 March 2012, in addition to destroying a staggering 52,280,481 rounds of small arms ammunition and 145,409 weapons (from assault rifles to tanks).

Whilst achieving the clearance figures noted above, HALO was able, in accordance with our objectives, to achieve the following results within the year, freeing up land and access to local communities for agriculture, housing, water and other redevelopment projects necessary to help reconstruct their lives and livelihoods:

- mineclearance operations returned over 3,223 hectares (3,336 in 2010/11) of former minefields to local populations;
- 61,646 people (25,775 in 2010/11) received Mine Risk Education;
- 5,416 Battlefield, Mineclearance and Explosive Ordnance Disposal tasks (4,458 in 2010/11) were completed; and
- Battlefield Area Clearance teams cleared over 5,535 hectares of land (6,225 in 2010/11) of unexploded and abandoned ammunition.

Trustees' annual report (continued)

Achievements and performance (continued)

HALO's priorities for 2011/12 were set out in the 2011 annual report; these are noted below together with progress made on each objective:

- Continue mineclearance across the south and centre of **Mozambique**, so that the poorest villages can be lifted out of extreme poverty – and start clearance on the Mozambique/Zimbabwe border minefields;
Progress – programme expanded to over 400 staff, with clearance undertaken in Maputo, Manica and Tete provinces, including minefields linked to the Mozambique/Zimbabwe border.
- Continue mine and clusterbomb clearance in **Kosovo** so that the rural communities can develop through forestry, agriculture or indeed income generating tourism;
Progress – clearance teams continued to find significant numbers of clusterbombs during the year, 13 years after the conflict.
- Continue to expand clearance operations in **Afghanistan**, particularly in and around those villages where agricultural development is most hampered by landmines, and expand the number of clearance teams staffed with former combatants;
Progress – while the number of ammunition clearance teams reduced slightly, we increased the number of mineclearance teams out in the villages, taking our staffing levels to over 3,800.
- Continue WAD operations in **Angola** to assist national disarmament, and when EC funding finally materialises then expand mineclearance to allow greater agricultural activity in the farmland and also better marketing of goods on the road network which is currently mined;
Progress – HALO's weapons disposal teams worked in 9 of the 18 provinces in Angola, while the mineclearance teams worked in Benguela, Huambo, Bie, Kuando Kubango and Huila provinces.
- Sustain and preferably expand or quicken mineclearance in **Cambodia** to reduce casualties and allow food production to increase – and complete the second phase of the baseline survey of NW Cambodia;
Progress – mineclearance was sustained at full capacity, even though donor funding became very tight. The second phase of the Baseline Survey was completed.
- Endeavour further to expand clearance in **Sri Lanka** in response to the movement of tens of thousands of IDPs;
Progress – HALO made particular progress in clearing ground ahead of IDP return to both the Vanni and Jaffna areas, with over 1,000 female and male staff employed.
- Endeavour to continue **Nagorno Karabakh's** mineclearance and clusterbomb clearance – so that larger areas can be ploughed and cultivated, though funding looks tighter than ever;
Progress – Clearance was sustained, despite a drop in funding towards the end of the financial year.
- Deploy new Dual Sensor detectors to quicken up mineclearance in **Afghanistan** and **Angola** where minimal metal anti-tank mines impact on communities;
Progress – thorough evaluations were run with two systems in Angola on a variety of ground conditions – one of which, for finding minimal metal anti-tank mines, shows considerable promise. Evaluations in Afghanistan were delayed due to customs constraints and then equipment failures.
- Review the need for humanitarian assistance in the **Ivory Coast**;
- *Progress – a programme was established to assist with management of unstable and dangerous ammunition stockpiles, and the destruction of small arms.*

Trustees' annual report (continued)

Achievements and performance (continued)

- Continue to clear the Georgia minefields remaining around old Soviet bases that are now impacting on local communities, and review clearance of the Red Bridge border minefields. Review the need for cluster bomb clearance in South Ossetia;

Progress – demining continued uninterrupted, with such good progress that all bases will be cleared during financial year 2012/13. Only the Red Bridge border minefield awaits clearance. No clusterbomb clearance was attempted in South Ossetia.

- Continue to clear the landmines that impact on the poorest Somalis, and also to assist the authorities in Somaliland in the disposal of old degrading ammunition liable to auto-ignite, with dire consequences in built-up areas. Review the request to HALO from the authorities in Puntland to develop a clearance capacity for their Explosive Remnants of War;

Progress – clearance in Somaliland continued, with the numbers of staff increasing to 600. A programme to assist the Somaliland authorities with security of small arms was managed. A review of the humanitarian priorities in Puntland was undertaken.

- Establish a full-scale clearance programme in Zimbabwe and assist with the management of the national database of mined areas and casualties;

Progress – in March 2012 HALO received formal written notification from the Zimbabwe authorities that HALO had been chosen to manage a full programme, to build on the detailed assessments conducted during the financial year 2011/12.

- Introduce a large-scale clearance programme in Laos in response to the request from the Government;

Progress – HALO was granted an Operations Permit by the Government and also received the necessary formal invitations and endorsements to establish a clearance programme in Savannakhet Province. Three planning missions to Savannakhet were undertaken, an in country management team and offices established and donor funding secured.

- Respond to the recent request from the Palestinian authorities to assist with survey and clearance of hazardous areas in Zones A, B and C of the Occupied Territories, as the peace process is taken forward during the year;

Progress – field assessments of the West Bank were completed and funds for a survey, clearance and national capacity building programme were secured.

- Complete final clearance in Abkhazia making it mine free, and manage a longer term sustainable emergency UXO clearance capacity;

Progress – HALO and the Abkhaz authorities in Sukhumi announced Abkhazia as Mine Free on 10 November 2011. HALO continues to provide an emergency call-out service for any UXO finds by the community.

- Start full clearance operations in Colombia following the signing of the Presidential decree, and continue surveying mine impacted villages;

Progress – despite President Santos signing the decree in October 2011, the start of all civilian mineclearance was delayed beyond the end of the financial year by a legal issue relating to Colombian Law. HALO was able to utilise time by completing a survey of 78 mined areas.

- Ensure that the threat imposed by landmines on so many impoverished villages around the world is still known to the public and governments in the more wealthy countries who may be able to contribute to humanitarian mineclearance, and explain that the scourge of landmines will only be beaten within a generation if donors concentrate on high impact, large scale value-for-money clearance programmes, and are not distracted by expensive periphery activity that does not save lives and improve livelihoods;

Progress – it may be that the global recession has concentrated the minds of some donors, and more attention is now paid to "Value-for-Money", resulting in budget cuts to the expensive periphery activity. However, HALO's funding levels were sustained. Some donors did probably divert funds from their overall budgets to the clear-up of unexploded ordnance following regime change in Libya, but this did not impact on HALO.

Trustees' annual report *(continued)*

Achievements and performance *(continued)*

- Aim to have a greater number of trained and equipped deminers employed during 2011/12 than during 2010/11, and of course considerably more than at October 2008 when the global credit crunch crunched – proving that HALO can ride out a global economic recession and continue to assist the most impoverished communities;

Progress – we managed to maintain our staffing levels and the resulting outputs and measurable outcomes, through increasing our capacity in Sri Lanka and Somaliland to offset the slight shrinkage in Angola.

In respect of its overall governance and direction HALO has continued to follow best practice and retained the focus on all strands of the operation. HALO therefore remains the largest and most efficient independent operator in the world.

The main achievements in 2011/12 have been our continued expansion in Sri Lanka to make safe numerous villages for the return of indigenous peoples (IDPs) post-conflict, the extensive assessments of Zimbabwe and Laos, the continuation and even expansion in Afghanistan at a time when security issues are constraining most other development agencies, and the sustainment of our other global programmes despite a recession.

As with each year, trying to summarise programmes in just a few paragraphs 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 more than 20 years. Theirs is an achievement surely unmatched in history – with our day-to-day clearance operations having exceeded the combined duration of both twentieth century World Wars.

The HALO Trust (USA), Inc.

Following the formation of The HALO Trust (USA), Inc. by The HALO Trust, HALO USA continues to grow through use of American funding (some \$21m in 2011/12). The financial results of HALO USA are not included here. Both organisations complement each other's activities and work together in the field in an effort to clear even more mines around the world. Co-ordination and continuity is provided by the Chief Executive also holding office as the President of the HALO USA Board of Trustees.

Afghanistan

Afghanistan continues to be our largest programme, with the number of Afghan staff sustained at over 3,800 during 2011/12. This staffing level was able to maintain the high clearance levels of 2010/11. HALO demining teams are clearing old front lines between the Northern Alliance and the Taliban – front lines that ran through the fertile and highly populated Shomali valley, through the intensive irrigated farming districts of Kunduz and Takhar, over the higher rain-fed wheat plains and along the ridges used by villagers for grazing their sheep. Clearance of the sector of the front line closest to Bagram has been finished, which has allowed many teams to redeploy back to the highly impacting minefields laid in both the Najibullah period (1989-92) which included inter-Mujahideen fighting in the Ghorband Valley that links Parwan and Bamyan provinces, and minefields from the Soviet occupation (1979-89). HALO's operations in Herat Province deployed over 680 staff, working from close to Herat city to right across to the Iranian border. The disarmament (DDR) programme, with which HALO assists the UN's ANBP (Afghan New Beginnings Programme), changed emphasis from redundant bulk ammunition and aged stockpile disposal to more detailed surveys of smaller caches that could later be used by anti-government elements for Improvised Explosive Devices (IEDs) – as the larger stockpiles have mostly been destroyed. On average HALO removed, at the request of communities, 70-90 tons of explosives each month from villages outside government control. The potentially precarious security situation across much of the country requires HALO to maintain a sensitive "feel" for events going on around our teams, and avoid "mistaken identity". Our relations with all factions, groups and different security organs, whether NATO or government, remain good. Demobilised fighters who had joined the peace process known as the Afghan Peace and Reintegration Process – abbreviated to APRP – have been offered jobs in demining teams, with over 230 working for HALO.

Trustees' annual report *(continued)*

Achievements and performance *(continued)*

Cambodia

Cambodia is still one of the most mine affected countries in the world, and HALO has managed to maintain 1,000 local staff, even though the weakening of European currencies against the US dollar has put considerable pressure on our local budgets (many donors fund us in Euros from budgets submitted a year in advance, but our later actual spend over a 12 month project is in US Dollars). On the ground, HALO continued mineclearance work in Battambang, Banteay Meanchey, Krong Pailin and Oddar Meanchey provinces, and HALO averaged a clearance of nearly 1,000 anti-personnel mines a month. The majority of civilian mines casualties occur in the villages that lie in, or near to, the K5 border mine belts and this is where HALO concentrates effort. Work continued to be interrupted by a border dispute with Thailand, particularly in the Preah Vihear temple area – however HALO's teams were able to be diverted into equally high priority clearance in the communes set back a few kilometres from the border, where long abandoned but mined Vietnamese bases are now being inhabited and farmed by families moving from other parts of Cambodia and desperate for land. A number of these farmers have also brought small "iron buffalo" tractors, and there has been a rise in the number of anti-tank mine victims as farmers venture down long abandoned mined roads.

Mozambique

HALO's Baseline Survey of southern and central Mozambique identified over 500 minefields requiring clearance, and also discovered extensive mining around pylon lines leading from South Africa into Maputo, and Rhodesian laid defensive mine belts beside and straddling the Mozambique/Zimbabwe border. During 2011/12 HALO teams cleared dense mined areas along the pylons, and also the extensive mine belts around the Cahora Bassa dam complex in Tete province. Mozambique has an Ottawa Mine Ban Treaty target for completion of mineclearance by 2014, and it now looks impossible that their target can be achieved.

Angola

Angola, along with Afghanistan, Cambodia and Colombia, is one of the four most mined countries in the world. HALO had to shrink its numbers of deployed deminers from 900 to 650 during the year (and down from over 1,000 the year before), due to the loss of four key donors – the Swiss, Dutch, Japanese and latterly the British – though the much promised EC funding did finally materialise in 2011, over two years late (the contiguous funding should have followed on from the end of the last EC project in August 2008). High priority clearance continued across the provinces of Kuando Kubango, Bie, Huambo, Huila and Benguela – but the reduction in deminer numbers directly impacted on the area cleared, with 168 hectares in 2011/12 – as opposed to 189 the previous year. We continued the development of mechanical systems to clear minimal metal mines from roads, and this was augmented with testing of a new vehicle mounted Ground Penetrating Radar. While funding forecasts are unpredictable, it is still too soon to forecast a completion date for clearance province by province – and any further drop in demining team numbers will have a direct impact on future timeframes for achieving clearance out in the most mined rural communities. HALO senior management will be working hard to ensure that over the next few years the number of HALO deminers will be back up to levels of around 1,200 – though this will require finding newly enthused donor support who understand that communities defined by some other donors as "too remote", do badly need mineclearance. The most mined towns in Africa are in HALO's Area Of Responsibility in Angola which, with populations of some 50,000, must be helped despite being many days' drive from the capital city.

Somaliland

HALO is still the only mineclearance organisation conducting humanitarian mineclearance and unexploded ordnance disposal in Somaliland. Rates of clearance increased again, as we imported replacement mechanical assets and additional MineLab detectors capable of working in the extreme laterite soils. HALO believes that with the increased capacity and sustained funding, it is possible to clear the majority of high and medium priority minefields in Somaliland in the next three years. HALO is under some political pressure to introduce demining assets through Puntland or down to Mogadishu, and during the year we conducted a detailed survey of minefields in Puntland, some of which we may tackle later in 2012. Security conditions in the Somali area known as "South Central" are still not conducive for projects that we thought would be a worthwhile use of donor funds.

Trustees' annual report *(continued)*

Achievements and performance *(continued)*

Abkhazia

The first half of the FY 2011/12 saw the completion of clearance of the final minefields in Abkhazia, with mine-free status signed off by community leaders during September and October 2011. In early November HALO held official Mine Free Abkhazia ceremonies in Sukhumi and above the Gumista river, attended by key donors such as the US and UK embassy representatives from Tbilisi. The senior management team was then able to concentrate on its smaller but important role of maintaining the minefield database and providing an emergency EOD call-out service for the region, and of providing an audited small arms weapon disposal service.

Georgia

Following the completion of all known cluster strike areas north of Gori, in early 2011 HALO re-located the mechanical and manual clearance teams to mined areas around a number of former Soviet bases. Clearance at Mtskheta, Sagaredjo and Telavi was completed, and also clearance of mines at the mountain tourist village of Omalo that had been hit with air-delivered anti-personnel mines during the last Chechen war.

Nagorno Karabakh

The programme continued with a slightly reduced number of staff from 2010/11 – down to around 140 staff – deployed with manual and mechanical mineclearance teams, and also battle area clearance (BAC) teams. Funding remains hard to find, which sadly means HALO will probably be working in Karabakh for another three or so years, rather than expanding in size and hence being able significantly to reduce the years that mines still impact on communities. It is exasperating that we cannot yet finish all clearance in this relatively small region – one final push following an injection of funds would enable Nagorno Karabakh to join Abkhazia as Mine Free.

Kosovo

During 2011/12 HALO worked every month, had teams deployed on a number of different sites, and although or despite the sites having been partially cleared by other agencies eleven years previously, the HALO teams still cleared some 100 mines and cluster bombs – despite HALO only having 40 clearance lanes funded. None of these hazardous items were in “remote” forests – but were all in high priority village areas. Furthermore, the UN changed its policy and also started to use a similar figure to HALO’s for outstanding tasks in Kosovo. HALO’s programme was supported financially by key private foundations, though was joined by the Swiss and Belgian Governments as part of a global commitment to destroy cluster bombs and landmines.

Sri Lanka

The battlefield defeat of the LTTE in 2009 resulted in a surge of IDPs across the north of the country and a need for the government to decide where it was safe to let them settle. HALO was tasked to make safe the mined ground as fast as possible. During 2011/12 HALO recruited and trained additional deminers (taking the number of staff to 1,000), enabling us to clear yet more mined ground ahead of IDPs who returned to the Vanni and Jaffna – with HALO also moving ahead of the mainstream development agencies (who of course also need safe ground for their projects). Clearance records for this last financial year show that HALO has averaged nearly 3,000 anti-personnel mines removed from farmland every month, up from 2,000 a month during the previous year.

Colombia

Colombia recorded the second highest mine casualty rate in the world next to Afghanistan during 2009/10. Despite continued military successes, Colombia, still has around three million IDPs waiting to return to rural regions, some of which are severely mine impacted. In addition to inviting HALO to establish a large scale mineclearance programme, Colombia’s recently approved Ottawa Mine Ban Treaty extension request is based upon the establishment of 49 civilian clearance units and 25 military units. Following presidential elections in June 2010 the law for civilian demining was passed in December 2010. A further presidential decree, outlining how civilian demining will be implemented, was signed in October 2011, but the start of all civilian mineclearance was delayed by a legal opinion questioning the inherent risk to deminers during clearance projects, and their Human Rights not to be subjected to a hazardous occupation. By the end of financial year 2011/12 it appeared that this legal opinion was unfounded. HALO surveyed 78 mined areas requiring clearance in Antioquia, from the database of 456 previously recorded suspect areas.

Trustees' annual report *(continued)*

Achievements and performance *(continued)*

Laos

The Laos PDR authorities wrote to HALO inviting us to start a large programme, preferably in Savannakhet province. This province had the highest number of US bombing missions during the Vietnam war, has the highest number of civilian UXO accidents, and the highest incidence of poverty. The authorities had calculated that despite over 10 years of clearance by their own teams and some international assistance, the problem of unexploded ordnance had hardly been scratched at the surface, let alone dealt with on a scale that would clear up the ordnance in the lifetime of the current generation. Calculations put clearance as taking hundreds of years. Vientiane reviewed HALO achievements in Cambodia and Afghanistan, and our unique ability to field thousands of deminers, and invited HALO to seek substantial new funds to address the tragic legacy of war. A series of HALO field assessment missions took place during the year, and at the end of financial year 2011/12 HALO opened up an office and started recruiting permanent staff.

Zimbabwe

Just like the authorities in Vientiane, the Harare authorities approached HALO and asked us to review the extensive border minefields on the Zimbabwe side of their border with Mozambique. One of HALO's most senior staff members has been surveying the minebelts and meeting the many villagers impacted by them – suffering human and extensive livestock casualties. Two private foundations provided "seed funding", and the larger donors are now discussing major support for this forgotten but exceptionally dangerous corner of Africa.

Trustees' annual report *(continued)*

Financial review

The financial statements of the company can be found on pages 18 to 32. These financial statements have been prepared in accordance with current statutory requirements and the charity's governing document.

The application of the company's funds are detailed in notes 4 and 5 on pages 24 and 25, respectively.

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 charities based in the UK, Japan or The Netherlands, request that HALO conducts humanitarian mineclearance for a given period, normally ranging from 6 to 30 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.

The strong result for 2011/12 is reflected in income of £23.33m and expenditure of £23.00m for the year. All of our major donors have continued to support our work, with 91 contracts running during the financial year, approximately half of which continue to the new financial year. Full details of our work in each programme are given in the Achievements and Performance section above.

All HALO's support from governments and other donors has been explained in the financial statements.

Funding and reserves

Total unrestricted funds at 31 March 2012 were £7,506,000 compared with £7,338,000 at 31 March 2011. The Trustees consider HALO's free reserves to be £2,769,000 (2011: £4,785,000) reflecting the resources readily available for charitable use; full details of HALO's reserves are shown in notes 15 and 16 of the financial statements.

The Trustees consider this level of reserves to be in line with HALO's strategy. This level of free reserves allows HALO to respond quickly to emergency humanitarian situations, start mineclearance in new areas while the donor base is established, continue mineclearance in areas where there are gaps in donor funding, allowing continuity of teams and continuation of humanitarian aid, and to meet non-donor funded closure costs once areas are declared mine free.

During the year ended 31 March 2012, HALO's reserves supported start up costs in Colombia and Zimbabwe, and teams in Cambodia and Kosovo during the funding gap which arose following the cessation of certain donor funding.

On a programme by programme basis the Trustees confirm the charity has sufficient assets available to enable it to meet its obligations as they fall due.

The majority of HALO's funds are held in cash with the charity's bankers, The Royal Bank of Scotland plc; minimal funds are held in each programme.

Investments

The performance of the investments is monitored continually and reported on a quarterly basis. Total return performance is measured against the following indices: FTSE-All Share, FTSE All-World (excluding UK) and FTSE Government All Stocks.

The relative performance against the benchmarks above is provided below:

	2011/12 % Change
Investment Portfolio	+2.7
FTSE-All Share	+1.4
FTSE All-World (excluding UK)	-0.3
FTSE Government All Stocks	+14.5

Trustees' annual report *(continued)*

Financial review *(continued)*

Investments *(continued)*

The asset allocation as at 31 March 2012 was 45.1% equities, 32.4% bonds, 10.5% portfolio funds, 4.9% hedge funds, 4.4% absolute return funds, 2.7% cash. The Trustees have reviewed the investment policy during the year and have agreed that the level of risk and return set out in the current policy continues to be appropriate. Should further funds be available, then the Trustees may seek to augment investments where appropriate.

Plans for future periods

Looking ahead, HALO will continue to maintain its standards and strive for more efficient and effective operations. In line with our charitable objectives and to ensure maximum public benefit from our activities, the major projects that HALO will undertake in the immediate future will continue to aim at casualty reduction, and have added emphasis on enabling greater levels of food production from mine-impacted communities:

- Continue mineclearance across the south and centre of **Mozambique**, so that the poorest villages can be lifted out of extreme poverty – and continue clearance on the Mozambique/Zimbabwe border minefields;
- Continue mine and clusterbomb clearance in **Kosovo** so that the rural communities can develop through forestry, agriculture or indeed income generating tourism;
- Continue to expand clearance operations in **Afghanistan**, particularly in and around those villages where agricultural development is most hampered by landmines, and expand the number of clearance teams staffed with former combatants;
- Continue WAD operations in **Angola** to assist national disarmament, and expand mineclearance to allow greater agricultural activity in the farmland and also better marketing of goods on the road network which is currently mined;
- Sustain and preferably expand or quicken mineclearance in **Cambodia** to reduce casualties and allow food production to increase in the marginal lands now used by some of the most impoverished families;
- Endeavour to maintain clearance levels in **Sri Lanka** in support of the many thousands of IDP families recently returned to their villages;
- Endeavour to continue **Nagorno Karabakh's** mineclearance and clusterbomb clearance – so that larger areas can be ploughed and cultivated, though funding remains very tight and prevents us finally finishing the work and announcing Mine Free status;
- Deploy new Dual Sensor detectors to quicken up mineclearance in Afghanistan, Mozambique, Sri Lanka, Cambodia and Angola, where their use mitigates the impact of very high numbers of minimal metal mines on communities;
- Continue the management and destruction of old and degrading ammunition in the **Ivory Coast**;
- Endeavour to clear the very last minefields in **Georgia** – namely the linear Red Bridge border minefield and two very small minefields close to the old “Chechen” and “South Ossetia” conflict lines. Review the need for cluster bomb clearance in South Ossetia;
- Continue to clear the landmines that impact on the poorest Somalis, and also to assist the authorities in **Somaliland** in the disposal of old degrading ammunition liable to auto-ignite, with dire consequences in built up areas. Review the request to HALO from the authorities in **Puntland** to develop a clearance capacity for their Explosive Remnants of War;
- Establish a full scale clearance programme in **Zimbabwe** and assist with the management of the national database of mined areas and casualties;
- Develop a large scale clearance programme in **Laos** in response to the request from the government;
- Respond to the recent request from the **Palestinian** and **Israeli** authorities to assist with survey and clearance of hazardous areas in Zones A, B and C of the occupied territories, as the peace process is taken forward during the year;
- Manage a sustainable emergency UXO clearance capacity and maintain the historical mineclearance database in **Abkhazia**;

Trustees' annual report *(continued)*

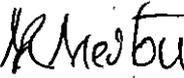
Plans for future period *(continued)*

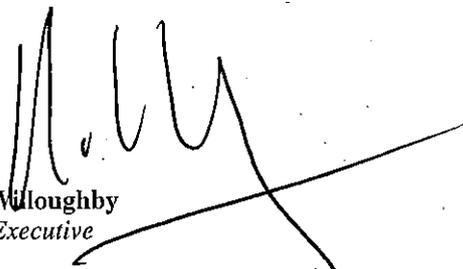
- Start full clearance operations in **Colombia** following the signing of the Presidential decree, and continue surveying mine impacted villages;
- Review the need for humanitarian clearance in **Burma**;
- Review whether HALO can assist the **Turkish** authorities clearing the extensive minefield along the border with **Syria**;
- Ensure that the threat imposed by landmines on so many impoverished villages around the world is still known to the public and governments in the more wealthy countries who may be able to contribute to humanitarian mineclearance, and to explain that the scourge of landmines will only be beaten within a generation if donors concentrate on high impact, large scale, value-for-money clearance programmes, and are not distracted by expensive periphery activity that does not save lives and improve livelihoods; and
- Aim to either maintain, or even have a greater number of trained and equipped deminers employed during 2012/13 than during 2011/12 and of course considerably more than at October 2008 when the global credit crunch crunched – proving that HALO can ride out what appears to be a sustained global economic recession that particularly impacts on the economies of many of the countries that have traditionally provided generous overseas aid.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

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


MR Merton
Trustee


GNJ Willoughby
Chief Executive

125 Borough High Street
London SE1 1NP

6 September 2012

Statement of Trustees' responsibilities in respect of the Trustees' Annual Report and the financial statements

The Trustees are responsible for preparing the Trustees' 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. Under that law they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 charitable company and of the excess of expenditure over income 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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue its activities.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

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



KPMG LLP

191 West George Street
Glasgow
G2 2LJ
United Kingdom

Independent auditor's report to the trustees and members of The HALO Trust

We have audited the financial statements of The HALO Trust for the year ended 31 March 2012 set out on pages 18 to 32. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's trustees, as a body, in accordance with section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the members and the charity's trustees 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, its members as a body and its trustees as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 15, 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.

We have been appointed as auditor under section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the trustees and members of The HALO Trust *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charitable company has not kept adequate and proper accounting records 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 specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



DJ Watt (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

12 October 2012

Statement of financial activities
(including an income and expenditure account)
for the year ended 31 March 2012

	Notes	Unrestricted funds £000	Restricted funds £000	2012 Total £000	2011 Total £000
Incoming resources					
<i>Incoming resources from generated funds</i>					
Voluntary income	2	191	23,114	23,305	22,321
Investment income	3	23	2	25	130
Other incoming resources		2	-	2	7
Total incoming resources		216	23,116	23,332	22,458
Resources expended					
Cost of generating funds: investment management costs					
		8	-	8	8
Charitable activities	4	1,280	21,689	22,969	22,599
Governance costs	6	26	-	26	24
Total resources expended		1,314	21,689	23,003	22,631
Net incoming/(outgoing) resources before transfers					
		(1,098)	1,427	329	(173)
Gross transfers between funds	9	1,241	(1,241)	-	-
Net incoming/(outgoing) resources before other recognised gains and losses					
		143	186	329	(173)
Other recognised gains and losses					
Net realised investment gains		164	-	164	3
Net income/(expenditure) for the year		307	186	493	(170)
Net unrealised investment (losses)/gains		(139)	-	(139)	54
Net movements in funds		168	186	354	(116)
Reconciliation of funds					
Balance brought forward at 1 April 2011		7,338	118	7,456	7,572
Balance carried forward at 31 March 2012		7,506	304	7,810	7,456

All of the charity's activities are continuing.

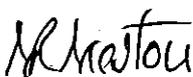
The notes on pages 21 to 32 form part of these financial statements

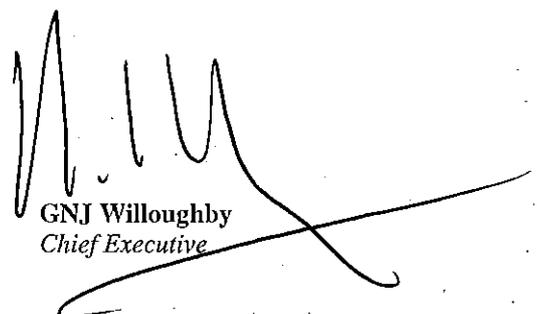
Balance sheet
as at 31 March 2012

	Note	2012		2011	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	10		325		213
Investments	11		1,152		1,061
			<u>1,477</u>		<u>1,274</u>
Current assets					
Stock		1,154		822	
Debtors	12	3,846		2,021	
Cash at bank		7,042		9,771	
		<u>12,042</u>		<u>12,614</u>	
Creditors: amounts falling due within one year	13	(5,387)		(6,129)	
Net current assets			<u>6,655</u>		<u>6,485</u>
Total assets less current liabilities			<u>8,132</u>		<u>7,759</u>
Provisions for liabilities	14		(322)		(303)
Net assets			<u>7,810</u>		<u>7,456</u>
Funds					
<i>Unrestricted funds</i>					
General			7,357		7,050
Revaluation reserve			149		288
			<u>7,506</u>		<u>7,338</u>
Restricted funds	15 16		304		118
Total funds	17		<u>7,810</u>		<u>7,456</u>

The notes on pages 21 to 32 form part of these financial statements

The financial statements were approved by the Board of Trustees on 6 September 2012 and were signed on its behalf by:


MR Merton
Trustee


GNJ Willoughby
Chief Executive

Cash flow statement

For the year ended 31 March 2012

	2012 £000	2011 £000
Reconciliation of operating profit to net cash flow from operating activities		
Net incoming/(outgoing) resources before other recognised gains and losses	329	(173)
Interest receivable	(17)	(25)
Investment income	(8)	(12)
Depreciation charges	95	82
(Increase) in stock	(332)	(231)
(Increase)/decrease in debtors	(1,825)	1,034
(Decrease)/increase in creditors due within one year	(742)	3,569
Increase in provisions for liabilities and charges	19	64
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(2,481)	4,308
	<hr/>	<hr/>

Cash flow statement

Net cash (outflow)/inflow from operating activities	(2,481)	4,308
Returns on investments and servicing of finance		
Interest received	17	25
Investment income	8	12
	25	37
Capital expenditure and financial investments		
Payments to acquire tangible fixed assets	(207)	(135)
Proceeds from sales of tangible fixed assets	-	30
Payments to acquire investments	(341)	(519)
Proceeds from sales of investments	275	600
	(273)	(24)
(Decrease)/increase in cash	(2,729)	4,321
Cash from liquid resources	1,094	1,674
Movement in cash in period	<hr/>	<hr/>
	(1,635)	5,995
	<hr/>	<hr/>

Reconciliation of net cash flow to movements in net funds

	At 1 April 2011 £000	Movement £000	At 31 March 2012 £000
Cash at bank and in hand	8,452	(1,635)	6,817
Liquid resources	1,319	(1,094)	225
	<hr/>	<hr/>	<hr/>
	9,771	(2,729)	7,042
	<hr/>	<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules modified for the revaluation of certain fixed assets and in accordance with the Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006 and the Statement of Recommended Practice: Accounting and Reporting by Charities issued in February 2006, except for the non-recognition of donated assets (see *donations and gifts* below). Accordingly, the arrangements and headings have been adapted as provided for in The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Schedule 1, Part 1.

Funds

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

Restricted funds are funds subject to specific conditions, 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 funds 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. The revaluation reserve, representing the net unrealised gains on investments is shown as a separate component of unrestricted funds.

Where contracts accounted for within restricted funds include contributions towards headquarters costs, an appropriate transfer is made of these contributions between restricted and unrestricted funds. Transfers between unrestricted and designated funds are considered and implemented when required.

Voluntary income

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

Incoming resources which are restricted to individual country programmes are recognised as incoming resources to the extent that the funding conditions for that income have been met:

- For grants from various national governments, the United Nations and private donors, income recognised is normally equivalent to the expenditure incurred at the end of the financial year as it is considered that this is when the charity becomes entitled to the income; income not yet received is included in accrued income and where income received is in excess of income recognised this is included in deferred income.
- For contracts which include milestone payments linked to outputs this is the milestones met plus the proportionate share of future milestones which will be earned during the contract period; income not yet received is included in accrued income and where income received is in excess of income recognised this is included in deferred income. Expenditure in excess of income at the year end is included in accrued income to the extent that this expenditure will be recoverable under the contract. Any losses under the contract are recognised when identified.

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

Donated assets used in overseas projects are not recognised as incoming resources by the charity, principally due to the difficulty in ascertaining an appropriate value for those assets. Had the assets been recognised, they would be included in resources expended on overseas projects.

Notes (continued)

1 Accounting policies (continued)

Resources expended

Resources expended are analysed between charitable activities, costs of generating funds and governance costs. Charitable activities include all direct costs, salaries and other support costs of each international programme. Where this expenditure is funded by donors it is restricted expenditure as all donor contracts are included within restricted funds; other expenditure is included in unrestricted funds.

Support costs include all administration costs of the charity including the costs of the head office in the UK and are treated as unrestricted expenditure. A proportion of these costs, based on the ratio of the total income of The HALO Trust and The HALO Trust (USA), Inc. is recharged to The HALO Trust (USA), Inc. Those costs which meet the definition of Governance costs are included in that category; all other management and administration costs are included in support costs under charitable expenditure.

Assets acquired for specific projects are charged to that project in line with the terms of the project. These assets will normally be fully utilised within the period of the project (normally six to 12 months). At the end of a specific project any such assets may be transferred to other projects with the consent of the donor or may be reclaimed by the project donor. The charity retains a full list of all such assets.

Tangible fixed assets

Tangible fixed assets, with a value greater than £1,000, having a value to the business greater than one year, other than those acquired for the purpose of specific projects, are capitalised.

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

Freehold buildings	15 years
Leasehold properties	20% straight line or over the period of the lease if shorter
Fixtures and fittings and office equipment	25% straight line
Motor vehicles	25% reducing balance

Stock

Stock represents items purchased by the charity for use in overseas projects where at the time of purchase the individual project has not been identified.

All stock is held at lower of cost and net realisable value; where stock is held outwith the UK provision is made until the item is charged to an individual project.

Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are re-translated monthly into sterling at the rates of exchange prevailing at the start of each month. Transactions in foreign currencies are recorded at the date of the transactions and translated to sterling at the monthly rate. At the year end, monetary assets and liabilities are translated to the actual rate on the last day of the year.

The net exchange gain or loss for the year is included in the statement of financial activities as either incoming resources or resources expended. Where gains or losses arise from early receipt of donor funding these are included within voluntary income; net gains or losses on currency transactions are included as either investment income (gains) or in support costs (losses); other exchange gains and losses are included within resources expended on charitable activities.

Post-retirement benefits

The company contributes to personal pension plans on behalf of certain employees. The amount charged in resources expended represents the contributions payable to those plans in respect of the accounting year.

Pension payments are made to a former trustee of the charity. A provision has been set aside for the payment of this pension based on the estimated life of the individual based on the latest mortality tables;

adjustments are made to the provision on an annual basis for changes in mortality tables and for payments made.

Investments

Fixed asset investments are stated at market value. Unrealised gains and losses represent the difference between the market value at the beginning and the end of the financial year, or if purchased in the year the difference between cost and market value at the end of the financial year. Realised gains and losses represent the difference between the proceeds and the market value at the start of the year or cost if purchased in the year.

Cash and liquid resources

Cash, for the purposes of the cash flow statement, comprises cash in hand and deposits repayable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either convertible into known amounts of cash at or close to their carrying values. Liquid resources comprise term deposits of less than one year.

Taxation

The HALO Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2011 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2011 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The company is registered for VAT and fully recovers this on relevant expenditure which is accordingly stated net of the related VAT in the statement of financial activities.

Overseas severance provisions

In certain programmes, when staff leave HALO either through redundancy or of their own volition, payments may be payable to those staff. Provision for these payments is included in donor contracts albeit the payments may fall outwith the contract period. Where payments are only due on redundancy these are included in restricted funds to allow funds to be available should the liability crystallise. Where payments are due to all employees who leave HALO's employment in a programme these are included in provisions for liabilities and charges.

Notes (continued)

2 Voluntary income

	2012	2011
	£000	£000
<i>Restricted</i>		
Voluntary Trust Fund	3,826	2,600
Department for International Development (UK)	3,323	4,695
Norwegian Government	2,486	2,324
Government of Finland	2,103	2,108
Royal Netherlands Government	2,055	2,094
The Federal Republic of Germany	1,453	2,180
European Commission	1,452	231
Irish Aid	1,422	1,361
Embassy of Japan	1,088	1,129
Department of Foreign Affairs & International Trade (Canada) (DFAIT)	739	1,029
The Belgian Government	734	103
European Commission Humanitarian Aid & Civil Protection	617	509
The United Nations Office for Project Services	445	-
The Government of Switzerland	429	566
Australian Government	262	-
United Nations Development Programme	247	463
United Nations Mine Action Coordination Centre	184	-
Other	249	722
	<u>23,114</u>	<u>22,114</u>
<i>Unrestricted</i>	191	207
	<u>23,305</u>	<u>22,321</u>

3 Investment income

	2012	2011
	£000	£000
Bank interest receivable	17	25
Income from investment portfolio	8	12
Foreign exchange gains	-	93
	<u>25</u>	<u>130</u>

Included within the £17,000 of bank interest receivable is £2,000 relating to restricted funds (2011:£4,000).

Notes (continued)

4 Charitable activities

The charity's Trustees consider that there is only one core activity (clearance of debris of war) which is carried out in various worldwide locations, although HALO will lend its resources to assist with other emergency work including opening up trade routes through crucial road clearance and snow clearance and assisting with emergency resettlement of IDPs.

	Activities undertaken directly		Support costs	Total
	(restricted)	(unrestricted)	(unrestricted)	
	£000	£000	£000	£000
Afghanistan	11,201	39	360	11,600
Angola	1,466	-	47	1,513
Cambodia	1,843	120	63	2,026
Colombia	12	170	6	188
Georgia	401	-	13	414
Ivory Coast	343	20	12	375
Kosovo	397	95	16	508
Mozambique	1,190	44	40	1,274
Somaliland	1,925	8	62	1,995
Sri Lanka	2,768	6	89	2,863
Zimbabwe	7	46	1	54
Other	136	19	4	159
Total	21,689	567	713	22,969

All costs which can be directly attributed to contracts have been allocated and are shown in restricted funds; other expenditure directly relating to international programmes is shown in unrestricted funds. Support costs which principally relate to headquarters costs cannot be allocated to contracts on a global basis due to specific contract terms and are allocated on the basis of activity in each country.

5 Support costs

	2012	2011
	£000	£000
Support staff remuneration	633	495
Adjustments relating to pension obligations	13	25
Vehicles and equipment	82	62
Communication	40	18
Property	48	45
Travel	27	42
Other support	69	59
Depreciation	95	82
Foreign exchange losses	89	-
Recharge to The HALO Trust (USA), Inc. (note 18)	(383)	(228)
	713	600

All support costs relate to charitable activities.

Notes (continued)

6 Governance costs	2012 £000	2011 £000
Audit fee – external audit (see note 8)	24	23
Board expenses	2	1
	<hr/>	<hr/>
	26	24
	<hr/> <hr/>	<hr/> <hr/>
7 Trustees and employees	2012 £000	2011 £000
<i>Staff costs</i>		
Wages and salaries	13,527	12,075
Social security costs	183	159
Other costs and pension costs	32	35
	<hr/>	<hr/>
	13,742	12,269
Recharged to The HALO Trust (USA), Inc. (note 18)	(443)	(401)
	<hr/>	<hr/>
	13,299	11,868
	<hr/> <hr/>	<hr/> <hr/>

The figures include wages and salary costs of local staff incurred in the countries in which HALO operates. During the year ended 31 March 2012, approximately 5,159 (2011:5,660) local staff were employed by The HALO Trust.

The average monthly number of persons (full-time equivalent) employed by The HALO Trust during the year, excluding local deminers and support staff, is shown below.

	2012 Number	2011 Number
Directors	-	-
Administration	7	6
Direct project personnel	32	32
	<hr/>	<hr/>
	39	38
	<hr/> <hr/>	<hr/> <hr/>

No trustees received any remuneration in either the current or previous year. Expenses of £2,000 (2011:£1,000) were paid to three (2011:three) trustees for travel and accommodation.

Notes (continued)

7 Trustees and employees (continued)

The number of employees whose emoluments amounted to over £60,000 in the year was as follows:

	2012 Number	2011 Number
£180,001 - £190,000	1	-
£170,001 - £180,000	1	1
£160,001 - £170,000	-	1
£140,001 - £150,000	1	-
£90,001 - £100,000	2	3
£80,001 - £90,000	1	1
£70,001 - £80,000	2	1
£60,001 - £70,000	3	3
	<hr/> 11	<hr/> 10

The charity contributed £32,000 (2011: £35,000) to personal pension schemes on behalf of six (2011: six) employees.

8 Net incoming resources

Net incoming resources are stated after charging:

	2012 £000	2011 £000
Depreciation and other amounts written off tangible fixed assets	95	82
<i>Auditor's remuneration</i>		
Amounts receivable by the auditors and their associates in respect of:		
Audit of these financial statements	24	23
All other services; to include but not limited to Accountant's reports for donor grants and contracts	32	24
	<hr/> 95	<hr/> 129

Notes (continued)

9 Transfer between funds

	Unrestricted £000	Restricted £000	Total £000
Headquarters costs	1,221	(1,221)	-
Expenditure support	20	(20)	-
	<u>1,241</u>	<u>(1,241)</u>	<u>-</u>

A transfer of £1,221,000 (2011: £1,222,000) was made from restricted to unrestricted funds for contributions from donors to the headquarters costs of the Trust. These contributions are specified in each of the contracts undertaken, at percentages up to 7% of the total contract value. The contribution is charged as direct project expenditure to restricted funds, then transferred to unrestricted funds in the statement of financial activities. The transfer also includes foreign exchange translation differences where contracts are complete and reported to donors in currencies other than sterling.

10 Tangible fixed assets

	Leasehold property £000	Freehold property £000	Fixtures & fittings £000	Equipment £000	Motor vehicles £000	Total £000
<i>Cost</i>						
At beginning of year	5	138	17	64	236	460
Additions	-	64	-	17	126	207
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Carried forward	<u>5</u>	<u>202</u>	<u>17</u>	<u>81</u>	<u>362</u>	<u>667</u>
<i>Depreciation</i>						
At beginning of year	5	93	16	54	79	247
Charge for year	-	12	1	11	71	95
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Carried forward	<u>5</u>	<u>105</u>	<u>17</u>	<u>65</u>	<u>150</u>	<u>342</u>
<i>Net book value</i>						
At 31 March 2012	<u>-</u>	<u>97</u>	<u>-</u>	<u>16</u>	<u>212</u>	<u>325</u>
At 31 March 2011	<u>-</u>	<u>45</u>	<u>-</u>	<u>10</u>	<u>158</u>	<u>213</u>

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

Notes (continued)

11 Investments

	£000
Market value at 31 March 2011	1,061
Additions at cost	341
Disposals at opening market value	(293)
Gain on revaluation	43
	<hr/>
Market value at 31 March 2012	1,152
	<hr/> <hr/>

All investments are through regulated funds or are traded on a recognised investment exchange.

The following investments comprise more than 5% of the portfolio:

Cazenove Investment Fund Management Thornhill Capital Inc	110
Invesco Fund Managers IP Corporate Bond No Trail Acc	82
Traditional Funds Thames River Global Bond Sterling Acc	80
First State Investment Global Emerging Market Leaders B GBP NAV	77
Findlay Park Funds American USD Distribution	67
Capital Financial Managers Trojan Fund S Acc NAV	64
Neptune Investment Management Income B Acc NAV	62
Ruffer LLP CF Ruffer Total Return O Acc	60
Kames High Yield Bond B Institutional Distribution NAV	60
Artemis Fund Managers UK Special Situations Acc	58
Old Mutual Fund Managers Global Strategic Bond B Inc	58
	<hr/> <hr/>

12 Debtors

	2012 £000	2011 £000
Amounts owed by The HALO Trust (USA), Inc.	334	255
Other debtors	15	12
Prepayments	239	236
Accrued income	3,258	1,518
	<hr/>	<hr/>
	3,846	2,021
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

13 Creditors: amounts falling due within one year

	2012 £000	2011 £000
Trade creditors	187	100
Taxation and social security	50	55
Other creditors	15	13
Accruals	316	221
Deferred income	4,819	5,740
	<u>5,387</u>	<u>6,129</u>
<i>Deferred income</i>		£000
At 31 March 2011		5,740
Released during the year		(5,740)
Arising during the year		4,819
At 31 March 2012		<u>4,819</u>

14 Provision for liabilities and charges

	Pension obligations £000	Overseas severance liabilities £000	Total £000
At 31 March 2011	186	117	303
Utilised in the year	(18)	(83)	(101)
Provided in the year	13	107	120
At 31 March 2012	<u>181</u>	<u>141</u>	<u>322</u>

Pension obligations relate to the pension arrangements for a former trustee.

Overseas severance liabilities relate to provisions for severance to employees when they leave HALO in Sri Lanka and annual payments to staff in Angola and Somaliland.

Notes (continued)

15 Unrestricted funds

	Balance at 31 March 2011 £000	Income £000	Expenditure £000	Other recognised gains and losses £000	Transfer from restricted funds (note 9) £000	Balance at 31 March 2012 £000
Revaluation reserve	288	-	-	(139)	-	149
Other unrestricted funds	7,050	216	(1,314)	164	1,241	7,357
	<u>7,338</u>	<u>216</u>	<u>(1,314)</u>	<u>25</u>	<u>1,241</u>	<u>7,506</u>

16 Restricted funds

	Balance at 31 March 2011 £000	Income £000	Expenditure # £000	Transfers between funds £000	Balance at 31 March 2012 £000
Afghanistan	-	11,596	(11,612)	(16)	-
Angola	-	1,776	(1,553)	223	-
Cambodia	-	1,935	(1,925)	10	-
Colombia	-	13	(12)	1	-
Georgia	-	410	(404)	6	-
Ivory Coast	-	445	(442)	3	-
Kosovo	-	436	(425)	11	-
Mozambique	-	1,273	(1,249)	24	-
Somaliland	-	2,077	(2,074)	3	-
Sri Lanka	4	2,962	(2,964)	1	1
Zimbabwe	-	8	(8)	-	-
Other Global	-	185	(184)	(2)	-
Residual costs *	114	-	(56)	(244)	303
	<u>118</u>	<u>23,116</u>	<u>(22,910)</u>	<u>20</u>	<u>304</u>

* : These funds represent costs, including redundancy payments, which have been funded but are not payable within the contract period.

: This includes the headquarters costs transfer of £1,221,000 described in note 9.

Notes (continued)

17 Analysis of net assets between funds

	Fixed assets £000	Accrued income assets £000	Deferred income (liabilities) £000	Other current assets less liabilities due within one year £000	Provisions for liabilities and charges £000	Total £000
<i>Restricted funds</i>						
Afghanistan	-	721	(2,185)	1,464	-	-
Angola	-	398	(298)	(100)	-	-
Cambodia	-	308	(742)	434	-	-
Ivory Coast	-	145	-	(145)	-	-
Mozambique	-	270	(50)	(220)	-	-
Georgia	-	51	(87)	36	-	-
Kosovo	-	48	(111)	63	-	-
Somaliland	-	23	(479)	456	-	-
Sri Lanka	-	982	(809)	(172)	-	1
Zimbabwe	-	-	(58)	58	-	-
Other (global)	-	184	-	(184)	-	-
Residual costs	-	-	-	303	-	303
		3,130	(4,819)	1,993	-	304
<i>Unrestricted funds</i>	1,477	128	-	6,223	(322)	7,506
Total	1,477	3,258	(4,819)	8,216	(322)	7,810

18 Related party transactions: transactions with The HALO Trust (USA), Inc.

	Transactions in year £000	Outstanding at year end £000
Costs recharged (note 5)	383	57
Salary costs recharged (note 7)	443	42
Other expenses paid on behalf of The HALO Trust (USA), Inc.	1,110	235
	1,936	334

19 Contingent liabilities

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 the financial impact of this contingent liability.

20 Commitments

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

	2012 Land and Buildings £000	2011 Land and Buildings £000
Operating leases which expire: - In more than five years	-	21