

**The HALO Trust**  
(a company limited by guarantee)

Annual report and financial statements  
Company number 2228587  
Charity registration numbers  
1001813 and SC037870  
31 March 2009

## Contents

Trustees' annual report	1
Statement of Trustees' responsibilities in respect of the Trustees' Report and the financial statements	13
Independent Auditors' Report to the members of The HALO Trust	14
Statement of financial activities	16
Balance sheet	17
Cash flow statement	18
Notes	19

## Trustees' annual report

The Trustees, who are also directors of The HALO Trust for the purposes of the Companies Act 1985, present their annual report and the audited financial statements for the year ended 31 March 2009.

### Reference and administrative information

<b>Charity Name</b>	The HALO Trust	
<b>Charity registration numbers</b>	1001813 and SCO37870	
<b>Company registration number</b>	2228587	
<b>Business address</b>	Carronfoot Thornhill Dumfriesshire DG3 5BF	
<b>Directors and Trustees</b>	A L Grinling (Chairman) A J M Lowther-Pinkerton MVO MBE T P McMullen Dr D T Plesch A J G Wight OBE MC LVO	
<b>Chief Executive</b>	G N J Willoughby	
<b>Secretary</b>	N Fraser	
<b>Registered office</b>	125 Borough High Street London SE1 1NP	
<b>Auditors</b>	KPMG LLP 191 West George Street Glasgow G2 2LJ	
<b>Bankers</b>	Royal Bank of Scotland plc 36 St Andrew Square Edinburgh EH2 2YB	
<b>Legal advisors</b>	Harbottle Associates 2 Kentish Buildings 125 Borough High Street London SE1 1NP	Anderson Strathern WS 48 Castle Street Edinburgh EH2 3LX
<b>Investment advisors</b>	Thornhill Investment Management Limited Edinburgh Quay 133 Fountainbridge Edinburgh EH3 9QG	

## Trustees' annual report *(continued)*

### Structure

The company is a registered charity (registered in England and Wales - No. 1001813 and Scotland - No. SCO37870) incorporated under the Companies Act 1985 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

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 HALO operates in 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, financial issues, politics and international development. 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 advisors should they feel it appropriate. Trustees are also expected to undertake at least one country visit every two years to ensure they maintain a clear understanding of the operational process and environment.

The three or four meetings of the Board held each year also allow the communication of changes in regulation and ensure that the Trustees are kept up to date. In addition to the formal meetings, information and reports are sent to Trustees on a bi-monthly basis.

#### Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

## Trustees' annual report *(continued)*

### Management

The Trustees are responsible for the strategic direction of the organisation and the charity is organised in the way the Trustees think most suitable at the time - currently HALO and its allied organisation, The HALO Trust (USA), Inc. ("HALO USA"), employ over 7,500 indigenous mineclearers and 40 expatriate managers and technicians, all spread across HALO's international programmes. The UK headquarters are staffed by one director, five regional desk officers (SE Asia, Central Asia, Caucasus and Balkans, Horn of Africa, 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 - all of whom travel around and co-ordinate the overseas work and liaise with governments and sponsors.

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

Operational decision making in respect of programme management is delegated by the Trustees to the Chief Executive and senior management with strategic issues being reserved for Board decision. For example, expansion of an in-country programme would not normally require Board oversight as, once sufficient finance was in place, the additional work would be undertaken. However, expansion into new areas of operation that might be substantially different from that currently being undertaken would be reserved for the Board in the light of advice from the senior management team.

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 that HALO is exposed to 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 have necessary mine protection fitted, and regular monitoring visits by senior management, finance staff and UK-based medical advisors.

The Trustees also actively review the major financial risks which the charity faces on a regular basis and believe that maintaining free reserves at the levels stated, combined with ongoing 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 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;
- Security of working environments and staff – fortnightly security assessments are carried out and reported to headquarters;
- Key staff turnover – succession planning and staff and job rotation are regularly reviewed; 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 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 – allow teams to provide clearance based on priority humanitarian need;
- Explosive Ordnance Disposal (EOD) – provide specialist services to destroy or safely remove any items of unexploded ordnance which remains as debris of war (now referred to "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 guidance contained in 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 2008/09, HALO conducted mineclearance and associated programmes in Afghanistan, Cambodia, Angola, Mozambique, Georgia, Abkhazia, Nagorno Karabakh, Somaliland, Kosovo and Sri Lanka.

In brief, while our recorded expenditure grew by nearly £5 million from the previous financial year, the number of projects remained approximately the same, with nearly 200,000 landmines cleared, and over a million items of Unexploded Ordnance (UXO) disposed of. These results are all highly commendable.

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

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

## Trustees' annual report *(continued)*

### Activities *(continued)*

and also by

- European Commission Humanitarian Aid Office (ECHO) and Europe Aid Co-operation Office (AIDCO);
- The Reece Foundation;
- Association for Aid and Relief (AAR) Japan;
- Tokyo District of Rotary International;
- Actiefonds Mijnen Ruimen (AMR), formerly AntiLandmijnStichting (ALS);
- United Nations International Children's Emergency Fund (UNICEF); 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, as has the UK Government through the auspices of the Department for International Development (DFID), 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, if not impossible, 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 nor 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 we work in, 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.

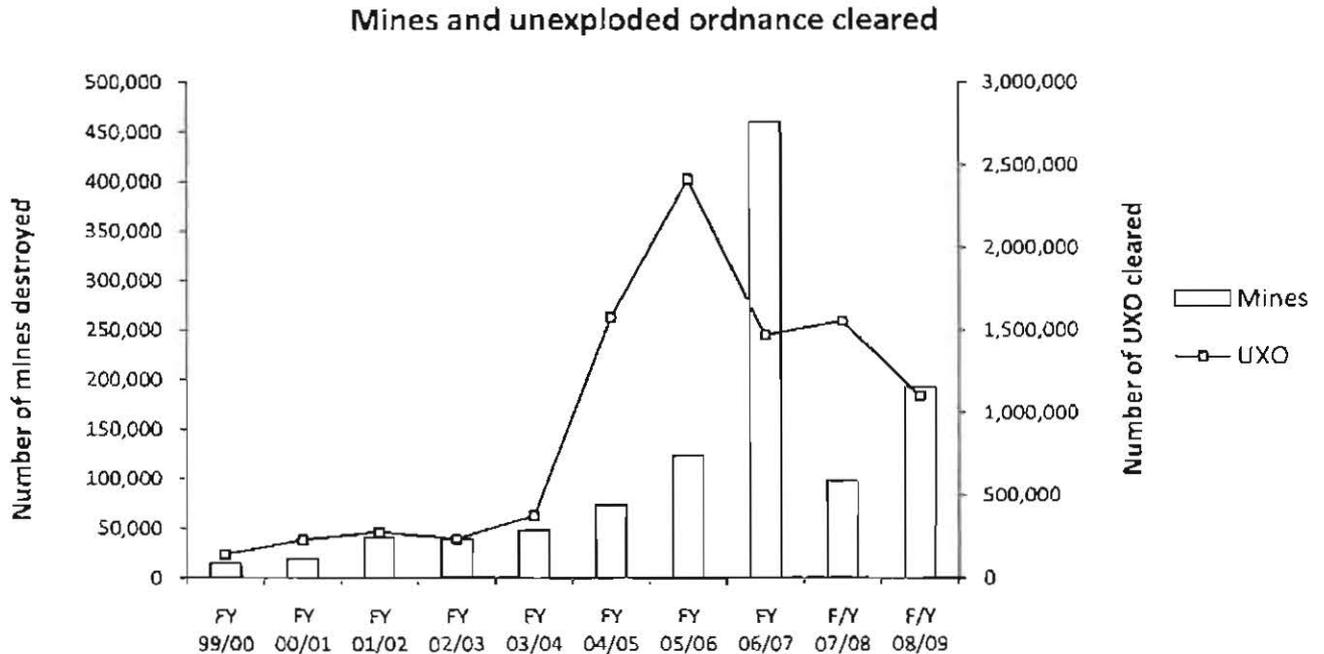
In the financial year 2008/09 the HALO teams destroyed a total of 192,582 mines and 1,100,738 UXO. In addition, over 600,000 rounds of small arms ammunition were destroyed.

The 7,500 staff working for HALO are supported by 147 "heavy" mechanical units and a further 40 mechanical ancillary systems - from vegetation cutters to medium wheeled loaders. HALO's total transport fleet has 1,330 vehicles, excluding trailers.

## Trustees' annual report *(continued)*

### Achievements *(continued)*

The graph below shows the number of mines destroyed during the year and the increased figure for UXO. It is worth noting the 2006/07 mines figure included a large number of stockpiled mines.



Including our clearance figures from the 1990s, HALO UK and HALO USA clearance figures for mines and ordnance reached 11,334,860 by 31 March 2009, in addition to destroying a staggering 46,011,189 rounds of small arms ammunition and 88,366 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 2,634 hectares (1,823 in 2007/08) of former minefields to local populations;
- over 51,644 people (41,990 in 2007/08) received Mine Risk Education;
- 1,803 Battlefield, Mineclearance and Explosive Ordnance Disposal tasks (2,791 in 2007/08) were completed; and
- Battlefield Area Clearance teams cleared over 12,795 hectares of land (13,163 in 2007/08) of unexploded and abandoned ammunition.

HALO's priorities for 2008/09 were set out in the 2008 annual report; these are noted below together with progress made on each objective:

- Expand mineclearance across the south and centre of Mozambique, so that the poorest villages can be lifted out of extreme poverty

*This was achieved, with clearance progressing in Maputo province in the south, and a new location established at Chimoio in the central province of Manica.*

- Expand mine and cluster bomb clearance in Kosovo so that the rural communities can develop through forestry, agriculture or indeed income generating tourism

*A full year of clearance was achieved – making it the first year that was not blocked or partially blocked by the UN controlling office since 2006.*

## Trustees' annual report *(continued)*

### Achievements *(continued)*

- Continue to expand clearance operations in Afghanistan, particularly in those villages where agricultural development is most hampered by landmines

*An extra 700 deminers were recruited, trained and equipped. These teams deployed in Herat province in the west and along the Ghorband valley linking Parwan and Bamyan provinces.*

- Continue to expand 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 inhibited by mines

*The HALO teams worked with the new National Disarmament campaign, mineclearance expanded into Huila province, and road clearance work continued on the Plan Alto and Cuando Cubango province.*

- Sustain and preferably expand or quicken mineclearance in Cambodia to reduce casualties and allow food production to increase

*HALO's clearance teams destroyed more mines than in any previous year, and without doubt agricultural production followed on and increased in intensity as each clearance task was completed.*

- Develop a sounder funding platform for Nagorno Karabakh's mineclearance and cluster bomb clearance – so that larger areas can be ploughed and cultivated

*Funding materialised during the year, and HALO responded by clearing more hectares of mines and cluster bombs than in previous years.*

- Deploy new Dual Sensor detectors to quicken up mineclearance, particularly in countries such as Somaliland, Angola and Afghanistan where minimal metal anti-tank mines impact on communities

*The new detectors were successfully deployed in West Afghanistan and used for finding minimal metal anti-tank mines, while units for Angola were shipped and prepared for training in March 2009. The deployment to Somaliland was delayed by slow processing of an export licence from the US authorities, though this was given the go ahead in the Spring of 2009.*

- Complete clearance in Abkhazia – unless the Kodori Valley opens up.

*Clearance was completed, but then the Kodori Valley did open up! The withdrawal of Georgian forces from the Kodori in August 2008 enabled HALO to survey 30 minefields and start clearance.*

- Complete clearance in Sri Lanka – unless the High Security Zone opens up.

*Clearance was complete in Jaffna, but then the High Security Zone did start to open up! In the last quarter of the financial year HALO had to ramp up its clearance in response to the movement of IDPs from the former LTTE controlled areas.*

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 and therefore remains the largest and most efficient independent operator in the world.

The main developments in 2008/09 have been our expansion into West Afghanistan, into Southern and Central Mozambique, and full resumption of operations in Kosovo.

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, Cambodia and Angola have now worked day-in, day-out on the minefields for 10-15 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.

## Trustees' annual report *(continued)*

### Achievements *(continued)*

#### HALO USA

Following the formation of The HALO Trust (USA), Inc. by The HALO Trust, HALO USA continues to grow through use of American funding (some \$18 million in 2008/09). The financial results of HALO USA are not included here. Both organisations complement each others 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 more than 3,500 Afghan staff. 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 Takar, over the higher rain-fed wheat plains and along the ridges used by villagers for grazing their sheep. Clearance of the sector of front line closest to Bagram has been almost 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). Meanwhile we have spread HALO's geographical Area of Operations west into Herat Province – where new funding provides for an additional 550 deminers to be trained and deployed during 2009. The disarmament (DDR) programme that HALO assists the UN's ANBP (Afghan New Beginnings Programme) has changed emphasis from redundant bulk ammunition and aged stockpile disposal to more detailed surveys of smaller caches that could be used by anti government elements for Improvised Explosive Devices (IEDs) – as the larger stockpiles have all been destroyed. The upsurge in fighting has restricted HALO's ability to expand into other new provinces, however there is still so much high priority humanitarian clearance in our current areas of work that our teams do not need to move into areas of poorer security.

#### *Cambodia*

Cambodia is still one of the most mine affected countries in the world, and HALO has managed to maintain 1,200 local staff, even though the collapse of European currencies against the US dollar has put considerable pressure on our local budgets. On the ground HALO continued main clearance work in Battambang, Banteay Meanchey, Krong Pailin and Oddar Meanchey provinces, and HALO averaged a clearance of 3,000 mines a month. The vast majority of civilian mines casualties occur in the villages that lie in, or near to the KS border mine belts, and this is where HALO concentrates effort. Work was 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 but desperate for land.

#### *Mozambique*

HALO's Baseline Survey Assessment of Southern and Central Mozambique identified over 500 minefields requiring clearance, and also concerns over mined pylon lines and the Zimbabwe border. While HALO undertook valuable demining in 2008/09 (nearly 1,000 mines cleared), much of the management time was spent informing, even "re-educating", the donor community on the impact of the landmines in the South and Centre of the country. HALO also worked closely with the Maputo Government in the preparation of their "Ottawa" Mine Ban Treaty extension request to 2014 that was then formally adopted in Geneva.

## Trustees' annual report *(continued)*

### Achievements *(continued)*

#### *Angola*

Angola, along with Afghanistan and Cambodia, is one of the three most mined countries in the world. HALO managed to maintain 1,200 demining staff through 2008/09, despite the impact of exchange rate moves in the last quarter of the financial year, and the loss of two key donors – the Swiss and Japanese Governments. High priority clearance continued across the provinces of Cuando Cubango, Bie, Huambo and Benguela – and initial intervention into Huila. HALO continued to clear on average a thousand mines each month. We continued the development of mechanical systems to clear minimal metal mines from roads, and this will be augmented in 2009 by a new vehicle mounted Ground Penetrating Radar. While clearance progress is notable, it is still too soon to forecast a completion date for clearance province by province – and any drop in demining team numbers due to the global recession will have a direct impact on future timeframes for achieving clearance out in the most mined rural communities. Even if deminer numbers do tail off in 2009, HALO will be working hard to ensure that by early 2010 the numbers will be back up to levels of around 1,200.

#### *Somaliland*

HALO is still the only mineclearance organisation conducting humanitarian mineclearance and unexploded ordnance disposal in Somaliland. In 2008 HALO increased the speed of its demining operations by introducing an upgraded metal detector capable of working in the extreme laterite soils common across much of the country – with the result that manual clearance teams doubled their cleared area (to ½ million sq m) from the previous year. 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 to four years. The introduction of new Dual Sensor detectors may quicken up clearance even further. Timeframes will become easier to gauge when the HALO re-survey of Somaliland is completed in mid-2009. HALO did not move any demining assets across to Puntland or down to Mogadishu, as security conditions did not allow the running of any projects that we thought would be a worthwhile use of donor funds.

#### *Abkhazia*

The integrated manual and mechanical mineclearance programme continued in the Spring and first part of the Summer of 2008 at a pace that suggested we might be able to declare Abkhazia “Mine Impact Free” by the end of 2008 – bar the contested Upper Kodori Valley. Political events intervened, with a Georgian military intervention into South Ossetia in August and an almost immediate reaction from the Russian army with a counter-offensive through South Ossetia and into Georgia “proper”. The knock-on effect in Abkhazia was a total withdrawal of Georgian troops and police from the Upper Kodori Valley. As villagers started to return to their homes, HALO quickly conducted an emergency survey and clearance of abandoned and unexploded ordnance. Over 30 minefields, some newly laid by Georgian forces, were identified.

#### *Georgia*

With the cessation of hostilities between Georgia and Russia in mid-August 2008, HALO was asked by the Tbilisi Government and the international donor community to survey and conduct emergency clearance of any mines, unexploded ordnance and cluster bombs in the affected villages north of Gori. HALO established initial survey teams, and then 24 clearance teams that deployed as the Russian army moved north away from the conflict zone. HALO also established an information data base and service that was used by all the support relief agencies. By the end of March 2009 the majority of clearance had been completed, with a forecast timeframe of final clearance requirements over the early Summer months of 2009. HALO also visited South Ossetia as the first part of a more detailed assessment of the impact of explosive remnants of war.

## Trustees' annual report *(continued)*

### *Achievements (continued)*

#### *Nagorno Karabakh*

The programme continued with around 250 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 to significantly reduce the years that mines still impact on communities. The "losers" are of course the local population, who will be at risk of death and injury for longer, and be unable to safely plough their land. However, the existing funds were utilised to the best of our abilities, fifty extra staff were recruited and with improved weather we managed to increase manual clearance from 460 hectares to 600 hectares and Battle Area Clearance of cluster bombs from 2,000 hectares to over 4,000 over the last two years.

#### *Kosovo*

The change around and achievements by HALO in Kosovo during 2008/09 were very considerable, and as such we have kept in this text the notes from last year, for reference:

By the start of the new financial year in April 2008, the HALO community survey of Kosovo had identified 147 hazardous areas, up from the UN's earlier figure of 16. Continued survey into the summer took the total number of hazardous areas to 172. For Quality Assurance for these community surveys, HALO detached to the Kosovo programme a rotation of our most senior international staff. With funding from the Czech Government, HALO once again brought its Kosovar deminers back to employment and completed their retraining, only to be stopped by UN officials 24 hours before deployment in September. HALO then took legal advice from Prof Philippe Sands QC at Matrix chambers in London and held meetings with the newly recognised President and Prime Minister of independent Kosovo. As a result, HALO again started retraining of deminers and were assured by the new UN General that there would be no further hindrance of HALO deployment. Sadly this was not in time to prevent eight human casualties on cluster bombs in the preceding months, including on one of the very sites that HALO was stopped from working on.

During 2008/09 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 eight years previously, the HALO teams still cleared 36 mines and 206 cluster bombs. None of these hazardous items were in "remote" forests – but were all in high priority village areas. Furthermore, the UN changed their 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, and it is hoped that these will be joined by international donor funding as part of a global commitment to destroy cluster bombs and landmines.

#### *Sri Lanka*

During the first part of the year we had 350 staff clearing the final tasks remaining in Jaffna that lay outside the military imposed "High Security Zone", where civilians were not yet allowed to return to or farm. By the late Autumn most of our deminers were laid-off as work was completed, and in December we commenced moth-balling our vehicles and equipment. Since starting work in Jaffna in 2002 and through to the end of 2008 we had cleared a total of 50,224 mines.

However, in the first three months of 2009 the Sri Lankan army made very considerable advances against the LTTE and captured the whole of the Vanni region, forcing the LTTE into a small slither of land of perhaps four square miles near Mullitaivu. One result was a surge of IDPs across the north of the country and a need for the government to decide where to let them settle. HALO was tasked to clear more mined ground, and by the end of March was surveying areas that had previously been denied to the civilian population, and working out our own plans to rapidly expand by re-employing many of our staff.

## Trustees' annual report *(continued)*

### Financial review

The financial statements of the charity can be found on pages 16 to 27. These financial statements have been prepared in accordance with current statutory requirements and the charity's governing document.

The application of the charity's funds are detailed in notes two and four on pages 21 and 22.

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 The Netherlands, request HALO conducts humanitarian mineclearance for a given period, normally six, 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 78 programmes, over half are on-going into the new financial year with funds totally committed to contracted work plans. The continuing support of our donors is reflected in the increased income generated which, in turn, allows HALO to clear more mines and UXO. During the year incoming resources increased to £23 million which allowed our work to continue in all programmes and the expansion into West Afghanistan. This continued support for operations took resources expended within the year to just under £23 million, including the use of core funds to support the programmes in Kosovo and Mozambique while efforts were made to grow the donor base in these programmes, allowing HALO to continue to clear the large number of mines and UXO detailed on pages 5 and 6.

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

### Funding and reserves

The Trustees consider it appropriate to hold up to three months total expenditure as free reserves which allows HALO to respond quickly to emergency humanitarian situations, start mineclearance in new areas while the donor base is being established and to meet non-donor funded closure costs once areas are declared mine free.

At 31 March 2009 HALO's free reserves were £3,526,000; the Trustees consider this level of reserves to be in line with the above policy.

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

### Investments

The performance of the investments is continually monitored and reported on a quarterly basis. Performance is measured against the following indices: FTSE 100 and FTSE All-World (Excluding UK). In addition to these measures the Investment Managers will provide regional benchmarks in order to compare regional returns.

The relative performance against the benchmarks above is provided below:

	2008/09 % Change
Investment Portfolio	-28.8
FTSE 100	-31.1
FTSE All-World (ExUK)	-22.0
FT Gilts 5-15 Years	8.8

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.

## Trustees' annual report *(continued)*

### Plans for future periods

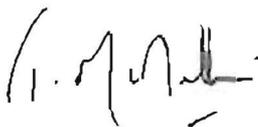
Looking ahead, HALO will continue to maintain our standards and strive for more efficient and effective operations. In line with our charitable objectives and to ensure maximum public benefit from our activities, the major projects that HALO will undertake in the immediate future will continue to aim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

- Expand mineclearance across the south and centre of Mozambique, so that the poorest villages can be lifted out of extreme poverty – and survey the Mozambique/Zimbabwe border to identify the impact of mines on rural communities each side of the border;
- Expand 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;
- Continue to expand 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 inhibited by mines;
- Sustain and preferably expand or quicken mineclearance in Cambodia to reduce casualties and allow food production to increase – and complete a new baseline survey of NW Cambodia;
- Renew clearance in Sri Lanka in response to the movement of IDPs following the considerable change in the military-political landscape after the early 2009 advances of the Sri Lankan army;
- Develop a sounder funding platform for Nagorno Karabakh's mineclearance and clusterbomb clearance – so that larger areas can be ploughed and cultivated;
- Deploy new Dual Sensor detectors to quicken up mineclearance in Somaliland and Angola where minimal metal anti-tank mines impact on communities, and detector deployment was delayed in 2008/09;
- Complete the re-survey of Somaliland;
- Complete clearance of cluster bombs in the villages north of Gori in Georgia, following the short war of August 2008, and endeavour to commence clearance in South Ossetia;
- Continue clearance in the Upper Kodori Valley of Abkhazia;
- Review the clearance priorities in Colombia following the invitation from the government in Bogota; and
- Aim to have a similar or greater number of deminers employed at year end March 2010 as at October 2008 when the global credit crunch crunched – proving that HALO can ride out an economic recession and continue to assist the most impoverished communities.

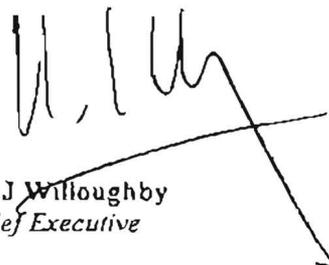
### Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors 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:



TP McMullen  
*Trustee*



GNJ Willoughby  
*Chief Executive*

125 Borough High Street  
London SE1 1NP

11 June 2009

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

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the charitable company and of the excess of income over expenditure 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its financial statements comply with the Companies Act 1985. 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 Auditors' 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 2009 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with section 235 of the Companies Act 1985, 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 auditors**

The responsibilities of the charitable company's trustees, who are also the directors of The HALO Trust for the purposes of company law, for preparing the financial statements in accordance with applicable law and UK accounting standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities on page 13.

We have been appointed as auditors under section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 1985 and report to you in accordance with those Acts. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you whether in our opinion the information given in the Trustees' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if the charitable company's financial statements are not in agreement with these accounting records, if we have not received all the information specified by law regarding trustees' remuneration and transactions with the charitable company is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

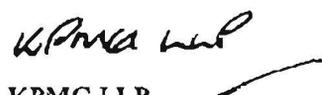
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

## Independent Auditors' Report to the trustees and members of The HALO Trust (continued)

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 March 2009 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006; and
- the information given in the Trustees' Report is consistent with the financial statements.



**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*

15 June 2009

Eligible to act as an auditor in terms of section 25 of the Companies Act 1989

**Statement of financial activities**  
(including an income and expenditure account)  
for the year ended 31 March 2009

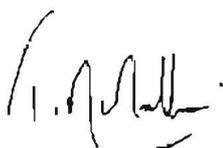
	Notes	Unrestricted funds £000	Restricted funds £000	2009 Total £000	2008 Total £000
<b>Incoming resources</b>					
<i>Incoming resources from generated funds</i>					
Voluntary income		120	22,970	23,090	18,340
Investment income	3	312	31	343	949
<b>Total incoming resources</b>		<b>432</b>	<b>23,001</b>	<b>23,433</b>	<b>19,289</b>
<b>Resources expended</b>					
Cost of generating funds: investment management costs					
		8	-	8	9
Charitable activities	2	1,648	21,318	22,966	17,954
Governance costs	5	29	-	29	48
<b>Total resources expended</b>		<b>1,685</b>	<b>21,318</b>	<b>23,003</b>	<b>18,011</b>
<b>Net incoming resources before transfers</b>					
Gross transfers between funds	8	(1,253)	1,683	430	1,278
		1,652	(1,652)	-	-
<b>Net incoming resources before other recognised gains and losses</b>		<b>399</b>	<b>31</b>	<b>430</b>	<b>1,278</b>
Other recognised gains and losses					
Gains/(losses) on investment assets		(304)	-	(304)	(71)
<b>Net movements in funds</b>		<b>95</b>	<b>31</b>	<b>126</b>	<b>1,207</b>
<b>Reconciliation of funds</b>					
Balance brought forward at 1 April 2008		6,465	14	6,479	5,272
<b>Balance carried forward at 31 March 2009</b>		<b>6,560</b>	<b>45</b>	<b>6,605</b>	<b>6,479</b>

All of the charity's activities are continuing.

**Balance sheet**  
31 March 2009

	<i>Note</i>	2009		2008	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Tangible assets	9		186		184
Investments	10		788		1,107
			974		1,291
<b>Current assets</b>					
Stock		801		874	
Debtors	11	2,673		2,386	
Cash at bank		7,466		10,384	
		10,940		13,644	
Creditors: amounts falling due within one year	12	(4,945)		(8,456)	
<b>Net current assets</b>			5,995		5,188
<b>Total assets less current liabilities</b>			6,969		6,479
Provisions for liabilities	13		(364)		-
<b>Net assets</b>			6,605		6,479
<b>Funds</b>					
<i>Unrestricted funds</i>					
General			6,560		6,358
Revaluation reserve			-		107
			6,560		6,465
Restricted funds	14		45		14
<b>Total funds</b>	15		6,605		6,479

The financial statements were approved by the Board of Trustees on 11 June 2009 and were signed on its behalf by:



TP McMullen  
Trustee



GNJ Willoughby  
Chief Executive

## Cash flow statement

For the year ended 31 March 2009

	<i>Note</i>	2009 £000	2008 £000
<b>Net cash inflow from operating activities</b>	<i>17.1</i>	(3,675)	1,919
<b>Returns on investments and servicing of finance</b>			
Interest received		806	949
<b>Capital expenditure and financial investments</b>			
Payments to acquire tangible fixed assets		(78)	(44)
Proceeds from sales of tangible fixed assets		14	-
Payments to acquire investments		(428)	(48)
Proceeds from sales of investments		443	64
		(49)	(28)
<b>(Decrease)/increase in cash</b>	<i>17.2</i>	(2,918)	2,840
Cash used to increase liquid resources			-
Cash from liquid resources		1,825	1,571
<b>Movement in cash in period</b>		(1,093)	4,411

Note 17 forms an integral part of this cash flow statement.

## 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 Act 1993, the Companies Act 1985 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 Companies Act 1985, Schedule 9, 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 are earmarked at the discretion of the trustees for a particular purpose, they are 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 – grants from international authorities*

Income from the United Nations and various national governments is recognised as voluntary income in restricted funds when receivable. The proportion recognised as incoming resources at the year end is equivalent to the field project expenditure at that date as it is considered that this is when the funding conditions have been met; 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.

#### *Voluntary income - donations and gifts*

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.

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 also be included in resources expended on overseas projects.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Resources expended*

All monies and assets transferred to countries in which the charity is engaged in charitable projects are charged directly to field project expenditure and included under charitable activities. Where this expenditure is funded by donors it is restricted expenditure as all donor contracts are included within restricted funds; other field project expenditure is included in unrestricted funds.

Costs of managing and administering the charity 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 is included within resources expended on charitable activities.

#### *Post-retirement benefits*

The company contributes to personal pension plans on behalf of certain employees of the charity. 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.

## Notes (continued)

### 1 Accounting policies (continued)

#### 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, less overdrafts payable 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 recognised by HM Revenue and Customs as a charity for the purposes of section 505 of the Income and Corporation Taxes Act 1988 and is therefore not subject to taxation on its charitable activities. The charity is able to reclaim all UK input VAT.

### 2 Charitable activities

The charity's Trustees consider that there is only one activity (clearance of landmines and other small ordnance) which is carried out in various worldwide locations, although HALO will (with Donor authority) 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)	(note 4)	
	£000	£000	(unrestricted)	£000
			£000	
Afghanistan	10,734	4	309	11,047
Angola	2,523	142	77	2,742
Cambodia	2,660	32	77	2,769
Georgia	828	81	26	935
Kosovo	47	236	8	291
Mozambique	697	290	29	1,016
Nagorno Karabakh	654	2	19	675
Somaliland	1,473	194	48	1,715
Sri Lanka	282	2	8	292
Weapons and Ammunition Destruction (WAD)	1,420	6	41	1,467
Other	-	-	17	17
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total</b>	<b>21,318</b>	<b>989</b>	<b>659</b>	<b>22,966</b>
	<hr/>	<hr/>	<hr/>	<hr/>

All costs which can be directly attributed to contracts have been allocated and are shown in restricted funds; other field project expenditure 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.

## Notes (continued)

### 3 Interest receivable and similar income

	2009 £000	2008 £000
Bank interest receivable	264	231
Foreign exchange gains	66	689
Investment income	13	29
	343	949
	343	949

Included within the £343,000 of interest receivable and similar income is £31,000 relating to restricted funds (2008: £nil).

### 4 Support costs

	2009 £000	2008 £000
Support staff remuneration	424	371
Pension to former trustee	181	16
Vehicle and equipment costs	23	16
Communication costs	16	5
Property costs	49	36
Travel costs	19	10
Other support costs	35	29
Overseas support costs	16	300
Depreciation	62	61
Recharge to The HALO Trust (USA) Inc (note 16)	(166)	(136)
	659	708
	659	708

All support costs relate to charitable activities.

### 5 Governance costs

	2009 £000	2008 £000
Legal fees	3	23
Audit fee – external audit	23	23
Board expenses	3	2
	29	48
	29	48

## Notes (continued)

### 6 Trustees and employees

	2009 £000	2008 £000
<i>Staff costs</i>		
Wages and salaries	11,092	8,633
Social security costs	126	128
Other costs and pension costs	231	34
	11,449	8,795
Recharged to The HALO Trust (USA) Inc (note 16)	(269)	(299)
	11,180	8,496

The figures include wages and salary costs of local deminers and support staff incurred in the countries in which HALO undertakes projects. During the year ended 31 March 2009, approximately 5,414 local deminers and support staff were employed by The HALO Trust.

Included within these costs is £181,000 (2008: £16,000) relating to the pension arrangements of a former trustee.

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.

	2009 Number	2008 Number
Directors	-	1
Administration	5	6
Direct project personnel	34	33
	39	40
	39	40

No trustees received any remuneration in the year (2008: one trustee received remuneration of £77,000 and pension contributions of £6,000; 30% of this was been recharged to The HALO Trust (USA), Inc and is included in the recharge shown in note 4 above). Expenses of £3,000 (2008: £Nil) were paid to three (2008: nil) trustees for travel and accommodation.

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

	2009 Number	2008 Number
£150,001 - £160,001	1	-
£130,001 - £140,000	-	1
£90,001 - £100,000	1	-
£80,001 - £90,000	2	2
£70,001 - £80,000	3	3
£60,001 - £70,000	1	1
	8	7
	8	7

The charity contributed £27,000 (2008: £20,000) to personal pension schemes on behalf of six (2008: six) employees.

## Notes (continued)

### 7 Net incoming resources

Net incoming resources are stated after charging:

	2009 £000	2008 £000
Depreciation and other amounts written off tangible fixed assets	62	61
<i>Auditors' remuneration</i>		
Audit of these financial statements	23	23
Amounts receivable by the auditors and their associates in respect of:		
All other services	43	28

### 8 Transfer between funds

	Unrestricted £000	Restricted £000	Total £000
Headquarters costs	2,039	(2,039)	-
Expenditure support	(387)	387	-
	<u>1,652</u>	<u>(1,652)</u>	<u>-</u>

A transfer of £2,039,000 (2008: £1,155,000) 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 between 3% and 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.

A transfer of £387,000 (2008: £107,000) was made from unrestricted funds to restricted funds to support expenditure within the year.

### 9 Tangible fixed assets

	Leasehold property £000	Freehold property £000	Fixtures, fittings & office equipment £000	Motor vehicles £000	Total £000
<i>Cost</i>					
At beginning of year	5	131	144	163	443
Additions	-	5	23	50	78
Disposals	-	-	(25)	(25)	(50)
	<u>5</u>	<u>136</u>	<u>142</u>	<u>188</u>	<u>471</u>
<i>Depreciation</i>					
At beginning of year	2	67	112	78	259
Charge for year	3	7	22	30	62
Disposals	-	-	(25)	(11)	(36)
	<u>5</u>	<u>74</u>	<u>109</u>	<u>97</u>	<u>285</u>
<i>Net book value</i>					
At 31 March 2009	<u>-</u>	<u>62</u>	<u>33</u>	<u>91</u>	<u>186</u>
At 31 March 2008	<u>5</u>	<u>64</u>	<u>32</u>	<u>85</u>	<u>184</u>

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

## Notes (continued)

### 10 Investments

	£000
Market value at 31 March 2008	1,107
Additions at cost	428
Disposals at market value	(551)
Loss on revaluation	(196)
	<hr/>
Market value at 31 March 2009	788
	<hr/> <hr/>

All of the investments are held on the UK stock exchanges.

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

	£000
Blackrock UK Dynamic Fund Income Units	79
Thornhill Capital Inc	75
M&G Strategic Corporate Bond Sterling Class A Income	61
Cazenove UK Corporate Bond Distribution Retail	59
UBS US Equity Fund Class B Acc	56
Schroder Strategic Bond Fund Acc Units	40
Fidelity South East Asia Acc (OEIC)	40

### 11 Debtors

	2009	2008
	£000	£000
Amounts owed by the HALO Trust (USA) Inc	112	224
Other debtors	18	69
Prepayments	203	272
Accrued income	2,340	1,821
	<hr/>	<hr/>
	2,673	2,386
	<hr/> <hr/>	<hr/> <hr/>

### 12 Creditors: Amounts falling due within one year

	2009	2008
	£000	£000
Trade creditors	173	479
Taxation and social security	102	42
Other creditors	3	15
Accruals	279	890
Deferred income	4,387	7,030
	<hr/>	<hr/>
	4,945	8,456
	<hr/> <hr/>	<hr/> <hr/>
<i>Deferred income</i>		£000
At 31 March 2008		7,030
Released during the year		(7,030)
Arising during the year		4,387
		<hr/>
At 31 March 2009		4,387
		<hr/> <hr/>

## Notes (continued)

### 13 Provision for liabilities and charges

	£000
At 31 March 2008	-
<i>Provided in year:</i>	
Pension obligations	164
Overseas severance liabilities	200
	364
At 31 March 2009	364

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

Overseas severance liabilities relate to the requirement to pay severance to employees when they leave HALO in Somaliland.

### 14 Restricted funds

	Balance at 31 March 2008 £000	Income £000	Expenditure <sup>#</sup> £000	Transfers between funds £000	Balance at 31 March 2009 £000
Afghanistan	-	11,090	(11,349)	259	-
Angola	-	2,781	(2,648)	(133)	-
Cambodia	-	2,765	(2,810)	45	-
Mozambique	-	702	(722)	20	-
Georgia	-	830	(858)	28	-
Kosovo	-	50	(50)	-	-
Nagorno Karabakh	-	700	(725)	25	-
Somaliland	-	1,505	(1,623)	118	-
WAD	-	1,484	(1,510)	26	-
Sri Lanka	14	307	(275)	(1)	45
	14	22,214	(22,570)	387	45
	14	22,214	(22,570)	387	45

<sup>#</sup>: This includes the headquarters costs transfer of £1,576,000 described in note 8.

### 15 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	-	565	(2,057)	1,492	-	-
Angola	-	1,213	-	(1,213)	-	-
Cambodia	-	93	(321)	228	-	-
Mozambique	-	-	(806)	806	-	-
Georgia	-	85	(7)	(78)	-	-
Kosovo	-	-	(348)	348	-	-
Nagorno Karabakh	-	-	(199)	199	-	-
Somaliland	-	39	(577)	538	-	-
WAD	-	345	(23)	(322)	-	-
Sri Lanka	-	-	(49)	94	-	45
	-	2,340	(4,387)	2,092	-	45
<i>Unrestricted funds</i>	974	-	-	5,950	(364)	6,560
	974	2,340	(4,387)	8,042	(364)	6,605
	974	2,340	(4,387)	8,042	(364)	6,605

**Notes (continued)**

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

	Transactions in year £000	Outstanding at year end £000
Costs recharged (note 4)	166	-
Salary costs recharged (note 6)	269	-
Other expenses paid on behalf of The HALO Trust (USA), Inc.	945	112
	1,380	112
	1,380	112

**17 Notes to the cash flow statement**

**17.1 Reconciliation of operating deficit to net cash movement from operating activities**

	2009 £000	2008 £000
Net incoming resources before other recognised gains and losses	430	1,278
Interest receivable	(806)	(949)
Depreciation charges	62	61
Loss on disposal of fixed assets	-	2
(Increase)/decrease in stock	73	(191)
(Increase)/decrease in debtors	(287)	(608)
Increase/(decrease) in creditors due within one year	(3,511)	2,326
Increase/(decrease) in provisions for liabilities and charges	364	-
	(3,675)	1,919
	(3,675)	1,919

**17.2 Reconciliation of net cash flow to movements in net funds**

	At 1 April 2008 £000	Cash flow £000	At 31 March 2009 £000
Cash at bank at in hand	5,695	(1,093)	4,602
Liquid resources	4,689	(1,825)	2,864
	10,384	(2,918)	7,466
	10,384	(2,918)	7,466

**18 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.

**19 Commitments**

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

	2009 Land and Buildings £000	2008 Land and Buildings £000
Operating leases which expire: In more than five years	21	21
	21	21
	21	21

## **Appendix**

### **Pro forma US Dollar and Euro Accounts**

The financial information presented within this appendix represents extracts from the financial statements presented in US dollars and Euros and does not form part of the audited financial statements of the company.

The following accounting policy has been applied in the preparation of information in this appendix.

Monetary assets and liabilities denominated in currencies other than US dollars / Euros are translated into US dollars / Euros at the rates of exchange prevailing at the balance sheet date. Income and expenditure items are translated at the average exchange rates for the period. Exchange differences arising from the retranslation of opening reserves and for the difference between average and closing rates on the net result for the year are shown on the balance sheet as retranslation differences in reserves.

**Pro forma US Dollar accounts**  
**Unaudited statement of financial activities**  
*(including an income and expenditure account)*  
*for the year ended 31 March 2009*

	Unrestricted Funds \$000	Restricted funds \$000	2009 Total \$000	2008 Total \$000
<b>Income and expenditure</b>				
<i>Incoming resources</i>				
Voluntary income	203	38,773	38,976	36,817
Investment income	526	53	579	1,905
	<hr/>	<hr/>	<hr/>	<hr/>
Total incoming resources	729	38,826	39,555	38,706
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Resources expended</b>				
<i>Cost of generating funds</i>				
Investment management costs	14	-	14	18
Charitable activities	2,782	35,984	38,766	36,042
Governance costs	49	-	49	96
	<hr/>	<hr/>	<hr/>	<hr/>
Total resources expended	2,845	35,984	38,829	36,156
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net incoming/(outgoing) resources before transfers</b>	(2,116)	2,842	726	2,550
Gross transfers between funds	2,788	(2,788)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net incoming/(outgoing) resources before other recognised gains and losses</b>	672	54	726	2,550
<b>Other recognised gains/losses</b>				
Gains/Losses on investment assets	(513)	-	(513)	(144)
	<hr/>	<hr/>	<hr/>	<hr/>
Net movements in funds	159	54	213	2,406
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Reconciliation of funds</b>				
Balance brought forward at beginning of year	12,896	28	12,924	10,341
Retranslation differences	(3,742)	(16)	(3,758)	177
	<hr/>	<hr/>	<hr/>	<hr/>
Balance carried forward at end of year	9,313	66	9,379	12,924
	<hr/>	<hr/>	<hr/>	<hr/>

**Pro forma US dollar accounts**  
**Unaudited balance sheet**  
*31 March 2009*

	2009	2008
	\$000	\$000
<b>Fixed assets</b>		
Tangible assets	1,384	2,576
<b>Current assets</b>		
Stock	1,137	1,744
Debtors	3,795	4,760
Cash at bank and in hand	10,602	20,715
	<u>15,534</u>	<u>27,219</u>
Creditors: amounts falling due within one year	(7,021)	(16,871)
	<u>8,513</u>	<u>10,348</u>
<b>Net current assets</b>		
	8,513	10,348
<b>Total assets</b>	<u>9,897</u>	<u>12,924</u>
<b>Provisions for liabilities and charges</b>	(518)	-
	<u>9,379</u>	<u>12,924</u>
<b>Net assets</b>	<u>9,379</u>	<u>12,924</u>
<b>Funds</b>		
Unrestricted funds	9,313	12,683
Unrealised gain	-	213
	<u>9,313</u>	<u>12,896</u>
Restricted funds	66	28
	<u>9,379</u>	<u>12,924</u>
<b>Total funds</b>	<u>9,379</u>	<u>12,924</u>

**Pro forma Euro accounts**  
**Unaudited statement of financial activities**  
*(including an income and expenditure account)*  
*for the year ended 31 March 2009*

	Unrestricted Funds €000	Restricted funds €000	2009 Total €000	2008 Total €000
<b>Income and expenditure</b>				
<i>Incoming resources</i>				
Voluntary income	144	27,472	27,616	45
Investment income	373	37	410	27,326
Total incoming resources	517	27,509	28,026	27,371
<b>Resources expended</b>				
<i>Cost of generating funds</i>				
Investment management costs	10	-	10	13
Charitable activities	1,971	25,496	27,467	25,477
Governance costs	35	-	35	68
Total resources expended	2,016	25,496	27,512	25,558
<b>Net incoming/(outgoing) resources before transfers</b>	<b>(1,499)</b>	<b>2,013</b>	<b>514</b>	<b>1,813</b>
Gross transfers between funds	1,976	(1,976)	-	-
<b>Net incoming/(outgoing) resources before other recognised gains and losses</b>	<b>477</b>	<b>37</b>	<b>514</b>	<b>1,813</b>
<b>Other recognised gains/losses</b>				
Gains/Losses on investment assets	(364)	-	(364)	(90)
Net movements in funds	113	37	150	1,723
Reconciliation of funds				
Balance brought forward	8,081	18	8,099	7,750
Retranslation differences	(1,133)	(7)	(1,140)	(1,374)
Balance carried forward	7,061	48	7,109	8,099

**Pro forma Euro accounts**  
**Unaudited balance sheet**  
*31 March 2009*

	2009	2008
	€000	€000
<b>Fixed assets</b>		
Tangible assets	1,049	1,614
<b>Current assets</b>		
Stock	862	1,093
Debtors	2,876	2,983
Cash at bank and in hand	8,036	12,980
	<u>11,774</u>	<u>17,056</u>
Creditors: amounts falling due within one year	(5,322)	(10,571)
	<u>6,452</u>	<u>6,485</u>
<b>Net current assets</b>		
	6,452	6,485
<b>Total assets</b>	<u>7,501</u>	<u>8,099</u>
Provisions for liabilities and charges	(392)	-
	<u>7,109</u>	<u>8,099</u>
<b>Net assets</b>		
	7,109	8,099
<b>Funds</b>		
Unrestricted funds	7,061	7,948
Unrealised gain	-	133
	<u>7,061</u>	<u>8,081</u>
Restricted funds	48	18
	<u>7,109</u>	<u>8,099</u>
<b>Total funds</b>		
	<u>7,109</u>	<u>8,099</u>