
COMPANY NUMBER: 1247918

WORLD HABITAT

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

**WORLD HABITAT
IS A REGISTERED CHARITY**

CHARITY NUMBER: 270987

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WORLD HABITAT

LEGAL AND ADMINISTRATIVE INFORMATION

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, are pleased to submit their forty first annual report, together with the audited financial statements for the year ended 31 December 2020.

REFERENCE AND ADMINISTRATIVE DETAILS

Charity number 270987

Company number 1247918

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Barclays Bank

Bishop Meadow Branch, Loughborough

Solicitors Freeths

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DIRECTORS AND TRUSTEES

The directors of the charitable company (World Habitat) are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees.

The trustees serving during the year and since the year-end were as follows:

Elected trustees

A Challis

P Elderfield

A Kennedy (reappointed on 3 June 2020 to serve a further three-year term)

A Pearson (resigned on 03 March 2021)

S Macdonald

I McCormack

N Murphy

J Richardson

Management team

D Ireland – Chief Executive

E Melia

L Winterburn – Deputy CEO

J Kovach

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

World Habitat is a charitable company limited by guarantee incorporated on 9 March 1976. It is governed by a Memorandum and Articles of Association which were amended on the 26 September 2017 to change the name to World Habitat, change the charitable objects and amend the period of time trustees can serve on the board to a maximum of 9 years without special resolution. In the event of it being wound up, members are required to contribute an amount not exceeding £10.00.

Recruitment, appointment and training of trustees

As set out in the Articles of Association trustees are appointed for a fixed term of three years save where the Board of Trustees sets a shorter period prior to appointment. Trustees shall cease to be members of the Board of Trustees at the end of the fixed term but may be reappointed at the Annual General Meeting held in June. Trustees may serve as a member of the Board of Trustees for a continuous or aggregate period of 9 years without the support of a special resolution at a general meeting of the association. The Articles state that the number of trustees should not exceed nine. The members of the organisation are co-terminus with the trustees. All members of the organisation are circulated with invitations to nominate trustees prior to the AGM, advising them of the retiring trustees and requesting nominations for the AGM.

All members of the board of trustees give their time voluntarily and received no benefits from the charity. Any expenses reclaimed from the charity are set out in note 8 in the accounts.

Angus Kennedy reached the end of his term of office and was re-elected for a further three-year term at the AGM. He was also re-elected as Chair for a further three-year term.

Stuart Macdonald was appointed as Vice Chair for a period of three years during 2019.

There is a process in place for trustee appraisals to take place every 12 to 18 months. Appraisals are carried out by the chair and feedback provided for trustees. General themes that emerge from trustee appraisals are reported back to the board.

Trustees have approved a process for appraising the chair. The process involves a self-appraisal and an interview carried out by trustees led by the vice chair.

A revised trustee induction policy was approved by trustees in June 2020. New trustees are provided with full information to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision-making processes, the business plan and recent financial performance of the charity. Opportunities are provided for new trustees to meet all employees and other trustees. Trustees are encouraged to attend appropriate external training events to facilitate the undertaking of their role and to meet regularly with the World Habitat staff team.

Organisation

The board of trustees, which can have up to nine members, administers the charity. The board meets quarterly and there is one standing sub-committee covering investment and other financial matters. Working groups are established to address particular issues if needed. A Chief Executive is appointed by the trustees to manage the day-to-day operations of the charity. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the trustees, for operational matters including finance, employment and all activity relating to meeting the organisation's objectives. During the year, our Chief Executive was Mr David Ireland, who joined the organisation in June 2014.

Related parties

The charity has no closely related parties, although co-operates with a broad range of organisations both in the UK and internationally in its various housing research and knowledge transfer activities.

Risk management

Risk management is reviewed by trustees at every board meeting.

The trustees have a risk management strategy, which comprises:

- An annual review of the risks the charity may face;
- The establishment of systems and procedures to mitigate those risks identified in the plan;
- The implementation of procedures designed to minimise any potential impact on the Charity should those risks materialise.

Health and safety advisers and professional investment managers have been appointed and a business continuity plan has been prepared to address the need to maintain a normal mode of operation in the event of an emergency. A key element in the management of financial risk is the setting of policies in respect of reserves and investments, which are regularly reviewed by trustees. A major risk identified in previous risk mapping work is a major collapse of the financial markets and the impact that this would have on the income stream, which relies heavily on dividend income. Whilst the ongoing uncertainties in the global financial system continue to have an impact on our income, we are working closely with our investment advisers to keep the situation under review. The Board of Trustees delegates the Finance and Investment Sub-Committee to meet with our investment managers on a regular basis. The Finance and Investment Sub-Committee meetings normally take place three times a year. A full set of papers from the Finance and Investment Sub-Committee are provided to all trustees in order that there is a broad understanding of the financial position by all members.

Risk and Uncertainties

Brexit - What are the risks facing us and how are we going to mitigate this?

Trustees have carefully considered the risks posed by the UK leaving the European Union. The issue has been near the top of the risks regularly reviewed by trustees since before the referendum in 2016.

Trustees consider that the main risks to World Habitat are indirect rather than direct. By that they mean that direct risks such as disruption of supply chains, changes in import/export taxes and the removal of licences to operate do not significantly affect World Habitat. There are however many indirect effects which may have an impact on the organisation. These relate to four main areas. The risk of a general downturn in the UK economy, changes in the exchange rate between sterling and other major currencies, particularly the Euro, changes affecting travel between the UK and the EU, and the impact on employment and recruitment caused by changes to residency rules for EU citizens living in the UK.

Trustees have reviewed these risks and concluded that risks to World Habitat's investments are manageable. Risks to income are likely to be minor because World Habitat's investments are invested diversely and are not solely dependent on the performance of the UK's economy.

World Habitat employs one member of staff based in the Netherlands whose salary is paid in Euros. A reduction in the value of Sterling against the Euro will increase the organisations costs in all of these areas. The organisation has modelled this and built a contingency into its budget that would cover all but a major drop in the value of Sterling.

World Habitat employs a number of staff who are not UK citizens, and has traditionally recruited some staff from EU countries for their knowledge and experience in the areas of work the charity undertakes. All UK based staff have settled status, and the organisation's increasing proficiency in remote working provides the opportunity to recruit overseas staff if necessary, without the need for them to be based in the UK.

World Habitat's traditional operating model has required frequent travel to EU countries. World Habitat is a member of Housing Europe, it conducts much of its homelessness programme, and part of its Community Led Housing Programmes in EU countries. The World Habitat Awards receive large numbers of submissions from EU countries, and require staff to visit as part of the evaluation process. Trustees have considered the implications of World Habitat's UK staff visiting EU countries and concluded that whilst there may be some additional administrative costs these are manageable and additional costs are likely to fall within the organisation's travel budget. In any case the risks to overseas travel caused by COVID 19 are much more significant. The organisation aims to reduce its need for so much travel in the medium term as it seeks to reduce its carbon footprint.

Therefore whilst Brexit is a risk, the Trustees consider the impact to be manageable and not to be as significant as COVID 19.

COVID 19 – What are the risks facing us and how are we going to mitigate this?

Trustees are acutely aware that the impacts of COVID 19 are felt most by those on low incomes and those with inadequate housing or no home at all. The pandemic has created new threats to the most vulnerable people in society, including an increased risk of homelessness through evictions. Trustees acknowledge that these effects are likely to significantly shape the needs of the people that World Habitat's work aims to help. As a result, World Habitat's programmes and strategy are due to be revised in 2021 so that they best deliver the organisation's mission and objectives.

Trustees have reviewed the potential medium-term impacts of the pandemic on World Habitat. They are aware that the duration and future developments in the pandemic are difficult to predict. Trustees consider that whilst most effects will be relatively short term in duration, there are likely to be some fundamental long-term changes that result. Trustees consider that the most significant impacts on World Habitat are on the organisation's income, restrictions to travel, and the organisation's workplace.

The vast majority of World Habitat's income is derived from financial investments. The financial shock caused by the pandemic has led to increased volatility in the value of these investments. Trustees have reviewed projections of the likely impact on the charity's income and concluded that the financial effects are likely to be relatively short term. Trustees have considered the risks to income as well as the risks to the delivery of the organisation's programmes. They have concluded that in order to sustain the organisation's programme delivery, expenditure for 2021 should be maintained at the same level as 2020. They have set a deficit budget for 2021 with the shortfall in income supplemented by using a small proportion of the organisation's financial reserves. This decision is consistent with the organisation's reserves policy.

World Habitat's operations have previously required a significant amount of overseas travel. Trustees anticipate that it will not be possible to pursue operational models that require travel in the short to medium term. One important example is the evaluation visits which are undertaken each year to assess submissions from finalists in the World Habitat Awards. New models were developed in 2020 including using in-country experts to visit and provide advice to the evaluation team. Similar models have been developed for other parts of the organisation's operations. These are continuously being refined and improved giving the organisation a range of options it can use depending on the health risks and legal position in force at the time. Trustees are confident that its programmes can continue to operate within all reasonably foreseeable pandemic scenarios.

When the UK government ordered all staff who were able to, to work from home in March 2020 the organisation was well prepared. It had IT systems and equipment already in place and was able to adapt its process and operations quickly to a working from home model. Staff have remained working from home ever since. The organisation plans to reopen an office during 2021 contingent on the law permitting it and risk assessment which demonstrates that health risks to staff are minimised as far as is possible.

Our Mission and Objectives

We are passionate about challenging the chronic injustice of the one-in-seven people across the world who live without a proper home. Our mission is to help those who live on the streets; those who have lost their homes due to war and disasters; and those who simply cannot afford to live where they need to. Everything we do is focused on understanding what works and getting solutions to the people who need them most. This annual report and accounts tells the story of our progress over the last year towards achieving that mission.

Safe and secure housing is a human right; without it, people cannot fulfil their true life-potential. For a large proportion of the world's population, poverty, conflict, natural disasters, and the growing impacts of the climate emergency deny people that fundamental right. The COVID-19 pandemic has brought the inequalities in housing into sharp focus. A secure home is not just a necessity to keep safe from the virus, but it provides resilience to the economic and social impacts that the pandemic has unleashed.

UN-Habitat estimates that around a billion people currently live in unsafe and unhealthy homes and millions more have no home at all. It does not have to be like this. Despite setbacks caused by COVID-19, over the last few decades the world has made huge progress in social development. Billions have been lifted out of poverty. Life expectancy has soared, and more people than ever are safely housed. A world where everyone has a safe and secure home is a goal that is within reach.

However, there are new dangers that threaten this progress. Old political and economic certainties have retreated, weakening people's rights and increasing the risk of conflict. The economic impacts of the pandemic have weakened people's security, increasing the risks of evictions and homelessness. A rising global population is straining the world's resources and the climate is becoming increasingly unstable and unpredictable. These tensions are felt first by the poorest people who can least afford to insulate themselves from the effects.

However, the poorest are often the most resourceful, and their communities are often the strongest. In our experience, with the right financial and social support, most communities have the potential to solve their own housing struggles and find a path out of poverty. Indeed, housing is always better, and the impacts on communities more significant, if they are shaped by those who are directly affected.

Solutions to most of the world's housing problems already exist, but most communities do not have access to the knowledge, support, expertise and experience to make full use of them. World Habitat is a catalyst, seeking out solutions to the world's housing problems - helping them to grow and develop, and then transfer them to communities in new places where they are needed most.

In 2020 we sought to have a greater positive impact than ever before. We sought to develop and adapt our approach to the changed housing needs, and the limitations imposed on us as a result of COVID-19. Our work – which this report details – continued to implement the strategy approved by our Trustees, that has guided our work from 2019 to 2021. The strategy sets our objectives to:

- seek out and develop new and effective solutions to the world's greatest housing challenges;
- support emerging innovative ideas and projects to develop and grow, so they help more people;
- invest in housing projects to help them reach more people;
- promote proven housing solutions and help to transfer them to places where they are needed most; and
- work around the world to develop what works and to discover new solutions to making housing safe and secure.

The World Habitat Awards - Seeking out and developing new and effective solutions to the world's greatest housing challenges.

The World Habitat Awards were established in 1985 as our contribution to the UN International Year of Shelter for the Homeless and we have operated it every year since in partnership with UN-Habitat. With entries from across the world, the Awards identify, recognise and showcase some of the very best solutions to the many housing challenges people and communities face. The 2019 Gold Award winners were presented with their awards in February 2020 at the 10th Session of the World Urban Forum in Abu Dhabi, UAE. 2019 was the first year that the World Habitat Awards consisted of Gold, Silver and Bronze awards.

The two Gold Award winners were: Restoration of dignity and human rights of indigenous tribal community in Karnataka, India and *Viviendas para las Entidades Sociales* in Barcelona, Spain.

Restoration of dignity and human rights of indigenous tribal community is a project designed to break the cycle of caste-based oppression in Karnataka, India.

The Koraga tribal community suffered centuries of oppression under India's historic caste system. While caste-based discrimination is technically illegal today, many of the practices and prejudices remain. The community had been subject to land expulsions, had few livelihood opportunities and was suffering from malnutrition. All of these issues contributed to the continued practice of *Ajalu*, where Koragas were made to eat leftover food from upper caste households mixed with hair, fingernails and other inedible substances.

ActionAid India, with the Koraga Federation and Samagra Grameena Ashram (SGA), worked with the Koraga people and nine other tribal communities in Karnataka state to break the cycle of caste-based oppression through social and economic empowerment. This was primarily achieved by supporting indigenous communities in accessing government schemes to which they were entitled.

Under this initiative, more than \$5 million USD of support has been generated for the Koraga people and other tribal communities in the form of housing grants, pension entitlements, nutrition and food security schemes, land, agricultural support and education.

Thousands of acres of land have been secured for tribal communities and 19,000 people have accessed grants to build homes. This has acted as a foundation for them to rebuild their lives. Enhanced access to state-sponsored nutrition programmes have improved food security and health among the Koraga community. More children attend school and have access to scholarships, while Koraga women hold leadership positions within the community and more than 1,000 have been supported to become self-sufficient.

As a result, marginalised tribes are now able to resist oppressive practices and access their basic human rights, restoring their dignity and transforming their lives for generations to come.

Viviendas para las Entidades Sociales increases affordable housing in Catalonia by renovating empty homes.

Millions of tourists visit Barcelona each year, choosing to stay in apartments advertised on short-term letting platforms and playing an unwitting role in the city's growing housing crisis. Each home taken out of circulation for local people to rent increases the pressure on affordable housing in Catalonia, which currently has a shortfall of 170,000 homes. At the same time, 450,000 homes lie empty. As unemployment rises and incomes fall, those who do have a home are at increasing risk of eviction and homelessness.

The *Viviendas para las Entidades Sociales* project, run by Hàbitat3, increases the supply of affordable housing in the region by acquiring and renovating empty homes or securing leases and offering them to charities working with vulnerable people. Hàbitat3 renovates the homes in collaboration with local social enterprises who train socially excluded people to help them find work in the future. It manages the homes while the charities select the tenants, providing ongoing support in areas such as mental health, drug addiction, disability, gender violence and migration. So far, Hàbitat3 has worked with 28 charities across Barcelona and the surrounding area.

Hàbitat3 now manages 100 properties through the project, providing a home for 187 vulnerable tenants. Hàbitat3 continues to work with the Barcelona City Council and the Catalan Government to ensure it can provide more homes and give more people the opportunity to build a better life.

The World Habitat Awards Gold Winners' trophies were presented to Xavier Mauri Coll and Natalia Martinez Mustienes from Hàbitat3 and to Nandini Krishnaswamy, Sandeep Chachra (from **Action Aid India**), Ashok Kumar (representing **Samagra Grameena Ashrama**) and Shakuntala (representing the **Koraga community**) by Victor Kisob, Assistant Secretary-General, Deputy Executive Director for UN-Habitat.

Leilani Farha, the UN Special Rapporteur on the right to adequate housing (at the time of the awards) and one of the judges of the World Habitat Awards, appeared at the presentation by video message to congratulate the Gold Award winners for their innovative work.

Innovating, scaling up and transfer – We will bring people and ideas together to help transfer ideas to new places where they are needed most.

World Habitat is committed to helping projects develop and grow, and to finding and sharing great practice from around the world, so that practice can be transferred to where it is needed most.

Through our **exChange** events, we facilitate global learning on outstanding housing solutions, which are open to housing practitioners, researchers or policymakers with an interest in exchanging and transferring ideas, methods and proposals. The exChanges often feature our Gold Award winners and provide a practical, in-depth understanding of the technical, social and financial aspects of innovative approaches to overcoming housing challenges and helping projects and programmes to develop their work. As a result, many of the participants adapt and transfer relevant elements of the approaches to their own context.

Due to COVID-19 restrictions this year, World Habitat facilitated all exChange sessions virtually.

Fostering Organisational Growth and Expanding Programme Scope in Barcelona

In 2019, Hàbitat3 was awarded the World Habitat Gold Award for its programme 'Viviendas para las Entidades Sociales', which led to its participation in an exChange collaboration.

Hàbitat3, supported by Taula d'Entitats del Tercer Sector Social de Catalunya, is a social housing provider and manager that helps people, particularly those from vulnerable communities, access a decent home. In its Gold Award programme, Hàbitat3 renovated empty homes in Barcelona and collaborated with social entities and public administration to carry out social inclusion projects through housing provision. Our exChange event was focused on how they could expand their work to the Private Rented Sector (PRS), while also seeking organisational scale-up strategies from other entities focused on affordable housing.

World Habitat facilitated a series of exChange sessions between Hàbitat3 and similar organisations within our extensive network, including previous winners of the World Habitat Awards. The partners for this exChange were Crisis (UK), Homes For Good (UK), the Y Foundation (Finland), dot dot dot (UK), Community Solutions (USA), Mutual Housing (USA) and Neunerimmo (Austria).

Several sessions were held and covered the key issues which organisations in the affordable housing sector face, including funding mechanisms, tenant support, property management, commercial opportunities, political advocacy and collaboration with local authorities and private sector actors. These conversations not only helped identify different strategies for Hàbitat3 to pursue in the coming year, but also encouraged other organisations to discuss their own social values, ambitions and desired future impact.

Katharine Hibbert of dot dot dot valued the diversity of the participants in inspiring her own organisation's work.

"I think it is really helpful to have such an international group of people, to get that inspiration, get some ideas from elsewhere, and also to be reminded of how ambitious it is worth being and how ambitious it is possible to be."

Chris Hancock of Crisis used it as an opportunity to reflect upon and reinvigorate his own organisation's goals.

"This exChange has really reinvigorated my ambition of what I think we can achieve...[it] has been really helpful, and helped me push forward some conversations internally about our own ambitions and what we can do as an organisation ourselves. It also encouraged me to reconnect with a number of organisations in the UK working in the private renting sector, to share ideas and some of [the] ambition that we've seen here."

Juha Kaakinen of the Y-Foundation (winner of a 2014 World Habitat Award) found support and solidarity among likeminded organisations.

"I found it very inspiring and almost got the feeling that I was talking with relatives or a cousin-organisation, because in spite of the differences, there was so much in common, a similar ethos, similar impatience to get results and move forward. And it also made me think about several things in our own doing."

Xavier Mauri of Hàbitat3 valued the expertise of participants who had introduced methods to scale up their own organisations, while still preserving aspects of their founding social values.

"We wanted to hear the thoughts of organisations with more years of experience, like Y-Foundation, which mainly started offering housing to homeless people, but four years ago they acquired 8,000 social units [and are] not [solely] social anymore. This is an interesting way to grow and open your mind. There might be opportunities that allow an entity to open their vision, even to broaden the spectrum, and to have a much bigger impact, without leaving out what they wanted to do."

As a result of the exChange Programme events, Habitat3 reported key changes in how they will implement their work - specifically in how they will operate their funding structure and how they will engage the Catalan Government. Moreover, all participants expanded their network and committed to future engagements with each other to ensure continued knowledge sharing and mutual learning.

India

We have begun work with our other 2019 World Habitat Award Gold winners – the Koraga Federation and Samagra Grameena Ashram, however they have been focused on emergency responses which has delayed our activities.

We are planning on funding a new development role for two years who will work with tribal communities such as the Koragas, Jenu Kurubas and Eravas Soligas Hasalaru who have all accessed rights to their land through successful mobilisation. The role will help tribal communities to build houses that are compatible with living in the forest.

Currently, planning land use specifies forest and development land as two separate and incompatible land uses. People are not permitted to live in protected forests, and most of the new housing development in rural Karnataka involves clearing areas of forest.

This proposal would offer a way in which forests and housing could co-exist. It would also allow tribal communities to diversify agricultural activities to use their land in a sustainable and eco-friendly way, while also developing income streams.

In addition to funding the role, we will also fund for a film to be made that documents the success of the Koragas, focusing on the key lessons and learning that others could adapt to their situation.

We will evaluate this work after the initial two-year period, with the potential to (i) cease funding to the role, (ii) continue with the current activities, (iii) transfer the role to work with other groups, such as those in bonded labour.

Pakistan Chulahs

We have continued to support our 2018 World Habitat Award winner - the Pakistan Chulah project, run by Heritage Foundation, Pakistan. We have funded the building of six training centres in the remote villages in Sindh province that the project supports. The training centres are in many cases the first community buildings in each village. They provide a location in which training and skills development of local people can take place, so that knowledge about building chulahs (clay ovens for cooking food) and other home and community improvements can be spread to more people more quickly.

The Heritage Foundation, Pakistan are providing funding for trainers and training materials. A further 28 training centres are due to be built, although construction has been delayed by local flooding and the COVID-19 pandemic.

Although delays in the project have meant that it has not been possible to use the existing training centres for skills training, many of the training centres built with World Habitat's funds have become important hubs for local residents. The project reported that 30-40 villagers have been able to use the centres every day as community meeting places. In response to lockdown restriction the project has concentrated on developing video tutorials for remote teaching.

Ending Street Homelessness in Europe - *We will work intensely with a group of European cities to help them first reduce, and then end street homelessness.*

The strength of our European End Street Homelessness Campaign is the collaboration of a network of local city campaigns, working together – through support workers, directors of charities, local government officials, community volunteers and people with lived experience of street homelessness - to end street homelessness in their communities.

The cities come together to share expertise and exchange experiences to help them learn from each other and show how communities everywhere can develop solutions to street homelessness.

In 2020, our international campaign was confronted with the additional challenge of the COVID-19 pandemic, which dramatically affected the way we had previously worked. Most importantly, COVID-19 has brought into sharp focus the importance of 'home' as the first line of defence against public health emergencies. For people with nowhere to call home and those without the support they need to keep it, 2020 was a year that demanded swift and effective action. Across cities in Europe and within European End Street Homelessness Campaign partner organisations, we have seen a rapid transformation in the way services are run and how support is delivered.

In the UK, campaign cities Westminster, Torbay, Croydon, Leicester and Brighton were part of the "Everyone In" initiative, a government intervention that saw almost 15,000 people experiencing homelessness brought into safe accommodation within weeks of the UK going into lockdown. Similar interventions took place in Belgium and Spain but were more limited, with people still sleeping on the streets. Our city partners provided access to basic services including food, clothing and health checks. For countries like Slovakia without these mass programmes, our street outreach partners - STOPA Slovensko – provided an award-winning response to those left out on the streets. In December 2020, they were recognised by the Slovakian Public Defender of Rights for their outstanding contribution in support of vulnerable people during the COVID-19 pandemic.

In addition, we saw major successes with our partners Action Homeless in Leicester, who started their first ever Housing First programme. STOPA Slovensko also set up two pilot housing projects in Bratislava – offering a genuinely sustainable housing response to homelessness in the city.

"Sometimes there's a client who you've worked hard with, and you persisted in walking with them, yet not interfering too much, and then you see how their life turned out. Now they have money, a job, and they're happy...They have that warmth, a home to come back to. And that feels amazing." **Martina Pisárová, Deputy Director, OZ STOPA Slovensko**

Despite the logistical challenges presented by COVID-19 and local lockdowns, our partners in Barcelona and Brussels were still able to bring together members of their local communities to undertake Connections Weeks. This vital survey tool allows local services to understand both the scale and depth of support required for those experiencing homelessness. The figures are stark, but vital to focusing resources on providing long-term solutions to homelessness.

Barcelona: a snapshot in numbers

Over half (50%) of people sleeping on the streets say their situation has become worse since the outbreak of COVID-19.

The number of young people experiencing homelessness is increasing – 13% are aged 16 to 25, in comparison with 8% in 2016.

Almost three out of four people are from countries other than Spain.

Brussels: a snapshot in numbers

Approaching half (44%) of people reported having been attacked or beaten since they became homeless.

Over half (54%) of people sleeping on the streets have not had access to any accommodation since March 2020 – the beginning of the COVID-19 crisis.

One in three (33%) are currently unable to meet all of their basic needs.

Our Campaign Cities in numbers

- 885 people housed in permanent accommodation
- 990 volunteers took part in two Connections Weeks
- 534 surveys with people experiencing street homelessness
- Five independent Innovation Grants* provided by World Habitat
- Over 1 million people reached through our #EveryoneDeservesAHome social media campaign on World Homeless Day 2020.
- Only 4 people recorded on the streets of Glasgow at the end of 2020
- 200 households accommodated by Torbay Council during the emergency response
- 220 people given emergency accommodation by Brighton & Hove Council - with rapid access to health support and a substance misuse service.

- More than 500 people moved off the streets into hotels in Westminster, London – the offer was made to anyone rough sleeping even if they had No Recourse to Public Funds (NRPF).

*The Innovation Grants we awarded to the Westminster Homelessness Partnership helped fund a **workshop** - to ensure they were able to capture all the learning from their work responding to COVID-19 and help all partners make more systematic changes in the future - and part-fund a **new website** - to provide a 'shopfront' for the vast range of people who want to work together to end homelessness and to provide clarity to this who face rough sleeping across Westminster.

"Why am I so able to commit to this issue? Because ignoring a failing system doesn't make it go away. Because we have a real opportunity here to make a difference for our clients."

Westminster Homeless Partnership workshop participant

"The website is an excellent resource for our partnership. We can signpost people to this to explain our work, for example potential new partners and key individuals – including, [a local] social enterprise and new executive directors in the council, including the cabinet member in Westminster responsible for homelessness."

WHP Partner

CASE STUDY: Leicester

By working together, we know that we can end homelessness. Leicester's Homelessness Charter brings together members of the community, charities, the City Council, healthcare providers and other public services, faith groups, and businesses. It mobilises different sectors from across the city to come up with solutions to the most challenging issues around homelessness.

The COVID-19 pandemic is not a crisis isolated to one sector and has required a city-wide response. Leicester – which has experienced the longest-running restrictions of any city in the UK since the start of the pandemic – has a solid foundation of cross-sector collaboration. This led to over 545 people experiencing homelessness being swiftly housed in emergency accommodation between March and October, to protect them from the virus. The rapid response meant very few cases of COVID-19 among those experiencing homelessness – and the Charter provides the perfect space for working closely with health partners across the region.

The Charter created workstreams to look at how the impacts of COVID-19 would increase pressure on people – through financial insecurity, job losses, and evictions – and cause whole new groups of people to be forced onto the streets. Focusing on preventing homelessness is key to creating sustainable solutions to the housing crisis.

Stable housing is a key part of the solution to street homelessness. Campaign lead, Action Homeless, took a big step towards creating access to long-term housing and support for people who have been sleeping on the streets for a long period of time. Their new Housing First project will house 18 people and give them the flexible support they need to thrive in their homes and city.

Responding to COVID-19

2020 began with big plans for the campaign - to continue building on its success by supporting city campaigns to drive action in their local area using our Innovation Fund and a wide range of support options. We were also taking active steps to develop our network across Europe by welcoming new cities into the campaign. Global events meant our priorities quickly shifted as our network of partners reacted to the unfolding outbreak of COVID-19. We were proud to see our campaign partners reacting quickly, many utilising partnerships created through the campaign to collectively respond to COVID-19. These relationships were often crucial in creating a swift and effective response with many organisations working together to rapidly transform the service and support they offered – providing vital housing and other support.

Reacting to the needs of our partners, we began to record, learn from, and disseminate the best practice around homelessness responses to COVID-19. We gathered and shared case studies from our campaign cities across Europe, shared effective practice and helped our cities learn from the emerging practice. We moved events online, including our virtual Annual Gathering of Cities, and adapted our Innovation Fund – helping campaign partners plan for safe and permanent solutions beyond temporary COVID-19 interventions.

After a year in which housing and safe accommodation has played a central role in a global health emergency, we face 2021 with a greater sense of purpose and resolve in our mission. The COVID-19 pandemic has reinforced the importance of a safe and secure home – and World Habitat will continue to shine a spotlight on those organisations across Europe that maintain this fight for the right to housing. Our campaign is both needed – and is more important – than ever before.

Community-Led Housing – We will bring people and skills together and we will invest to help communities develop their own housing in new places where they are needed most.

Around the world, too many people are caught between unaffordable or inadequate housing in the private market, and a lack of good-quality public housing. In response, some communities have taken control and provided their own solutions. They have developed housing to fit their needs, aspirations and values. And all have one thing in common – they are community-led with local people in control.

At World Habitat, we believe that people-led housing is an exciting and sustainable solution to the urgent need for affordable, high-quality homes. With this in mind, our Global Community-Led Housing programme collaborates with individual community-led housing projects while also helping to build international networks to support and nourish the growth of this vital approach.

Brazil

In 2020 the support to our local partners in **Brazil – Catalytic Communities** – has helped develop approaches to engage the **Trapicheiros community** in the establishment of the Favela CLT – if this is successful it will be the first Community Land Trust in Brazil.

"Thanks to support from World Habitat, we are working with Trapicheiros' residents, through diverse workshops, meetings, events and door-to-door activities; achieving resident mobilisation; mapping the community; conducting community planning; and designing alternate laws to facilitate the implementation of CLTs - not only in Trapicheiros, but across Brazil."

Theresa Williamson, Executive Director of Catalytic Communities

Through these activities – before COVID-19 impacted on face-to-face activities – the CLT Working Group was able to reach almost two-thirds (65 per cent) of all residents. And almost all of these (90 per cent) expressed their commitment to work together to create a CLT. Once pandemic restrictions were enforced, the Favela CLT Working Group used online communication to connect closely with other communities and experts beyond Rio, including lawyers and legal experts, activists, urban environment professionals, academics, and national and international institutions.

This work will provide a template to inform the planning of further CLTs, and to inspire legislation to support future expansion.

"The CLT is a protective tool, which secures the community against both evictions and real estate speculation. [...] The community of Trapicheiros, along with Esperança, are the two communities working on a pilot project, and we believe it's going to be very successful in Brazil, because we're very engaged with this cause." –

Ailton Lopes, Sub-secretary of the Trapicheiros Residents' Association

"We are deeply grateful to World Habitat for the entire process you have made possible, we certainly would not have gotten this far without you. The international experience that you bring with regard to protecting housing rights inspires us to continue on our path to building a more sustainable, democratic and just city. We must now respond to the challenge of maintaining a team to ensure the project doesn't stop or slow down, but rather builds on the momentum created through your support."

"Your grant made it possible for us to realize and maintain a steady commitment and growth in the project, flexibly addressing issues and taking advantage of opportunities as they've arisen. The above-stated activities and results simply would not have taken place without your support. While limits presented themselves, thanks to our partnership we were nonetheless able to move forward and one by one, address obstacles as they arose."

Theresa Williamson, Executive Director of Catalytic Communities

Bangladesh

Our partnership with the **Council of Minorities** is working to secure land and housing in two former refugee camps in Dhaka, Bangladesh, through a community-led process. The project aims to develop a Community Land Trust, or a suitable alternative.

Throughout 2020, we supported this project by funding the first two phases, which enabled the project to recruit experts and stakeholders to be involved in building the capacity of the local leadership and by providing advice.

During Phase One, the project carried out focus groups with local young and elderly people, and members of the current leadership, to understand their needs, fears and aspirations. Young people highlighted the lack of even basic documentation of the camps' infrastructure and land use patterns. This inspired them to take on important roles - including the social mapping of the camps' history and its key characteristics.

Phase Two aims to deliver further outreach and capacity building with more of the camp-based leadership. Key stakeholders and advisors are being introduced to support residents, while further household and settlement-wide data is being collected by local young people using new technology.

Both the data collected and the blueprints will be used to formalise land tenure negotiations and future upgrading works. They will also help mobilise the community to document their current situation and help them outline their needs and advocate for change.

"It has become necessary, more than ever, that the community empower themselves and defend their rights. Creating maps and profiles at the community level can be a powerful tool since it presents a collective expression of their entitlements. This will enable them to legitimise their claims and actively decide what development should mean in their own communities and territories."

Rabeya Rahman, a community architect and Design Lead for the project.

International collaboration

We have been a key partner in developing and maintaining the global **CoHabitat Network**, an international community-led housing network facilitated by the Swiss-French NGO **urbaMonde** and involving key global organisations. This has included working together to create and deliver key tools, organising regional hubs for peer-learning and Network Awards to celebrate and share best practices. In 2020, our collaboration has focused on consolidating the tools that support the network members in learning from each other and documenting and sharing ground-breaking examples of community-led housing, including through our **#CoHabitatNetwork** social media campaign during Urban October.

We worked closely with **MOBA Housing SCE** – a network of emerging housing initiatives in Central and South Eastern Europe – by providing both advisory and financial support. MOBA members and their partners have been carrying out key activities to create an enabling environment for rent-based housing co-operatives across the region.

This includes developing the MOBA Housing Development Fund which, once operational, will channel investment towards housing co-operatives, hence addressing the current lack of financial infrastructure. World Habitat has designated grants to support specific projects, such as developing architectural designs for pilot co-operatives in Serbia and Slovenia, with attention to intergenerational and environmental aspects.

Over the past year, World Habitat has also expanded its approach to grant-making, which will see five new projects led by MOBA members funded in 2021. This will include: developing a national umbrella organisation for co-operative housing in Hungary, land scanning for a pilot project in Belgrade, business plan development for a housing co-operative in Prague and advocacy to influence housing policy in Croatia and Slovenia.

"[Our] model is truly a co-operative model, based on a joint investment by the members, the provision of the land by the municipality, a loan from the national housing fund and resources from external lenders or investors. [...] We have made significant progress in developing the first pilot project."

Anja Lazar & Rok Ramšak, Zadrugator

We also provided funding for the publication, On Common Ground: International Perspectives on the Community Land Trust, by the Center for CLT Innovation, which features a foreword by our Chief Executive, David Ireland.

This publication represents an impressive collection of examples of community land trusts from around the world – including emerging examples in the Global South, and traditional collective land tenure models.

*"For more than a decade, World Habitat has helped to spur the global spread of community land trusts by raising the international profile of this innovative housing strategy and by facilitating the exchange of ideas among CLT practitioners from different countries. My hope is that **On Common Ground** – that would not have happened without World Habitat's early support – will do more of the same, encouraging further growth and diversification of a unique model of community-led development on community-owned land."*

John Emmeus Davis, one of the editors of On Common Ground

Leeds Community Homes

Leeds Community Homes is an umbrella Community Land Trust. It was set up by two of our World Habitat Awards finalists Canopy and Lilac (alongside five other Leeds-based community organisations) to help communities across Leeds to create new community-led homes either by building new homes or bringing empty homes back into use. In 2015 World Habitat provided the initial start-up funding, to help establish Leeds Community Homes – a Community Land Trust that was Leeds community Homes

We subsequently made a £25,000 social investment in Leeds Community Homes through a community shares issue. Leeds Community Homes set a goal to raise £360,000, and successfully achieved it. This investment enabled the purchase of 16 permanently affordable flats on an eco-development in Leeds's Climate Innovation District. The funds also enabled the development of proposals for future projects to build more affordable homes. Nine of the homes have been made available for discounted rent, while seven will be sold at 60% of market prices, a figure agreed by members to be genuinely affordable. The new homes are wood construction, reducing embodied energy costs. They are so well insulated that a boiler was not needed. Heating needs are so low that they can be met with 100% renewable energy.

Leeds Community Homes plan to build 1,000 environmentally high performing community led homes in Leeds by 2028. These new homes will be affordable to local people both now and for future generations.

TECHO

For the first time in our history, we awarded an Outstanding Contribution to Housing Award in 2020. We – alongside an independent panel of housing experts - wanted to mark the incredible work of the youth-led organisation TECHO, to recognise its work supporting millions of people into housing across Latin America and the Caribbean. In just 23 years, TECHO has progressed from a small housing project in Chile – led by a Jesuit priest – to an international operation covering 18 countries. Having built over 135,000 homes and carried out over 300 infrastructure projects in more than 600 communities – with the support of over one million volunteers – their work represents a unique combination of scale, transferability and adaptation.

"We are deeply grateful to receive this international award. It is an acknowledgment of the achievements, effort and perseverance over more than 23 years of active and collaborative citizen participation by Latin American youth and residents of popular settlements in the region. This award represents a new definition of shared work, collaborative action and dialogue between popular settlements and the youth of Latin America. It motivates us to continue working in a co-ordinated way, adapting to the circumstances in order to continue transforming the lives of millions of people."

Juan Pablo Duhalde, General Director at TECHO

World Habitat and TECHO have entered into a transregional, strategic partnership. Together, we will work to promote, strengthen, and integrate each other's networks to increase knowledge sharing among diverse housing stakeholders. As such, TECHO will act as a key promoter of the World Habitat Awards in Latin America and will participate in an exChange collaboration with members from World Habitat's global network.

"The award and partnership with World Habitat are vital for promoting spaces in which to exchange lessons and learning. Understanding the situations in other areas of the world will be essential for innovating in our work on the ground, and we believe that our experience in Latin America can also contribute a great deal. Today, multi-actor work is the best way to achieve agreements and actions that allow us to prioritize. This type of alliance is the route to collaboration between all the key actors."

Juan Pablo Duhalde, General Director at TECHO

Our Land

World Habitat owns a small portfolio of land local to our office in Leicestershire in the UK. The land was bequeathed to the organisation when it was established. It is largely rented to local farmers and used for agricultural purposes. In the past some land has been sold and the proceeds invested to provide income for the charity.

During 2020 we carried out maintenance work at the Peter Elderfield Wood. A 27-Acre area of woodland planted in memory of our founder. This continued the improvements detailed in our 10-year management plan and included mowing the rides, thinning of the trees - carried out by a wood fuel group organised by the Conservation Volunteers, a tree safety inspection for the site and drainage work near the Forest Rock boundary.

Reducing our carbon emissions

Our Trustees acknowledge the seriousness of the climate emergency and want to ensure World Habitat is socially responsible and reduces and manages its own impact.

Like all organisations our activities consume energy and generate carbon dioxide and other greenhouse gas emissions. Our international travel means we consume more than most organisations of our size. We take our responsibilities seriously and have developed a carbon management plan that seeks to reduce our carbon emissions and offset all that we emit. Trustees have approved targets to reduce our carbon emissions by 50% of our 2016 levels by 2030 and reduce them to zero by 2050.

We offset all the emissions we produce. We see real value in Carbon offsetting as a means of encouraging investment in carbon saving technologies and alternatives. We do not see carbon offsetting as an alternative to emission reductions.

Our carbon management planning sets an annual organisational emission reduction target, and annual carbon budget for each programme. To offset our emissions, we invest in housing-related programs that reduce carbon emissions and also help provide safe and secure housing for low-income people. We are currently planning to develop our carbon offsetting programme to enable others to invest in these same programs.

In 2020, our carbon emissions were 27.5 tonnes. This was a significant reduction on our peak year of 2017 when we emitted 143 tonnes, and is the third successive year of reductions. 2020's reduction. It must however be seen in the context of significantly reduced international travel and staff working from home due to the COVID-19 pandemic.

We will look to proactively adjust our approaches and policies so that we can continue to have a growing impact as an organisation whilst reducing our carbon emissions to at least meet our targets.

Charity Code of Governance

In 2020 we reorganised our staff structure so that we could better deliver our strategy. The reorganisation enabled us to create and recruit to new staff posts better orientated to our programmes. We also improved our management structure creating a new role of Deputy Chief Executive and subsequently recruiting Louise Winterburn (previously head of our homelessness programme) to this important new post.

In 2018 World Habitat signed up to the Charity Code of Governance. This code is a practical tool to help charities and their trustees develop high standards of governance. The principles are based on, but go beyond, legal requirements. The code says that it is deliberately aspirational. It is produced by a large group of charities including NCVO and ACEVO. The Charity Commission has observer status.

There are two versions of this code. World Habitat has adopted the version for larger charities.

We review all our governance policies and activities annually and measure them against the code. During 2019 World Habitat reviewed all its activities to ensure they meet the code's recommendations. Trustees agreed that any areas where we do not meet the standard we will publish in the annual report.

Trustees agreed that in 2020 for the first time the charity is fully compliant with the Charity Code of Governance. The trustees and Senior Management Team will review this on an ongoing basis.

Future Plans

We believe that 2021 is an important year for World Habitat's future. We will develop an **ambitious new strategy** throughout the year, that will guide our work for the subsequent three years. This strategy will build on our previous achievements and aim to help marginalised communities and those on low incomes to benefit from a green and socially-just housing recovery to the pandemic.

Travel restrictions that were in place through much of 2020 saw us work more closely with our international partners to deliver our objectives. We do not want to assume a return to business-as-usual model when COVID-19 subsides, but build on the advantages of the ways of work we have developed over the pandemic. We plan to develop our diverse and international network of partners in 2021 by firstly surveying their views and later making changes so that we can co-ordinate our work better.

Like many other organisations our staff have been working from home for over a year in order to keep them safe from the virus and to comply with the law. We plan to gradually reintroduce office working during the year provided that it is safe to do so, and the law permits it. Our plan to relocate our main workplace to a city centre location in Leicester in 2020 was not possible, but we aim to achieve it in 2021 so that staff have a stimulating workplace and we are better connected to our partners.

We plan to continue to improve and develop the **World Habitat Awards**. We were heartened by the fantastic response to the 2020 competition. We believe that sharing and helping the uptake of good practice has never been more important. We will develop and improve our exChange work to increase our impact. We will seek out evidence that seemingly impossible and insoluble housing problems can be solved and, where we can, demonstrate solutions that can be scaled-up and transferred so that they become world leading.

We are also planning to develop the **European End Street Homelessness Campaign**. COVID-19 has dramatically changed the environment in which the campaign operates. In some countries people who were street homeless were temporarily housed in hotels and there has been great progress in permanently housing some of them. In other countries homeless people have become more marginalised with shelters and outreach services closing. In all countries the risk of homelessness has increased.

Whilst the objectives of the campaign are unchanged, how we achieve them might need to. We aim to be broadminded and agile in how the campaign can add most value and help cities achieve their aims of permanently housing those who are street homeless.

We will continue to develop our **Community-led Housing programme** and take our work into parts of the world where the concept is less developed. We are enthusiastically working with some of the poorest communities around the world to develop and improve their homes and communities through adapting and adopting community-led approaches.

We will vigorously pursue efforts to **reduce our own carbon emissions** and encourage our partners to do the same. Our own carbon emissions have reduced significantly as we have travelled less as a result of travel restrictions. We aim to avoid a return to usual approach and retain the best of what we have learned over the last year. We will adopt new policies that enable us to achieve an increased impact against our strategic objectives and continue to reduce our emissions towards zero.

We will develop our own housing-based carbon offsetting programme that invests in the construction of net-zero carbon homes in Africa, so that it can be verified and enable others to invest.

We will continue to review and monitor our financial investments. We will be changing our investments to more progressive investments that are in line with our ethical policy, with a final decision made by our Board of Trustees in September. We aim to ensure our investments are free from arms sales to military regimes, unethical lending practices, human rights violations, environmental degradation and activities that are incompatible with the 2015 Paris Agreement to limit the increase in global average temperature to 2°C and pursue efforts to limit the increase to 1.5°C.

We will continue to work with the local community to provide greater public access and undertake environmental improvements to our land assets.

How our activities deliver public benefit

When planning activities for the year World Habitat trustees had due regard to guidance on public benefit produced by the Charity Commission. Our charitable activities focus on the prevention or relief of poverty, and the advancement of education for the public benefit.

In particular our programs aim to increase the provision of adequate housing for people with few housing choices. Our work in operating and promoting the World Habitat Awards aims to fuel innovation and inspire others to adopt the best housing practice and enable the best housing projects to scale up, expand and be replicated where they are needed most. This, we believe, will enable more people in housing need to be better housed.

Our Community-Led Housing programme aims to create the conditions in which community led-housing can scale up and expand. This will provide a greater provision and greater choice of low-cost housing benefiting people on low incomes.

Our European End Street Homelessness campaign aims to help end street homelessness in participating cities in Europe. Street homelessness is the most extreme form of social exclusion. People living on the streets have dramatically worse health, lower life expectancy and lower life chances than others in society. This campaign aims to create the conditions in which people living on the streets are quickly and permanently housed.

Trustees believe undertaking our main activities described above fully meets the requirements of section 17 of The Charities Act 2011 to deliver public benefit.

FINANCIAL REVIEW

Overview of the year

In 2018, the trustees carried out a detailed review of the charity's activities and produced a strategic plan for the direction and activity of the charity for the following three years (until December 2021). The implementation of the plan started during 2019.

The total income for the year was **£1,147,178**. This represents a 17 per cent reduction on the income in 2019 of **£1,379,706**. The reduction is primarily due to the impact of the COVID-19 pandemic. The investment income was severely reduced due to companies cancelling their dividend payments. The principal funding source is income received from financial investments (**£1,114,622** i.e. 97.2 per cent), with the remaining 2.8 per cent secured from grants, rental income, interest and sales. Expenditure in the year was **£1,010,206**. This was lower than income by **£136,972**. This was lower than budgeted expenditure due to lower office costs, with the office being closed due to the COVID-19 pandemic and lower programme costs due to there being no international travel. Events were held online, and local experts were used to carry out the evaluation visits for the World Habitat Awards.

Carbon offsetting costs have increased in the year, as we have started to develop our carbon offsetting programme to enable others to invest in housing-related programmes.

Funds have been applied in respect of research costs and in the governance and administration of the organisation, with 92 per cent of funds expended relating to research and 8 per cent to governance and administration.

Investment powers, policy and performance

Under the Memorandum and Articles of Association, the charity has the power to make any investment that the trustees see fit. Investments are held to provide an income to further the objectives of the Foundation, both now and in the future, the investment policy has been amended to reflect the slight shift in emphasis towards income, rather than capital growth.

Capital appreciation of the investments continues to ensure that the value of the original gift is maintained in real terms in the longer term, recognising that there will be short-term fluctuations due to changes in stock market values. World Habitat seeks to ensure that a sufficient income stream is generated to cover its current activities without incurring undue financial risk for the charity.

The income from the charity's investments reduced by 16.6 per cent from **£1,373,590** in 2019 to **£1,145,770** in 2020. There was a decrease of **£2,162,222** in the valuation of the World Habitat total investment portfolio at the year end from **£34,669,806** in 2019 to **£32,507,584** in 2020. This decrease was due to the uncertainty around the COVID-19 pandemic, with many companies reporting a reduction in trading income and therefore cancelling their dividend payments. The investment portfolio recovered well during November 2020 due to the announcement of the vaccine to fight the pandemic.

Key management personnel remuneration

Key management personnel are defined in the Charity SORP as *'those persons having authority and responsibility for planning, directing and controlling the activities of the charity, directly or indirectly, including any Directors of the charity'*. World Habitat trustees consider that key management personnel of the charity are: the trustees, the Chief Executive and all other members of the senior executive team.

All trustees give up their time freely and no trustee remuneration was paid in the year. Details of trustee expenses are disclosed in note 8 to the accounts. One employee received remuneration above £60,000.

Trustees are required to disclose all relevant interests and register them with the Chief Executive and, in accordance with the charity's policy, withdraw from decisions where a conflict of interest arises. The pay of the senior management personnel is reviewed annually and normally increased in accordance with average earnings and set at market rates. The remuneration is also bench-marked with charities of a similar size and activity to ensure that the remuneration set is fair and not out of line with that generally paid for similar roles.

Diversity, Equality and Inclusion

As an organisation that is committed to social justice across the globe, diversity is intrinsic to everything we seek to do. Events in 2020, particularly the murder of George Floyd in Minneapolis and the subsequent global reaction, caused us to reflect on how well we measured up to the aims we aspire to. Trustees acknowledge that minority groups are underrepresented in both the staff team and the board, and have made a commitment to make further improvements with the aim of addressing this. We revised and shared our commitment to diversity, equality and inclusion and set out a new series of objectives that we will review and update so that we continuously improve.

- **Commitment to improvement** – In our 2019–2021 strategy we committed to improving diversity. We have agreed to increase diversity on the board of trustees, and have introduced a ratchet so that diversity will not decrease again in the future. All staff and trustees have received diversity training. Our commitment to increasing our diversity has been published on our website and reflected in our delivery plans with a set of clear actionable steps. We have committed to ensure that our website and social media reflect this commitment.
- **A good employer** – Trustees have committed to update and receive annual diversity monitoring. We are revising our recruitment process in line with good practice. We have committed to regular diversity training for all staff (at least once a year).
- **Improving how we work with others** – As a global charity, trustees have committed to a range of actions to more effectively develop our approach to diversity and inclusion through our partnerships and the work we deliver. As we develop our new strategy, we will take active steps to improve our diversity and improve the impact of our programme delivery. We will increase our accountability and our understanding by building on the diverse nature of our networks to improve our work by actively involving them in shaping that work and seeking feedback.
- To help us measure our progress we have recently signed up to the National Centre for Diversity Investors in Diversity for Small Charities Award. We will seek accreditation in 2021.

Reserves policy

World Habitat operates within a comparatively low-risk funding environment, as it does not rely on any external financial support in delivering its charitable objectives. We fund virtually all of our activities from the revenue generated from the financial investments, land and property that we received as a gift in 1976.

As at the 31st December 2020 the World Habitat investment portfolio is currently managed by four investment managers, M & G (28 per cent), Newton Investment Management (NIM) (37.9 per cent), CCLA (5.3 per cent) and Schroders (28.8 per cent). World Habitat is committed to maintaining the value of the original gift in real terms.

This reserves policy has been developed as part of an ongoing integrated financial governance process which includes development of a strategic plan, a risk management policy and an investment policy.

In 2018, the trustees carried out a detailed review of the charity's activities and produced a strategic plan for the direction and activity of the charity for the following three years (until December 2021). Implementation of the plan started during 2019. As a result of this review, business plans are developed which identify specific levels of anticipated income and expenditure in each year, together with details of the expected outputs and outcomes of the activities.

In the event of a collapse of the international financial markets, the organisation retains sufficient resources in readily accessible funds to meet its current operating obligations.

The value of reserves held by World Habitat as of 31st December 2020 was **£33,623,032**. This consisted of the following:

• Designated Funds	£23,486,049
• Revaluation Reserve	£8,580,354
• General Unrestricted Funds	£1,556,629
• Restricted Funds	£0

Designated Funds

Designated funds are made up of the income maintenance fund and gift maintenance. An income maintenance fund has been created to provide the charity with a portfolio of investment assets that will be managed to provide a sufficient level of income to finance the expenditure of the organisation in carrying out its objectives.

Transfers are made to this reserve of surpluses generated from activities after providing for a level of unrestricted reserves reflecting six months planned activity. The gift maintenance fund has been created to maintain the original gift from East Midlands Housing Association in real terms value.

Revaluation Reserve

A revaluation reserve is maintained in respect of those amounts by which investments and other assets exceed their historical cost.

General Unrestricted Funds

General unrestricted funds should represent approximately six months planned activity. The balance of the funds as of 31st December 2020 is **£1,556,629**. This currently represents thirteen months planned activity. This is acceptable in the current time due to the uncertainty around the impact on our investments from COVID-19.

The reserves of World Habitat are held as a form of endowment in order to generate income for the organisation. The income provided should be sufficient to cover the charitable activities of the organisation so the capital is not diminished. World Habitat requires a minimum level of reserves of **£25m** to allow the charity to fund its core activities, any additional income generated above the required level will increase the money spent on the charitable aims of the organisation.

If the reserves of the organisation go below **£25m** then we would need to adjust our spending. If this was a short-term dip, then we would review the dividends we receive, if the dip was long-term, we would look to review our future budget and strategy.

TRUSTEES' REPORT

The Business Plan is reviewed on an annual basis, with both income and expenditure projected forward on an on-going basis. This reserves policy is also subject to review on an annual basis and the World Habitat trustees will carry out this review after giving due consideration to its planned programme of activity and the advice of its financial advisers as to likely income levels, any associated risks and the broader investment climate.

TRUSTEES' REPORT

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

In preparing these financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Under the provisions of the Companies Act 2006, a resolution is no longer required at the Annual General Meeting to nominate the auditors for the coming year.


The trustees who held office at the date of approval of this Annual Report, as set out above each confirm that:

- so far as they are aware, there is no relevant audit information (information required by the charity's auditor in connection with preparing their report) of which the charity's auditors are unaware; and
- as the directors of the charity the trustees have taken all the steps they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

EMPLOYEE INVOLVEMENT AND APPRECIATION

All members of staff have been regularly consulted on issues of concern with regular staff meetings being held and have been kept informed on specific matters where necessary by the Chief Executive. The trustees meet with all members of staff at the quarterly board meetings and staff members present their work to trustees at the meetings. Sincere thanks are expressed to all members of our staff for their dedicated service to the organisation during the year and to the excellent results that are being achieved as a result of their work.

By order of the trustees



Dr A Kennedy OBE (Chair)

28 June 2021

Independent auditor's report to the trustees of World Habitat**Opinion**

We have audited the financial statements of World Habitat (the 'charity') for the year ended 31 December 2020 which comprise of the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2020 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 Charities Act 2011.

Basis for opinion

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

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 charity'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 other information comprises the information included in the Trustees report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees' Report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 21, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 the 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. Based on our understanding of the charity and its activities, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Charities Act 2011.

We evaluated the trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to fund accounting, and significant one-off or unusual transactions.

INDEPENDENT AUDITOR'S REPORT

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

Discussing with the trustees and management their policies and procedures regarding compliance with laws and regulations;
Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
Considering the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

Making enquiries of the trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
Gaining an understanding of the internal controls established to mitigate risks related to fraud;
Discussing amongst the engagement team the risks of fraud; and
Addressing the risks of fraud through management override of controls by performing journal entry testing.

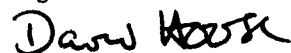
There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to 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 and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Signed:



David Hoose

(Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Park View House
58 The Ropewalk
Nottingham
NG1 5DW

Date: 14/1/2021

Mazars LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

WORLD HABITAT

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2020 (Incorporating the income and expenditure account)

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £	Total Funds 2019 £
INCOME FROM					
Donations and legacies:					
General grants		-	-	-	-
Charitable activities:					
Grant income	3	1,404	-	1,404	5,213
Investments	4	1,145,770	-	1,145,770	1,373,590
Other trading activities:		4	-	4	903
TOTAL		<u>1,147,178</u>	<u>-</u>	<u>1,147,178</u>	<u>1,379,706</u>
EXPENDITURE ON:					
Raising funds		65,165	-	65,165	51,715
Charitable activities		945,041	-	945,041	964,820
TOTAL	5	<u>1,010,206</u>	<u>-</u>	<u>1,010,206</u>	<u>1,016,535</u>
NET INCOME		136,972	-	136,972	363,171
Transfers between funds		-	-	-	-
Other recognised gains/(losses):					
<i>Gains and losses on investment assets:</i>					
Realised Loss on Fixed Asset		-	-	-	(210)
Income on Land – Overage		-	-	-	186,268
Profit on sale of fixed assets		30	-	30	-
Taxation charge on overage income	9	(1,880)	-	(1,880)	(33,574)
Unrealised gains/(losses) on investment assets	10	(2,162,222)	-	(2,162,222)	3,715,412
Net movement in funds for the year		<u>(2,027,100)</u>	<u>-</u>	<u>(2,027,100)</u>	<u>4,231,067</u>
Reconciliation of funds					
Total funds brought forward		<u>35,650,132</u>	<u>-</u>	<u>35,650,132</u>	<u>31,419,065</u>
Total funds carried forward		<u>33,623,032</u>	<u>-</u>	<u>33,623,032</u>	<u>35,650,132</u>

The statement of financial activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities.

The notes on page 28-40 form part of these financial statements.

WORLD HABITAT

BALANCE SHEET – COMPANY REGISTRATION NUMBER: 1247918

	Note	£	2020 £	£	2019 £
Fixed Assets					
Tangible	11		134,354		140,404
Investments	12		32,507,584		34,669,806
			<u>32,641,938</u>		<u>34,810,210</u>
Current Assets					
Investments	13	11,805		11,805	
Debtors	14	13,524		11,734	
Cash in hand		<u>1,022,669</u>		<u>908,391</u>	
		1,047,998		931,930	
Creditors:					
Amounts falling due within one year	15	<u>(66,904)</u>		<u>(92,008)</u>	
Net Current Assets			981,094		839,922
Provisions for liabilities					
Other provisions			-		-
Total Assets Less Current Liabilities			<u>33,623,032</u>		<u>35,650,132</u>
Capital and Income Funds:					
<i>Unrestricted funds:</i>					
Designated funds	17	23,486,049		23,350,091	
Revaluation reserve	17	8,580,354		10,742,576	
General unrestricted funds	17	<u>1,556,629</u>		<u>1,557,465</u>	
		33,623,032			35,650,132
<i>Restricted funds</i>		-			-
			<u>33,623,032</u>		<u>35,650,132</u>

The financial statements on pages 22 to 40 were approved by the board of trustees on 28/6/21 and signed on its behalf by:



DR A KENNEDY OBE

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CHAIR

CASHFLOW TO THE FINANCIAL STATEMENTS

	Notes	2020 £	2019 £
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	(a)	(1,025,236)	(991,638)
Cash flows from investing activities:			
Returns on investments			
Dividends, interest and rents from investments		1,145,770	1,373,590
Purchase of property, plant and equipment		(4,376)	(17,860)
Proceeds from sale of investments		-	186,268
Cash held on investment (Increase) Decrease		-	422,095
Purchase of investments		-	(984,108)
Taxation paid		(1,880)	(100,502)
Net cash provided by (used in) investing activities		1,139,514	879,483
Change in cash and cash equivalents in the reporting period		114,278	(112,155)
Cash and cash equivalents at the beginning of the reporting period		908,391	1,020,546
Cash and cash equivalents at the end of the reporting period		1,022,669	908,391

FOOTNOTES TO THE CASH FLOW STATEMENT**(a) Reconciliation of net outgoing resources for the year to net inflow/(outflow) from operating activities**

Net incoming resources	136,972	363,171
Less: dividends & interest	(1,145,770)	(1,373,590)
Add: depreciation	10,426	10,254
Profit on fixed asset disposal	30	-
(Increase) Decrease in debtors	(1,790)	201
Increase (Decrease) in creditors	(25,104)	8,325
Net cash inflow from operating activities	(1,025,236)	(991,638)

(b) Increase/(Decrease) in Cash

Opening balance	908,391	1,020,546
Balance at 31 December 2020	1,022,669	908,391
Increase/(Decrease) in year	114,278	(112,155)

1 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and in the preceding year.

Basis of Preparation and assessment of going concern

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

World Habitat meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The trustees and Senior Management Team of World Habitat are aware of the risks associated with COVID-19 including a reduction in the value of our investments and dividend income. We will look to mitigate the risks by reviewing our future budgets and strategy where necessary. As a result, the trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

Funds Structure

- Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity. Within unrestricted funds are a number of designated funds.
- Designated funds are unrestricted funds earmarked by the trustees for particular purposes. Included within designated funds is a revaluation reserve representing the restatement of investments and other assets at market values.
- Restricted funds are those funds where restrictions are imposed by the donor in respect of how the funds can be expended.

Incoming Resources

Items of income are recognised and included in the accounts when all of the following criteria are met:

- The charity or its subsidiary have entitlement to the funds;
- any performance conditions attached to the item(s) of income have been met or are fully within the control of the charity or its subsidiary;
- there is sufficient certainty that receipt of the income is considered probable; and
- the amount can be measured reliably.

Interest on funds held is included upon notification of the interest paid or payable by the Bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. This is normally upon notification by our investment advisor of the dividend yield of the investment portfolio.

1 PRINCIPAL ACCOUNTING POLICIES (Continued)**Resources Expended**

Expenditure is recognised once there is a legal constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following headings:

- Costs of raising funds comprise the costs associated with generating income, consisting of investment manager's fees, plus a proportion of support costs.
- Charitable expenditure comprises those costs incurred by the charity in achieving its charitable objectives, and their associated support costs. Research expenditure is included within the year in which it is incurred. Governance costs including those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity are included within charitable expenditure.
- Other expenditure represents those items not falling into any other heading.

Expenditure includes any VAT which cannot be fully recovered and is reported as part of the expenditure to which it relates. Where research is commissioned over a period of time, the costs incurred are estimated based on the time elapsed as at the year end.

Allocation of Support Costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include administrative costs, finance, personnel and premises expenses. Those costs that are not specific to an activity are apportioned on the basis of the time spent in the different categories as set out in note 6.

Termination Benefits

Termination costs are included in the period in which the decision has been made and communicated to employees. The terminated costs are paid based on statutory levels.

Fixed Assets and Depreciation

Freehold buildings are stated at market value less depreciation. There have been no indications that impairment has occurred and no impairment review has been carried out. All other fixed assets are stated at purchase price less depreciation. Depreciation is calculated to write off fixed assets over their estimated useful lives at the following annual rates:

Freehold buildings	2% of revaluation
Office and other equipment	25% of cost
Motor vehicles	25% of cost

Investment Property

Investment properties are included in the balance sheet at their market value. Depreciation is not provided on investment property.

Mixed Use Property

The charity has mixed use property, where it occupies part of the property and rents out the remainder. The proportion of the building that is considered to be investment property, is based on the number of floors occupied by the charity in relation to the number of floors rented out.

Fixed Asset Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The Trust does not acquire put options, derivatives or other complex financial instruments. The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

Realised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

Cash Flow Statement

World Habitat has prepared a cashflow statement in accordance with FRS 102.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction.

Contributions to pension funds

The company is a member of a defined contribution pension scheme. The amount charged through the statement of financial activities in respect of pension costs is the contributions payable in the year. In the past, the company also contributed to the Pensions Trust's Flexible Retirement Plan further details of which are included in note 20.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lesser are charged to the statement of financial activities on a straight line basis over the period of the lease.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their amortised cost. The financing charge to expenditure is at a constant rate calculated using the effective interest method.

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will by definition, seldom equal the related actual results. The Trustees have identified the valuation of investment properties as an area which involves critical accounting judgement or key sources of estimation uncertainty when determining the fair value of the investment properties.

2 LEGAL STATUS

The charity is a company limited by guarantee registered in England and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity. The registered office is stated on the Legal and Administrative page.

3 CHARITABLE ACTIVITIES

	2020 £	2019 £
Grant Income:		
Rural Payments Agency	1,404	1,752
The National Forest	-	3,461
	<u>1,404</u>	<u>5,213</u>

In 2019, all of the income was to unrestricted funds.

4 INVESTMENT INCOME

	2020 £	2019 £
Listed:		
Dividends on unit trusts and Common Investment Funds	1,114,622	1,340,058
Cash on Deposit:		
Interest received	255	839
Other:		
Rental income	30,893	32,693
	<u>1,145,770</u>	<u>1,373,590</u>

In 2019, all income from investments was unrestricted.

NOTES TO THE FINANCIAL STATEMENTS

5 RESOURCES EXPENDED

	Unrestricted Funds £	Restricted Funds £	2020 £	2019 £
Raising funds:				
Professional & investment fees	50,788	-	50,788	36,489
Support costs (see note 6)	14,377	-	14,377	15,226
	65,165	-	65,165	51,715
Charitable activities:				
Awards	40,556	-	40,556	31,709
Salaries and pensions	572,270	-	572,270	497,761
Research travel (overseas)	12,449	-	12,449	19,047
Research travel (UK)	4,285	-	4,285	19,399
Research dissemination materials	-	-	-	17,264
Recruitment and training	8,719	-	8,719	16,292
Subscriptions	6,863	-	6,863	6,188
External research meetings –WH	119,410	-	119,410	163,046
External research meetings – Others	70	-	70	695
WH research meetings	1,914	-	1,914	6,495
Publication of research	35,914	-	35,914	35,656
Auditor's remuneration and related costs	13,208	-	13,208	14,235
Support costs (see note 6)	129,383	-	129,383	137,033
	945,041	-	945,041	964,820
	1,010,206	-	1,010,206	1,016,535

In 2019, the unrestricted expenditure was £1,016,535.

6 SUPPORT COSTS

The Charity allocates its support costs (all of which are unrestricted) as shown in the table below. Support costs are allocated on a basis consistent with the use of resources.

	Raising funds £	Charitable activities £	2020 Total £	2019 Total £
Overheads:				
Administrative salaries	6,187	55,680	61,867	65,270
Stationery, postage and telephone	149	1,339	1,488	1,529
Motor and travelling expenses	93	838	931	1,635
Miscellaneous expenses	28	259	287	1,029
Carbon Offsetting	1,803	16,223	18,026	11,750
Lease charges	94	847	941	1,566
Bank charges	129	1,162	1,291	1,954
Foreign exchange rate differences	-	-	-	237
Premises Expenses:				
Rates, heat and light	1,036	9,319	10,355	11,875
Repairs	2,944	26,494	29,438	36,350
Insurance	871	7,839	8,710	8,809
Depreciation	1,043	9,383	10,426	10,255
	14,377	129,383	143,760	152,259

NOTES TO THE FINANCIAL STATEMENTS

7 STAFF COSTS

	2020 £	2019 £
Wages and salaries	546,227	481,885
Social security costs	50,473	46,395
Pension costs	37,437	34,751
	<u>634,137</u>	<u>563,031</u>

	2020 £	2019 £
Staff restructuring costs comprise:		
Redundancy payments	22,382	0
Severance payments	2,360	0
Settlement payments	8,267	0
	<u>33,009</u>	<u>0</u>

	No.	No.
The average number of persons directly employed during the year was:		
Research and development	10	11
Administration and support	2	2
	<u>12</u>	<u>13</u>

	No.	No.
The number of higher paid employees was:		
Earning between £60,000 and £70,000	0	0
Earning between £80,000 and £90,000	0	1
Earning between £90,000 and £100,000	1	0

	2020 £	2019 £
Total cost for the management team	<u>291,198</u>	<u>299,148</u>

The management team cost £291,198 for 2020 is for a management team of 4 and £299,148 for 2019 is for a management team of 6.

8 NET INCOME/(EXPENDITURE) FOR THE YEAR

	2020 £	2019 £
This is stated after charging:		
Operating lease rentals	25,927	28,556
Depreciation	10,426	10,254
Auditor's remuneration:		
- Audit services	7,500	7,476
- Non-audit services	0	1,590

During the year ended 31 December 2020, travel expenses totalling £931 were paid to 3 trustees (2019: £1,635).

No remuneration was payable to members of the Board of Trustees during the year (2019: £Nil).

Trustee indemnity insurance is included in the total insurance cost of £8,554 (2019: £8,809) paid in January 2020.

The percentage of income arising outside the United Kingdom was 0% (2019: 0%).

NOTES TO THE FINANCIAL STATEMENTS

9 TAXATION

During the year the Charity didn't receive anything subject to Corporation Tax. The tax charge of £1,880 recognised in the year relates to the under provision of the overage charge on the previous years' income.

Analysis of taxation charge in the year

	2020 £	2019 £
Tax on profit on ordinary activities at 19%	1,880	33,574

Factors affecting tax charge for period

The difference between the tax assessed for the period and the tax assessed for the period and the standard rate of corporation tax are explained as follows

	2020 £	2019 £
Surplus/(deficit) on ordinary activities before tax	(2,027,100)	4,231,067
Standard rate of corporation tax in the UK	19.00% £	19.00% £
Items not subject to corporation tax	(2,027,100)	4,043,362
Under provision from previous periods	1,880	-
Tax on profit	1,880	33,574

10 GAINS ON INVESTMENTS

	2020 £	2019 £
Unrealised gain:		
Market Value of Investments at year end	32,507,584	34,669,806
Original cost of Investments	24,022,737	24,022,737
	8,484,847	10,647,069
Plus: Gains realised from previous years	-	-
Less: Unrealised gains on investments brought forward	(10,647,069)	(6,931,657)
Unrealised (loss)/gain in the year	(2,162,222)	3,715,412

11 TANGIBLE FIXED ASSETS

	Freehold Property £	Office and Other Equipment £	Total £
Cost or valuation:			
At 1 January 2020	128,333	93,941	222,274
Additions	-	4,376	4,376
Disposals	-	(2,853)	(2,853)
At 31 December 2020	<u>128,333</u>	<u>95,464</u>	<u>223,797</u>
Depreciation:			
At 1 January 2020	5,133	76,737	81,870
Charge for the year	2,567	7,859	10,426
Depreciation written back on disposals	-	(2,853)	(2,853)
At 31 December 2020	<u>7,700</u>	<u>81,743</u>	<u>89,443</u>
Net Book Value:			
At 31 December 2020	<u>120,633</u>	<u>13,721</u>	<u>134,354</u>
At 31 December 2019	<u>123,200</u>	<u>17,204</u>	<u>140,404</u>

Freehold Property

The freehold property was valued at a market value of £385,000 on the 10th October 2018 by Fisher German LLP, who are not connected with the charity. The trustees are not aware of any material changes in value since that date. The historical cost of the property together at 31 December 2020 was £32,826.

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

12 INVESTMENTS

	2020 £	2019 £
At valuation:		
Freehold property	848,667	848,667
Listed investments	31,658,917	33,821,139
	<u>32,507,584</u>	<u>34,669,806</u>

All investments are held within the UK.

Investments are held in order to provide an investment return for the purposes of funding the charity's activities.

NOTES TO THE FINANCIAL STATEMENTS

12 INVESTMENTS (continued)

Freehold Property

At 10 October 2018, Fisher German, Chartered Surveyors, prepared valuations of all of the Foundation's investment properties. In the opinion of the Board of Trustees, the valuations represent the true market value of the land held for investment purposes as at 31 December 2020.

	2020 £	2019 £
At beginning of year	848,667	848,667
Additions	-	-
Revaluations	-	-
Disposals at opening book value	-	-
	<u>848,667</u>	<u>848,667</u>
Historical cost at 31 December	<u>76,592</u>	<u>76,592</u>
Listed investments		
At beginning of year	33,821,139	29,121,619
Acquisitions at cost	-	984,108
Disposals at opening book value	-	-
Net (loss) gains on revaluation in the year	(2,162,222)	3,715,412
Market value at 31 December	<u>31,658,917</u>	<u>33,821,139</u>
Historical cost as at 31 December	<u>23,946,145</u>	<u>23,946,145</u>

These assets include indirect investments in listed securities, through a combination of Common Investment Funds and Unit Trusts. Included in listed investments are the following investments, which individually represent over 5% of the total year-end value of the investment portfolio:

	Quantity of Stock Held No	Market Value 2020 £	Market Value 2019 £
Holding:			
Charity Multi Asset Fund	10,601,425	6,108,541	5,941,039
Equity Fund	3,706,056	1,916,772	2,277,372
Responsible Multi Asset Fund	2,010,765	1,083,601	1,036,504
M&G "Charifund"	646,559	8,874,471	10,737,335
Global Growth & Income	8,239,940	11,974,281	12,038,553
COIF Charities Property Fund	1,515,049	1,676,251	1,765,336

All investments are carried at their fair value. Holdings in common investment funds and unit trusts are at the bid price. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

The significance of financial instruments to the ongoing financial sustainability of the charity is considered in the financial review and investment policy and performance sections of the Trustees' Annual Report. The main risk to the charity from financial instruments lies in the combination of uncertain investment markets and volatility in yield.

Liquidity risk is anticipated to be low as all assets are traded and the commitment to intervention by central banks and market regulators has continued to provide for orderly trading in the markets and so there ability to buy and sell quoted equities and stock is anticipated to continue. The charity's investments are traded in markets with good liquidity and high trading volumes.

NOTES TO THE FINANCIAL STATEMENTS

12 INVESTMENTS (Continued)

The charity has no material investment holdings in markets subject to exchange controls or trading restrictions. The charity does not make use of derivatives and similar complex financial instruments as it takes the view that investments are held for their longer term yield total return and historic studies of quoted financial instruments have shown that volatility in any particular 5 year period will normally be corrected.

13 CURRENT ASSET INVESTMENTS

	2020 £	2019 £
Cash on deposit	11,805	11,805

14 DEBTORS

	2020 £	2019 £
Prepayments	9,461	6,375
Accrued income	4,063	5,359
	<u>13,524</u>	<u>11,734</u>

15 CREDITORS (Amounts falling due within one year)

	2020 £	2019 £
Other taxes and social security	11,513	12,116
Corporation Tax payable	-	35,349
Other creditors	55,391	44,543
	<u>66,904</u>	<u>92,008</u>

16 FINANCIAL INSTRUMENTS

	2020 £	2019 £
Financial assets		
Financial assets measured at fair value through income and expenditure	32,507,584	34,669,806
	<u>32,507,584</u>	<u>34,669,806</u>

Financial assets measured at fair value through income and expenditure comprise investment properties and investments.

NOTES TO THE FINANCIAL STATEMENTS

17 UNRESTRICTED FUNDS

	At 1 Jan 2020 £	Incoming Resources (inc. Gains) £	Outgoing Resources £	Transfers £	At 31 Dec 2020 £
Designated Funds:					
Revaluation reserve	10,742,576	-	(2,162,222)	-	8,580,354
Income maintenance	14,291,778	-	-	-	14,291,778
Gift maintenance	9,058,313	-	-	135,958	9,194,271
General Funds	1,557,465	1,147,208	(1,012,086)	(135,958)	1,556,629
	35,650,132	1,147,208	(3,174,308)	-	33,623,032

Purposes of Designated Funds

Revaluation Reserve – The revaluation reserve fund represents the amounts by which investments and other assets exceed their historical cost.

Income Maintenance – The income maintenance fund has been created to provide the charity with a portfolio of investment assets that will be managed to provide a sufficient level of income to finance the expenditure of the organisation in carrying out its objectives. The fund is maintained by the transfer of the balance of realised gains after the funding of the gift maintenance fund and providing sufficient general funds to reflect six months planned activity.

Gift Maintenance – The gift maintenance fund has been created to maintain the original gift of £1,249,066 from East Midlands Housing Association in real terms value. The purpose of the original gift was to enable the generation of income to allow the charity to pursue and achieve its objectives. The underlying assets in which the funds are held are managed to do this. Maintenance of this fund is from realised gains on investment assets. A transfer of £135,958 was completed during the year.

UNRESTRICTED FUNDS PRIOR YEAR

	At 1 Jan 2019 £	Incoming Resources (inc. Gains) £	Outgoing Resources £	Transfers £	At 31 Dec 2019 £
Designated Funds:					
Revaluation reserve	7,027,164	3,715,412	-	-	10,742,576
Income maintenance	14,291,778	-	-	-	14,291,778
Gift maintenance	8,831,716	-	-	226,597	9,058,313
General Funds	1,268,407	1,565,974	(1,050,319)	(226,597)	1,557,465
	31,419,065	5,281,386	(1,050,319)	-	35,650,132

NOTES TO THE FINANCIAL STATEMENTS

18 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted funds £	General funds £	Designated funds £	Total 2020 £
Fixed assets	-	13,721	120,633	134,354
Investments	-	561,814	31,945,770	32,507,584
Current assets	-	1,047,998	-	1,047,998
Creditors	-	(66,904)	-	(66,904)
Provisions	-	-	-	-
	-	1,556,629	32,066,403	33,623,032

ANALYSIS OF NET ASSETS BETWEEN FUNDS PRIOR YEAR

	Restricted funds £	General funds £	Designated funds £	Total 2019 £
Fixed assets	-	17,204	123,200	140,404
Investments	-	700,339	33,969,467	34,669,806
Current assets	-	931,930	-	931,930
Creditors	-	(92,008)	-	(92,008)
Provisions	-	-	-	-
	-	1,557,465	34,092,667	35,650,132

19 CHANGES IN NET DEBT

	At 1 Jan 2020 £	Cash flows £	Other non- cash changes £	At 31 Dec 2020 £
Cash and cash equivalents				
Cash	908,391	114,278	-	1,022,669
Overdrafts	-	-	-	-
Cash equivalents	11,805	-	-	11,805
	920,196	114,278	-	1,034,474

20 PENSION SCHEME

The charity operates a pension scheme for the benefit of employees and directors. The assets of the scheme are administered by trustees in a fund independent from those of the company.

Total employer contributions paid in the year amounted to £37,437 (2019: £34,751) as at 31 December 2020 there were contributions outstanding of £0 (2019: £0).

World Habitat participates in the Flexible Retirement Plan and Ethical Fund that are both operated by the Pension Trust. They are both multi-employer pension plans.

The Flexible Retirement Plan is a defined contribution fund and is compliant with auto-enrolment. The employee can select to invest in the default Target Date Fund or select their own funds.

NOTES TO THE FINANCIAL STATEMENTS

The Ethical Fund is also a defined contribution fund and compliant with auto-enrolment requirements. Any funds paid into the Ethical Fund are invested in the Ethical Target Date Funds (TDFs), which enables members to invest in companies that meet globally recognised corporate responsibility standards.

The charities' staging date for auto-enrolment was 1st July 2016.

21 LIMITED BY GUARANTEE

The company is limited by guarantee and accordingly does not have issued share capital. Every member of the Association undertakes to contribute an amount not exceeding £10 to the assets of the association in the event of the same being wound up.

22 RELATED PARTY TRANSACTIONS

During the year World Habitat provided a grant of £Nil (2019: £4,610) to Action Homeless (Leicester) Limited as part of a project to support the initial development of a group of individuals with experience of rough sleeping who will facilitate the gathering and sharing of personal experiences. At the year-end a balance of £Nil (2019: £Nil) was due to Action Homeless (Leicester) Limited.

The payment of trustees' expenses is disclosed in note 8.

23 COMMITMENTS UNDER OPERATING LEASES

As at 31 December 2020 the charity had total commitments under non-cancellable operating leases as set out below.

	2020 £	2019 £
Operating leases which expire:		
Within 1 year	14,280	16,178
Within 1 and 5 years	1,632	2,448
	<u>15,912</u>	<u>18,626</u>

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT

	Note	£	2020 £	£	2019 £
Rent receivable			30,893		32,693
Investment income	A		1,114,877		1,340,898
Grant			1,404		5,213
Misc			-		839
Sales			4		64
			<u>1,147,178</u>		<u>1,379,707</u>
Overheads:					
Salaries		61,867		65,270	
Professional and investment management fees		50,788		36,489	
Other professional fees					
Property expenses	B	11,786		13,458	
Stationery, postage and telephone		1,488		1,529	
Motor and travelling expenses		931		1,635	
Auditor's remuneration and other related costs		13,207		14,235	
Miscellaneous expenses		18,313		12,779	
Lease charges		941		1,566	
Bank charges		1,291		1,954	
Foreign Exchange rate difference		-		237	
		<u>160,612</u>		<u>149,152</u>	
Research costs	C	<u>849,594</u>		<u>867,384</u>	
			<u>1,010,206</u>		<u>1,016,536</u>
Surplus/(deficit) for the year			<u><u>136,972</u></u>		<u><u>363,171</u></u>

The following pages do not form part of the statutory financial statements.

WORLD HABITAT

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT

A. INVESTMENT INCOME

	£	2019 £	£	2019 £
Interest on deposits:				
Schroder	20		716	
Barclays	235		123	
	255		839	
Dividends from common investments funds		<u>1,114,622</u>		<u>1,340,059</u>
		<u>1,114,877</u>		<u>1,340,898</u>

B. PROPERTY EXPENSES

	Occupied By the Charity £	Own Property Let £	Total £
Rent, rates, heat and light	4,609	5,746	10,355
Repairs	24,950	4,488	29,438
Insurance	8,560	150	8,710
Depreciation of plant, fixtures and fittings, and buildings	10,426	-	10,426
	<u>48,545</u>	<u>10,384</u>	<u>58,929</u>
Apportioned to research facilities	<u>38,836</u>	<u>8,307</u>	<u>47,143</u>
Apportioned to overheads	<u>9,709</u>	<u>2,077</u>	<u>11,786</u>

C. RESEARCH COSTS

	2020 £	2019 £
Awards	40,556	31,709
Salaries and pensions	572,270	497,761
Research travel (overseas)	12,450	19,047
Research travel (UK)	4,285	19,399
Research dissemination materials	-	17,264
Recruitment and training	8,719	16,292
Subscriptions	6,863	6,188
External research meetings – WH	119,410	163,047
External research meetings – Others	70	695
WH Internal research meetings	1,914	6,495
Research facilities	47,143	53,831
Publication of research	35,914	35,656
	<u>849,594</u>	<u>867,384</u>

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