

The HALO Trust

Annual report and financial statements

Company number 2228587

Charity registration numbers

1001813 and SC037870

31 March 2018

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Trustees' annual report

The Trustees, who are also Directors of The HALO Trust for the purposes of the Companies Act 2006, present their annual report and the audited financial statements for the year ended 31 March 2018.

Reference and administrative information

Charity name	The HALO Trust	
Charity registration numbers	1001813 and SC037870	
Company registration number	2228587	
Business address	Carronfoot Thornhill Dumfries DG3 5BF	
Directors and Trustees	Timothy Church FCA (Chairman) Mark Aedy (appointed 27 February 2018) Anthony Bird Paddy Beeley Colonel Jane Davis OBE QVRM TD DL RGN Nima Elbagir (appointed 14 December 2017) Mia Hamwey (resigned 30 March 2018) Paddy Nicoll Amanda Pullinger (resigned 31 December 2017) Anastasia Staten (appointed 22 May 2018) Rupert Younger	
Chief Executive	Major General (Retired) James Cowan CBE DSO	
Secretary	Anthony Wigan FCA	
Registered office	50 Broadway London SW1H 0BL	
Auditor	KPMG LLP 319 St Vincent Street Glasgow G2 5AS	
Bankers	Royal Bank of Scotland plc 36 St Andrew Square Edinburgh EH2 2YB	
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Statement from the Chairman

This is my first annual report as Chairman of The HALO Trust and I would like to start by putting on record my thanks for the excellent work of my predecessor, Amanda Pullinger, whose tenure coincided with a period of considerable change at HALO. We are very pleased that Amanda continues to serve HALO as a member of the HALO USA Board of Directors.

The HALO Trust began life in Kabul in the spring of 1988 and so this year marks the organisation's 30th anniversary. There have been many achievements in those 30 years, too many to describe here. But one thing stands out above all others and that is the tireless humanitarian commitment of the many thousands of staff who have been part of the HALO family in those three decades.

This year's report comes as HALO, with its partners the Mines Advisory Group and Norwegian People's Aid, have won the UK's Global Mine Action Programme contract with the Department for International Development.

This British funding, when combined with the support of other nations, means that HALO is increasing its impact upon beneficiaries. It is of course important in an annual report to focus on financial matters, but the real meaning of our work is in that impact. In the Financial Year 2017/18, we have benefited more people than in any previous year, helping nearly 1.9 million men, women and children to build their futures unhindered by mines and explosive remnants of war. We have educated half a million people to live in safety from the threat of these deadly remnants of war. The impact of this year's work will be felt, in years to come, by future communities and beneficiaries who are not yet born, through the land to be cultivated, and houses and infrastructure yet to be built. During the year, we have continued to develop our methods to monitor and evaluate the impact of our work, including the impact of weapons and ammunition management and of employing men and women from conflict-affected communities.

This impact has only been achieved through a significant increase in scale and reach; for example, on 31 March 2018 we employed a total of 8,081 staff (6,727 in 2017), with 7,941 being local national staff and 140 HQ based and international staff. There is also growth in the breadth of our activities. Our work now not only encompasses mine clearance and the disposal of other explosive ordnance, but is expanding to include land reclamation and drought relief. We are also very focused on achieving a balanced workforce of men and women. Of those 8,081 staff, 1,319 are women and we have plans to reach a 50 per cent female workforce by 2025. Of the HQ and international staff recruited this year 46% were women and 54% men. Not only do we aim to achieve a balanced workforce in line with the wishes of our donors, but we also aim to achieve the greater goal of helping more female beneficiaries.

As we look to the future, we are exploring ways to respond to changing circumstances, particularly the increasing urbanisation of warfare and the use of improvised explosive devices (IEDs, or homemade landmines by another name). Iraq and Syria will be the proving ground for mechanical clearance of IEDs and other explosives from urban areas. Given the scale of the destruction in the major cities of the region, these techniques are in increasing demand across the Middle East and North Africa.

HALO has also expanded its weapons and ammunition work, opening programmes in Guinea Bissau, Guatemala, El Salvador and Honduras. We are helping states to secure their weapons and

ammunition, to prevent theft from armouries and to stop unplanned explosions at munitions sites. Given the increasing number of casualties from unplanned explosions and the proliferation of small arms, there is a strong humanitarian imperative to grow quickly in this area.

This year's turnover of over £61m is the largest in HALO's history and reflects a considerable amount of effort by all concerned. But while the turnover is significant, HALO continues to maintain low overheads, ensuring donor funds are used to improve the lives of millions of beneficiaries by clearing landmines and unexploded ordnance around the world. These overheads are only £5.4m, 8.7 per cent of the total turnover, and include the training costs of our staff. Unrestricted reserves of a little under £7m provide us with the financial stability to manage operations in 23 countries and give donors the comfort that we can manage the risks associated with our work.

While government donors continue to provide the bulk of HALO's income, our fundraising efforts have yielded private and corporate donor income in both the UK and the US. For example, at the time of writing, fundraising for the \$1.15m project to clear mines at the site of Christ's Baptism on the West Bank is just \$125,000 short of the total required. And this year we secured our first major corporate partnership: the Italian energy company Eni is supporting our 100 Women in Demining project in Angola, an excellent example of our wish to increase the employment of women in HALO.

Like all internationally orientated charities benefitting from UK funding, we responded to the Development Secretary's requirements on Safeguarding; this is an area that we take very seriously. I am pleased to report that we are fully compliant with our reporting obligations and have robust and appropriate policies in place.

Given the announcement that HALO and its partners have won the UK's Global Mine Action Programme contract, it is important to record our thanks, not only to the UK Government, but also to the many other nations, organisations and individuals who support HALO. At a time when there is so much concern about nuclear and chemical arms control, the committal of landmines, as a whole class of weapons, to the dustbin of history, is possible.

Finally, I would like to thank all of our staff, national and international, who undertake this vital work, for their courage, commitment and supreme professionalism as well as our volunteer board members who generously give of their time.



Timothy Church

Chairman Trustees' annual report

The Trustees' annual report should also be considered as the Directors' report for company law purposes.

1. Mission, Objectives and Activities for the Public Benefit

1.1 Mission

HALO's mission is to lead the effort to protect lives and restore livelihoods for those affected by war.

1.2 Objectives

The objects of the charity, as set out in the Articles of Association, are:

- "The relief of poverty, sickness, suffering and distress throughout the world, in particular by the provision of hydrological, engineering and other works and medical aid with particular emphasis on the care and rehabilitation of non-combatant victims in areas where there is human conflict and the provision of assistance in the removal of debris of military hardware which may be a direct threat to non-combatants in hazardous areas where hostilities have ceased, and
- To carry out or conduct or to assist in carrying out or conducting any research into the special problems arising from injuries sustained by non-combatants in hazardous areas and into methods of alleviating suffering arising therefrom and to publish the useful results of any such research."

1.3 Activities

1.3.1 Help to eliminate the threat to lives and livelihoods posed by landmines and Explosive Remnants of War (ERW)

- Implement effective minefield survey, landmine and ERW clearance, and risk education to help the recovery and development of affected communities.
- Assist affected countries to comply with Article 5 of the Anti-Personnel Mine Ban Treaty, Article 4 of the Convention on Cluster Munitions and Protocol 5 of the Convention on Conventional Weapons (CCW).

1.3.2 Design and deliver physical security and stockpile management (PSSM) of explosive ammunition for the protection of civilians

- Deliver safe and secure storage and management of ammunition to provide governments with control of ammunition stocks and to ensure the safety and security of the civilian population.
- Destroy unsafe, unserviceable and surplus ammunition stocks.
- Remove and destroy Man-Portable Air-Defence Systems (MANPADS), missiles, grip stocks and batteries.
- Influence and inform policies on best practice for destruction and storage of ammunition in accordance with Protocol 5 of the CCW (Technical Annex).

1.3.3 Reduce the potential for armed violence in fragile states

- Destroy small arms and light weapons (SALW) and other conventional weapons systems.
- Manage SALW and educate communities and authorities to improve stability and resilience.
- Contribute to stabilisation and consolidation of peace through reintegration of former combatants.

1.3.4 Respond rapidly to crises to alleviate immediate suffering and enable broader humanitarian efforts

- Maintain sufficient resources to respond rapidly to the post-conflict humanitarian needs of civilians affected by landmines, explosive remnants of war (including IEDs and booby traps), SALW and other weapons.
- Provide rapid response to mitigate risk to civilians of Unplanned Explosions at Munitions Sites (UEMS).
- Deploy existing assets in support of emergency relief efforts.

1.3.5 Lead and influence the sector as an effective, committed and innovative humanitarian organisation

- Train, develop and retain motivated men and women with technical and leadership skills to optimise the delivery and impact of HALO programmes.
- Achieve best value for money through research and innovation.
- Participate in knowledge sharing across the sector and promote best practice.
- Assist in building national capacities and strengthening national authorities.

1.3.6 Promote good governance to ensure a financially sustainable organisation

- Commit to remain engaged and invest, according to available resources, in countries where there is a humanitarian need.
- Continue to strive for highest standards of accountability, leadership and management.
- Expand and diversify our donor base.

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

2. The Strategic Report

The Strategic Report was approved by the Board together with the financial statements.

2.1 HALO Outputs Worldwide

Description	FY 2017 / 2018	Cumulative total 1988 - 2018
Minefield area cleared	4,210 hectares	51,261 hectares
Battle area clearance	1,658 hectares	156,609 hectares
Landmines destroyed	42,615	1,678,043
Unexploded ordnance (UXO) destroyed	192,402	12,263,838
Cluster munitions destroyed	6,589	220,406
Small arms ammunition destroyed	166,277	55,533,299
Small arms and light weapons destroyed	10,051	202,144
Explosive ordnance disposal call-outs	6,304	78,921

2.2 Programmes

Afghanistan

In 2017, HALO Afghanistan cleared over 230 hectares of agricultural, infrastructure and residential land, 57 per cent of all land cleared in the country in the year. This record year was achieved by an increased use of plant to prepare ground for manual deminers, clearance of anti-vehicle minefields in Logar and Kandahar provinces, and a programme-wide focus on boosting operational efficiency and effectiveness. Additionally, HALO Afghanistan's Weapons and Ammunition Management (WAM) and Conventional Weapons Destruction (CWD) teams destroyed over 827 tonnes of ammunition and over 50 tonnes of homemade explosive and propellant. This has contributed to the security of Afghanistan by reducing the amount of unsecured explosives, which could be used to construct improvised explosive devices. HALO has also provided stability and improved security through the employment of young men of fighting age from rural communities who are the main pool from which armed groups recruit. In 2017 HALO Afghanistan employed over 3,300 national staff mainly from affected areas, up from 2,600 the previous year. Funding from HALO's main donors (USA, UK, Germany, Netherlands, Norway, Finland and Ireland) continued. There was also funding from UNOCHA, the UN Voluntary Trust Fund, and other foundations.

The programme has undergone restructuring to allow it to execute current operations, implement new initiatives and plan for the long term. Work in 2017 has seen HALO Afghanistan use innovative mechanical solutions to increase efficiency when clearing large, less dense anti-vehicle minefields. The programme has also researched and developed techniques to clear pressure plate improvised explosive devices. These continue to be the largest cause of victim-initiated casualties in the country. HALO teams conducted an assessment of abandoned improvised mines contamination in Nawa district of Helmand Province. With other partners, a framework for dealing with abandoned improvised mines has been prepared. HALO continues to play a leading role in this area and expects to deploy its first clearance teams in 2018.

There were three non-fatal demining accidents in 2017/18. The programme is continuing to trial new technologies and methodologies to increase deminer safety; this is especially important as many of the remaining minefields in Afghanistan are located on steep, rocky slopes which can only be accessed after hours of walking.

Security is a high priority for HALO Afghanistan as the level of violence has increased during the course of the year. HALO continues to mitigate security risks through community liaison and security assessments. Improvements have been made to security infrastructure in Kabul and to practical responses should an incident occur.

Angola

In 2017, donor support to Angola continued to decline. Consequently, at the end of June 2017, HALO suspended mine clearance operations in Cuito Cuanavale in Kuando Kubango province – Africa's most mined town – and mothballed its local compound; this followed the suspension of operations in Cuito in Bie Province the previous year. Despite the reduction in support, the programme achieved good outputs: 72 hectares of land were returned to productive use, 38 anti-tank and 1,828 anti-personnel mines were destroyed, along with 4,785 items of unexploded ordnance (UXO), 449 items of stray large-calibre ammunition, 81,953 of small arms ammunition totalling 7.2 tonnes, and 9,608 of small arms and light weapons.

On 8 March 2017 HALO Angola launched the '100 Women in Demining' initiative. Its aim is to recruit and train 100 women from Benguela Province, employing them across a range of roles (demining, administration, logistics and fleet management) to clear high priority minefields remaining in the province. Thirty-six female deminers (four demining sections) and two female drivers have been

recruited so far, and then trained and deployed between May and October 2017. This allowed us to reopen demining operations in Benguela Province after an absence of three years due to a lack of funding.

Funding for the '100 Women in Demining' project was supported by the JDK Revocable Trust, the Swiss charitable foundation Welt Ohne Minen (World Without Mines) and the Italian energy company Eni, the latter representing the first bilateral commercial funding stream received by the HALO Angola programme.

Comprehensive surveys of Bengo and Luanda provinces were completed in 2017, updating those conducted in 2005-06 and accounting for the majority of the 5,125 hectares reduced by survey teams. HALO's surveys give the National Inter-Sectoral Commission for Demining and Humanitarian Assistance (CNIDAH) a clear picture of the remaining landmine contamination in ten of the eighteen provinces of Angola. Survey data provided by HALO enabled CNIDAH to articulate Angola's 'Article 5 extension request' for the Landmine Ban Treaty, which was granted to the end of 2025.

HALO continued providing risk assessment, guidance and logistical support to National Geographic's 'Into the Okavango' expedition researching the Okavango basin in south-eastern Angola, which feeds the Okavango river delta in Botswana. Publicity and promotional material generated by scientific research and expeditions demonstrate the wider benefits of landmine clearance.

With only three outstanding minefields remaining, clearance of Huambo province continued apace, with completion planned for late 2018.

In August 2017, Angola held a general election, which saw President José Eduardo dos Santos step down after thirty-eight years in power and João Lourenço - a former Minister of Defence - elected the new President. HALO Angola will continue to explore new avenues for cooperation with the new government and donors.

Bosnia and Herzegovina

In December 2017, HALO completed a UN funded assessment of weapons and ammunition held by the armed forces of Bosnia and Herzegovina. The results were presented to the army and outlined the legislative, training and equipment requirements necessary to ensure that the weapons marking project would meet international standards. Funding from the German Government at the end of 2017 and from the JDK Revocable Trust from February to July 2018 has enabled HALO to register as an NGO in Sarajevo, establish an office, hire permanent staff and purchase and import two specialist weapons marking machines. Training, marking, registration and record-keeping activities will start in June 2018.

The project team is working on further proposals for the Governments of Germany, Norway, the UK, The Netherlands and the UN. These funds will support additional teams to mark and register the estimated 60,000 small arms and light weapons in military stores.

Cambodia

During 2017 HALO Cambodia cleared nearly 1,100 hectares of previously mined land and in the process destroyed over 250 anti-vehicle mines and 5,100 anti-personnel mines, an increase on previous years. This has enabled land to be returned to productive use for agriculture, resettlement and safe access.

Additional donor support was secured from Australia and Switzerland (through the UNDP Clearance for Results Programme) and The Palladium Group, an organisation conducting infrastructure development. HALO's Survey and Explosive Ordnance Disposal work with Palladium facilitated over

700km of irrigation and 120km of electricity lines to rural poor communities, who would otherwise remain without regular water supply and electricity.

In 2017 Cambodia reached Lower Middle Income status, as defined by the UN, and mine clearance has played its part in this achievement. As is evidenced through HALO's socio-economic studies and analysis, the presence of landmines and poverty are inextricably linked. Over 60 per cent of the beneficiaries of HALO's work lived in poverty prior to clearance. Following clearance, half of those 60 per cent have been lifted above the poverty line through the provision of safe agricultural land, access to markets and housing.

During the past year HALO has recruited, trained and deployed over 200 new Cambodian staff. Female employment has reached 40 per cent of the current workforce of 1,070 staff. This is significant, considering that five years' ago HALO employed 28 women in Cambodia.

HALO has also focused on developing Cambodia's National Mine Action Strategy. This is essential if Cambodia is to reach mine free status by 2025 - to achieve this, there will have to be a significant re-prioritisation of clearance assets onto dense anti-personnel minefields and the sector will need an additional 2,000 deminers.

As in all HALO programmes, mine accidents are an ever present risk. One member of staff died and five were injured in three separate mine accidents in 2017. As in Afghanistan, HALO Cambodia constantly seeks innovative ways of minimising casualties.

Colombia

Following the historic agreement in 2016 between the Colombian Government and the FARC, security across the country has been fairly constant, although instability returned to some remoter regions as dissident groups became established in the void left following the FARC's demobilisation.

The post-conflict action plan being implemented by Descontamina Colombia, the national mine action authority, has widely been seen as successful, with 64 municipalities now being cleared by all operators and 163 municipalities declared free from the suspicion of landmines. Donor funding, however, is expected to decrease over the coming years, so HALO is participating in wider sector conversations to reduce costs and increase operational efficiency to ensure that the Colombian Government meets its completion deadline of 2021.

HALO has worked hard to consolidate and expand levels of donor funding received from the US, Norwegian, Canadian, The Netherlands, Irish and New Zealand Governments, and the United Nations and the European Union. Funding for non-technical survey has also been secured from a Colombian energy company as part of its corporate social responsibility investment. This increased support has allowed HALO to expand into over twenty municipalities and to increase team numbers to meet the surge in funding.

HALO now employs over 500 women and men in Bogota and six regional bases following expansion into the southern department of Putamayo. The number of women in the Colombian workforce has increased to 35 per cent and, with 52 per cent of support roles now being filled by female employees, HALO continues to work towards equality in all roles in the near future.

El Salvador

El Salvador is a country still struggling with the legacy of civil war and the gang violence that followed its conclusion. Ranking amongst the most violent countries in the world, the country faces high rates of crime, extortion and kidnapping led by the gangs who have in some cases significant control of large swathes of the country.

After the conflict ended, weapons, ammunition and explosives remained in military storage facilities, where poor storage and management practices have allowed some of these weapons to fall into the hands of the gangs.

HALO El Salvador started operations in October 2017 with a US funded programme that focuses on weapons, ammunition and explosives disposal and physical security and stockpile management. Collaborating with the Salvadoran armed forces, HALO is enabling the transparent disposal of state-held stockpiles of weapons and ammunition, as well as providing training in stockpile management to counter the proliferation of state-held arms amongst the gangs, and delivering physical security upgrades to ammunition stores at risk.

Georgia (including Abkhazia)

Funding from the Japanese Government in 2017 saw the completion of survey along the boundary with South Ossetia. This survey identified two previously unknown hazardous areas likely to be contaminated by unexploded ordnance (UXO). The project also cleared 130 hectares of land for public use. The Japanese Government has reaffirmed its support for the programme and a contract was signed in February 2018 to clear the few remaining UXO contaminated areas.

Aside from UXO contamination, there are six known minefields remaining in Georgia that, so far, HALO has been unable to gain permission to clear. The estimated 225 hectare border minefield at Red Bridge, adjacent to Azerbaijan, is by far the largest of these, and politically the most complex. Two separate meetings with Georgian officials, in London in November and Tbilisi in December 2017, demonstrated a desire by Georgia to address this issue. Recently, the UK, US and Japanese embassies in Tbilisi have agreed to discuss the matter with Azerbaijan. If these efforts are unsuccessful, the programme in uncontested Georgia is likely to wind-down at the beginning of 2019.

In August 2017, there was a large explosion at a local military ammunition store in the village of Primorsky in Abkhazia; three people were killed and an area 45 hectares was contaminated with over 100,000 items of UXO. The Abkhazia programme reacted quickly by increasing capacity by using emergency funding from the UK and EU. The amount of ordnance removed has been enormous: in over twenty years of operations in Abkhazia, HALO has cleared 11,376 items of UXO, but in the six months between August 2017 and March 2018, HALO cleared 26,051 items from this single village.

In addition to Primorsky operations, core activities have continued with HALO's multi ethnic teams clearing stray explosive ordnance, making village visits and destroying surplus ammunition for the army.

Guatemala

Guatemala has one of the highest murder rates in Latin America, a statistic driven by gun violence related to criminal gangs which influence every level of Guatemala society. Using weapons to enable or protect narcotics related activities, many gangs are often better armed than the Guatemalan Police. The proliferation of small arms and light weapons from state held stockpiles has been one of the main factors fuelling the violence and instability.

Funded by the US Government since October 2017, HALO's small project team is helping to solve this problem by working with both the Ministry of Defence and the Public Ministry. With support from the US Embassy, HALO is enabling the legal processes required to allow the destruction of confiscated and obsolete state-owned weapon stockpiles. Further planned activities include explosive ordnance disposal work with the army and the delivery of physical security improvements to state owned ammunition stores.

Guinea-Bissau

Guinea-Bissau is one of the ten poorest countries in the world. It achieved independence from Portugal in 1974 following two decades of war. After independence, Guinea-Bissau was used as a forward air base by the Soviets, who stockpiled large quantities of ammunition, including aircraft bombs, cluster bombs and rockets. As a result, the country has large stocks of degraded and poorly managed ammunition which pose a threat to the civilian population and to key infrastructure.

HALO visited Guinea Bissau in August 2017 as part of an African Union ammunition safety initiative. HALO has identified caches of aircraft bombs in populated areas, including more than 200 bombs in the centre of Bafata, the country's second largest city, posing a threat to more than 11,000 people.

HALO has been funded in Guinea-Bissau since November 2017 by the US Department of State. HALO is working with the army to construct a temporary ammunition storage area that will allow unsecured ammunition to be moved away from populated areas. HALO is also planning for the disposal of surplus stocks of aircraft bombs.

Honduras

Since the end of its civil war, Honduras has struggled with insecurity and crippling gang violence that is now destabilising the country. Low wages, poor training and inadequate oversight have caused weapons to fall into the hands of gangs, often in return for money and drugs. The Honduran National Police currently store confiscated and obsolete weapons but, due to the lack of trust and transparency in the Police, disposal has been suspended and weapons have sat in low security stores awaiting destruction for years.

Using US funding, and with the backing of the US Embassy, HALO arrived in Honduras in October 2017 to undertake a counter proliferation programme in support of the Honduran National Police. HALO is also working with Medicina Forense (Forensic Medicine) which has been charged with conducting the ballistic testing of each weapon that is to be destroyed.

Iraq

HALO visited Fallujah in Anbar Province in May 2017 and identified a significant need to clear belts of IEDs, several kilometres in length, that encircle the city, and for a capacity to address collapsed buildings contaminated with both conventional unexploded ordnance and IEDs. This situation is prevalent in other cities and towns that were occupied by Islamic State/Daesh across the Sunni heartland of central Iraq and Syria.

HALO established a full-time presence in Iraq in January 2018 and is now registered and accredited for operations. Training of national staff is underway and HALO will start clearance in the summer of 2018. The focus of HALO's work will be on the mechanisation of clearance to speed up the process at the same time as decreasing the risk to operators. This will allow the repatriation of people to their homes and thereby help stabilise the province as part of post-conflict reconstruction. HALO has invested significant privately raised funds to purchase the machines to start up the programme. HALO anticipates expanding its operations from Anbar to Sala al-Din province in 2018.

Ivory Coast

Following instability in Ivory Coast, which began in early 2017, a mutiny within the army took place in May 2017. For several days, soldiers blockaded the second largest city, Bouaké, over a pay dispute. The mutiny raised fears of a further resurgence of violence in the country, particularly when mutinying soldiers discovered and seized a large arms cache in the city.

During FY 2017/18 HALO completed the remaining three battle area clearance (BAC) tasks for the UN Mission, clearing 149 hectares of land within ex-UN camps. Teams destroyed 2,210 items of ammunition and 5,209 items of small arms ammunition.

The United Nations Operation in Ivory Coast closed in June 2017 and HALO's funding came to an end. By July 2017 HALO had successfully drawn down its programme, completing remaining operational tasks, demobilising national staff and concentrating on the logistical movement of equipment.

Following an assessment in June 2017, donors expressed interest in HALO continuing activities in support of the Ivorian authorities. With presidential elections planned for 2020, security, and particularly the secure storage of weapons and ammunition, remains a key priority. In addition, HALO's regional approach in West Africa aligns with broader concerns regarding the movement of weapons across the country's borders. Therefore, HALO is returning to Ivory Coast to re-establish its programme.

Kosovo

Operations in Kosovo continued throughout 2017, employing over 100 staff, with support predominantly from a US-based private donor, and the Governments of The Netherlands and the USA. HALO looks to maintain this capacity until mid-2018 when new funding will be required.

With support from the Government of The Netherlands, HALO is undertaking a baseline socio-economic impact assessment of all remaining mine and cluster munition contaminated areas. The outcome of this survey will inform a new prioritisation system for clearance by the Kosovo Mine Action Centre, and a new strategy for completion of all remaining mined areas by 2021 and cluster munition contamination by 2024. This strategy will align mine action priorities with those in the Kosovo Government's national development strategy, and ultimately encourage more donor funding, particularly from the EU.

HALO Kosovo has taken active measures to recruit younger staff in 2017, following a review of its gender and recruitment policies. This included the employment of the first women into the programme since 2007.

Laos

In Laos, the US Government was HALO's solitary but significant donor, although the UK will now also support HALO's work. In September 2017, HALO was awarded the initial tranche of US funding from the 4.5 year \$17.2 million proposal for the Cluster Munitions Remnants Survey (CMRS) of Savannakhet Province. This funding is from the \$90 million commitment to Laos announced by the US Government in September 2016.

The CMRS will achieve the first ever baseline of UXO contamination in Laos, initially concentrating on six out of the eleven most contaminated provinces. With this survey data (provided by HALO, MAG and NPA), the Laos Government and donors will be able to prioritise follow-on clearance.

Unfortunately, delays beyond HALO's control with signing MOUs for both the 2016-17 and 2018-22 US grants have adversely affected our operational planning. Purchasing and importing equipment was delayed, thus delaying training and expansion. Without an MOU for the CMRS it has not been possible to expand in Savannakhet and therefore HALO has remained confined to the area of the 2017 MOU.

Success in securing UK funding will mean an expansion from 300 to 570 national staff in early 2019. All the new DFID funded staff will concentrate on clearance, in support of the US commitment to the survey. The UK project will require nearly £1.3 million of new equipment.

Mozambique

Demining operations have been completed in Mozambique and HALO continues to seek to dispose of its assets in that country.

Myanmar

In May 2018, the Myanmar programme was 53 people strong, with four survey and seven mine risk education teams deployed across Kayin and Shan States.

In Kayin State, work has continued to focus on the Myaing Gyi Ngu IDP camp, a site where, it is hoped, the first humanitarian mine clearance in country will start. This clearance project has the full endorsement and backing of the national and state governments, but unfortunately the army has yet to declare its support for the project. Should the military obstacles be overcome, this would be the best opportunity to start clearance operations since the programme opened in 2012.

In the North (Kachin and northern Shan State), the conflict has continued to escalate with accident rates in the first quarter of 2018 alone equalling those from all of 2017. In Shan State HALO hopes to secure new funding to increase its current capacity (ten people) to respond to this escalating need.

No report about the Myanmar programme can ignore the broader political events occurring in Rakhine State. While these have not impacted directly on the HALO programme, Myanmar continues to be a difficult country in which to make progress.

Nagorno Karabakh

HALO is the only organisation to have conducted landmine clearance in Nagorno Karabakh since 2000. With a continued commitment from the US Government and a matched-funding initiative from a US private donor since 2015, the programme aims to clear all remaining mined areas by 2020. In 2017, HALO released over 118 hectares of land from 17 minefields, and destroyed 228 mines. Since 2000, HALO has cleared over 90 per cent of all known mined areas in Nagorno Karabakh.

The US Government approved a two-year costed extension of \$3.4 million for the clearance of all remaining minefields within the traditional Soviet district boundary. The challenge will be to recruit, train and equip enough new staff to the programme in 2018, to achieve this objective by 2019.

Private fundraising in 2017 secured grants from the Izmirlian Foundation, the JDK Revocable Trust and other donors, allowing for an expansion of clearance efforts outside the Soviet boundary, and increasing the total number of mines found and destroyed by the programme in comparison with previous years. Further private fundraising events included a second HALO-led crowdfunding campaign, as well as fundraising dinners in Boston, Los Angeles and New York. Thanks go to Nina and Raffi Festekjian who co-chair the fundraising campaign. Of the \$4 million available to be matched, \$1.8 million has been raised so far.

Following the successful campaign with ONEArmenia in 2016, HALO secured an additional commitment by them to raise \$396,000 over a period of three years, for continued clearance and support during future demobilisation.

In late March 2018 an accident resulted in the death of three members of staff, and injury of two others, when a HALO Landrover drove over an anti-tank mine. The resulting shock has left a lasting impact on the programme; understanding the causes of the accident and ensuring adequate support for the families of those affected continue to be priorities.

Somalia

Somalia remains a fragile state and, notwithstanding the recent political progress and efforts to establish a federal state system, it remains in a prolonged period of flux. The African Union's decision to move security responsibility to national authorities by 2020 does demonstrate increasing confidence in the country's progress. Al Shabab (AS) are highly likely to attempt to destabilise the region further over the next few years as this transition process is implemented.

In July 2017 HALO managed a major incident involving the abduction of three national staff members. Staff were abducted from Farlibaax, in the Hiran Province of Hirshabelle State, and held for over two months. The staff were released at the end of September following the conclusion of AS and clan negotiations. HALO provided follow up care and support in Mogadishu to all staff involved.

This year HALO has consolidated mine clearance efforts in Hirshabelle State. Operational deployments continue to be managed from the location offices in Beletweyne, close to the border with Ethiopia. The security situation deteriorated, which led to a suspension of activities north of Beletweyne, where the Kalabeyr Junction has been continually targeted by AS. The junction checkpoint could not be held by the Somali National Army or Police. With no other routes available to conduct casualty evacuation and resupply, clearance of the Mohammed Gaal minefield was suspended. HALO is now establishing a new location office in Dhuusammareeb, the capital of Galmudug State, with support provided by the Somali Explosive Management Authority.

Across Somalia, HALO surveyed 382 hectares, bringing the total area surveyed to 2,147 hectares of contaminated land. HALO has cleared 15.5 hectares through manual mine clearance and 100 hectares of battle area clearance, with a total of 953 items of UXO destroyed. HALO continues to employ 175 staff with funding from the UK, the USA and Germany. Additional funding at the end of 2018 from Finland, The Netherlands and Ireland will bolster UK and German funding, triggering the next expansion of operations in southern Somalia.

Somaliland

In 2017, Somaliland witnessed another peaceful democratic election. It was hailed as one of the most democratically transparent elections ever in Africa and resulted in President Muse Bihi taking office on 14 December 2017. The de-facto independent territory, on the whole, continues to enjoy a welcome decrease in internal conflict and is a beacon of stability within the Horn of Africa. With 515 staff operational from the headquarters in Hargeisa and the regional location in Burao, HALO endures as one of the largest employers in Somaliland.

HALO cleared 196 hectares of mine contaminated land by manual and mechanical methods. The programme also cleared UXO from 973 hectares of land and completed 173 callouts. In total, 345 items of UXO were destroyed. There are 101 minefields and sections of mined roads remaining on the national database, totalling 1,013 hectares to be cleared. A further 39 roads, totalling 674 hectares, require verification as part of the Road Threat Reduction system.

HALO's historic work in Somaliland has seen the victims of landmines and explosive devices reduce in number, but there was a spike in accidents this year with 49 casualties recorded. Significantly, 18 of these resulted from one accident in a settlement housing returnees and drought displaced households. HALO responded immediately by conducting mine risk education sessions and instituting a two-month clearance task focused on the old military camp where the settlement was situated. This spike in accidents shows how explosive remnants of war in Somaliland continue to pose a risk to life, especially in some of the most vulnerable communities.

HALO has remained engaged with all donors to ensure funding support for Somaliland's residual threat is directed towards national ownership and that the date for HALO's completion of all known

accessible high and medium priority minefields is kept to early 2020. HALO will be needed to maintain current levels of clearance capacity to sustain the programme's productivity levels. HALO is, however, increasingly focused on moving from mine clearance into broader humanitarian work, notably in respect of drought relief.

Sri Lanka

HALO successfully recovered from the dramatic loss of funding in Sri Lanka in 2015 following the then government's insistence that international support cease. The new government's more pragmatic view has allowed HALO's programme to grow from 370 to 780 staff. This has been enabled by the engagement of the British Government through the FCO and the Conflict, Security and Stabilisation Fund (CSSF), the securing of a two year Canadian grant, and a doubling of US funding.

A mine free Sri Lanka by 2020 is achievable, but with CSSF funding unpredictable, a 50 per cent cut in US funding, and Canadian funding not guaranteed to be extended, HALO wishes to find new donors for the second half of 2018.

HALO has worked closely with other agencies and the government to ensure that the strategy is refined in order to reach the 2020 goal of a mine free Sri Lanka. This collaborative, as opposed to competitive, approach has been aided by each operator being allocated distinct areas of geographical responsibility.

A country-wide re-survey of the remaining contaminated area and continuing clearance has reduced the area held on the national database from over 7,000 hectares to 2,800. While this is still a huge challenge, with further commitments from donors of £12 million additional funding, it would still be possible to clear the country by 2020. The clearance of Sri Lanka, once one of the most mined countries in the world, would be a remarkable achievement.

Syria

In partnership with two Syrian NGOs, HALO has eight national staff teams deployed in northern Syria (two teams in Idleb and six in Aleppo Governorates), and five teams deployed in Dar'a Governorate of southern Syria.

The teams are carrying out a village-by-village contamination survey across the governorate, and dealing with all surface explosive hazards found. These are photographed and identified before the teams carry out a controlled demolition burn of the items using thermite flares. All related survey information and local liaison details are logged using data collection software. The teams dealt with over 530 abandoned explosive hazards, including cluster munitions, between 3 December 2017 and 31 March 2018.

The teams in northern Syria are funded by the United Nations and The Netherlands. The teams in southern Syria were trained and established using a separate 2017-18 Government of The Netherlands grant, and are being supported by a private foundation grant in 2018, with wide interest from several European government donors to support continuation and expansion.

Expansion and upskilling of the Dar'a teams in 2018 will depend on the fate of the southern De-escalation Zone (DEZ), but there is need for a large manual and mechanical, rural and urban clearance programme to support the return of IDPs and refugees, and reconstruction of houses and infrastructure. Efforts to fund, build and staff a HALO regional training centre continues in partnership with the Jordan National Mine Action Authority.

Ukraine

Over the reporting period, HALO Ukraine grew from 150 to 225 staff and is projected to reach 300 during 2018. Initial survey or 'rapid assessment' has been completed in the government controlled areas of Donetsk and Luhansk. In total, HALO has identified 228 settlements showing evidence of contamination. So far, 114 minefields have been identified with a combined total area of 1,105 hectares.

Ukrainian staff have been promoted into most middle management roles. Whereas the programme was set up by imported staff from the Caucasus, now only two seconded staff from the Caucasus remain, and Ukrainian staff hold demining supervisor and survey supervisor roles. Recruitment of female deminers has continued, with 24 women currently working as deminers out of a total of 200. The programme intends to continue to increase female participation over the coming year.

The programme imported its first mechanical asset in early 2018, a Volvo front loader, which will be armoured and deployed by the end of June 2018. A second front loader will be imported from the HALO Nagorno Karabakh programme, also in June.

HALO has supported capacity development activities over the year by providing quality management training to the National Demining Centre of Ukraine, and assisting the centre to become accredited as the national licensing body for mine action operators. HALO has also provided guidance on data management to the interim mine action authority, to support them in implementing an information management system for mine action (IMSMA).

With additional funding raised this year, HALO Ukraine's budget for 2018 is \$5.8m, an increase of 45 per cent on last year. The programme is supported by the US, the UK, The Netherlands, Norway, Finland, Germany and Belgium. This sizeable increase in funding is in part due to the programme's expansion into the realm of physical security and stockpile management, with a \$4 million project funded by the US to build six ammunition stores, on five different sites, over a period of two years. The project begins in June 2018 and will help to decrease the risk of uncontrolled explosions at the country's ammunition stores.

West Bank

HALO's work in the West Bank continues to be coordinated by the Israeli National Mine Action Authority (INMAA) and the Palestinian Mine Action Centre (PMAC). HALO remains the only clearance operator in the West Bank, and the only humanitarian demining agency in Israel.

HALO is deployed in Jenin District, northern West Bank, on three of the four remaining minefields left from the original nine on the 2013 schedule. An additional three minefields, two Jordanian laid, and one Israeli laid, at the northern end of the Jordan Valley have high humanitarian and economic priority for nearby Palestinian communities, and HALO will seek to clear these if funding is available. Work in 2017 included the very successful clearance operations in Surif and then Deir Abu Da'if village minefields. Since April 2014 the programme has cleared 166 hectares of impacted land, locating and destroying over 880 mines. Security for HALO in the north West Bank was stable through 2017.

After a significant private fundraising effort which raised over \$1 million, clearance began on the Baptism of Christ site, in the Ethiopian churchyard, on 11 March 2018. The aim remains to complete clearance in all the churchyards and surrounding anti-tank minefields during 2018, assuming the continued support of the Israeli military and INMAA.

Yemen

The HALO Trust has secured funding from The Netherlands for demining in Yemen; operations will begin once the security situation improves.

Zimbabwe

November 2017 saw President Mugabe leave office. He was replaced by Emmerson Mnangagwa. The international assessment of elections, due at the end of July, will determine how donors such as the US set their policies. US funding to Zimbabwe is currently in decline and HALO has not escaped this. Japanese funding has helped to cover the 2018 shortfall.

The new government has showed renewed commitment to mine action, as evidenced by the launch of a new National Strategy for Mine Action in March 2018. The strategy aims to have all known minefields cleared by the end of 2025.

Over the reporting period, HALO cleared 16,945 mines from 84.7 hectares of land. While the mine numbers are extremely high, both metrics are down on the same period last year due to significant additional effort required to conduct missing mine drills, namely identifying gaps in the mine pattern and excavating to find mines which are below detectable depth but still pose a threat to farmers ploughing the land.

In 2017 the Zimbabweans allowed HALO to introduce mechanical assets as a pilot project to deal with deep buried mines. HALO is now working with the authorities to expand the use of machines to all tasks, particularly those containing sensitive R2M2 AP mines. Mechanical clearance of these areas would provide a significant improvement in safety.

A disparity in wages between operators (some of whose salaries are unrealistically high compared with HALO's) was the major factor behind a deminer strike in January 2018. HALO pays salaries at a rate currently set by government and believes that, if other operators' rates were applied universally, job losses would be inevitable and Zimbabwe would not reach mine free status by the end of 2025. It is significant that the authorities supported HALO's position during the strike.

HALO's victim assistance project provided support to 66 people who received prosthetics. A further 53 people were assessed and are awaiting delivery and fitting.

2.3 Future Plans

Building upon momentum from HALO's success in persuading the UK to increase its mine action funding significantly, including to countries like Angola, HALO will continue to work on promoting the Landmine Free 2025 road map. HALO will engage with states party to the Anti-Personnel Mine Ban Treaty and other donor states.

In the coming year HALO will move closer to completing in Somaliland, Sri Lanka, Nagorno Karabakh and Kosovo and further explore means of retaining a more streamlined capacity to deal with residual contamination in these countries, while offering alternative livelihoods for its national staff.

As it looks to the future, HALO is exploring ways to respond to changing circumstances, particularly the increasing urbanisation of warfare, and the use of IEDs on a semi-industrial scale. Iraq will be the proving ground for mechanical clearance techniques that will be required across the Middle East in the future. To do this HALO has significantly increased its technical capacity to deal with improvised devices and has begun running courses for IED disposal for international and national staff.

In addition to its expanding portfolio of ammunition management projects, HALO is increasingly engaged in work to control small arms and light weapons. HALO is looking for ways to replicate its success, over the last thirty years with landmines, in bringing down casualty rates caused by armed violence. HALO'S current priority is helping fragile states to exercise safe and secure control of weapons to prevent diversion and theft. HALO also encourages destruction of excess and confiscated

stocks. HALO is conducting weapons marking and tracing, armoury construction and refurbishment, and weapons disposal. In countries where its demining work is ending, but where there is a continued humanitarian need for its support, HALO will look at diversifying its work into areas such as drought relief.

HALO has identified several emerging priority countries and, in the next financial year, HALO anticipates opening at least two new programmes that reflect its new methods and means of working.

To maintain an effective capacity that can respond to the expansion of programmes in an evolving funding landscape and achieve the Landmine Free 2025 roadmap, HALO will review and adapt its management structure in the coming year to deliver these results in the most efficient manner.

3. Structure, Governance and Management

3.1 Structure

The company is a registered charity (with the Charity Commission for England and Wales - no. 1001813 and with the Office of the Scottish Charity Regulator - no. SC037870) incorporated on 9 March 1988 under the Companies Act 2006 as a company limited by guarantee (company number 2228587). Its governing document is its Articles of Association. Each of the company's Members undertakes to contribute the sum of £10 in the event of the company being wound up while a Member, or within one year from ceasing to be a Member. Each of the Directors/Trustees is also a Member of the company.

3.2 Governance

The Directors/Trustees are responsible for the strategic direction of the organisation. The Chief Executive, to whom certain powers are delegated, works with a senior management team and reports to the Board.

The Board holds formal scheduled meetings at least four times a year, as well as a number of ad hoc meetings. In addition, there is an annual cross briefing (ACB) held in Scotland, attended by Board members and all HQ and senior international and national staff. An Audit/Remuneration Committee, comprising three Trustees (Timothy Church, Anthony Bird and Mark Aedy), together with attendance by the Chief Executive, the Company Secretary and the Finance Director, assists the Board in discharging its obligations to ensure the adequacy of internal controls and the integrity of the financial statements. A Governance/Nominating Committee made up of four Trustees (Rupert Younger, Timothy Church, Jane Davis and Paddy Nicoll), and attended by the Chief Executive and the Company Secretary, ensures that the required governance policies are in place and that measures are taken to ensure that they are enacted. The Committee also puts forward nominations with a view to maintaining an appropriate balance of skills and diversity on the Board and ensuring that adequate succession plans are in place. Both the Audit/Remuneration Committee and the Governance/Nominating Committee meet twice a year.

The Trustees who were in office at 31 March 2018 and at the date of this report are shown on page 1.

Under the Articles of Association, the Directors in office at the time the Articles were amended on 25 March 2015 continue to hold office until the end of the Board meeting that falls closest to dates set out against their names in the Articles of Association; these dates are staggered between December 2015 and October 2020. The Articles of Association state that each Director shall be appointed for a period of three years, or such shorter period as the Directors shall think fit, at the end of which they shall retire, at which point they shall be eligible for re-election. No Director shall serve for a consecutive period of more than nine years, save with the approval of a two-thirds majority of the Directors.

The Articles of Association state that Directors can be appointed by a simple majority of either the Members or Directors.

Bircham Dyson Bell (HALO's solicitors) give new Trustees an induction into the duties and responsibilities of Board membership as stipulated by law and the Charity Commission. New Trustees receive comprehensive induction information and are encouraged to spend time in HALO's headquarters in Scotland and to visit HALO's overseas programmes.

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

3.3 Organisational Structure and Management

The Board of The HALO Trust is responsible for the strategic direction of the charity. Operational control is exercised by the Chief Executive Officer, who reports to the Board in person on a quarterly basis and in writing on all questions of Board level policy and where operational risk requires a Board level view. The Chief Executive attends Board meetings, but is not a Director and does not vote. Beneath the Chief Executive, HALO has a Chief of Staff, responsible for the coordination of business; a Director of Strategy, responsible for growing the capability of HALO, in both functional and geographic senses; a Director of Development responsible for private fundraising; a Director of Communications; a Finance Director; and Regional Directors responsible for groups of countries. These roles are designed to give HALO the means to run a large, complex and widely distributed organisation and to plan for the future in a sophisticated and robust way. A Programme Manager, who reports to a Regional Director, controls each of HALO's countries and territories. Other staff are responsible for Human Resources, Logistics, and Information Services.

HALO has a structured salary framework linked to job roles, responsibilities and seniority. Within each job band there are a number of appropriate pay grades, each of which has a defined salary range. The pay and remuneration for all key management personnel within HALO is managed within this framework, to ensure consistency and governance. Any pay increases awarded are based upon performance against priorities and personal objectives, which support the vision and progression of HALO's strategy and work. This approach is designed to ensure that HALO retains and motivates personnel while maintaining appropriate internal controls.

3.4 Employees

HALO's success relies on the hard work and dedication of its staff.

At 31 March 2018, The HALO Trust employed 8,081 staff globally, with 7,941 (98 per cent) being national staff - locally employed and committed to ridding their country of mines and other explosive remnants of war. (Average staff numbers during 2017-18, as reported in note 7 to the financial statements, were 7,567). HALO's 91 international staff oversee and manage operations and support activities across its global programmes, with a further 49 staff based in the UK, including key management personnel such as the Chief Executive Officer, Chief of Staff, Director of Strategy, Director of Development, Finance Director and Regional Directors.

The emphasis on national staff recruited from conflict-affected communities means that the salaries and knowledge base remain in country and benefit those most in need. HALO's commitment to improving the gender balance of its national staff continues, with five programmes employing 40 per cent or more female staff.

HALO is committed to cultivating a safe and respectful working environment where its staff are recognised for their contribution and performance. HALO's Equality and Diversity Policy supports its aims to ensure employees are treated on the basis of their relevant merits and abilities, to provide a

working environment that is supportive of the dignity and respect of the individual, and to prevent all forms of unlawful and unfair discrimination.

HALO provides continuation training to staff to support their development and career progression, and a comprehensive training package for operational staff to equip them with the necessary skills for working in the field. This year saw the successful introduction of new training programmes for Programme Managers and Programme Support Officers. Many junior HALO employees successfully advance into senior technical and management roles.

HALO treats the health and wellbeing of its staff seriously; paramedics, equipped with comprehensive medical packs, are built into the structure of every HALO team and are trained to deliver emergency trauma care for victims of landmines and other ordnance. HALO also maintains a medical board of experienced international surgeons and doctors, who oversee its medical policy and ensure its correct implementation.

4. Principal Risks and Uncertainties

HALO works in countries where safety and security is often an issue, meaning that a level of risk is inevitable. The Trustees have set in place clear policies and procedures to ensure that risks relating to the health, welfare and security of staff are properly assessed and managed across all operational areas. In addition, the Trustees have identified, through a comprehensive risk register, the major risks (Administrative, Financial and Operational, including Health, Safety and Security) to which HALO is exposed and have established mitigating actions to minimise the likelihood of risks occurring, whilst setting in place contingency plans to reduce the impact should such risks occur.

The Board reviews risk on an annual basis, dividing it into operational (largely surrounding safety, security and safeguarding), financial and reputational categories. The Chief Executive considers risk and will either: treat it by applying different ways or new means; tolerate it because it is judged acceptable; elevate it to the Board for consideration; or simply cease the activity that gave rise to the risk.

Duty Holders are allocated responsibility for ensuring that risks are kept as low as reasonably practicable. The HALO Board of Trustees, as Senior Duty Holder, reviews the risk register on a quarterly basis, supported by the Chief Executive (Operational Duty Holder) and Programme Managers (Delivery Duty Holders). The responsibility of each duty holder is to tolerate, treat or elevate risk as they see fit.

Some of the risks identified as significant include:

Risk: security and/or serious incidents impact on HALO's ability to deliver operations and jeopardise the safety of staff.

Mitigation: HALO's operations are supported by security and incident management plans, which incorporate location specific security risk assessments, together with internationally recognised standard operating procedures, which govern both the movement of staff and assets and underpin all operational activity. All appropriate staff at both HQ and programme level are trained in critical incident management skills. Programmes receive annual visits from a member of HALO's medical board to ensure up-to-date medical practice and review casualty evacuation procedures.

Risk: HALO's contracts are dependent on funding from governments and other statutory bodies. Governments' priorities change over time.

Mitigation: HALO has developed and continues to maintain strong strategic partnerships with its major donors, and has invested in fundraising and communications with a view to broadening its

donor base. HALO's free reserves policy takes into account cessation of funding from any of its major donors.

Risk: Safeguarding against any sort of harassment or abuse of power remains a HALO priority. This is an aid sector risk and HALO will help shape best practice.

Mitigation: HALO safeguarding policies are well documented and understood by staff. All staff that undergo training will be reminded of all safeguarding policies and zero tolerance on harassment or abuse of power. Further, HALO will invest in recruiting a Head of Safeguarding and Policy to ensure compliance with internal processes and best practice.

Risk: Managing currency volatility, particularly as the UK navigates through BREXIT.

Mitigation: Budgets are prepared taking into account potential minor currency swings, with operational reserves set aside to cover major adverse movements. The Board has developed a treasury management strategy, which, in addition to investment of free reserves, provides for the forward purchasing of hard currency to mitigate against future adverse foreign exchange movements.

Risk: HALO is exposed to information security breaches resulting in financial loss, theft, reputational damage, business disruption, fines and litigation, and high impact damage to individuals.

Mitigation: The Board approved an information security strategy in October 2017; policies, procedures, and guidelines are set in place; technical controls using advanced technologies are implemented and tested regularly; training is provided to relevant staff.

Risk: HALO is exposed to financial crime, such as fraud, bribery and corruption, resulting in loss of funds, inflated costs of supply chains, corrupt working practices, and misappropriation of assets.

Mitigation: Appropriate policies and procedures are set in place (such as financial SOPs, procurement procedures, delegation of financial and budgetary authority, cash controls, segregation of duties, whistleblowing, supplier due diligence), with training provided to relevant staff and controls audited on a regular basis.

5. Financial Review

The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard (FRS102) applicable in the UK and Republic of Ireland.

5.1 Financial Overview

The financial statements of the company can be found on pages 25 to 43. The application of the company's funds is detailed in notes 4, 5 and 6 on pages 32 and 33.

Income from charitable activities was £60.4m, an increase of £20.2m compared with £40.2m in FY 2016/17. Expenditure on charitable activities of £55.6m reflected a similar increase, £19.8m, compared with £35.8m in FY 2016/17. The increase in scale of activities during the year was largely attributable to an increase of £13.4m in sub-awards received from The HALO Trust (USA), Inc. for US Department of State contracts (which previously did not pass through The HALO Trust), together with increases in funding of £2.1m from the UK Government, £1.9m from the German Government and £1m from the Government of The Netherlands. Deferred income represents donor funding received during the year, for which the respective expenditure will occur in future accounting periods. At 31

March 2018 deferred income amounted to £7.7m, compared with £17.5m at 31 March 2017, with the movement of £9.8m largely attributable to the timing of sub-award grant income received from The HALO Trust (USA), Inc. for US Department of State projects.

5.2 Funding and Reserves

Total unrestricted funds at 31 March 2018 were £6.95m, compared with £6.09m at 31 March 2017. The Trustees consider HALO's free reserves to be £6.44m, calculated as total unrestricted funds (£6.95m) less fixed assets (£0.39m) and stock (£0.12m), and reflecting the resources readily available for unrestricted charitable use. Full details of HALO's reserves are shown in notes 14 and 15 of the financial statements. The Trustees regularly review unrestricted reserves in accordance with the reserves policy, which takes into account any short-term gaps in donor funding, managing the closure of programmes, providing emergency response funding, conducting reconnoitres in new countries, programme start-up costs, developing organisational capacity and maintaining a contingency in the event of a material reduction or cessation of major donor funding. The Trustees consider the current free reserves balance of £6.4m to be sufficient to cover the risks and opportunities identified in the reserves policy.

5.3 Going Concern

The Trustees consider HALO to be a going concern; HALO has commitments from donors in the form of grants and contracts to maintain activities in countries where it operates. The financial statements reflect the investment that has been made to ensure that HALO is best placed to deliver its humanitarian goals efficiently and cost effectively. On a programme-by-programme basis the Trustees confirm that the charity has sufficient assets available to enable it to meet its obligations as they fall due.


5.4 Related Parties

In accordance with a memorandum of understanding dated 31 January 2017, The HALO Trust and The HALO Trust (USA), Inc. work together in an effort to clear landmines and other debris of war around the world. The HALO Trust (USA), Inc. is a 501(c)(3) organisation and raises funds from the US Government and US foundations, corporations and individuals to support the work of both organisations. The financial results of The HALO Trust (USA), Inc. are not included here. US contracts and grants are sub-awarded, via specific contract agreements, by The HALO Trust (USA), Inc. for implementation by The HALO Trust. HALO UK 2015 Limited is the wholly owned trading subsidiary of The HALO Trust. During the year there was no trading activity.

6. Major partners

During the year, HALO projects were generously supported by the US Department of State, Bureau of Political-Military Affairs, Office of Weapons Removal and Abatement, via The HALO Trust (USA), Inc., the Governments of Belgium, Canada, Finland, Germany, Ireland, Japan, The Netherlands, New Zealand, Norway, Switzerland, the United Kingdom (Department for International Development, Conflict Stability and Security Fund, Foreign & Commonwealth Office), the European Commission, Association for Aid and Relief (AAR) Japan, United Nations Mine Action Service (UNMAS), United Nations Development Programme (UNDP), United Nations Trust Facility Supporting Cooperation on Arms Regulation (UNSCAR), FIBERTEK, World Without Mines Switzerland, Eni Energy Company, and numerous generous private donors. The HALO Trust would like to thank all those who have supported its work.

The Trustees' annual report, including the Strategic Report, was approved by the Board.



Timothy Church

17 August 2018

Statement of Trustees' responsibilities in respect of the Trustees' annual report and the financial statements

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

Company and charity law requires the Trustees to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the excess of income over expenditure for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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

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



KPMG LLP
319 St Vincent Street
Glasgow
G2 5AS
United Kingdom

Independent Auditor's Report to the Trustees and Members of The HALO Trust

Opinion

We have audited the financial statements of The HALO Trust ("the charitable company") for the year ended 31 March 2018 which comprise the statement of financial activities, balance sheet, cash flow statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We have been appointed as auditor under section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The Directors are responsible for the other information, which comprises the Trustees' annual report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;

- in our opinion the information given in the Trustees' annual report, which constitutes the Strategic Report and the Directors' report for the financial year, is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) we are required to report to you if, in our opinion:

- the charitable company has not kept adequate and proper accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Trustees' responsibilities

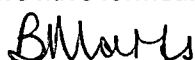
As explained more fully in their statement set out on page 23, the Trustees (who are also the Directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern; and using the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the charitable company's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's Trustees, as a body, in accordance with section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's Members and the charity's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity, its Members as a body and its Trustees as a body, for our audit work, for this report or for the opinions we have formed.



Bruce Marks (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

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

21 September 2018

Statement of financial activities
 (including income and expenditure account)
for the year ended 31 March 2018

	Notes	Unrestricted funds £000	Restricted funds £000	2018 Total £000	2017 Total £000
Income from					
Donations and legacies		649	-	649	128
Charitable activities	2	-	60,356	60,356	40,168
Income from investments		24	22	46	27
Other income	3	78	-	78	580
Total income		751	60,378	61,129	40,903
Expenditure on					
Investment management costs		-	-	-	5
Charitable activities	4	4,353	51,254	55,607	35,788
Charitable activities: sub-granted	5	-	4,640	4,640	4,223
Total expenditure		4,353	55,894	60,247	40,016
Net (expenditure)/income on operating activities		(3,602)	4,484	882	887
Net gain on investments		-	-	-	80
Net (expenditure)/income		(3,602)	4,484	882	967
Transfers between funds	9	4,461	(4,461)	-	-
Net movements in funds		859	23	882	967
Reconciliation of funds					
Total funds brought forward at 1 April 2017		6,095	335	6,430	5,463
Transfer from restricted funds to provisions	13	-	(322)	(322)	-
Total funds carried forward at 31 March 2018		6,954	36	6,990	6,430

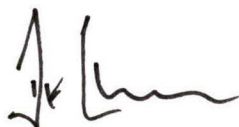
The notes on pages 28 to 38 form part of these financial statements.

**Balance sheet
 as at 31 March 2018**

	Note	2018		2017	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	10	391		543	
			<u>391</u>		<u>543</u>
Current assets					
Stock		124		133	
Debtors	11	10,138		5,555	
Cash at bank		8,889		20,091	
			<u>19,151</u>		<u>25,779</u>
Creditors: amounts falling due within one year	12	(10,598)		(19,604)	
			<u>8,553</u>		<u>6,175</u>
Net current assets			8,553		6,175
Total assets less current liabilities			8,944		6,718
Provisions for liabilities	13		(1,954)		(288)
			<u>6,990</u>		<u>6,430</u>
Net assets			6,990		6,430
Funds					
Unrestricted funds: general			6,954		6,095
			<u>6,954</u>		<u>6,095</u>
Restricted funds	14		36		335
			<u>6,990</u>		<u>6,430</u>
Total funds	15		6,990		6,430

The notes on pages 28 to 38 form part of these financial statements.

The financial statements were approved by the Board of Trustees on 17 August 2018 and were signed on its behalf by:



Timothy Church
 Chairman



Mark Aedy
 Director

Cash flow statement

For the year ended 31 March 2018

	2018 £000	2017 £000
Reconciliation of net income to net cash flow from operating activities		
Net income for the reporting period (as per the statement of financial activities)	882	887
Adjustments for:		
Interest receivable	(46)	(25)
Investment income	-	(2)
Depreciation charges	270	455
Decrease in stock	10	152
Increase in debtors	(4,585)	(2,064)
(Decrease)/increase in creditors due within one year	(9,007)	14,740
Increase in provisions for liabilities and charges	1,345	52
	<hr/>	<hr/>
Net cash (used in)/provided by operating activities	(11,131)	14,195
	<hr/>	<hr/>
Cash flows from financing activities:		
Interest received	46	25
Investment income	-	2
	<hr/>	<hr/>
Net cash provided by financing activities	46	27
	<hr/>	<hr/>
Cash flows from investing activities:		
Payments to acquire tangible fixed assets	(119)	(99)
Proceeds from sales of tangible fixed assets	2	131
Payments to acquire investments	-	(117)
Proceeds from sales of investments	-	1,131
	<hr/>	<hr/>
Net cash (used in)/provided by investing activities	(117)	1,046
	<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period	(11,202)	15,268
Cash and cash equivalents at 1 April 2017	20,091	4,823
	<hr/>	<hr/>
Cash and cash equivalents at 31 March 2018	8,889	20,091
	<hr/> <hr/>	<hr/> <hr/>
Analysis of cash and cash equivalents		
Cash at bank	8,889	20,091
	<hr/>	<hr/>
Total cash and cash equivalents	8,889	20,091
	<hr/> <hr/>	<hr/> <hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of preparation

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)), and the Companies Act 2006.

The HALO Trust (“HALO”) 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 notes.

Going Concern Basis

The Trustees consider HALO to be operating on a going concern basis due to the value of contracts secured through to June 2019 in addition to informed estimations on the level of business throughout this period. HALO has sufficient financial and operational resources to continue in existence for the foreseeable future.

Funds

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

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

Where contracts accounted for within restricted funds include contributions towards headquarters costs an appropriate transfer is made of these contributions between restricted and unrestricted funds. Any unspent funds at the end of a contract are either returned to the donor or transferred to unrestricted funds in accordance with the terms of the contract.

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

Income Recognition

Income received from charitable activities where entitlement to funding is subject to specific performance conditions, is recognised as earned (normally equivalent to the expenditure incurred at the end of the financial year as it is considered that this is when the charity becomes entitled to the income, after having provided the related services). Income is deferred when the donor has imposed conditions which must be met before the charity has unconditional entitlement or the donor has specified the funds can only be utilised in future accounting periods.

Donations, legacies and income from other trading activities are recognised where there is entitlement, probability of receipt and the amount can be measured reliably. Gifts in kind received are accounted for in the Statement of Financial Activities as soon as it is prudent and practicable to do so.

Investment income is recognised on a receivable basis. Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Notes (continued)

1 Accounting policies (continued)

Expenditure

Expenditure is recognised once there is a legal or 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 analysed between charitable activities and support costs. Charitable activities include all direct costs, salaries and other costs of each HALO programme and also include expenditure which HALO has sub-granted to partner organisations. Where this expenditure is funded by donors it is restricted expenditure as all donor contracts are included within restricted funds; other expenditure is included in unrestricted funds.

Support costs include all administration costs of the charity including the costs of the head office in the UK and are treated as unrestricted expenditure. Those costs which meet the definition of governance costs are included in that category; all other management and administration costs are included in support costs under charitable expenditure.

Assets acquired for specific projects, where ownership vests in the donor, are charged in full to that project on the date of acquisition and are not capitalised. At the end of a specific project any such assets may be transferred to other projects with the consent of the donor or may be transferred back to the donor. The charity retains a full list of all such assets.

Tangible fixed assets

Tangible fixed assets, acquired by HALO's own funds, with a value greater than £1,000 and being of use to the business for more than one year are capitalised.

Land is held at the purchased value on the date of being acquired and is not depreciated. Depreciation for all other fixed assets is provided using the following rates and bases to write off the cost or initial values, less residual values, of tangible assets over their estimated useful lives:

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

Stock

Stock represents items purchased by the charity for use in overseas projects where at the time of purchase the individual project has not been identified. Until the respective item is charged to an individual project, all stock is held at lower of cost or net realisable value.

Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are re-translated monthly into sterling at the rates of exchange prevailing at the start of each month. Transactions in foreign currencies are recorded at the date of the transactions and translated to sterling at their monthly rate. At the year end, monetary assets and liabilities are translated to the actual rate at the balance sheet date. Any gain or loss arising on translation is included in the statement of financial activities.

Notes (continued)

1 Accounting policies (continued)

Post-retirement benefits

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

Pension payments are made to a former Trustee of the charity. A provision has been set aside for the payment of this pension based on the estimated life of the individual based on the latest mortality tables; adjustments are made to the provision on an annual basis for changes in mortality tables and for payments made.

Investments

Fixed asset investments are stated at market value. Unrealised gains and losses represent the difference between the market value at the beginning and the end of the financial year, or if purchased in the year the difference between cost and market value at the end of the financial year. Realised gains and losses represent the difference between the proceeds and cost. At 31 March 2017 The HALO Trust had realised all of its investments.

Cash and liquid resources

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

Taxation

The HALO Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2014 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2014 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

Overseas severance provisions

In certain programmes, when staff leave HALO either through redundancy or of their own volition, payments may be due to those staff. Provision for these payments, commensurate with local labour law, is charged to donor contracts on a monthly basis and included in provisions for liabilities and charges.

Notes (continued)

2 Income from charitable activities

Restricted	2018	2017
	£000	£000
US Department of State, Bureau of Political-Military Affairs, Office of Weapons Removal and Abatement, via The HALO Trust (USA), Inc.	17,853	4,442
The HALO Trust (USA), Inc. other sub-granted	1,870	264
Department for International Development (UK)	12,893	11,912
Federal Republic of Germany	7,202	5,309
UK Conflict Stability and Security Fund	3,958	2,675
Royal Netherlands Government	3,187	2,204
Irish Aid	2,032	1,903
Norwegian Government	1,848	1,368
Government of Canada	1,816	312
European Commission	1,368	1,285
Embassy of Japan (in regional offices)	1,280	1,935
United Nations, Office of Project Services	790	292
Government of Finland	779	142
United Nations Mine Action Service	707	3,361
United Nations, Office for the Coordination of Humanitarian Affairs	669	529
Fibertek Inc.	538	170
United Nations Development Programme	283	-
Government of Switzerland	160	602
UK Foreign and Commonwealth Office	158	352
iDE and the New Zealand Ministry of Foreign Affairs and Trade	151	513
Foundation World Without Mines	144	148
Federal Government of Belgium	43	178
Other	627	272
	<hr/> 60,356 <hr/>	<hr/> 40,168 <hr/>

3 Other income

	2018	2017
	£000	£000
Management support services to The HALO Trust (USA), Inc.	-	457
Lease of field assets to The HALO Trust (USA), Inc.	8	25
Donations in kind	49	53
Gain on sale of fixed assets	2	45
Other	19	-
	<hr/> 78 <hr/>	<hr/> 580 <hr/>

4 Charitable activities

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

	Unrestricted	Support costs (note 6)	Subtotal	Restricted	Total 2018	Total 2017
	£000	£000	£000	£000	£000	£000
Afghanistan	54	1,118	1,172	15,303	16,475	9,894
Angola	2	155	157	2,127	2,284	313
Burma	8	34	42	470	512	439
Bosnia	19	18	37	245	282	4
Cambodia	13	329	342	4,509	4,851	3,618
Colombia	13	403	416	5,514	5,930	3,404
El Salvador	13	5	18	68	86	-
Georgia	17	51	68	703	771	635
Guatemala	19	5	24	67	91	-
Guinea Bissau	22	14	36	195	231	-
Honduras	4	8	12	105	117	-
Iraq	16	12	28	165	193	-
Ivory Coast	-	9	9	130	139	1,228
Kosovo	-	54	54	741	795	277
Laos	76	207	283	2,834	3,117	1,150
Mozambique	27	-	27	(1)	26	72
Nagorno Karabakh	11	57	68	777	845	315
Somalia & Somaliland	47	360	407	4,932	5,339	5,769
Sri Lanka	3	235	238	3,214	3,452	1,670
Syria	193	108	301	1,480	1,781	469
Ukraine	-	191	191	2,618	2,809	2,273
West Bank	27	70	97	961	1,058	889
Yemen	2	-	2	4	6	-
Zimbabwe	7	254	261	3,471	3,732	3,065
Global	18	45	63	622	685	304
Total	611	3,742	4,353	51,254	55,607	35,788

All costs which can be directly attributed to donor contracts have been allocated and are shown in restricted funds; other expenditure directly relating to programmes is shown in unrestricted funds. Support costs, analysed in note 6, which principally relate to headquarters costs and which cannot be allocated to contracts, are allocated on the basis of activity in each country.

5 Charitable activities: sub-granted

The HALO Trust was the lead partner in a consortium to deliver a Department for International Development (UK) contract. The sub-grantees received the following grant values in the year:

	2018 £000	2017 £000
Mines Advisory Group	3,933	3,454
Norwegian People's Aid	707	769
	<u>4,640</u>	<u>4,223</u>

6 Support costs

	2018 £000	2017 £000
Support staff remuneration	1,864	1,574
IT and telecommunications	168	40
Accommodation	101	53
Travel	163	90
Fundraising and public awareness	187	101
Equipment	47	125
Vehicle expenses	15	16
Depreciation of HQ assets	42	40
Communications and public relations	251	201
Governance	78	53
Foreign exchange losses	-	110
Field employee training costs	681	132
Other support costs	145	137
	<u>3,742</u>	<u>2,672</u>

All support costs relate to charitable activities.

7 Employee costs & numbers

	2018 £000	2017 £000
Staff costs		
National staff	26,757	16,505
UK-based employees and expatriate staff	5,643	4,292
Social security costs	375	299
Pension contributions*	27	16
	<u>32,802</u>	<u>21,112</u>
Re-charged to The HALO Trust (USA), Inc.	(220)	(991)
	<u>32,582</u>	<u>20,121</u>

*A defined contribution plan is a post-employment benefit plan under which the charity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

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

	2018	2017
	Number	Number
Administration	30	22
Direct project personnel; UK based and international	90	64
Direct project personnel; national staff	7,447	4,960
	<hr/>	<hr/>
	7,567	5,046
	<hr/> <hr/>	<hr/> <hr/>

The number of employees, whose emoluments, including overseas tax dues, excluding pension contributions, amounted to over £60,000 in the year was as follows:

	2018	2017
	Number	Number
£170,001 – £180,000	1	1
£140,001 – £150,000	-	-
£120,001 – £130,000	1	-
£110,001 – £120,000	2	1
£100,001 – £110,000	1	4
£90,001 – £100,000	6	3
£80,001 – £90,000	7	5
£70,001 – £80,000	5	6
£60,001 – £70,000	5	4
	<hr/>	<hr/>
	28	24
	<hr/> <hr/>	<hr/> <hr/>

Of the numbers listed above, Key Management Personnel, defined as the Chief Executive Officer, Chief of Staff, Director of Strategy, Company Secretary, Director of Development, Finance Director and Regional Directors, form 14 of the 28 employees in 2017/18 (2017: 10 of the 24 employees); the total benefits paid to these individuals was £1,402,000 (2017: £1,063,000).

8 Net incoming/(outgoing) expenditure

Net incoming/(outgoing) restricted and unrestricted resources are stated after charging:

	2018	2017
	£000	£000
Depreciation and other amounts written off tangible fixed assets (note 10)	270	455
Auditor's remuneration:		
Amounts receivable by the auditors and their associates in respect of:		
Audit of these financial statements	28	29
All other services; including but not limited to Accountant's reports for donor grants and contracts	26	42
	<hr/>	<hr/>

9 Transfer between funds

A transfer of £4,461,000 (2017 £3,099,000) was made from restricted to unrestricted funds predominantly for contributions from donors to the support costs of the Trust. These contributions are specified in each of the contracts undertaken, at percentages of the total contract value. The contribution is charged as direct project expenditure to restricted funds, and then transferred to unrestricted funds in the statement of financial activities.

10 Tangible fixed assets

	Land	Freehold property	Fixtures & fittings	Equipment	Motor vehicles	Field vehicles & equipment	Total
	£000	£000	£000	£000	£000	£000	£000
Cost							
At beginning of year	109	141	39	135	134	1,654	2,212
Additions	-	-	-	12	25	83	120
Disposals	-	-	-	-	(11)	-	(11)
At end of year	109	141	39	147	148	1,737	2,321
Depreciation							
At beginning of year	-	134	31	96	89	1,319	1,669
Charge for year	-	2	6	17	18	227	270
Disposals	-	-	-	-	(9)	-	(9)
At end of year	-	136	37	113	98	1,546	1,930
Net book value							
At 31 March 2018	109	5	2	34	50	191	391
At 31 March 2017	109	7	8	39	45	335	543

All of the above assets are used in the administration of the charity or in support of its operations.

11 Debtors

	2018 £000	2017 £000
Amounts owed by The HALO Trust (USA), Inc.	691	-
Other debtors	190	85
Prepayments	1,261	362
Accrued income	7,996	5,108
	10,138	5,555

12 Creditors: amounts falling due within one year

	2018	2017
	£000	£000
Trade creditors	692	315
Taxation and social security	109	93
Other creditors	4	55
Accruals	2,118	1,667
Deferred income	7,675	17,474
	<hr/>	<hr/>
	10,598	19,604
	<hr/> <hr/>	<hr/> <hr/>
	2018	2017
	£000	£000
Deferred income:		
Balance at start of period	17,474	3,704
Released during the year	(17,474)	(3,704)
Arising during the year	7,675	17,474
	<hr/>	<hr/>
Balance at end of period	7,675	17,474
	<hr/> <hr/>	<hr/> <hr/>

13 Provision for liabilities and charges

	Pension obligations	Overseas severance liabilities	Total
	£000	£000	£000
At 31 March 2017	132	156	288
Transfer from restricted to provisions		322	322
Transferred from The HALO Trust (USA), Inc.	-	672	672
Utilised in the year	(20)	(622)	(642)
Provided in the year	9	1,305	1,314
	<hr/>	<hr/>	<hr/>
At 31 March 2018	121	1,833	1,954
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

Overseas severance and other employment liabilities relate to provisions for severance to employees when they leave HALO in Sri Lanka, Angola, Cambodia, West Bank, Zimbabwe, Laos and Myanmar, payments to staff in Colombia which are payable throughout the year, and annual payments to staff in Somaliland and Angola.

14 Restricted funds

	Balance at 31 March 2017 £000	Income £000	Expenditure £000	Transfer to provisions £000	Transfers between funds £000	Balance at 31 March 2018 £000
Afghanistan	-	16,207	(15,303)	-	904	-
Angola	-	2,354	(2,127)	-	227	-
Burma	-	550	(470)	-	80	-
Bosnia	-	243	(245)	-	(2)	-
Cambodia	-	4,742	(4,509)	-	233	-
Colombia	-	6,043	(5,514)	-	529	-
El Salvador	-	86	(68)	-	18	-
Georgia	-	776	(703)	-	73	-
Guatemala	-	68	(67)	-	1	-
Guinea Bissau	-	234	(194)	-	40	-
Honduras	-	105	(105)	-	-	-
Iraq	-	156	(165)	-	(9)	-
Ivory Coast	-	331	(130)	-	201	-
Kosovo	-	834	(741)	-	93	-
Laos	-	3,192	(2,835)	-	357	-
Mozambique	-	-	1	-	1	-
Nagorno Karabakh	-	828	(777)	-	51	-
Somaliland	-	5,314	(4,931)	-	383	-
Sri Lanka	-	3,465	(3,214)	-	251	-
Syria	-	1,654	(1,479)	-	175	-
Ukraine	-	2,898	(2,619)	-	279	-
West Bank	-	1,122	(962)	-	160	-
Yemen	-	22	(4)	-	18	-
Zimbabwe	-	3,835	(3,471)	-	364	-
Global	-	5,297	(5,263)	-	34	-
Residual costs	335	23	-	(322)	-	36
	<u>335</u>	<u>60,378</u>	<u>(55,894)</u>	<u>(322)</u>	<u>4,461</u>	<u>36</u>

15 Analysis of assets and liabilities between funds

	Unrestricted Funds £000	Restricted Funds £000	Totals 2018 £000	Unrestricted Funds £000	Restricted Funds £000	Totals 2017 £000
Tangible Fixed assets	391		391	544		544
Net current assets	6,563	36	6,599	5,551	335	5,886
As at 31 March 2018	<u>6,954</u>	<u>36</u>	<u>6,990</u>	<u>6,095</u>	<u>335</u>	<u>6,430</u>

16 Related party transactions

The HALO Trust is related to The HALO Trust (USA), Inc. through management. Transactions, including VAT where applicable, with The HALO Trust (USA), Inc. are set out below:

	Transactions in year £000	Outstanding at year end £000
Salary costs recharged (note 7)	220	8
Other expenses paid on behalf of The HALO Trust (USA), Inc.	130	15
Expenses relating to The HALO Trust paid by The HALO Trust (USA), Inc.	(232)	(4)
Transfer of employer liabilities from The HALO Trust (USA), Inc.	672	672
	<hr/>	<hr/>
	790	691
	<hr/> <hr/>	<hr/> <hr/>

In addition to these transactions The HALO Trust (USA), Inc. sub-granted funding to The HALO Trust as per the schedule below:

	2018 £000	2017 £000
Income received	21,000	13,975
Accrual at 31 March 2018	513	75
Deferral at 31 March 2018	(1,790)	(9,344)
	<hr/>	<hr/>
Total income sub-granted by The HALO Trust (USA), Inc.	19,723	4,706
	<hr/> <hr/>	<hr/> <hr/>

17 Commitments

There are no annual commitments under non-cancellable operating leases.

18 Connected Companies

The HALO Trust has a £1 shareholding in HALO UK 2015 Limited (company number 09395204). The registered address of HALO UK 2015 Limited is:

50 Broadway
London
SW1H 0BL

19 UK Foreign and Commonwealth Office

As detailed in note 2, the UK Foreign and Commonwealth Office granted The HALO Trust income in Angola, Colombia and West Bank. The total value of grant income recognised in the year was £158,000 (2017: £352,000).

Proforma Euro accounts
Unaudited statement of financial activities
(including an income and expenditure account)
For the year ended 31 March 2018

Average rate £1:€1.147 (2017 £1:€1.1775)

	Unrestricted funds €000	Restricted funds €000	2018 Total €000	2017 Total €000
Income from				
Donations and legacies	744	69,228	69,972	47,449
Income from investments	27	25	52	31
Other income	89	-	89	683
	<hr/>	<hr/>	<hr/>	<hr/>
Total income	860	69,253	70,113	48,163
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditure on				
Investment management costs	-	-	-	6
Charitable activities	4,993	58,788	63,781	42,142
Charitable activities: sub-granted		5,322	5,322	4,973
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditure	4,993	64,110	69,103	47,121
	<hr/>	<hr/>	<hr/>	<hr/>
Net (expenditure)/income on operating activities	(4,133)	5,143	1,010	1,042
	<hr/>	<hr/>	<hr/>	<hr/>
Net gains and (losses) on investments	-	-	-	94
	<hr/>	<hr/>	<hr/>	<hr/>
Net (expenditure)/income	(4,133)	5,143	1,010	1,136
	<hr/>	<hr/>	<hr/>	<hr/>
Transfers between funds	5,117	(5,117)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net movements in funds	984	26	1,010	1,136
	<hr/>	<hr/>	<hr/>	<hr/>
Reconciliation of funds				
Total funds brought forward at 1 April 2017	7,032	19	7,051	6,950
Retranslation movements	(98)	(4)	(102)	(669)
	<hr/>	<hr/>	<hr/>	<hr/>
Total funds carried forward at 31 March 2018	7,918	41	7,959	7,417
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Proforma Euro accounts
 Unaudited balance sheet
 as at 31 March 2018

Year end rate £1:€1.147 (2017 £1:€1.154)

	2018		2017	
	€000	€000	€000	€000
Fixed assets				
Tangible assets	445			627
		445		627
Current assets				
Stock	140		153	
Debtors	11,547		6,410	
Cash at bank	10,125		23,184	
	21,812		29,747	
Creditors: amounts falling due within one year	(12,071)		(22,624)	
Net current assets	9,741			7,123
Total assets less current liabilities		10,186		7,750
Provisions for liabilities		(2,227)		(333)
Net assets		7,959		7,417
Funds				
Unrestricted funds: general		7,918		7,032
		7,918		7,032
Restricted funds		41		385
Total funds		7,959		7,417

Proforma US\$ accounts
Unaudited statement of financial activities
(including an income and expenditure account)
For the year ended 31 March 2018

Average rate £1:US\$1.326 (2017 £1:US\$1.29)

	Unrestricted funds US\$000	Restricted funds US\$000	2018 Total US\$000	2017 Total US\$000
Income from				
Donations and legacies	861	80,032	80,893	51,982
Income from investments	32	29	61	36
Other income	103	-	103	749
	<hr/>	<hr/>	<hr/>	<hr/>
Total income	996	80,061	81,057	52,767
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditure on				
Investment management costs				6
Charitable activities	5,772	67,963	73,735	46,168
Charitable activities: sub-granted	-	6,153	6,153	5,448
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditure	5,772	74,116	79,888	51,622
	<hr/>	<hr/>	<hr/>	<hr/>
Net (expenditure)/income on operating activities	(4,776)	5,945	1,169	1,145
	<hr/>	<hr/>	<hr/>	<hr/>
Net gains and (losses) on investments	-	-	-	104
	<hr/>	<hr/>	<hr/>	<hr/>
Net (expenditure)/income	(4,776)	5,945	1,169	1,249
Transfers between funds	5,915	(5,915)	-	1,249
	<hr/>	<hr/>	<hr/>	<hr/>
Net movements in funds	1,139	30	1,169	1,249
	<hr/>	<hr/>	<hr/>	<hr/>
Reconciliation of funds				
Total funds brought forward at 1 April 2017	7,588	(33)	7,555	7,864
Retranslation movements	1,028	55	1,083	(1,108)
	<hr/>	<hr/>	<hr/>	<hr/>
Total funds carried forward at 31 March 2018	9,755	52	9,807	8,005
	<hr/>	<hr/>	<hr/>	<hr/>

Proforma US\$ accounts
Unaudited balance sheet
as at 31 March 2018

Year end £1:US\$1.326 (2017 £1:US\$1.245)

	2018		2017	
	US\$000	US\$000	US\$000	US\$000
Fixed assets				
Tangible assets	549			677
		549		677
Current assets				
Stock	173		166	
Debtors	14,224		6,915	
Cash at bank	12,471		25,013	
	26,868		32,094	
Creditors: amounts falling due within one year	(14,869)		(24,407)	
Net current assets	11,999			7,687
Total assets less current liabilities		12,548		8,364
Provisions for liabilities		(2,740)		(359)
Net assets		9,808		8,005
Funds				
Unrestricted funds: general		9,756		7,588
		9,756		7,588
Restricted funds		52		417
Total funds		9,808		8,005