

Humana Limited

(A company limited by
guarantee and not having
a share capital)

Report and Financial Statements

Year ended
31 December 1997

Company number 2143753

Registered charity number: 297489



HUMANA LIMITED

Annual report and financial statements for the year ended 31 December 1997

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HUMANA LIMITED

Report of the trustees for the year ended 31 December 1997

The trustees, who are the directors for the purposes of company law, submit their annual report and financial statements for the year ended 31 December 1997.

Trustees and administrative details

The Trustees, who held office during the year were:

Ms Julie Davis	(Treasurer)	(appointed 28 November 1997)
Ms Lena Eriksson		
Ms Mikala Gottlob	(Chairman)	(Lease of Shops subcommittee)
Mr Ian Hagg		(appointed 28 November 1997)
Mr Bob Lisney		(appointed 28 November 1997)
Ms Jytte Nielsen		(Lease of Shops subcommittee)
Mr Girish Vaidya		(appointed 28 November 1997)

Registered office

69-71 High Road
Kilburn, London NW6 6HY

Bankers

Barclays Bank
36-38 Park Royal Road, London NW10 7WJ

Solicitors

Bates Wells and Braithwaite
61 Charterhouse Street, London EC1M 6HA

Auditors

BDO Stoy Hayward
Derby House, 27 Exeter Road, Newmarket, Suffolk CB8 8LL

Insurance Brokers

Roger Lark and Sedgwick
Wigham House, Waking Road, Barking, Essex IG11 8PJ

Constitution

Humana Limited is a registered UK charity no. 297489 and a company limited by guarantee (registration no. 2143753). The governing document is the Memorandum and Articles of Association.

HUMANA LIMITED

Report of the trustees for the year ended 31 December 1997 *(Continued)*

Presentation of the accounts

The trustees have adopted the requirements of the SORP Accounting by Charities for the current year. This has resulted in changes to the presentation of the accounts. The principal change is the inclusion of a Statement of Financial Activities. This statement shows clearly all of the resources which have come into the Charity during the year and how they have been applied.

Organisation

Humana Limited has a great number of objectives and reasons for raising funds. To fulfil just some of them would be a great achievement for the people we can help.

The objective for which the Company is established is set out in the Memorandum of Association:

To advance education and to relieve poverty and relieve suffering where caused by famine, war, natural and manmade disasters anywhere in the world and to produce the carrying out of research into the causes of poverty, suffering and disasters and the publication of the useful results of such research through the provision of money and financial support.

Humana Limited's vision:

We want to see

Nurses nursing so that pain is relieved and illness taken care of so daily life can carry on as before.

We want to see

Families together, love replenished and conditions improved, old people not only among us but active among us.

We want to see

Refugees establishing themselves as best they can so far away from home, exiles returning to re-establish their lives where home is to be once more.

We want to see

The outcast getting a job which is paid for with money, so she becomes able to relieve the suffering of her children and to see a new hope.

We want to see

The homeless in slums organising committees, to establish a movement for alleys free from garbage.

We want to see

Child workers who can afford to quit working, to go to school and enjoy a life filled with comradeship, experience and education.

We want to see

Doctors getting an assistant doctor to share the responsibility for the health of one thousand people.

HUMANA LIMITED

Report of the trustees for the year ended 31 December 1997 (*Continued*)

We want to see

Employees and volunteers, students and apprentices, farmers and producers, construction workers and office workers, whoever, - all defending human rights.

We want to see

Politicians, economists, bankers and business people with political and economic policies resulting in fairer distribution and sharing on a new grand level, for the good of all.

Prime purpose

Humana Limited raises most of the funds through the collection of second-hand clothes from attractive wooden or cream coloured metal clothes banks situated outside pubs, shops or at recycling points throughout England. The clothes are carefully sorted and graded by Humana Limited staff. The best clothes are sold in our modern, fashion conscious and well stocked charity shops. The rest is sold in bulk to dealers for a fair price. The surplus from these activities after necessary management expenditure is invested in long term development projects. Humana Limited wants to transfer the result of efforts from places where development is well ahead, to places where it is just dawning or even absent.

Policy for the use of the funds

Projects supported must be innovative, serve as a good example for others, and enable people to help themselves.

The proceeds derived from Humana Limited's activities will be spent on projects in accordance with the following principles:

Support is given in order to bring about change:

Humana Limited funds projects that are important to the people they involve, now and in the future.

Support is given to promote self-help:

Humana Limited supports social projects where information, organisation and mobilisation are essential elements. For example, people are mobilised to help themselves in health campaigns, child aid programmes and literacy campaigns.

Support is given to promote education:

Investment in the education of people is one of the most important investments to make. Education, on all levels, is the key to enabling people to improve their living conditions and create a better and richer future for themselves and their families.

Support is given to people in acute need:

In emergency situations, caused by natural or man-made disasters, or because of war, Humana Limited provides support with new and second-hand clothes. This is meant as a helping hand to people who have lost everything.

Support must reach the people it is meant for:

Support is only given where it is certain to be used in the right way. This can be ensured either by having our own projects, or by supporting other recognised development aid organisations.

HUMANA LIMITED

Report of the trustees for the year ended 31 December 1997 (*Continued*)

Support given must be long-lasting:

Humana Limited wants to support the individual's right to a life of dignity. This means sufficient food, clean water, decent clothing, a home, education and employment. Development which can provide these things takes a long time to bring about. Therefore it is Humana Limited's policy to stay with a project for many years and ensure that the improvement will last.

Objectives

Humana Limited hopes to meet the following objectives in the next few years:

- Engage in dialogue with care agencies to determine areas of need/activity,
- Develop a programme of projects which meet the aims,
- Fund these projects via maximising profit via the activities of the company,
- Extend the sale and distribution network via a retail chain,
- Develop new fund-raising methods,
- Increase the recovery and reuse of textiles,
- Increase the outreach of the collection system,
- Engage local authorities, governments and businesses in supporting the aims and objectives of Humana Limited,
- Extend the information and marketing network.

The Board of Trustees is the main policy making body and employs a full-time General Manager.

The various activities of Humana Limited are carried out by staff and volunteers, supervised by Senior Managers who are responsible to the General Manager.

Development

Up until mid-November 1997 Humana Limited has been under receivership, during which time the staff were all united in keeping the charity running, for which the trustees are extremely grateful. We made a settlement with HM Customs and Excise regarding VAT payments from previous years. Coming out of receivership has given us four new trustees who were appointed in November and has meant we have been able to start negotiations with other associations to support new projects. Having four more trustees with different experiences and knowledge will broaden the scope of the Board and enable Humana Limited to expand and lay the foundations for a successful 1998.

Activities

In the Brent Council area of London, where Humana Limited has 40 roadside clothes banks, Humana Limited won the 1997 New Leaf Award for Clothes recycling and third world aid. During the course of 1997 the collection team has found 318 new sites for our collection containers. The workshops manufactured 136 new wooden containers and refurbished 105 old containers. In addition, 120 new steel containers were purchased.

The final number of sites with either a wooden or metal container was 765 on December 31 1997. In total 1,803,000 kg of clothes were donated to the clothes containers in 1997.

HUMANA LIMITED

Report of the trustees for the year ended 31 December 1997 (*Continued*)

The Acquisition team have produced a database of all the sites in England, for fast and easy access to site and council information.

Before Christmas Humana Limited donated clothes and toys to 150 refugees in the London Borough of Hammersmith and Fulham.

Humana Limited did not open any new shops in 1997, but all shops were refurbished: Kilburn was repainted and has had a new window display space built. The two shops in Shepherds Bush were completely changed, with new colour schemes and layout, one of the shops becoming exclusively a Trend Shop. The shop in Hammersmith has had a new carpet laid in it.

Staff training has been a key issue in 1997. Managers and sales staff have been trained to make the most of their abilities and take on more responsibility, so they can be prepared for when new shops are opened.

In the Autumn the search for new shops began, to expand the income of Humana Limited through the sale of good quality second-hand clothes.

Humana Limited staff made speeches and had exhibitions at fairs and meetings with other charities.

Achievements

Due to restrictions during receivership, Humana Limited has not been able to donate any funds to support projects during 1997. However, since the new trustees were appointed, we have been able to start searching for new projects to support, and hope to make 1998 a very successful year for Humana Limited and those projects we decide to support.

Review of financial position

The statement of financial activities on page 8 shows the surplus from fundraising activities for the year of £634,776. The accumulated funds of £821,930 at 31 December 1997 will be applied to support long-term projects in line with the objectives and policies described above.

Stocks were not previously recognised in Humana's accounts. The trustees have decided that these should be included at the lower of the cost to the charity of collection, sorting and distribution and the amount for which they can be resold through the shops or to dealers. The effect of this change in policy is to increase the funds shown at 31 December 1996 by £36,125.

It is confirmed that these accounts comply with current statutory requirements and with the requirements of the charity's Memorandum and Articles of Association.

At the beginning of 1998 it was decided by the trustees to appoint BDO Stoy Hayward to audit the accounts for Humana Limited.

HUMANA LIMITED

Report of the trustees for the year ended 31 December 1997 (*Continued*)

Trustees' responsibilities

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

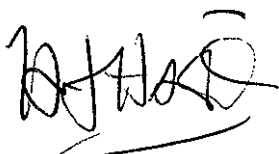
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, subject to any material departures disclosed and explained in the financial statements; and
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Kingston Smith resigned as auditors and BDO Stoy Hayward were appointed in their place. BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting.

By order of the trustees



Ian Hagg

7 July 1998

HUMANA LIMITED**Report of the auditors****To the members of Humana Limited**

We have audited the financial statements on pages 8 to 14 which have been prepared under the accounting policies set out on pages 10 and 11.

Respective responsibilities of trustees and auditors

As described on page 6 the charitable company's trustees are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. However, the evidence available to us was limited because we were not appointed auditors of the charitable company until February 1998 and in consequence it was not possible for us to perform the auditing procedures necessary to obtain sufficient appropriate audit evidence as regards the quantity of stock held at the year end and included in the financial statements at £61,050. Prior to the change in accounting policy for stock, stocks of donated goods had been excluded from the financial statements and as a consequence the previous auditors did not audit the balance of £36,125 included in the restated comparative figures for the preceding year. There were no other satisfactory audit procedures we could adopt to confirm these stock quantities. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the quantity of stock held at the beginning and end of the year, in our opinion the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 December 1997 and of its incoming resources and application of resources, including income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitation on our work relating to the quantity of stock held :

- We have not obtained all the information and explanations that we considered necessary for the purposes of our audit; and
- We were unable to determine whether proper accounting records had been maintained.

BDO Stoy Hayward
BDO STOY HAYWARD

Chartered Accountants and Registered Auditors
Newmarket, Suffolk

7 July 1998

HUMANA LIMITED

Statement of financial activities for the year ended 31 December 1997

	Note	Total 1997 £	Total 1996 (restated) £
Income and expenditure			
Incoming Resources			
Sales of donated goods		1,483,005	1,468,764
Miscellaneous income		7,229	-
Interest receivable		26,314	960
Total incoming resources		1,516,548	1,469,724
Resources expended			
Fundraising and publicity	4	778,679	1,232,972
Management and administration	4	103,093	100,948
Total resources expended		881,772	1,333,920
Net incoming resources		634,776	135,804
Fund balances brought forward	- as previously stated	151,029	44,066
	- prior year adjustment	36,125	7,284
	- as restated	187,154	51,350
Fund balances carried forward		821,930	187,154

All amounts relate to continuing activities. All funds are unrestricted. There were no other recognised gains and losses other than those shown above in either 1997 or 1996.

The notes on pages 10 to 14 form part of these financial statements.

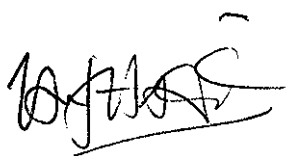
HUMANA LIMITED

Balance sheet at 31 December 1997

	Note	1997	1996 (restated)
		£	£
Fixed assets			
Tangible assets	5	114,077	72,648
		<u> </u>	<u> </u>
Current assets			
Debtors	6	125,925	24,967
Cash at bank and in hand		709,816	230,908
Stock of donated goods held for resale		61,050	36,125
		<u> </u>	<u> </u>
		896,791	292,000
Creditors: amounts falling due within one year	7	(181,459)	(176,855)
		<u> </u>	<u> </u>
Net current assets		715,332	115,145
		<u> </u>	<u> </u>
Total assets less current liabilities		829,409	187,793
Creditors: amounts falling due after more than one year	8	(7,479)	(639)
		<u> </u>	<u> </u>
Net assets		821,930	187,154
		<u> </u>	<u> </u>
Unrestricted funds		821,930	187,154
		<u> </u>	<u> </u>
		821,930	187,154
		<u> </u>	<u> </u>

The financial statements were approved by the trustees on 7 July 1998.

Ian Hagg



The notes on pages 10 to 14 form part of these financial statements.

HUMANA LIMITED

Notes forming part of the financial statements for the year ended 31 December 1997

1 Accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards and the Statement of Recommended Practice, Accounting by Charities ("the SORP"). The company has, as provided by Schedule 4 paragraph 3(3) of the Companies Act 1985, revised the format of its accounts to include headings relevant to its activities and thus enable the accounts to show a true and fair view.

Humana Limited falls outside the scope of Financial Reporting Standard No.1, Cash Flow Statements, and accordingly no such statement is presented.

The comparative figures for the year to 31 December 1997 have been represented in a manner consistent with the SORP. The following accounting policies have been applied consistently throughout the year except for the change in policy relating to stock described below:

Change in accounting policy and prior year adjustment

Stocks were previously excluded from the accounts. The accounting policy adopted for the current year is to include stocks of clothes at the lower of the cost of collection sorting and distribution and net realisable value. In order to maintain consistency with prior years, the amounts shown in respect of the year ended 31 December 1996 have been re-stated. The effect of the prior year adjustment is to increase the brought forward funds at 1 January 1996 by £7,284 and net incoming resources for the year then ended by £28,841.

Income

Income is accounted for on an accruals basis, except that income from sales of donated goods is recognised on sale.

Expenditure

Expenditure is recognised on an accruals basis. Expenditure is allocated to the activity to which it relates where possible. Direct charitable expenditure is incurred by way of grants to projects which fulfil the charity's objects. Fundraising costs include direct costs of collection and sorting, distribution and operating the shops and also central costs of managing those operations. Management and administration costs are statutory costs incurred in managing the charitable company including the costs of the general manager.

HUMANA LIMITED

Notes forming part of the financial statements for the year ended 31 December 1997

1 Accounting policies (*Continued*)

Capitalisation and depreciation

Fixed assets are capitalised at cost of acquisition or manufacture, for assets constructed by the charitable company. Cost of manufacture represents materials and direct labour used in production.

Depreciation is provided on tangible fixed assets to write off the cost over their estimated useful lives at the following annual rates:

Containers	33 1/3% reducing balance
Furniture and equipment	25% reducing balance
Motor vehicles - owned and hire purchase	25% reducing balance
Motor vehicles - finance leases	Over the lease term

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease using the straight line method. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Stock

Stocks held at the year end are recognised at the lower of the cost of collection, sorting and distribution and net realisable value. Net realisable value represents the amount for which clothes can be resold less any further costs which will arise prior to sale.

2 Staff costs

	1997 £	1996 £
Wages and salaries	345,530	301,875
Social security costs	29,660	26,165
	375,190	328,040

No member of the trustees received remuneration during the year (1996: £Nil). Expenses reimbursed for out of pocket expenditure totalled £380. No employee earned in excess of £40,000 either of the years under review. The average number of employees was 35.

HUMANA LIMITED

Notes forming part of the financial statements for the year ended 31 December 1997 (*Continued*)

3 Taxation

As the charity only undertakes activities relating to its registered charitable status it has no liability to taxation.

4 Analysis of resources expended

	Staff costs	Other	1997 Total	1996 Total (restated)
	£	£	£	£
Fund raising and publicity				
Central costs	-	66,474	66,474	68,040
Shop costs	139,584	158,291	297,875	513,644
Collecting, sorting and distribution costs	213,724	200,606	414,330	651,288
	<u>353,308</u>	<u>425,371</u>	<u>778,679</u>	<u>1,232,972</u>
Management and administration	21,882	81,211	103,093	100,948
	<u>21,882</u>	<u>81,211</u>	<u>103,093</u>	<u>100,948</u>
Total expenditure	<u>375,190</u>	<u>506,582</u>	<u>881,772</u>	<u>1,333,920</u>

Shop costs for the year ended 31 December 1997 have been reduced by a credit of £44,867 arising from a reduction in the VAT assessment raised in the previous year.

Management and administration includes:	1997 £	1996 £
Salaries	21,882	7,705
Audit fee	7,500	8,123
Legal and professional	67,065	81,984
Other costs	6,646	3,136
	<u>103,093</u>	<u>100,948</u>

HUMANA LIMITED

Notes forming part of the financial statements for the year ended 31 December 1997 (*Continued*)

5 Tangible fixed assets

	Containers £	Furniture & equipment £	Motor vehicles £	Total £
Cost				
At 1 January 1997	110,662	21,728	60,172	192,562
Additions	74,482	7,721	17,730	99,933
Disposals	-	(1,000)	-	(1,000)
At 31 December 1997	185,144	28,449	77,902	291,495
Depreciation				
At 1 January 1997	53,989	19,512	46,413	119,914
Charge for year	47,918	2,234	8,352	58,504
Disposals	-	(1,000)	-	(1,000)
At 31 December 1997	101,907	20,746	54,765	177,418
Net book value				
At 31 December 1997	83,237	7,703	23,137	114,077
At 31 December 1996	56,673	2,216	13,759	72,648

The net book value of tangible fixed assets includes £13,950 (1996 : £11,509) representing assets held under finance leases. Depreciation of £8,352 (1996 : £3,835) was charged on these assets.

HUMANA LIMITED

Notes forming part of the financial statements for the year ended 31 December 1997 (*Continued*)

6 Debtors

	1997 £	1996 £
Due within one year		
Trade debtors	108,079	-
Other debtors	16,935	24,967
Prepayments and accrued income	911	-
	<u>125,925</u>	<u>24,967</u>

7 Creditors: amounts falling due within one year

Trade creditors	7,644	-
Obligations under finance leases	6,253	2,254
Other taxes and social security costs	6,368	8,687
Accruals and deferred income	161,194	165,914
	<u>181,459</u>	<u>176,855</u>

Included in accruals and deferred income is an amount of £114,782 (1996: £159,649) arising from a VAT assessment in the year ended 31 December 1996.

8 Creditors: amounts falling due after more than one year

Obligations under finance leases	7,479	639
	<u>7,479</u>	<u>639</u>

9 Liability of members

The charity not having a share capital, the members' liability is limited to £1 each by the Memorandum of Association.

10 Commitments under operating leases

	Land and Buildings 1997 £	1996 £
Leases expiring :		
Within one year	40,000	25,000
In 1 - 2 years	-	40,000
In 2 - 5 years	68,430	32,430
After 5 years	31,000	67,000
	<u>139,430</u>	<u>164,430</u>

The pages which follow do not
form part of the statutory
financial statements of the charitable company

HUMANA LIMITED

	1997 £	1996 £
Sale of donated goods	1,483,005	1,468,764
Miscellaneous income	7,229	-
Interest	26,314	960
	<u>1,516,548</u>	<u>1,469,724</u>
Fundraising and publicity		
Central costs		
Printing, post and stationery	5,049	6,924
Advertising information and marketing	3,518	5,676
Telephone and fax	11,446	10,702
Travel	8,478	7,170
Insurance	25,041	23,197
Shop location costs	2,748	2,636
Bank charges and interest	10,194	11,735
	<u>66,474</u>	<u>68,040</u>
Shop costs		
Salaries	139,584	135,624
Rent and rates	188,873	200,620
VAT and charges	(44,867)	159,649
Light and heat	10,810	20,450
Selling costs	7,183	11,721
Cleaning and maintenance	8,656	4,033
Depreciation - furniture and equipment	2,234	738
Movement in shop stock	(14,598)	(19,191)
	<u>297,875</u>	<u>513,644</u>

HUMANA LIMITED

	1997 £	1996 £
Collecting, sorting and distribution costs		
Salaries	213,724	184,711
Container hire and maintenance	36,879	19,421
Rent and rates	15,935	10,518
Light and heat	15,891	10,052
Cleaning and maintenance	1,362	10,532
Sorting, baling and collecting	20,472	281,710
Depreciation - containers	47,918	28,337
Depreciation - motor vehicles	8,352	4,548
Vehicle running costs	23,801	51,387
Petrol and oil	35,092	30,048
Machinery leasing costs	2,237	2,465
Freight	-	27,209
Vehicle leasing	36,994	-
Movement in non-shop stock	(10,327)	(9,650)
Own work capitalised	(34,000)	-
	<u>414,330</u>	<u>651,288</u>
 Total fundraising costs	 <u>778,679</u>	 <u>1,232,972</u>
 Management and administrative costs		
Salaries	21,882	7,705
Legal and professional fees	67,065	81,984
Audit and accountancy	7,500	8,123
Travel	380	-
Central administration	6,266	3,136
	<u>103,093</u>	<u>100,948</u>
 Total expenditure	 <u>881,772</u>	 <u>1,333,920</u>
 Income less expenditure	 <u>634,776</u>	 <u>135,804</u>