



## **HFHGB (Homes)**

(Company Limited by Guarantee)

### **TRUSTEES' REPORT AND**

### **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023**

**Registered Company No: 03155218**

**Registered Charity No: 1053213**

## **HFHGB (Homes)**

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## **HfHGB (Homes)**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023**

The Trustees are pleased to present their report together with the financial statements for the year ended 30th June 2023.

#### **Reference and Administrative details**

Registered Office

93 Gordon Road, London, SE15 3RR

*\*Please note that the above office site is currently being marketed for sale. Post is still being collected periodically there and the building still exists as our registered address. However, a new registered address will be needed once the sale has been completed.*

Bankers

CAF Bank Ltd, 25 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4JQ

Auditors

Knox Cropper LLP, 65/68 Leadenhall Street, London, EC3A 2AD

Solicitors

Bates, Wells and Braithwaite London LLP, 2-6 Cannon Street, London, EC4M 6YH

Chief Executive

David Clare

Trustees of the Company

HfHGB (Homes) Trustees serve as directors of the company and members of the Board of Trustees. The following were members of the Board of Trustees during the year:

Allstair Mugford (Chair)

Brian Clark

Sarah Lewis

Ian Whitehead (appointed 03/10/2022)

Gordon Holmes (appointed 03/10/2022)

HfHGB National Director (ex Officio Post)

The Trustees confirm that the annual report and financial statements comply with current statutory requirements, the requirements of the charity's governing document and the provisions of the statement of recommended practice SORP (FRS 102) "accounting and reporting by charities" (effective January 2019).

#### **Structure and Governance and Management**

HfHGB (Homes) (registered charity number 1053212) is constituted as a company limited by guarantee (registered number 3155218) and is therefore governed by its memorandum and articles of association. During the year, its sole member Habitat for Humanity Great Britain, and each Trustee had a legal liability of £10 each. Legal responsibility for the management and stewardship of the charity is vested in the Board of Trustees.

Strategic decisions and operational guidelines are made by the Board of Trustees, but the operations are managed by staff overseen by the board. Any decisions that affect the strategic vision of the charity are referred to the Board for a final decision to be taken.

## **HFHGB (HOMES)**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023**

#### **Related Party Transactions**

As of 30th June 2012, HfHGB (Homes) became the sole subsidiary of Habitat for Humanity Great Britain, and HfHGB is the sole member and PSC (Person of Significant Control) of the HfHGB (Homes) board, whose national director became an ex officio member of the HfHGB (Homes) board from this date by extension of the sole membership. This relationship affected our accounts in that some of our funding was raised by HfH International (the parent charity in the USA) and passed to HfHGB (Homes) via Habitat for Humanity Great Britain. Where funds are passed through in this way no deduction is made by Habitat for Humanity Great Britain (HfHGB). If HfHGB are actively involved in fundraising for the donation, then a sum will be retained by them to cover fundraising costs. During the year under review three HfHGB trustees (Mr Alistair Mugford, Mr Gordon Holmes and Mr Ian Whitehead) were also trustees of HfHGB (Homes). In October 2019 the trustees of Habitat for Humanity Great Britain decided that a merger of the two charities was strategically desirable. Detailed planning was interrupted by the Covid Pandemic. In October 2020, the boards of HfHGB and HfHGB (Homes) established a sub-committee comprising trustees from both organisations to implement the merger proposal. This proposal is still being discussed and developed at the end of the financial year, and is yet to reach a conclusion, but there is significantly more operational collaboration happening between the staff teams in preparation for the merger, anticipated to take place during calendar year 2024.

#### **Appointment and Recruitment of Trustees**

Trustees are appointed by the Board of Trustees based on the skills needed by the board and the skills of potential board members. The trustees currently meet quarterly to review strategy and operational management.

#### **Trustee Induction and Training**

New trustees undergo an induction when they are appointed, to brief them on their legal obligations under charity and company law, the aims and procedures of the charity, the content of the memorandum and articles of association, the board and decision-making process, the business plan and recent financial performance of the charity. The trustee body as a whole is kept up to date with legal and statutory requirements via briefings. Updates are circulated of changes that may affect governance and operational best practice (e.g. Charity Commission and charity/company law updates).

#### **Organisation**

The Board of Trustees meets four times per year to discuss the current and future strategic development of the charity and any issues affecting the charity's objectives.

The staff structure is as follows: the CEO manages the day to day operations of the charity with the assistance of a Design & Construction Manager (DCM). The CEO is appointed by the trustees who may also be involved in the appointment of other staff together with the CEO. The DCM is employed to develop the relationships needed for new projects to start and manage relationships with key partners, and to manage the programming and future pipeline of projects. The construction sites are closely overseen by an experienced Construction Manager assisted by qualified site staff, who all report to the DCM. There is also a Volunteer Coordinator who oversees the volunteering programme.

## **HFHGB (HOMES)**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023**

#### **Public Benefit**

The trustees confirm that they have complied with the duty in the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit. The trustees have referred to this guidance when reviewing the charity's aims and objectives and in planning future activities of the charity.

#### **Risk Management**

The trustees have overall responsibility for ensuring that appropriate systems of control, financial or otherwise, exist. They are responsible for safeguarding the assets of the charity, taking reasonable steps for the prevention and detection of fraud and other irregularities and providing reasonable assurance that:

- HfHGB (Homes) is operating efficiently and effectively
- Its assets are safeguarded against unauthorised use or disposal
- Proper records are maintained and financial information is reliable
- HfHGB (Homes) complies with relevant laws and regulations.

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- Effective planning of the strategic direction of the charity and project development
- Regular review of financial and operational results by the CEO and Board of Trustees
- Robust and independent procedures in place for managing the health and safety regime
- Review by the Board of Trustees with the external auditors of any matters raised for their attention.

As part of its management of risk, the Board of Trustees ensures that a risk register is produced which:

- Identifies the risks which the organisation faces
- Assesses their potential impact and the likelihood of them happening
- Highlights the management action being taken to mitigate and manage them.

Project risks are reviewed at the beginning of each project by the CEO and may be reviewed by the Board of Trustees. Organisational risks are reviewed every year by the Board of Trustees who may take independent professional legal and financial advice to ensure that risks are properly managed.

#### **Objectives, Strategies, Activities and Achievements**

##### **Objectives**

HfHGB (Homes) has two charitable objects:

- The prevention or relief of poverty by providing or facilitating accommodation and community facilities for the benefit of people in housing need, potential housing need or for other related needs.
- The advancement of religion in accordance with the tenets of the Christian faith.

HfHGB's (Homes) vision is to allow everybody access to a decent, affordable place to call home, particularly in London but looking for opportunities in other parts of Great Britain through empowering local people to meet their own housing needs, building vibrant sustainable communities in the process.

## **HfHGB (HOMES)**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023**

#### **Strategies**

HfHGB (Homes) has three key strategies which enable us to achieve our charitable objects:

The first is to work alongside partners who have underused land or buildings and work with them to develop sustainable routes for increasing the uses and purposes of these buildings and sites. Our aim is to explore with the partner whether all or part of the site would be suitable for the provision of affordable housing or whether the sites would be better suited to provision of enhanced community facilities.

The second strategy is to assist in the implementation of these kinds of projects. This may include project management or oversight, enabling the project to proceed by sourcing the necessary funding (grant, donations and debt), and possibly acting as the main contractor. Our strategy is to use the resources we can access to enable the development of both community facilities and affordable housing.

Our third strategy is to carry out smaller refurbishment and maintenance works on buildings owned by partners utilising support from partners who are able to fund this level of work. This work provides considerable benefit for both the charity partner and more importantly their clients and beneficiaries. We offer a range of volunteer days, mainly with corporate supporters who also donate to the projects to cover core costs, materials and to create a margin for sustainability of the programme.

#### **Achievements and Performance**

The highlight of the year has been the Empty Spaces to Homes programme, which we have piloted in close partnership with Habitat for Humanity GB (HfHGB), and with Barking & Dagenham Council. This programme seeks to convert vacant or derelict commercially owned spaces which need significant investment to refurbish to modern standards. These are then repurposed as affordable rented accommodation for young people leaving the care of the Borough. We completed our 3<sup>rd</sup> property (Woodward Road) on the programme in February 2023, and commenced the 4<sup>th</sup> property (Royal Parade) on 12<sup>th</sup> June 2023. These homes are providing shared kitchen and dining facilities, along with a private bedroom and ensuite for each resident (3 to 4-bed homes). The feedback we have had from the tenants, and the Council has been very encouraging. We are pleased to confirm that we also won a National Award for the Partnership at the Empty Homes Network Conference in Birmingham in May.

In collaboration with HfHGB, we also launched the Empty Spaces to Homes Toolkit in June (a free online learning tool) in partnership with our sponsors M&G Plc. They hosted the launch, which was well attended, and there has been considerable interest in the Toolkit since from cross-sector organisations, and especially councils and community groups involved in housing and homelessness.

Consultancy projects have been less prominent, largely due to reduced capacity since Covid-19 and the slow programme recovery, coupled with our former CEO leaving reducing the capacity of our new CEO who was leading on consultancy work previously. However, there are many warm contacts and opportunities for consultancy, especially with churches and councils and this is a growth area that is being targeted in our budget moving forward.

Other successful projects have included: supporting Claudia Jones Organisation in Stoke Newington with improved facilities for their Afro-Caribbean women-led families; and Oasis Play in Kennington with their inclusive playground facility, and a detailed feasibility stage process for enhancements to the site.

Staff pay increases in line with inflation (and where relevant, increased role responsibility) were implemented in June 2022, and will be reviewed next in November 2023.

## **HFHGB (HOMES)**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023**

#### **Partnership - Bringing Sites forward for Development**

During the year under review HfHGB Homes obtained substantial funding to support the launch and growth of a wide ranging coalition to bring together partners interested in converting empty spaces to affordable housing. This coalition was formally launched in October 2021 and has brought together the voluntary sector; public sector and private sector to develop a nuanced and appropriate response to the growing problem of retail and commercial space that has limited commercial potential.

A GB Strategy Day took place (on 22nd April) which identified as a primary focus the LB Barking & Dagenham (LBBD) 'Empty Spaces to Homes' programme. There has been a concerted effort from GB Homes and the HFHGB Team towards forming a 'big story' narrative on the social value impact, and on securing the future pipeline. Positive partnership has been well-developed with senior officers and Councillors at LBBD. There is a joint intention to grow pipeline as LBBD release more properties for conversion and renovation. Our further intention is to reach out to other London Boroughs and grow the programme, also spreading risk rather than only having one council partnership. This expansion programme has already begun, and is being aided by the launch of the online Toolkit.

#### **Partnership - Building Out Sites to complete Development**

The pilot project in 2019 with Barking and Dagenham Council was judged to be successful and a further three schemes were finally approved in September 2021. The first one (Gale Street) started on site in December 2021 and the second one (Woodward Road) started in June 2022. That was completed in February 2023. There is a further project now on site (Royal Parade) which commenced in June. This is due to be completed in January 2024 and will provide 4 bedrooms for young people leaving care.

#### **Partnership – Community based Projects and Corporate Volunteering**

During the first half of FY 2021-22 the whole of our corporate volunteering programme remained cancelled due to the COVID pandemic. However, subsequently, since January 2022 we were able to host volunteers at some of our sites, namely: Bolton Crescent Adventure Playground (Kennington) and Claudia Jones Organisation (Stoke Newington). In addition, since January 2023, we were able to launch our Furniture Upcycling facility in Dagenham, which has proved very attractive to corporate volunteers. We have regular bookings and the start-up costs are being met with the prospect of this being a very successful social enterprise into 2024.

We would like to thank the following companies who supported us with donations and volunteers:

*M&G; P&G; Whirlpool; The Blackstone Group; Montagu Evans; Mattell; LandAid; Laing Trust; RBS; SitusAMC; Wells Fargo; Bank of America; Faegre Drinker; Epsilon; J P Morgan; Cheniere; B&Q; Albert Hunt; Henkel; CAF; RSHP; PRP Architects.*

## **HFHGB (HOMES)**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023**

#### **Financial Review**

We had a deficit for the year to 30 June 2023 of £106,246, compared to the previous year with a surplus of £7,300. Our activities for the year were capital heavy with Woodward Road on site, and the pre-construction phase of Royal Parade taking place. We also had delayed funds from US-based volunteers that could not yet be accrued for – these will be realised in FY24. The £106k deficit for FY23 was due to using restricted funding, recognised in the prior year, within assigned restrictions (c.£119k unrestricted net movement), and therefore unrestricted fund performance was reasonable at £12,688 in surplus. Our Trustees have considered we are a going concern, taking into account potential access to loans, and the sale of Gordon Road. Reserves at 30<sup>th</sup> June 2023 totalled £965,609 (2022: £1,102,791) of which £14,166 (2022: £133,100) was restricted, and £951,443 (2022 restated: £938,755) was unrestricted. The sale of 93 Gordon Road aims to restore c.£90k-£100k of unrestricted and liquid reserves by the end of FY24.

#### **Mortgage Repayments**

Mortgage repayments from existing Habitat homeowners have continued to provide a reliable cash flow, with no material arrears to report. There are non-material arrears with mortgage holders which are related to mortgage holidays granted during the COVID pandemic. These repayments are now being made. As mortgages come to an end, arrangements to remove charges are organised with our solicitors, and updated Land Registry details are filed on behalf of our mortgagors.

#### **Lease and Repair Income**

The income streams from the leases that the charity has entered into have been steady through the year and performed in line with our expectations. This is despite the challenges that the Covid Pandemic has brought for HfHGB (Homes) and our partners. Some leases expired during the year and end of lease arrangements were made with the owners for the return of their property, with appropriate dilapidations payments. There has also been the accrual of some income on behalf of owners where it was not possible to end a tenancy until the social housing tenant had been rehoused. These are contained within creditors in the financial statements.

#### **Reserves Policy**

The trustees have reviewed the reserves policy for HfHGB (Homes). This policy is meant to apply for general expenditure and does not cover contingencies on individual projects. However, it is not constrained from providing for project contingencies should the need arise. The trustees conduct an annual review of the level of unrestricted reserves by considering the risks associated with various income streams, expenditure plans and balance sheet items. This enables an estimate to be made of the reserve levels that should be sufficient to:

- Allow time for reorganisation of HfHGB's (Homes) work in the event of a downturn in income or asset values
- Protect ongoing work programmes
- Allow the charity to meet its objectives.

The risks and issues considered by the trustees in making this judgement on the level of unrestricted reserves will include:

- Level of dependence on any one source of income
- Likelihood of a downturn in any of the various income streams
- Period of time required to re-establish income streams
- Period of time required to downsize or reorganise the charity operations
- Potential decrease in the value of investments
- Requirements for a reasonable level of working capital
- Designated funds to cover unexpected costs on leased property



## **HfHGB (HOMES)**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023**

#### **Reserves Policy (continued)**

Our reserves policy is to retain adequate liquid reserves to continue operations for a minimum of 3 months, and this is currently estimated as £87,000 of unrestricted funds. The trustees' aim, however, is to work towards a general liquid reserves level of 6 months' expenditure. The available liquid reserves are calculated as unrestricted net current assets plus lease receipts and mortgage repayments that would be expected to be received over a six-month period (approximately £50,000 at current levels).

Unrestricted funds at 30th June 2023 shows a net current asset position of £31,309 which together with lease and mortgage payments due (aggregate amount would be a current asset position of about £81,000), does not achieve the required unrestricted reserves target of £87,000. However, the Trustees are satisfied that unrestricted funds in the last couple of years have been in surplus and anticipate this to be the case going forward which should gradually restore the liquid reserves position and progress towards the target reserves balance. In addition, the planned sale of the 93 Gordon Road site provides risk mitigation in respect of maintaining increasing liquid reserves by the end of FY24.

This is supported by the fact that the overall unrestricted reserves at year end were £951,443 (as laid out on page 6, which incorporates the £900,042 of tangible fixed assets). This figure includes both liquid and illiquid reserves and is an amount well in excess of operational funding requirements.

#### **Investment Policy**

In order to comply with the provisions of the SORP (FRS 102), the trustees conduct an annual review of the investment policy for the financial reserves held by HfHGB (Homes). The investment policy enables the trustees to make the best judgements about how and where the reserves should be invested, taking into consideration the return against the risk of investment, the need for growth and the ease of access to the funds. The trustees would expect to place large sums of capital which are not needed for significant periods of time with qualified investment advisors with an instruction to pursue medium risk growth. The trustees would expect to place smaller sums of capital which were required to be readily accessible in a high-income earning account such as CCLA.

#### **Ethical Investments**

Whilst HfHGB (Homes) does not have a formal ethical investment policy, it will endeavour to follow ethical guidelines when investing money.

#### **Plans for the Future**

We will continue to work closely with HfHGB's Fundraising team and Impact team to strengthen the 'Big Story' and case for support around our joint 'Empty Spaces to Homes' programme. We will also continue to provide good quality volunteering opportunities for our Corporate supporters via the recently established Upcycling Workshop at Gale Street (Dagenham). The 'charitable contractor' model is proving to be a more successful one than the 'lease and repair' in that no lease is required, and no long-term financing is required. Importantly, a proportion of grant can also be recycled to achieve more through the programme. Discussions have been further progressed around merging staff with HfHGB throughout the latter part of the year. The practicalities of merging two organisations with the same ethos but different functions and varied systems has proven demanding. Operationally the two staff and trustee teams are in closer collaboration which sets things up well for an intended merger during calendar year 2024. Coupled with this there is the strategic intention to grow the charitable work geographically in line with securing increased grant, consultancy and project work. HfHGB have plans to open their first 'ReStore' in London in 2024, and HfHGB Homes are supporting them with advice and expertise. This will be an exciting new programme of Charity retail, receiving donated construction goods and selling them on at a discount to generate unrestricted funds.

**HFHGB (HOMES)****REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023****Housing Update**

The housing situation in Great Britain is still marked by demand significantly exceeding supply, with the inevitable consequence of prices rising, along with unprecedented rises in costs of construction labour and materials. These pressures are particularly acute in London and the southeast. There are numerous policies in place that aim to alleviate the situation, but we are not seeing the huge increase in house building that would be needed for people on or around average wages to afford decent accommodation. We are working within very tight parameters to address this, and most of our London-based projects address the urgent need for move-on accommodation for people who have been in supported accommodation and are ready for the next stage. Clearly in a very expensive market, in which costs are still rising, this group is one that is hugely disadvantaged and tends to be priced out of the market. We are still waiting to see what longer-lasting effects the pandemic, and Brexit, have on the housing market and the construction industry. Changes are being increasingly felt, and the effects of inflation and rising fuel costs are having a major impact on housing and household budgets. HFHGB Homes and HFHGB are continually working together to look at ways to mitigate this and further support beneficiaries and charity partners in ways that are meaningful and sustainable.

**Responsibilities In Relation to the Financial Statements**

The Trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Generally Accepted Accounting Practice.

Company Law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgments and estimates that are reasonable and prudent;
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue to operate.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and which enable them to ensure that the financial statements comply with relevant legislation and the trust deed. They are also responsible for safeguarding the assets of the charity and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report has been prepared in accordance with the special provisions of Part 15 of Companies Act 2006 relating to small companies.

**This report was approved by the Trustees on 26/01/2024 and signed on its behalf by:**



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Alistair Mugford  
(Trustee)

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

## **HFHGB (Homes)**

### **FOR THE YEAR ENDED 30TH JUNE 2023**

#### **Opinion**

We have audited the financial statements of HFHGB (Homes) (the 'charitable company') for the year ended 30<sup>th</sup> June 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 '*The Financial Reporting Standard applicable in the UK and Republic of Ireland*' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30<sup>th</sup> June 2023 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

#### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

### **HFHGB (Homes)**

### **FOR THE YEAR ENDED 30TH JUNE 2023**

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

#### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF****HFHGB (Homes)****FOR THE YEAR ENDED 30TH JUNE 2023****Auditor's responsibilities for the audit of the financial statements (continued)**

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant are the Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP), in accordance with the Financial Reporting Standard applicable in the UK (FRS 102) and the Companies Act 2006.
- We gained an understanding of how the charitable company complied with its legal and regulatory framework, including the requirement to properly account for restricted funds, through discussions with management and a review of the documented policies, procedures and controls, and legal correspondence.
- The audit team, which is experienced in the audit of charities, considered the charitable company's susceptibility to material misstatement and how fraud may occur. Our considerations include the risk of management override.
- Our approach was to check that the income from donations and charitable activities were properly identified and accurately disclosed, that expenditure complied with the control procedures and was appropriately charged. We also reviewed journal adjustments and unusual transactions for management override and considered the identification and disclosure of related party transactions.

There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

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. Our audit work has been undertaken, so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report or for the opinion we have formed.



James Holland-Leader FCA (Senior Statutory Auditor)  
For and on behalf of Knox Cropper LLP, Statutory Auditor  
65 Leadenhall Street  
London  
EC3A 2AD  
Date: 13<sup>th</sup> March 2024

**HFHGB (Homes)**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**(INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT)**  
**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2023**

	Notes	Restricted 2023 £	Unrestricted 2023 £	Total 2023 £	Restricted 2022 Restated £	Unrestricted 2022 Restated £	Total 2022 Restated £
<b>INCOME FROM</b>							
Donations and Legacies	2	273,649	38,578	312,227	258,947	113	259,060
Investments		-	-	-	-	-	-
Charitable Activities	3	-	320,216	320,216	-	326,040	326,040
<b>TOTAL INCOME</b>		<u>273,649</u>	<u>358,794</u>	<u>632,443</u>	<u>258,947</u>	<u>326,153</u>	<u>585,100</u>
<b>EXPENDITURE ON</b>							
Raising Funds	4	-	16,767	16,767	-	14,991	14,991
Charitable Activities	5	392,583	329,339	721,922	281,617	281,192	562,809
<b>TOTAL EXPENDITURE</b>		<u>392,583</u>	<u>346,106</u>	<u>738,689</u>	<u>281,617</u>	<u>296,183</u>	<u>577,800</u>
<b>Net Income/(Expenditure)</b>		(118,934)	12,688	(106,246)	(22,670)	29,970	7,300
<b>NET MOVEMENT IN FUNDS</b>		<u>(118,934)</u>	<u>12,688</u>	<u>(106,246)</u>	<u>(22,670)</u>	<u>29,970</u>	<u>7,300</u>
<b>TOTAL FUNDS BROUGHT FORWARD</b>							
As originally reported		133,100	969,691	1,102,791	155,770	939,721	1,095,491
Prior year adjustment	21	-	(30,936)	(30,936)	-	-	-
As restated		<u>133,100</u>	<u>938,755</u>	<u>1,071,855</u>	<u>155,770</u>	<u>939,721</u>	<u>1,095,491</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>	14	<u>£14,166</u>	<u>£951,443</u>	<u>£965,609</u>	<u>£133,100</u>	<u>£969,691</u>	<u>£1,102,791</u>

All the activities reported above relate to continuing operations.

The Notes on pages 15 to 26 form an integral part of these financial statements.

**HFHGB (Homes)****BALANCE SHEET AS AT 30<sup>th</sup> JUNE 2023**

		<b>2023</b>		<b>2022 Restated</b>	
	<b>Notes</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>FIXED ASSETS</b>					
Tangible Fixed Assets	8	900,042		945,003	
Programme Related Investments	9	43,867		75,160	
Work in Progress	10	<u>73,162</u>		<u>122,321</u>	
			1,017,071		1,142,484
<b>CURRENT ASSETS</b>					
Debtors	11	174,044		133,545	
Cash at Bank and In Hand		<u>101,843</u>		<u>111,863</u>	
		275,887		245,408	
<b>CREDITORS : Amounts falling due within one year</b>	12	<u>(224,293)</u>		<u>(184,331)</u>	
<b>NET CURRENT ASSETS</b>			51,594		61,077
<b>CREDITORS: Amounts falling due after more than one year</b>	13		(103,056)		(131,706)
<b>NET ASSETS</b>			<u>£965,609</u>		<u>£1,071,855</u>
<b>RESTRICTED FUNDS</b>	15		14,166		133,100
<b>UNRESTRICTED FUNDS</b>					
Designated Funds	14		-		-
General Funds			<u>951,443</u>		<u>938,755</u>
<b>TOTAL FUNDS</b>			<u>£965,609</u>		<u>£1,071,855</u>

These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The financial statements were approved by the Trustees on 26/01/2024 and signed on their behalf by:

*A. Mugford*

Alistair Mugford  
(Trustee)

Company No: 03155218

The notes on pages 15 to 26 form an integral part of these financial statements.

**HFHGB (Homes)****CASH FLOW STATEMENT FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2023**

	<b>2023</b>		<b>2022 Restated</b>	
	£	£	£	£
<b>Cash flows from Operating Activities (a) below</b>				
<b>Net cash provided by/(used in) operating activities</b>		2,495		24,042
<b>Cash flows from Investing Activities</b>				
Investment Income	-		-	
Payments to acquire tangible fixed assets	(9,985)		(43,646)	
Repayment of Programme Related Investments	31,293		35,435	
<b>Net cash provided by/(used in) Investing activities</b>		21,308		(8,211)
<b>Cash flows from Financing Activities</b>				
Loan Drawdowns	-		-	
Loan Repayments	(27,621)		(26,705)	
Interest Paid	(6,202)		(6,182)	
<b>Net cash provided by/(used in) financing activities</b>		(33,823)		(32,887)
<b>Change in Cash and Cash Equivalents In the Year</b>		(10,020)		(17,056)
<b>Cash and Cash Equivalents at 1<sup>st</sup> July 2022</b>		111,863		128,919
<b>Cash and Cash Equivalents at 30 June 2023</b>		<u>£101,843</u>		<u>£111,863</u>

**(a) Reconciliation of Net Income/(Expenditure) to Net Cash flow from Operating Activities**

	<b>2023</b>	<b>2022 Restated</b>
	£	£
Net Income/(Expenditure)	(106,246)	7,300
Interest Income Received	-	-
Interest Paid	6,202	6,182
Depreciation	48,344	72,371
Loss on disposal of fixed assets	55,761	-
(Increase)/Decrease in Debtors and Prepayments	(40,499)	(95,180)
Increase/(Decrease) in Trade Creditors and Provisions	38,933	33,369
	<u>£2,495</u>	<u>£24,042</u>

**(b) Analysis of Changes In Net Debt**

	<b>At 1<sup>st</sup> July 2022</b>	<b>Cash Flows</b>	<b>At 30<sup>th</sup> June 2023</b>
	£	£	£
Cash	111,863	(10,020)	101,843
Loans falling due within one year	(27,562)	(1,029)	(28,591)
Loans falling due after more than one year	(131,706)	28,650	(103,056)
	<u>£(47,405)</u>	<u>£(17,601)</u>	<u>£(29,804)</u>



**HFHGB (Homes)****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2023****1. ACCOUNTING POLICIES****(a) Basis of Preparation of Financial Statements**

The financial statements have been prepared under the historical cost convention, and in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" (FRS 102), the Financial Reporting Standard 102 and the Companies Act 2006. The company is a public benefit entity.

The financial statements are prepared in sterling, which is the functional and presentational currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The Trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern. The Board has considered the principal risks and uncertainties on the short and long term health of the Charity, and is content that the measures taken, combined with sufficient reserves, provides assurance that the going concern basis is appropriate in preparing the financial statements.

**(b) Company Status**

The company, which is a registered charity, is limited by guarantee and is controlled by Habitat for Humanity Great Britain who are the sole member. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity.

**(c) Fund Accounting**

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by the company for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

**(d) Income**

All incoming resources are included in the Statement of Financial Activities when the company is legally entitled to the income, it is probable the income will be received and the amount can be quantified with reasonable accuracy.

**(e) Expenditure**

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Direct costs, including directly attributable salaries, are allocated on an actual basis to the key areas of activity. Overheads and other salaries are allocated between the expense headings on the basis of time spent. Support costs are those costs incurred directly in support of expenditure on the objects of the Charity and are allocated on the basis of staff cost.

Fund-raising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

**HFHGB (Homes)****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2023****1. ACCOUNTING POLICIES (Continued)**

Governance costs are those incurred in connection with enabling the charity to comply with external regulation, constitutional and statutory requirements and in providing support to the Trustees in the discharge of their statutory duties.

**(f) Tangible Fixed Assets and Depreciation**

All assets costing more than £500 are capitalised.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Freehold property	-	2% straight line
Plant and equipment	-	20% straight line
Computer Equipment	-	33% straight line
Short Term Leasehold Properties	-	Over Life of Lease

**(g) Short Term Leases**

As part of the empty homes projects, HFHGB (Homes) enters into short term leases with either the local authority or housing association to enable the charity to generate rental income which will fund the cost of the renovation. The costs of the renovation are capitalised and depreciated over the life of the lease to the extent that future rental income will be received. Where the renovation expenditure is funded from grant income, the expenditure is charged to the statement of financial activities.

**(h) Programme Related Investments**

Programme related Investments are stated at cost price at the balance sheet date.

**(i) Stocks and Work in Progress**

Stocks are valued at the lower of cost and net realisable value after making due allowance for projected losses on long term contracts. Cost includes all direct cost and an appropriate proportion of fixed and variable overheads.

**(j) VAT**

The charity is registered for VAT.

**(k) Taxation**

HFHGB (Homes) is a registered charity and is potentially exempt from taxation in respect of income and capital gains received within the categories covered Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

**(l) Financial Instruments**

The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. These are initially recognised at transaction value and subsequently valued at their settlement value.

**HFHGB (Homes)****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2023****1. ACCOUNTING POLICIES (Continued)****(m) Debtors**

Debtors are amounts owed to the Charity. They are measured on the basis of their recoverable amount.

**(n) Cash at bank and in hand**

Cash at bank and in hand is held to meet the day to day running costs of the Charity as they fall due. There are no other cash equivalents held by the Charity.

**(o) Creditors**

Creditors are amounts owed by the Charity. They are measured at the amount that the Charity expects to have to pay to settle the debt. Amounts which are owed in more than a year are shown as long term creditors.

**(p) Significant Management Judgements and Estimation Uncertainties**

The following are the critical judgements and key sources of estimation uncertainty that the Board has made in the process of applying the charity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

*Empty Homes Project Funding*

As part of its primary purpose trading, HFHGB (Homes) enters into commercial contracts with a local authority to undertake renovation work on empty local authority properties. Under the existing contract arrangements, HFHGB (Homes) charges 76% of its renovation costs to the local authority which is invoiced in arrears in accordance with a value of works calculated by surveyors. Funding for the Empty Homes Project is also raised from corporate donors through its parent charity. This restricted funding is usually received in advance of the renovation work and is used to provide working capital for the project. The charity has received legal advice that such use as working capital for the Empty Homes Project expends the restricted funds received from corporate donors, with the resulting accounting policy being to charge the cost of the renovation work to the restricted funds, up to the level of the funds available, notwithstanding that 76% of the costs are recoverable from the local authority. This utilisation of restricted funds is deemed a significant judgement because donors may have an expectation that their funding would not be utilised to fund a project to the extent that the costs of the project are already due to be funded under a commercial contract.

*Useful lives of depreciable assets*

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to 'technological obsolescence' with regard to IT equipment/software and any changes to lease terms. The accumulated depreciation at 31 March 2023 was £290,415.

**HFHGB (Homes)****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2023****2. VOLUNTARY INCOME**

	<b>Restricted 2023</b>	<b>Unrestricted 2023</b>	<b>Total 2023</b>
	£	£	£
M&G	46,855	-	46,855
P&G	-	12,895	12,895
Whirlpool	3,757	-	3,757
The Blackstone Group	73,457	-	73,457
Montagu Evans	28,253	-	28,253
Mattel	10,964	-	10,964
LandAid	10,000	-	10,000
Laing Trust	40,000	-	40,000
RBS	2,087	2,384	4,471
SitusAMC	2,762	3,405	6,167
Wells Fargo	6,165	8,290	14,455
Bank of America	25,754	-	25,754
Faegre Drinker	1,043	1,192	2,235
Epsilon	-	1,755	1,755
J P Morgan	-	1,220	1,220
Cheniere	-	7,068	7,068
B&Q and Albert Hunt	10,133	-	10,133
Henkel	6,300	-	6,300
Habitat For Humanity (Parent)	6,119	-	6,119
Other	-	369	369
	<b>£273,649</b>	<b>£38,578</b>	<b>£312,227</b>
	<b>Restated Restricted 2022</b>	<b>Restated Unrestricted 2022</b>	<b>Restated Total 2022</b>
	£	£	£
M&G	42,000	-	42,000
P&G	5,067	-	5,067
Whirlpool	30,328	-	30,328
SEI Investments Europe	10,000	-	10,000
COINs Foundation	8,000	-	8,000
Europa Capital	50,000	-	50,000
The Blackstone Group	73,552	-	73,552
Lloyds of London	40,000	-	40,000
Other	-	113	113
	<b>£258,947</b>	<b>£113</b>	<b>£259,060</b>

**3. CHARITABLE ACTIVITIES**

	<b>Restricted Funds</b>	<b>Unrestricted Funds</b>	<b>2023 Total</b>	<b>Restated 2022 Total</b>
	£	£	£	£
Professional fees	-	4,518	4,518	58,379
Contract works	-	216,488	216,488	153,302
Volunteer facilitation grants	-	2,500	2,500	10,170
Rental Income -Short Leasehold Properties	-	96,618	96,618	98,150
Government furlough scheme grant	-	-	-	5,432
Other Income	-	92	92	607
	<b>£-</b>	<b>£320,124</b>	<b>£320,124</b>	<b>£326,040</b>

HfHGB (Homes) retains an equity interest in the properties which are subject to mortgage as set out in note 9. During the year, none of these properties were sold (2022: none).

**HFHGB (Homes)****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2023****4. COST OF RAISING FUNDS**

	<b>2023</b>	<b>Restated 2022</b>
	£	£
Staff Costs	16,681	14,974
Other Support Costs	86	17
	<u>£16,767</u>	<u>£14,991</u>

**5. ANALYSIS OF CHARITABLE ACTIVITIES**

	<b>2023 Restricted</b>	<b>2023 Unrestricted</b>	<b>2023 Total</b>
	£	£	£
<b><i>Construction &amp; Renovation Project Expenditure</i></b>			
East Street	-	560	560
Nithdale Road	-	1,165	1,165
Broad Street	-	2,671	2,671
Gale Street, Barking & Dagenham	4,460	-	4,460
Friends Meeting House, Tunbridge Wells	-	4,080	4,080
Claudia Jones	39,217	1,872	41,089
M&G Research Project	-	6,832	6,832
Woodward Road	176,640	19,640	196,280
Bolton Crescent Maintenance and planning	6,952	5,334	12,286
Other Project Costs	-	5,328	5,328
Gale Street Workshop	31,873	4,287	36,160
Winterisation Programme	-	670	670
Empty Spaces to Homes (ES2H)	-	1,396	1,396
Upcycling Programme	-	28,877	28,877
MSQ Dumfries	-	3,750	3,750
Royal Parade	105,057	3,671	108,728
Ringstead Road	-	329	329
<b><i>Amortisation of Project Costs</i></b>			
Broad Street	-	(4,323)	(4,323)
Ringstead Road, Lewisham	-	16,965	16,965
Friends Meeting House, Tunbridge Wells	-	14,725	14,725
East Street	-	14,262	14,262
Nithdale Road	-	4,235	4,235
<b><i>Interest Expense</i></b>			
Ringstead Road, Lewisham	-	2,133	2,133
East Street, Barking & Dagenham	-	2,956	2,956
<b><i>Development Advisory and Management Services</i></b>			
Kingsley Hall/Livability	-	1,189	1,189
St. Leonards Church, Chesham Bois	-	1,882	1,882
Choumert Road, Peckham	-	1,607	1,607
<b><i>Other Project costs</i></b>			
Nationwide Sponsored Training Scheme	28,384	-	28,384
Business Development Costs	-	15,045	15,045
	<u>392,583</u>	<u>161,137</u>	<u>553,720</u>
Support Costs	-	142,428	142,428
Governance Costs	-	25,774	25,774
	<u>£392,583</u>	<u>£329,339</u>	<u>£721,922</u>

**HFHGB (Homes)****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2023****5. ANALYSIS OF CHARITABLE ACTIVITIES (Continued)**

	<b>Restated 2022 Restricted £</b>	<b>Restated 2022 Unrestricted £</b>	<b>Restated 2022 Total £</b>
<b><i>Construction &amp; Renovation Project Expenditure</i></b>			
East Street	-	192	192
Nithdale Road	-	3,113	3,113
Broad Street	-	3,113	3,113
Gale Street, Barking & Dagenham	197,219	-	197,219
Friends Meeting House, Tunbridge Wells	-	2,243	2,243
Claudia Jones	23,771	5,612	29,383
M&G Research Project	-	6,303	6,303
Woodward Road	36,334	-	36,334
Bolton Crescent Maintenance	10,179	-	10,179
Other Project Costs	-	11,014	11,014
<b><i>Amortisation of Project Costs</i></b>			
Broad Street	-	20,840	20,840
Ringstead Road, Lewisham	-	16,965	16,965
Friends Meeting House, Tunbridge Wells	-	15,083	15,083
East Street	-	13,876	13,876
Nithdale Road	-	4,235	4,235
<b><i>Interest Expense</i></b>			
Ringstead Road, Lewisham	-	2,695	2,695
East Street, Barking & Dagenham	-	3,311	3,311
Choumert Road, Peckham	-	934	934
<b><i>Development Advisory and Management Services</i></b>			
Kingsley Hall/Livability	-	15,373	15,373
St. Leonards Church, Chesham Bois	-	1,108	1,108
Hornsey Parish Church	-	107	107
Shaftesbury Battersea	-	8	8
Choumert Road, Peckham	-	12,588	12,588
<b><i>Other Project costs</i></b>			
Nationwide Sponsored Training Scheme	14,114	-	14,114
Business Development Costs	-	20,666	20,666
	<u>281,617</u>	<u>159,379</u>	<u>440,996</u>
Support Costs	-	99,012	99,012
Governance Costs	-	22,801	22,801
	<u>£281,617</u>	<u>£281,192</u>	<u>£562,809</u>

**HFHGB (Homes)****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2023****6. RESOURCES EXPENDED**

		Charitable Activities			
	Activities for Raising Funds	Direct Costs	Support Costs	Governance Costs	2023 Total
	£	£	£	£	£
Staff Costs	16,681	103,620	66,563	17,829	204,692
Outside Labour	-	8,404	-	-	8,404
Materials	-	276,864	3,291	-	280,155
Other construction costs	-	33,746	223	-	33,969
Insurance	-	2,941	7,292	-	10,233
Legal & Professional	-	64,645	50,373	7,377	122,395
Other Office Expenses	86	11,500	12,141	568	24,295
Financing Costs	-	6,139	63	-	6,202
Depreciation of fixed assets	-	-	2,481	-	2,481
Amortisation of short-term leases	-	45,863	-	-	45,863
Bad Debts	-	-	-	-	-
	£16,767	£553,720	£142,429	£25,774	£738,688

	Activities for Raising Funds £	Charitable Activities			Restated 2022 Total £
		Direct Costs £	Support Costs £	Governance Costs £	
Staff Costs	14,974	84,979	67,508	15,209	182,670
Outside Labour	-	4,650	-	-	4,650
Materials	-	209,771	-	-	209,771
Other construction costs	-	8,808	214	-	9,022
Insurance	-	1,888	6,366	-	8,254
Legal & Professional	-	34,697	17,455	7,134	59,286
Other Office Expenses	17	17,243	8,625	458	26,343
Financing Costs	-	6,940	176	-	7,116
Depreciation of fixed assets	-	-	1,372	-	1,372
Amortisation of short-term leases	-	70,999	-	-	70,999
Bad Debts	-	1,021	(2,704)	-	(1,683)
	£14,991	£440,996	£99,012	£22,801	£577,800

**7. NET INCOME/(EXPENDITURE)**

The operating result is stated after charging.

	2023	Restated 2022
	£	£
Depreciation	48,344	72,371
Payments to auditors in respect of audit services	7,350	7,000
Payments to auditors in respect of other services	-	-

**HFHGB (Homes)****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2023****8. TANGIBLE FIXED ASSETS**

	Office, Land & Buildings	Plant & Machinery	Short Term Leasehold Properties	Total	Schemes In Development
	£	£	£		£
<b>COST</b>					
At 1 <sup>st</sup> July 2022	30,160	17,287	1,352,998	1,400,445	122,321
Additions	-	3,383	-	3,383	6,602
Disposals	-	(620)	(212,751)	(213,371)	(55,761)
At 30 <sup>th</sup> June 2023	30,160	20,050	1,140,247	1,190,457	73,162
<b>DEPRECIATION/ AMORTISATION</b>					
At 1 <sup>st</sup> July 2022	1,734	14,917	438,791	455,442	-
Charge for the Year	102	2,379	45,863	48,344	-
Disposals	-	(620)	(212,751)	(213,371)	-
At 30 <sup>th</sup> June 2023	1,836	16,676	271,903	290,415	-
<b>NET BOOK VALUE</b>					
At 30 <sup>th</sup> June 2022	£28,426	£2,370	£914,207	£945,003	£122,321
At 30 <sup>th</sup> June 2023	£28,324	£3,374	£868,344	£900,042	£73,162

**9. PROGRAMME RELATED INVESTMENTS**

	2023 £	Restated 2022 £
<b>Cost or Valuation</b>		
At 1 <sup>st</sup> July 2022	75,160	110,595
Additional loans in Year	-	-
Repayments	(31,293)	(35,435)
At 30 <sup>th</sup> June 2023	£43,867	£75,160
Repayable within one year	12,209	32,653
Repayable in more than one year	31,658	42,507
	£43,867	£75,160

The values stated relate to houses built by HFHGB (Homes) in partnership with low income families which have been sold at cost price with interest free mortgages. This core activity involves the charity disposing of assets at less than market value, requiring permission from the Charity Commission. The Charity Commission has cleared the way for HFHGB (Homes) to sell houses without further reference to the Commission.



**HFHGB (Homes)****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2023****10. WORK IN PROGRESS**

	<b>2023</b>	<b>Restated 2022</b>
	£	£
Building Renovation	-	55,761
New Building Construction	73,162	66,560
Total	<u>£73,162</u>	<u>£122,321</u>

	<b>2023</b>	<b>Restated 2022</b>
	£	£
Balance Brought Forward	122,321	80,229
Additional Costs In the year	6,602	42,092
Disposals	(55,761)	-
Balance Carried Forward	<u>£73,162</u>	<u>£122,321</u>

**11. DEBTORS**

	<b>2023</b>	<b>Restated 2022</b>
	£	£
Trade Debtors	702	67,865
Prepayments	5,403	4,974
Other Debtors and Accrued Income	135,680	56,392
VAT	32,260	4,314
	<u>£174,045</u>	<u>£133,545</u>

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2023</b>	<b>Restated 2022</b>
	£	£
Trade Creditors	61,731	22,780
Social Security and Other Taxes	4,005	2,465
Accruals and Deferred Income	99,054	100,588
VAT	-	-
Sinking Fund	30,912	30,936
Loan – Repayable within one year	28,591	27,562
	<u>£224,293</u>	<u>£184,331</u>

**13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2023</b>	<b>Restated 2022</b>
	£	£
Loan – balance repayable in 1 – 5 years	84,884	99,507
Loan – balance repayable in more than 5 years	18,172	32,199
	<u>£103,056</u>	<u>£131,706</u>

The loans are secured against the assets of HfHGB (Homes) under a fixed and floating charge. The first loan is repayable in monthly instalments of £1,485.06 which include interest charged at a rate of 3.75%. The term of the loan is 9.5 years from the date of drawdown of the loan. In 2019 an additional loan of £100,000 was drawn down, and in 2020 a further £23,500 was drawn down to fund the East Street development. It is repayable over 10 years from the date of completion and interest is chargeable at 3.25%.

**HFHGB (Homes)****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2023****14. NET ASSETS BY FUND  
2023**

	Restricted	Unrestricted Designated	Total
	£	£	£
Fixed Assets	-	1,017,071	1,017,071
Current Assets	14,166	255,602	269,768
Creditors due within one year	-	(224,293)	(224,293)
Creditors due in more than one year	-	(103,056)	(103,056)
	<u>£14,166</u>	<u>£945,324</u>	<u>£959,490</u>

**2022 - Restated**

	Restricted	Unrestricted Designated	Total
	£	£	£
Fixed Assets	-	1,142,484	1,142,484
Current Assets	133,100	112,308	245,408
Creditors due within one year	-	(184,331)	(184,331)
Creditors due in more than one year	-	(131,706)	(131,706)
	<u>£133,100</u>	<u>£938,755</u>	<u>£1,071,855</u>

**15. RESTRICTED FUNDS  
2023**

	Funds as at 1st July 2022	Incoming Resources	Resources Expended	Funds as at 30th June 2023
	£	£	£	£
Adventure Playground	1,821	6,299	(6,953)	1,167
Young Persons Training Programme	24,526	10,000	(28,384)	6,142
Gale Street Redevelopment (now Empty Spaces) Project	-	-	-	-
The Claudia Jones Organisation	-	39,217	(39,217)	-
Gale Street Workshop Upcycling Empty Spaces	106,753	218,133	(318,029)	6,857
Woodward Road Redevelopment Project (now Empty Spaces)	-	-	-	-
	<u>£133,100</u>	<u>£273,649</u>	<u>£(392,583)</u>	<u>£14,166</u>

**2022 - Restated**

	Funds as at 1st July 2021	Incoming Resources	Resources Expended	Funds as at 30th June 2022
	£	£	£	£
Adventure Playground	7,000	5,000	(10,179)	1,821
Young Persons Training Programme	38,640	-	(14,114)	24,526
Gale Street Redevelopment Project	103,042	163,713	(197,219)	69,536
Claudia Jones Organisation	7,088	16,683	(23,771)	-
Woodward Road Redevelopment Project	-	73,551	(36,334)	37,217
	<u>£155,770</u>	<u>£258,947</u>	<u>£(281,617)</u>	<u>£133,100</u>

The Young Persons Training Programme is a programme being run in conjunction with Barking College for young persons with learning disabilities.

The Gale Street, and Woodward Road are development projects to redevelop unoccupied commercial space in Barking and Dagenham into residential spaces for vulnerable young people.

The Claudia Jones Organisation runs a women's centre in East London. The funds are for renovation of the centre.

**HFHGB (Homes)****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2023****15. RESTRICTED FUNDS (continued)**

The Adventure Playground fund represents income received for the development of an adventure playground in Southwark.

The Empty Spaces restricted fund represents the Gale Street and Woodward Road redevelopment projects to redevelop unoccupied commercial space in Barking and Dagenham into residential spaces for vulnerable young people. This fund also represents income received for the upcycling of unwanted, second-hand goods which are repurposed by HFHGB (Homes) to put into the properties of other projects that they currently undertake.

**16. EMPLOYEES**

	<b>2023</b>	<b>Restated 2022</b>
	£	£
Wages and Salaries	170,296	167,278
Employer's NI	17,946	18,000
Pension Costs	3,811	4,548
	<u>£192,053</u>	<u>£189,826</u>
Capitalised Staff Costs – Short Leasehold Projects	581	7,118
Other Staff Costs	191,472	182,708
	<u>£192,053</u>	<u>£189,826</u>

The total employee benefits of the 2 members of the senior management team amount to £99,592 (2022: £126,032).

Total redundancy benefits amount to £Nil (2022: £Nil).

The average number of employees during the year was 5 (2022: 5).

One employee earned between £60,000 - £70,000.

**17. TRUSTEES REMUNERATION AND EXPENSES**

None of the trustees received any remuneration and no other expenses have been incurred during both the current and preceding year.

**18. CAPITAL COMMITMENTS**

	<b>2023</b>	<b>Restated 2022</b>
	£	£
Capital expenditure that has been contracted for but has not been provided for in the financial statements	497,218	183,666
Total	<u>£497,218</u>	<u>£183,666</u>

**HFHGB (Homes)****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2023****19. RELATED PARTY TRANSACTIONS**

HFHGB (Homes) is a wholly controlled subsidiary of Habitat for Humanity Great Britain, a charitable company registered in England and Wales. The company number of Habitat for Humanity Great Britain is 3012626, and the registered charity number is 1043641 (SCO48638 - Scotland). The principal objective of Habitat for Humanity GB is to alleviate poverty by helping people who live in substandard housing to access better living conditions. Control is exercised by the parent of HFHGB (Homes) via mutual Trustee Board members. During the year under review three Habitat for Humanity Great Britain trustees (Mr Brian Clark, Mr Gordon Holmes and Mr Ian Whitehead) were also trustees of HFHGB (Homes), together with Tum Kazunga (CEO of Habitat for Humanity Great Britain and Ex-officio Trustee of HFHGB (Homes)). The address from which the public can obtain the consolidated accounts of Habitat for Humanity Great Britain, which include the accounts of HFHGB (Homes), is 10 The Grove, Slough, Berkshire, SL1 1QP.

Some of the funding received by HFHGB (Homes) was raised by Habitat for Humanity GB. During the year, £248,858 (2022: £248,947) of funding was received through Habitat for Humanity GB. The amount of funding due from Habitat for Humanity GB at the year-end amounted to £123,682 (2022: £11,683), which is included within other debtors and accrued income.

**20. COMPANY LIMITED BY GUARANTEE**

The company, which is a registered charity, is limited by guarantee and is controlled by Habitat for Humanity Great Britain who are the sole member. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity.

**21. PRIOR YEAR ADJUSTMENT**

The arrangement for three leased properties, at Kings Grove, Nithdale, and Ringstead Road, is that HFHGB (Homes) are required to set aside 10% of lease receipts for the purpose of bringing the properties up to a standard in which the properties are in a satisfactory condition to be re-let at the end of the lease. Required maintenance costs are to be deducted from these funds. During the year it was identified that HFHGB (Homes) is required to pay any excess funds not spent on maintenance costs to the landlord. A prior year adjustment has therefore been processed in the accounts to include this liability to the landlords. The adjustment amounted to an increase in creditors at 30<sup>th</sup> June 2022 amounting to £30,926, with a corresponding reduction in reserves.