

# Trustees' Report and Financial Statements

For the year ended 31 March 2008



## Terrence Higgins Trust

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# The HIV and sexual health charity for life



## Trustees Report 2008

### Dear Reader,

The trustees of the Terrence Higgins Trust (THT) are pleased to present their annual report for the year ended 31st March 2008.

Terrence Higgins Trust continues to be governed by a principle of openness, with over half of its trustees being elected by its membership, and the charity's strategy, *Building the Future*, having once again been consulted upon publicly during the year.

The implementation of the strategy has seen good progress, and what we have achieved in each of the core areas of activity is detailed in the text of this report. Additionally, in this the 25th anniversary year, the charity reflects on what has been achieved and examines the challenges for the next twenty-five years.

And finally, although the law requires us sometimes to use specific words or phrases, where possible we have used simple language to describe our work.

If you have any comments to make please email us at [info@tht.org.uk](mailto:info@tht.org.uk)

We hope you find the report helpful.

A handwritten signature in black ink, appearing to read 'S. Taylor'.

**Simon Taylor**  
Chair

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# Our vision, mission and values



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## *Our vision*

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**A world where people with HIV live healthy lives free from prejudice and discrimination, and good sexual health is a right and reality for all.**

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### **Our objects**

The promotion of better HIV, sexual and general health by education of the public, the provision of HIV and sexual health programmes and material, care and support services, clinical services, advice, information and advocacy.

### **Our mission**

Encourage people to value their sexual health, thereby minimising the spread of HIV and sexually transmitted infections.

Drive for the best possible treatment and support services for everyone living with HIV in the UK.

Lead innovation and increase access in local sexual health services so that they are available in ways that best meet the needs of the people using them.

Lobby for public and political support for HIV and sexual health issues, and campaign to eradicate stigma and discrimination.

### **Our values**

**Ambitious:** we believe communities and individuals can change their own lives. We push ourselves and others to make this happen.

**Honest:** we are accountable to our communities, donors and funders. We work with integrity, transparency and efficiency. We communicate clearly and responsibly.

**Different:** we support, respect and value each other and work without prejudice. We are radical professionals, proud of our diversity, and united by a common cause.

**Independent:** we are an independent charity, rooted in the communities we serve. We use our insight to innovate and inspire change in policies, services and minds.

### **Our activities**

In furtherance of our mission THT carried out a wide range of different activities during the year which have been categorised under the following headings:

- Health promotion
- Care and advice
- Campaigning, lobbying and advocacy

# Terrence Higgins Trust's impact: over 25 years and counting



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**Ask anyone trying to contend with the fast-emerging threat of HIV in the early days of Terrence Higgins Trust (THT), and they'll probably tell you the same thing, "This was a short-term emergency, we were going to find a cure, and once everyone knew how to avoid getting it, that would be that."**

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Of course, it didn't turn out to be that simple. At the end of THT's 25th anniversary year, hindsight paints a far more complex picture. It's one where, despite the best of efforts, there is so far no cure, nor even a vaccine. Where preventing HIV proved far more complex than anyone imagined it would. Where treatments can keep people alive and well, yet lives can still be blighted by stigma.

The end of our 25th year is an appropriate point to pause and take stock of the impact of a quarter-century's endeavours.

What did we do with money entrusted to us by individuals, trusts, companies, statutory bodies and Government? To what end did we enlist the support of thousands of people and challenge the views of countless others? Are the 70,000 people living with HIV, or hundreds of thousands with sexual health needs in the UK better off because we were here? This is what we have done.

## **A joint endeavour**

Before we begin, a caveat: when we talk here about THT, we include all those who have been with us or alongside us on the way. We do not claim to have done this alone, nor would we have wanted to. Without the remarkable people and organisations we have worked with, our impact would have been decidedly less.

In 1999, THT merged with five other HIV charities and with a further two in 2000. This took us from being a London-based charity to one operating around England, and tripled the level of our work. We gained by the experience and skills of our merger partners, and were also able to make cost savings in infrastructure to make investment in front line services.

We have now completed almost thirty mergers and we work in England, Wales and Scotland.

## **A story about health**

It's not unreasonable to say that HIV has changed the doctor/patient relationship forever, and for the better. With the emergence of this new and frightening virus, gay men affected were learning all they could about it alongside their clinicians. Doctors found themselves treating an informed and articulate patient group who demanded better from their health service.

THT has campaigned for 25 years to improve services for people living with HIV. Over time, people have become better informed and involved in decisions about their care. They are treated with dignity and respect. Today, Terry Higgins' partner would not have been denied information about how or why he'd died, because today, he'd be recognised as next of kin.

We still have some way to go. There are pockets of health policy and public services where prejudice or ignorance about HIV is alive.

Today, THT advocates for a better service for people with HIV who can't find a dentist to fill a cavity; or whose nursing staff won't touch them without first putting on a gown, gloves and a mask; or who will end up in intensive care because they are not entitled to free HIV treatment; or who may die, because their doctor didn't diagnose HIV until it was too late for the drugs to save them.

From its early days, THT recognised needs not met by traditional health or social care services, so set up and ran its own services to address those needs. We have always provided information and advice for people with HIV, or those concerned, at risk or affected by it.

Our health promotion campaigns are world-leading, have won several awards and reached across four continents. In 2005, we won a BMA award for high quality patient information for our booklet on post-exposure prophylaxis.

We've provided buddies for people isolated by the illness; counselling and social care services to help people live with HIV, and in 2004, opened the first of our convenient local HIV testing services that give people a result within an hour.

Today, HIV treatments are better and easier to take, so THT has developed services to help people to live with HIV as a long-term condition. As people's lives with HIV and needs have changed, so too have the charity's services.

One of the biggest changes in recent years is the impact of the global epidemic on the UK. Gay men remain most at risk of an HIV infection in the UK, but new diagnoses are now split between gay men and African people living in the UK each year.

We responded by opening services appropriate and welcoming to African people, providing tailored information in several languages, and working with African community groups to share expertise and learning between us. We employed our first African health promotion officer in 1997.

### A human rights story

Since it became clear that HIV can be passed from one to another through sex, or sharing needles, there has been a stigma attached to it. This has crept into legislation, public policy, politics and the media.

THT began life advocating for the rights of people with HIV, and has had notable successes over funding for services, impact on healthcare regulation, discrimination through the Disability Discrimination Act, and access to treatments. We launched our e-campaigning network in 2003.

That year, the first person in England was prosecuted and convicted for the transmission of HIV. THT has fought for consistency and fairness in the way people with HIV are investigated or tried for transmission of the virus by the policy and judicial system.

THT has always aimed for maximum impact by affecting policy change. At the same time, we also fight for individuals.

We have fought for the rights of people with HIV who have been sacked, made homeless, denied treatment and threatened with removal to a country where they may soon be dead because HIV drugs are not available there. These are people treated unfairly just because they have a life-threatening, transmissible but treatable condition.

We have been open and responsive to the media, working with journalists and researchers to try and ensure accurate, informative coverage of the issues. We have challenged poor and inaccurate reporting and inflammatory coverage. We have forged exciting partnerships to reach wider audiences than our resources would otherwise allow. In 2007, we worked with the BBC on the award-winning *GI Jonny* awareness campaign.

Sadly, though so much has been learned and achieved, so many have died, and so many more are now living with HIV than ever before, stigma still plays its part. Though justly proud of the impact we've had so far, we are acutely conscious of all that might have been achieved or have been unnecessary had we been able to move out of stigma's pernicious shadow. It remains one of our biggest challenges today.

### A story of generosity

Since it began, THT has been entrusted with almost £150 million in today's money. Individuals and companies who wanted us to make a difference donated much of it. About two thirds came from local authorities, health organisations and Government, who funded the ideas, expertise, knowledge, solutions and passion that THT offered.

HIV and sexual health have never been popular causes to support. There have been times when, despite firm financial management, significant losses of funding have threatened the charity's future.

In 1993, THT's funding was cut by two thirds. To make up the shortfall, Elton John auctioned his record collection, and Paul Gambaccini founded fundraising initiative the 300 Club, which has become THT's Friends for Life today. Stephen Fry is now its president, and hosts its annual gala dinner – still a vital source of income for the charity.

We have always sought to wring maximum value from every pound we've been given, and have been open, accountable and extremely grateful to our donors and funders. To those of you that are reading this, thank you for the vital part you have played.

We've used that money to pioneer innovative and effective health promotion techniques, based on a clear understanding of our target audiences. Thorough development and evaluation helps us understand the campaign's impact and gives us valuable learning for the development of the next one. Research tells us that our campaigns work, and that THT is a trusted source of clear information for people at risk of HIV and poor sexual health.

We opened THT Direct, a confidential helpline, in 2001 and developed an informative website so that wherever you are, whatever time it is, THT can begin to help you. Today, our website has over two million visitors a year from all over the world.

We've found ways to engage with people often called 'hard to reach' and we're always seeking new ways to reduce the numbers of people who are as yet undiagnosed.

### A sexual revolution

The marked decline in the UK's sexual health has been well documented, and it is an established fact that we have the worst sexual health and highest levels of teenage pregnancy in Western Europe.

We believed, through our experience of providing HIV and sexual health services to those at risk of HIV, that existing services would be unable to improve the situation as they were. To that end, in 2004 THT published *Blueprint for the Future*, a vision for redesigning sexual health and HIV services.

Since then, we've put our ideas into practice and run several testing clinics for HIV and sexually transmitted infections to make it quicker and easier to test. We've developed sexual health promotion initiatives nationwide, we are now doing more Chlamydia screening for 18-24 year olds than any other single organisation.

In 2007 THT was awarded a grant from the Big Lottery Fund to run its Young Leaders project. It's a grant giving scheme which funds sex and relationship education projects, using 13-19 year-olds to educate their peers. All the projects funded will be created and run by other teenagers.

In July 2008, THT published *A Sexual Revolution*, taking the vision a step further and urging that services must change with changing times. We advocate strongly for services to be designed with the needs and time of those using them in mind. We will continue to pilot innovative ways of delivering services and improving the UK's sexual health.

### A story about people

Above all else, THT is about people, for people. Our strength lies in our diversity, and that we are all united by a common cause. With more than 900 volunteers working hand in hand with over 300 staff and thousands of supporters over the years, we are truly proud to be a voluntary organisation.



# Health promotion



**Spend : £7,696,000 – 56% of Charitable Expenditure**

**We aim to encourage people to value their sexual health, minimising the spread of HIV and sexually transmitted infections and we drive for the best possible treatment for everyone living with HIV in the UK.**

## Our aims

In 2007-8 our aims were to:

- Strengthen THT's local and national HIV services, including HIV prevention and HIV diagnosis services:
  - Strengthening health promotion services offered to African people, gay men and people with HIV (PWHIV) undertaking needs assessment and focused work with stakeholders and clients.
  - Expanding the opportunities to promote and develop HIV testing services including comprehensive models for detached and outreach work.
- Strengthen THT's community sexual health portfolio, through an expansion in the range and volume of sexual health services delivered by:
  - Developing a comprehensive range of service proposals providing integrated community contraception and sexual health services.
  - Developing a model for THT's chlamydia service to integrate into the national chlamydia screening programme and other NHS services.
  - Expanding the range of targeted services to meet the different needs of specific communities and the needs of those at greatest risk.

## What we did

### Needs assessment

THT was involved in three surveys to enable us to have a better understanding of the HIV and sexual health needs of the key populations for whom we offer and deliver services.

We commissioned the *Gay Men's Sex Survey* (GMSS) and were a major partner on the *Black African Sex Survey* (BASSline) which was commissioned by the African HIV Policy Network. THT also commissioned the *What Do You Need?* survey which inquired about wellbeing and social care need as well as HIV and sexual health needs from PWHIV.

The results from these surveys are currently being collated and analysed and will clearly inform how we develop our services in the future to target those most in need.

This knowledge will impact on our health promotion campaign work as well as our clinical, self management, social care and HIV long term condition management services.

### Clinical services

We have managed to increase the number of HIV testing services that we offer and are ensuring that they are supported by our *Fastest* health promotion campaign so that we target those communities most at risk.

THT have also developed our sexual health service model to now include a range of contraception services. These services are particularly aimed at young people who are one of our key population target groups. In addition THT is contributing to delivering the National Chlamydia Screening Programme for 12 PCTs across England. We have developed an innovative outreach and events management model together with our *Young & Free* social marketing campaign to try and encourage more 16- 24 years olds to screen.

### Health promotion sector development team

The team has been busy carrying forward a number of projects on behalf of the national gay men's CHAPS partnership, as well as informing the HIV sector about HIV treatment issues.

A series of workshops and training sessions, supported by written material for health professionals has been ongoing to support the HIV prevention needs of migrant gay men. Feedback from attendees has been overwhelmingly positive.

After liaising with a number of teaching professionals, the Sector Development Officer for Young Gay Men has produced a Key Stage 4 resource pack for addressing issues around different sexualities within the school curriculum.

African community services continue with briefing sessions on accessing Post Exposure Prophylaxis (PEP), as well as briefing sessions to THT staff on the Gender Campaign overseen by NAHIP.

### Programme development team

We have launched three new campaigns in 2007-08:

[www.hardcell.org.uk](http://www.hardcell.org.uk) aimed at gay men interested in rough sex, S&M and other hard core sexual practices. The site combines facts about sexual health and recreational drug use with information about sex acts and rough sex.

[www.drugfucked.org.uk](http://www.drugfucked.org.uk) provides gay men with information on the effect that recreational drugs can have, how they can interact with HIV medication and looks at how the use of some recreational drugs can lead to riskier sex. *Drugfucked* also provides information on the legality of recreational drug use and has a resident drugs counsellor who can answer questions about drug use.

Gay men's STI campaign – *Get it checked. Get back out there.* [www.chapsonline/infections](http://www.chapsonline/infections). This campaign, which aims to increase gay men's awareness of STIs, their symptoms and treatment, has been extended to include outdoor advertising to assess the impact of expanding the reach in settings outside of the gay press.

### Health promotion – Young Leaders

The Young Leaders project is rounding up year 1 and has successfully completed. Our first annual report has been received by the Big Lottery Fund. In year 1 we have developed a 12 session Open College Network accredited Sex and Relationships Education(SRE) & Life skills Course, developed a marketing campaign, recruited 12 young people each to seven regional boards who have since developed and launched the first round of funding. In response to the grant round we received 50 applications totalling £45,000 with a grant fund of £29,400 to award. All feedback and monitoring has received and in total over 5,000 young people have benefitted from the projects which were commissioned by THT Young Leaders. The Young Leaders Project continues to grow and develop a model of excellence in engaging young people in SRE.



# Care and advice



**Spend : £5,666,000 – 41% of Charitable Expenditure**

**Despite the improvements in treatments for HIV, it is still a difficult lifelong condition to live with, particularly for the poorest in the community. People with HIV often have housing, employment, family or immigration problems which, in turn can adversely impact their physical health.**

**THT's care and advice services are needed now more than ever as need increases all over the UK. We deliver them in partnership with health and social care services and with charities and community groups both in hospitals and in the community. This year, we've continued on our development programme to meet the continuing needs of PWHIV who need us most. Details of some of these developments are given below.**

## Our aims

We aim to lead innovation and increase access in local sexual health services, so that they are available in ways that best meet the needs of the people using them. We drive for the best possible support services for everyone living with HIV in the UK. In 2007-08, we aimed to:

- Develop the UK's first model of integrated long term condition management for PWHIV incorporating the learning from America and Canada in relation to care and case management.
- Develop a model for THT's specialist HIV social work services.
- Further develop THT Direct, information and advice services.
- Develop an outcomes tool that will enable review of the service that people have received. This will assist us in developing future service interventions.
- Develop an enrolment scheme for PWHIV that will enable them to gain information and support by developing THT's website.

## What we did

THT continued to provide emotional support, practical assistance, advice and information to those affected by HIV and other STIs.

Over 18,000 people were directly supported by our care services in 2007-08. Many more people, in total over fifty thousand callers, accessed information and advice from THT Direct, and over two million visits were made to our website.

We have developed the UK's first integrated model of long term condition management for people with HIV incorporating clinical, health promotion, self management and social care service elements. We have successfully delivered modular self management courses and are developing a range of new peer support services

We have worked with professionals in the statutory social work sector in order to develop a model of social work service capable of being delivered by THT under contract to local authorities. We are seeking a partner local authority to take this work forward to the next stage.

We have also developed an integrated model of advice provision allowing access to advice at an appropriate level via internet, telephone and face-to-face services. During the reporting period users of these services sought advice in respect of welfare benefits, housing, immigration and criminalisation of HIV transmission.

We reviewed our present social care portfolio to ensure that services were fit for purpose and in line with the charity's modernisation agenda. Job descriptions were reviewed and competencies of care staff were developed.



# Campaigning, lobbying and advocacy



**Spend : £475,000 – 3% of Charitable Expenditure**

**Part of our mission is to lobby for public and political support for HIV and sexual health issues. Each year, THT works with and supports more people with HIV than any other community based organisation in the UK as well as working with ever increasing numbers of people at risk of HIV and poor sexual health. We believe we owe it to all these people to take what we learn and put it to use telling politicians, the media, the public and all those who influence them how they could improve life and health for the people we serve.**

In 2007-08, THT did more work in this area than ever before.

Over the year, we developed a new plan for mass membership of THT. Many people don't realise that THT is a membership organisation, with a democratically elected Board. In 2007 we began work on a programme to increase involvement within and of membership of THT, including enhanced feedback and consultation mechanisms, regular information flow and targeted membership for people with HIV. To become a member of THT or find out more about it, please visit the website ([www.tht.org.uk](http://www.tht.org.uk)).

We undertook a great deal of detailed lobbying and response to Government and NHS consultations over the year. We worked hard on mitigating poorly drafted proposals in the Public Health Bill through lobbying at Westminster, encouraged the Government to withdraw unhelpful clauses in the Criminal Justice Bill relating to sex work and responded to proposals for reform of the NHS and asylum systems. We also responded to a number of consultations specific to Scotland and Wales.

We extended our work with political parties across the UK by attending the party conferences, including attending the SNP event for the first time and staffing a stall at the Conservative conference for the first time in many years. We also held meetings with – and ensured that people with HIV were supported to meet with – the health teams of the main political parties and many individual MPs interested in sexual health and HIV. In order to ensure a better understanding across Great Britain of our lobbying goals and why we prioritise them, and in recognition of the devolution of many powers including health, we produced specific publications for the Westminster Parliament (*25 Things The Government Can Do*), the Scottish Parliament (*20 Things*) and the Welsh Senedd (*10 Things*). These are widely distributed and can be accessed on the website.

In 2007 we began to work more closely with the Department for Work & Pensions, who were proposing to undertake a major review of Special Rules Disabled Living Allowance, a benefit paid to many long term survivors of HIV amongst others.

The review has been controversial, but THT has worked to mitigate the practical effects of it, ensure that miscarriages of justice are minimised, feed back to the DWP the impact of the review and act as a referral body (through THT Direct) to get people affected to specialist help wherever they live. We are committed to ensuring that politicians and civil servants understand the impact of their decisions and the difficulties that long term survivors of HIV face in managing financially and in trying to return to work after long absence and, in many cases, with continuing poor health.

HIV and STI testing is now a major area of work for THT and also began to emerge as a key policy issue, with THT speaking at, and winning, a major debate at the British HIV Association conference on when and where to test within the NHS. We strongly believe that HIV testing and diagnosis is to be encouraged and supported, but that it must be appropriately offered and any mass screening programme must be based on evidence of cost effectiveness. In recognition of THT's expertise in work with disadvantaged groups, we also contributed a chapter on HIV prevention to most at risk groups for a World Health Organisation report monitoring progress across Europe on the Dublin Declaration.

In July 2007 we launched a 25th Anniversary e-campaign, calling on the Secretary of State for Health to pledge to cut undiagnosed HIV from a third to a quarter across the UK. We continued to recruit campaigners and now have over 8,000 people in regular receipt of information. Many have written to their MP about one or more campaigns in the year. Most of these campaigns are based on our lobbying priorities, or on current urgent issues.

Work on migration continued in 2007, with THT becoming part of the UNAIDS Task Team on Travel Restrictions and, closer to home, being involved in supporting the judicial appeal which resulted eventually in obtaining the right to NHS treatment for refused asylum seekers unable to return home. We also began work with a coalition of HIV organisations across Europe to provide health training to migrant communities and to ensure learning across the continent on best practice in HIV health promotion for these communities, which is to be funded from 2008 by the European Union.

As in 2006, criminal prosecutions for transmission of HIV loomed large. However, thanks to a breakthrough in the understanding of scientific evidence used in these trials, led by a solicitor and virologist recommended by THT for a particular case, the number of new prosecutions has now begun to slow – though unfortunately not the number of costly investigations later abandoned. Working closely with the National Aids Trust (NAT), THT had already been instrumental in obtaining a public policy consultation from the Crown Prosecution Service and resulting guidance for prosecutors in these cases emerged in 2007-8 which, amongst other things, endorsed this view of the scientific evidence. This led to a further project working with the Association of Chief Police Officers, the Metropolitan Police Service, NAT and other community partners to examine police practice in such investigations. We also began work on a review of European and Central Asian laws on transmission of HIV in partnership with the Global Network of People with HIV, which will be used as a pilot for global roll-out.

Alongside all this important but often difficult work this year, one of our most enjoyable achievements was a reception held by the Prime Minister just before World Aids Day to mark THT's 25th Anniversary Year. In true THT style, we used it not only to mark the past but also to celebrate the future, with a theme of Leadership. We brought young and old leaders of the fight against HIV and for sexual health together, introducing the Prime Minister to both our first Chair, Tony Whitehead MBE and to a teenage asylum seeker who, with support from THT's Mentoring Project, has become a sexual health advocate within her own youth community. Camilla Smith of THT's Young Leaders Project also spoke about our work to develop future leaders for sexual health and an interview with her was subsequently posted on the Downing Street YouTube site, where it is still available for viewing and download.

We also undertook extensive work to lobby for better Sex and Relationships Education for all young people at school and were pleased to be included in the group reviewing this issue, which will report to the Department for Children, Schools and Families in the coming year. Until all young people are given a grounding of good quality education, and access to appropriate test and treat facilities, we will continue to see rising levels of teenage STIs.

# 21st Century HIV



## An extract from the Guardian dated 4th July 2007

### 25 years and counting

Twenty five years today, Terrence Higgins, who worked as a Hansard reporter at the House of Commons and as a barman in the London nightclub Heaven, died isolated in his room at St Thomas' hospital, south London. He succumbed, finally, to a frightening and fatal combination of symptoms. The medics who fought to save him had no idea what they were battling, or its future global significance. The virus HIV had yet to be discovered and given the name we now know so well.

Worried friends started the Terrence Higgins Trust to disseminate quickly what information there was, and to support those affected. In the years that followed, thousands more died, and tens of thousands became infected with HIV in the UK. In the late 1980s, the Conservative government, through the leadership of health secretary Norman Fowler, launched a mass public health campaign, the scale of which has not been seen since. The whole of Britain knew of the threat of Aids.

### Combination therapy

And then, 10 years later, the drugs arrived that stopped many people dying. By 1997, combination therapy was responsible for an unprecedented 70% drop in Aids-related deaths in the UK. So, job done? Actually, no.

Today, there are 70,000 people living with HIV in the UK and it's our fastest-growing serious health condition. Those most affected are gay men and African people living in the UK and diagnosed here, but probably infected in sub-Saharan Africa.

A third of those living with the virus do not yet know they have it. These are the people most likely to pass it on to others.

This might seem an apt moment to reflect on what, 25 years on, we have learned and achieved. But it's not. Instead, we must focus on the next 25 years, and the 25 after that. It has become clear that, despite the best efforts of scientists and repeated optimistic predictions, it may yet take a century to discover a vaccine and a cure for HIV.

Let's spend a moment looking at our future, assuming we carry on much as we are today. Should recent epidemiological trends continue, in 25 years there will be at least 400,000 people living with HIV in the UK. Large numbers can mean very little, but think of it this way: there are 70,000 people in the UK with HIV today, and one in nine gay men in London is infected. Imagine the impact on gay men and African communities when prevalence increases. Imagine, too, the impact HIV will have on the wider population if it is allowed to take advantage of the foothold it has today. And we can be sure that it will if we carry on as we are.

We must plan to invest far greater resources than we do today on targeted prevention for those most at risk; on diagnosing those who are unaware they have HIV; on health promotion for those living with the virus; on HIV social care; and on providing the best available treatment to improve the health of people with HIV.

For those planning health services, the treatment issue is about to explode. It is true that drugs have become cheaper, and it has been argued that HIV treatment is the second most cost-effective intervention after smoking cessation. Nevertheless, new diagnoses are increasing by 10% each year, so it is of little surprise that, last year, more than half of HIV clinicians said their drugs budgets would be overspent. We won't have to wait 25 years for this particular bomb to go off.

Less than a decade ago, treatment regimes for HIV were complicated, strict and often debilitating. These days, treatments have improved immeasurably and, for now at least, clinical criteria govern their use, not cost. This must remain the case, even as demand increases, or we will rob those infected of their productivity as well as precious years of life.

Someone diagnosed with HIV today might be able to take two tablets a day and carry on with an economically useful and personally rewarding life. It's a far cry from the days when an HIV diagnosis often came with the advice to give up your job, sell your home, and go and live a little while you could. In fact, life expectancy has improved so much that for someone diagnosed now, there could easily be another 25 years of life with HIV.

If that's the reality for individuals, why are we still collectively thinking short-term? It is unlikely that HIV will remain confined to those groups most at risk today. The high prevalence of sexually transmitted infections among sexually active young people – one in nine has chlamydia, for example – exposes our achilles heel. Britain has forgotten Lord Fowler's warning, and we've largely stopped having safer sex. The Facebook generation wasn't even born the last time those tombstone ads were on TV. They know little about HIV and how to avoid it.

Once again, ignorance is threatening to drive this epidemic forward, fuelled by political anxiety over voter condemnation. Will Gordon Brown's government, or any other in the next 25 years, be brave enough to put sex and relationships education on the national curriculum? It may spark a heated debate today, but future generations will thank them for it. When there is no cure, prevention is all the more worth fighting for.

What is the likely future for HIV social care? If the drugs are getting better, and many people are living healthier lives for longer, does it really matter that HIV social care budgets are being cut all over the country?

Very much so. HIV hits hardest when it hits the poorest, and for many people it is extremely hard to live with. Sticking to a drug regime is often the last thing on the minds of people with employment, family, housing or immigration problems. This is not just a health condition, this is HIV, and prejudice and stigma still abound. As the epidemic changes, so do the needs of those affected. We should be anticipating those needs, not removing our means to meet them.

### Long-term diagnosis

Consider, too, the mental health of people diagnosed long term with such a difficult and stigmatised condition. People who have lived with HIV for many years are often severely depressed, and yet HIV mental health services have already all but disappeared. This is a trend we must reverse, and fast.

What of the first generation of openly gay older people who are about to arrive at the doors of care homes? Are their staff ready to welcome them into services designed with their particular needs in mind? Add HIV into the mix, and it's a fairly safe bet that they're not. Only one agency has, so far, contacted the Terrence Higgins Trust for advice on planning and delivering elder care services. People with HIV weren't supposed to live that long, were they?

The fact is, HIV is here to stay. The good news is that we know what we need to do to manage it and minimise its impact on the UK. The question is, are we going to do it? We can't afford not to.

# Financial review



**A key element of THT's strategy for 2005-2008 has been to ensure that THT remains a strong and sustainable organisation to safeguard its work in HIV and sexual health. In order to achieve this, THT has sought to secure funding to deliver new services as well as providing continuity for existing ones, whilst at all times to provide value for money to funders and our beneficiaries. The following section of the Trustees' Report summarises and explains the financial information presented in the financial statements which can be found on pages 24 to 41. Words presented in bold are headings on the Statement of Financial Activity (SOFA) on page 24 and may be cross-referenced to the figures on that page.**

## Mergers

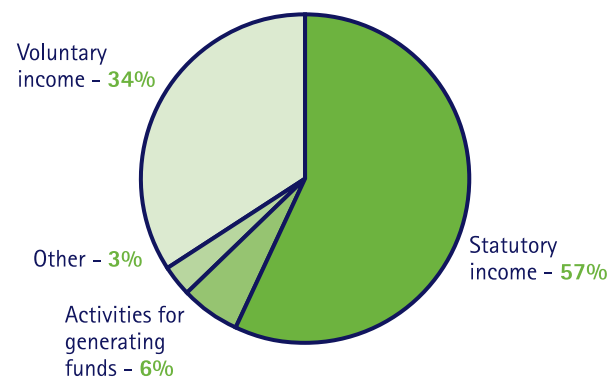
During the year THT merged with Gloucestershire AIDS Trust. The decision to merge was taken to strengthen HIV and sexual health services. The impact of this merger has been to increase turnover in 2007-08 by £60,000. Net assets transferred on merger were £25,000.

## Where our money comes from

THT receives funding from a variety of sources, to support us in our vital work. We call this 'incoming resources' and in 2007-08, excluding Net assets transferred on merger, our income grew by 17% from 2006-07. In line with our strategic aims, this growth in income has supported new services as well as maintaining existing ones.

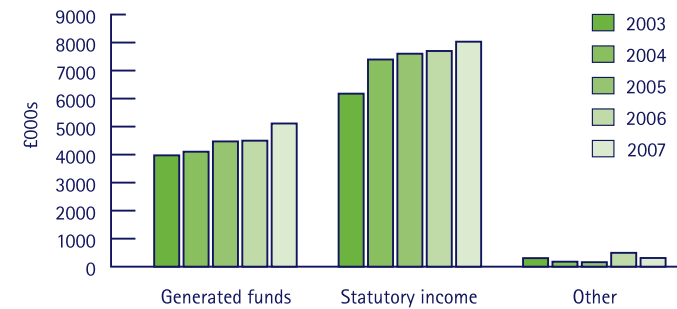
The income came from the following sources each of which are explained below the graph. Further details of the figures can be found in the notes to the financial statements.

Incoming resources 2007-2008



The following graph summarises how our income has increased over the last five years:

Incoming resources 2004-2008



Voluntary income rose in 2007-08 by £1,244,000 (30%) to £5,399,000. Key movements included individual donations which increased again in 2007-08 by £160,000 or 9% to £1,952,000 and income from the Big Lottery Fund which was up by £408,000. Of the total voluntary income received, 66% was unrestricted and this has helped to ensure that the charity has the flexibility to use funding to best meet THT's strategic aims.

In 2007-08, we received income totalling £10,044,000 from statutory bodies, funding both regional & national work. Of this, £1,072,000 was received for core funding with the remaining £8,972,000 being received through contracts for the direct provision of services.

Overall, statutory income and core funding together grew by 17%. Importantly this meant that while THT has been able to establish new services, it has also been able to offer continuity of service to our beneficiaries.

**Activities for generating funds** comprise income from fundraising events, sponsorship, rent, room hire and catering. THT's Estates policy is designed to allow for growth within any operational building acquired, and in the short term this space is let to provide income. This has contributed to a rise of income from activities to generate funds from £862,000 to £1,027,000.

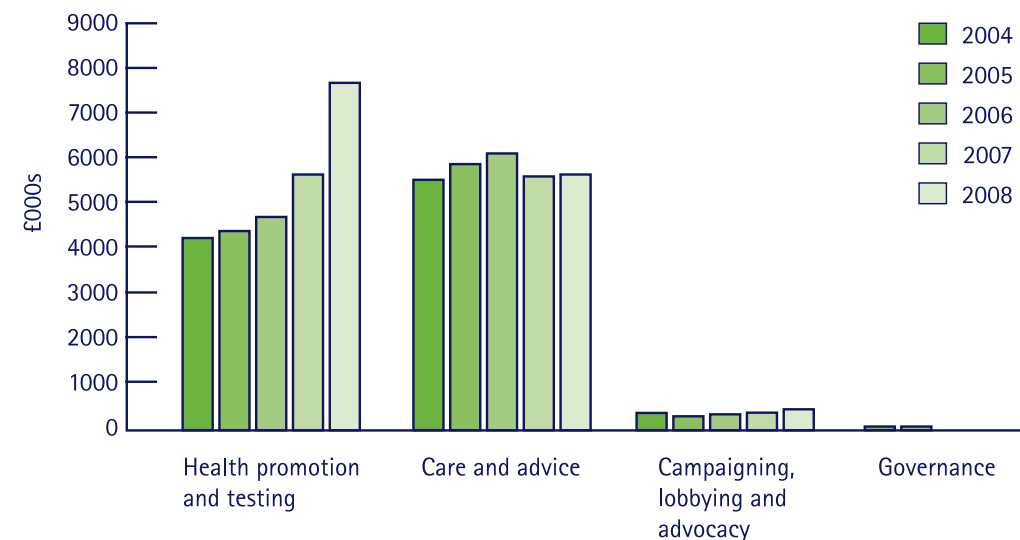
**Other income** decreased in 2007-08 by £37,000 (10%) on the prior year, which represents the net movement between investments in the final salary pension scheme (an increase of £106,000) and the end of instalments on a lease surrender premium which ended part way through 2006-07.

## How we spend our money

**Charitable expenditure** in 2007-08 increased by 18% on the prior year to £13,837,000 in line with the increase in income.

The biggest area of change has been expenditure on **health promotion**, which increased by £2,016,000 or 35%. This growth in expenditure is the result of the development of new services, in response to the increased diagnoses of HIV and STIs, and in particular, THT has opened several new testing clinics for HIV, Chlamydia and other STIs during the year. The other major area of activity – **Care and advice** – maintained the level of activity at £5,666,000 (2006-07: £5,616,000) despite the general shift in funding away from this area.

Charitable expenditure over the past five years is summarised in the following graph:



However, at the same time expenditure on **campaigning, lobbying and advocacy** has risen by £78,000 (20%) to £475,000, reflecting our ongoing campaigning work, and in particular our decision to maintain funding for a full time campaigning post in Scotland.

**Governance** costs include the cost of audit, and an allocation of staff time. These costs are consistent with the previous year, and represent 0.2% of charitable expenditure.

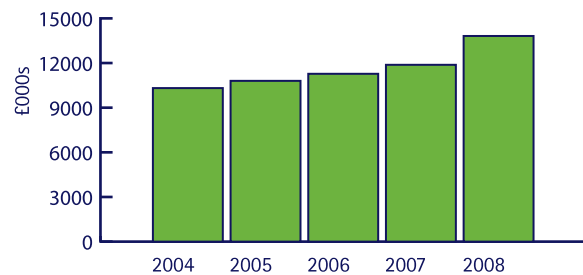
**Support costs**

Support costs in 2007-08 totalled £2,933,000 (excluding insurance of £231,000), or 18% of total expenditure and include rent, rates, heat and light as well as the salaries of staff in support roles. These costs have been allocated across activities on the basis of staff whole time equivalents. Although the charity operates across the UK, central services including finance, HR, IT and estates are all located at the charity's main premises in London, in order to achieve economies of scale whilst still providing an effective support service for the organisation.

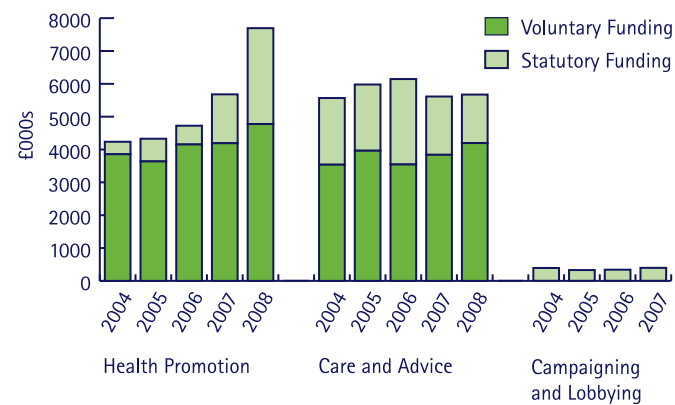
**Fundraising**

Fundraising income continues to perform well against target. Whilst HIV remains a difficult cause to fundraise for, we have been able to increase the level of income generated through an increased investment in this area.

Our net incoming resources available for charitable application have increased by 27% over the last 5 years, as demonstrated in the graph below.



This issue of full cost recovery on statutory contracts is key for many charities and THT has been working to improve this position. The following graph shows how our main activities are funded by both voluntary and statutory income and how this ratio has been maintained during a period of growth.



**Pension scheme**

Financial Reporting Standard 17 (FRS17) dictates how pension scheme assets and liabilities are calculated. It is designed to be prescriptive to prevent the funding of a scheme from being misrepresented, but a criticism of FRS17 is that it creates large movements year on year. This year the pension scheme net assets increased from £303,000 to £915,000. Historically, the standard requires assets to be valued very prudently, but the wider economic conditions have weakened the future liabilities, thus increasing the gap or surplus. This shows in the accounts as an **Actuarial gain** of £468,000 compared to last year's **Actuarial loss** of £421,000. Further details can be found in Note 13. This shows the volatility created by FRS17, but the important thing is that, unlike most pension schemes, Terrence Higgins Trust's scheme remains slightly in surplus and the current actuarial advice is that there is no need to divert any funds to support the scheme.

**Our reserves**

In common with many other charities, THT operates in an uncertain funding environment, and the trustees have taken the view that the charity's unrestricted reserves should be sufficient to finance 3 to 6 months of operating expenditure. This level enables THT time to find alternative funding, or to wind down services if this is not possible.

Based on current expenditure levels, THT aims to hold unrestricted funds of between £4.0m and £8.0m. As at 31 March 2008, unrestricted reserves (excluding the pension scheme) stood at £4.1m. While this is within THT's desired range, much of the charity's unrestricted funds are held in fixed assets, and in particular, in property. It is the view of the trustees that this provides THT with ongoing future stability, and whilst it is not intended that these assets be used over the coming year, they do provide a basis on which to raise future funding.

The group had a net current liability as at 31 March 2008 of £179,000 (2007: asset of £231,000) but this reflects the very cyclical nature of funding with a large number of contracts making payments in April.

The trustees are therefore of the view that the current level of reserves is sufficient, and continue to review this on an annual basis.

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***“ We have always sought to wring maximum value from every pound we’ve been given, and have been open, accountable and extremely grateful to our donors and funders.”***

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# Governance



**Terrence Higgins Trust is a charitable company limited by guarantee, incorporated on 14 December 1983 and registered as a charity in England and Wales on 26 January 1984.**

Although THT now operates in Scotland, we have not yet been able to register with the Office of the Scottish Charity Regulator (OSCR) because, like most English charities which operate cross-border, Terrence Higgins Trust is caught by the different definitions of charity in English and Scottish law. This required a small change to the charity's constitution to recognise both definitions and this was passed unanimously at the charity's Annual General Meeting, and it is anticipated that full registration in Scotland will be achieved shortly.

## Membership

Membership of THT is free, and is open to anyone who supports our aims and objectives. Our members are an important and valued part of our democratic structures. Members receive regular updates of the charity's activities, and are able to influence how the charity is run through voting to elect trustees and providing input to help shape services. Further information on membership and forms can be found on our website, [www.tht.org.uk](http://www.tht.org.uk).

## Trustees

THT has eleven trustees, six of whom are elected by the charity's members. Our trustees are drawn from a variety of backgrounds, to ensure a balanced, skills based board.

The trustees who served during the year were:

**Simon Taylor**

**Nick Hulme**

**Dr Paula Baraitser**  
(elected 24 November 2007)

**Dr Michael Brady**  
(retired 24 November 2007 and appointed as Medical Director)

**Lord Norman Fowler**

**Alison Gray**

**Ian Hayes**

**Mutsai Hove**

**Beatrice Nabulya**  
**Dr Anton Pozniak**  
(retired 24 November 2007)

**Dr Celia Skinner**  
(elected 24 November 2007)

**Nigel Simon**

**Karen Willey**

Trustees are elected to the board for three years at our Annual General Meeting and, subject to re-election, serve for a maximum six year term. Appointed trustees serve for terms of up to three years. All trustees undergo a formal induction to the charity upon election, the content of which is reviewed annually.

## Sub-committees

Trustees meet four times a year as a board and also attend two full day strategy meetings. In addition to this they are supported through the work of five committees:

- Audit committee, which is responsible for appointing the external auditors, reviewing THT's accounts and financial controls, and reviewing the statements and actions on risk and internal controls.
- Board development committee, which oversees the development of strategy, organisational development and governance.
- Board shortlisting committee, which identifies which of the applicants who apply to become candidates for board election meet the requirements of the trustee specification.
- Remuneration and terms of service committee, which is responsible for setting the pay and conditions of staff employed by the charity.
- Clinical practice and governance committee, which oversees clinical services provided by the charity.

The membership of these committees is drawn from trustees, executive directors and lay members, often specialists, who possess a particular expertise relevant to the work of the committee.

## Trustees' responsibilities

Company law requires trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the surplus or deficit for that year. In preparing the financial statements, the trustees have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis.

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985 and the Statement of Recommended Practice *Accounting and Reporting by Charities* (SORP 2005). They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirm that:

- so far as they are aware, there is no relevant audit information of which the charitable company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information, and to establish that the charitable company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

## Executive team

The executive team work closely with the Board of Trustees to help turn THT's vision and strategy into a reality. They are responsible for the day to day management of the charity.

## Volunteers, employees and supporters

Around 1,000 volunteers actively support THT in a variety of ways. Volunteers continue to provide many valuable hours of work and are the backbone of many services which otherwise could not exist. Based on the average salary of the charity's workforce, the value to the charity of the work performed by volunteers during the year is estimated at £3.1m.

THT also relies on the work and commitment of its 351 paid staff (including 120 sessional workers). The charity is particularly grateful for the continued loyalty of its staff during another challenging and difficult year. THT also recognises UNISON for the purposes of collective bargaining. THT continues its commitment to equal opportunities and to good staff relations.

### Risk statement

The management of risk is an integral part of the charity's operational management and a series of systems operate to identify and mitigate risk.

These systems include:

- An integrated skills based board with effective separation of duties and regular reporting of management information.
- Effective and formal monitoring of the environment informing a risk assessment programme which includes Board level risk workshops and regular risk/strategy presentations by all departments.
- Regular monitoring of progress against both financial and non-financial objectives and mitigation of associated risks.

The Board regularly review the risks faced by the charity and feel the key risks currently facing the charity are:

- Difficulty in achieving sufficient prioritisation of and funding from Primary Care Trusts and Social Services Departments to sustain local service delivery.
- Difficulty in negotiating new contracts for delivering the charity's new service strategy.
- Difficulty in managing the increasing demands of a rapidly growing and diversifying epidemic.
- Difficulty in maintaining and further increasing charitable income due to an unsupportive social and economic environment.
- Difficulty in influencing the external environment due to an unsupportive social and political climate.
- Difficulty in maintaining organisational health and financial health as a result of the impact of the first five risks above.

As part of charity's risk mitigation strategy the organisation entered into an interest rate swap arrangement in 2005. Based on our level of un-fixed debt at the time of the arrangement (£4.25m), this provides greater certainty to the organisation over liabilities going forward. The rate agreed was 4.89% for 5 years.

### Capital funds and investments

A capital fund was established to accommodate a legacy received in 1994/95 as a permanent endowment. This is invested in Common Investment Funds managed by Cazenove Fund Management Ltd. The trustees believe this is the most appropriate investment given the size of the portfolio and the level of risk they wish to take.

### Auditors

The charity's auditors are Deloitte and Touche LLP and a resolution to reappoint will be proposed at the next Annual General Meeting in accordance with Section 385 of the Companies Act 1985.

This report was approved by the Board on 22th July 2008.



Nick Hulme  
Trustee

## Report of the independent auditors to the members of the Terrence Higgins Trust

We have audited the group and individual charity financial statements of Terrence Higgins Trust for the year ended 31 March 2008 which comprise the consolidated Statement of Financial Activities, the application of net income for the year, the consolidated and individual charity Balance Sheets, the consolidated Cash Flow Statement and the related notes 1 to 29. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members and the trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body, and the charitable company's trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of trustees and auditors

The responsibilities of the trustees (who are also the directors of the charity for the purposes of company law) for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Trustees' Annual Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

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

### Basis of audit opinion

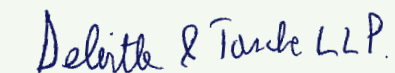
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

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

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and individual charitable company's affairs as at 31 March 2008 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' Annual Report is consistent with the financial statements.



Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
London, United Kingdom

**Consolidated statement of financial activities**  
(incorporating an income and expenditure account)  
For the year ended 31 March 2008

		Unrestricted	Restricted	2008	2007
	Note	£'000	£'000	Total	Total
				£'000	£'000
<b>Incoming resources</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income	2	3,569	1,830	5,399	4,155
Activities for generating funds	3	1,025	2	1,027	862
Investment income	4	76	-	76	51
<b>Incoming resources from charitable activities</b>					
Statutory income					
Health promotion	5	4,435	341	4,776	4,192
Care and advice	5	3,580	617	4,197	3,839
Other incoming resources	6	316	-	316	353
		<u>13,001</u>	<u>2,790</u>	<u>15,791</u>	<u>13,452</u>
Net assets transferred on merger	21	25	-	25	166
<b>Total incoming resources</b>		<u>13,026</u>	<u>2,790</u>	<u>15,816</u>	<u>13,618</u>
<b>Resources expended</b>					
<b>Cost of generating funds</b>					
Cost of generating voluntary income	7	1,638	-	1,638	1,465
Fundraising trading	7	361	-	361	273
		<u>1,999</u>	<u>-</u>	<u>1,999</u>	<u>1,738</u>
<b>Net incoming resources available for charitable application</b>		<u>11,027</u>	<u>2,790</u>	<u>13,817</u>	<u>11,880</u>
<b>Charitable activities</b>					
Health promotion	8	6,196	1,500	7,696	5,680
Care and advice	8	4,206	1,460	5,666	5,616
Campaigning, lobbying and advocacy	8	430	45	475	397
Governance costs	10	39	-	39	32
<b>Total resources expended</b>		<u>12,870</u>	<u>3,005</u>	<u>15,875</u>	<u>13,463</u>
<b>Net incoming / (outgoing) resources before other recognised gains and losses and net income / (expenditure) for the year</b>					
Investment assets (losses) / gains	15	-	(15)	(15)	9
Actuarial gains / (losses) on defined benefit pension scheme	13	468	-	468	(421)
<b>Net movement in funds</b>		<u>624</u>	<u>(230)</u>	<u>394</u>	<u>(257)</u>
<b>Funds brought forward</b>		<u>4,343</u>	<u>3,145</u>	<u>7,488</u>	<u>7,745</u>
<b>Funds carried forward</b>		<u>4,967</u>	<u>2,915</u>	<u>7,882</u>	<u>7,488</u>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 19 to the financial statements.

The notes on pages 27 to 41 form part of these accounts.

**Balance Sheets**  
31 March 2008

		Group		Charity	
	Note	2008	2007	2008	2007
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible fixed assets	14	11,244	11,257	11,244	11,257
Investments	15	221	236	221	236
		<u>11,465</u>	<u>11,493</u>	<u>11,465</u>	<u>11,493</u>
<b>Current assets</b>					
Stocks		12	-	12	-
Debtors	16	1,397	1,514	1,402	1,582
Cash held as short term deposits		580	945	580	945
Cash at bank and in hand		734	587	701	472
		<u>2,723</u>	<u>3,046</u>	<u>2,695</u>	<u>2,999</u>
<b>Creditors: amounts due within 1 year</b>	17	<u>(2,902)</u>	<u>(2,815)</u>	<u>(2,880)</u>	<u>(2,774)</u>
<b>Net current (liabilities) / assets</b>		<u>(179)</u>	<u>231</u>	<u>(185)</u>	<u>225</u>
<b>Total assets less current liabilities</b>		<u>11,285</u>	<u>11,724</u>	<u>11,280</u>	<u>11,718</u>
<b>Creditors: amounts falling due after 1 year</b>	18	<u>(4,319)</u>	<u>(4,539)</u>	<u>(4,319)</u>	<u>(4,539)</u>
<b>Net assets excluding pension asset</b>		<u>6,966</u>	<u>7,185</u>	<u>6,961</u>	<u>7,179</u>
Pension asset	13	915	303	915	303
<b>Net assets including pension asset</b>		<u>7,881</u>	<u>7,488</u>	<u>7,876</u>	<u>7,482</u>
<b>The funds of the charity</b>					
Permanent endowment		221	236	221	236
Restricted funds held as tangible fixed assets		2,629	2,660	2,629	2,660
other		67	249	67	249
<b>Total restricted funds</b>	19	<u>2,917</u>	<u>3,145</u>	<u>2,917</u>	<u>3,145</u>
<b>Unrestricted funds</b>					
Expenditure funds		4,045	4,034	4,045	4,034
Subsidiary companies' non-charitable funds		6	6	-	-
Pension fund		915	303	915	303
<b>Total unrestricted funds</b>	19	<u>4,966</u>	<u>4,343</u>	<u>4,960</u>	<u>4,337</u>
<b>Total funds</b>		<u>7,883</u>	<u>7,488</u>	<u>7,877</u>	<u>7,482</u>

The notes on pages 27 to 41 form part of these accounts. The financial statements on pages 24 to 41 were approved by the trustees on 22 July 2008 and signed on their behalf by



Nick Hulme  
Trustee

## Consolidated cashflow statement

For the year ended 31 March 2008

	Note	2008 £'000	2008 £'000	2007 £'000	2007 £'000
<b>Net cash inflow from operating activities</b>	29(a)		569		525
<b>Return on investments and servicing of finance</b>					
Investment income		9		9	
Bank interest received		67		42	
Interest paid		(283)		(292)	
			(207)		(241)
<b>Capital expenditure and financial investments</b>					
Payments to acquire tangible fixed assets			(431)		(815)
<b>Acquisitions and disposals</b>					
Net cash balances arising from merger			34		188
<b>Net cash outflow before management of liquid resources and financing</b>			(35)		(343)
<b>Management of liquid resources</b>					
Decrease / (Increase) in short term deposits			365		(945)
<b>Financing</b>					
Capital repayments of secured loan			(183)		(87)
Additional loan finance			-		1,250
<b>Increase / (decrease) in cash</b>			147		(125)
<b>Cash resources brought forward</b>	29(b)		587		712
<b>Cash resources carried forward</b>	29(b)		734		587

## Notes to the consolidated financial statements

For the year ended 31 March 2008

### 1. Accounting policies

#### a) Accounting convention

The financial statements have been prepared under the historical cost convention with the exception of investments, which are included on a market value basis, and the inclusion of certain freehold property at valuation. They are prepared in accordance with applicable accounting standards (United Kingdom Generally Accepted Accounting Practice) and follow the recommendations in the Statement of Recommended Practice for Charities (2005), and the requirements of the Companies Act 1985.

Consolidated accounts have been prepared on a line by line basis in accordance with SORP 2005. No separate income and expenditure account for the charity has been presented as permitted by section 230 of the Companies Act 1985. The income and expenditure for the charity is £15,806,000 and £15,890,000 giving a deficit for the year of £84,000.

#### b) Services in kind

Other than significant donated gifts-in-kind, no amounts are included in respect of the substantial contributions made by the many volunteers and volunteer organisations which provide various services and supplies free of charge. Where out of pocket travel and other expenses have been reimbursed to volunteers, these costs are included in the accounts.

#### c) Gifts in kind

Significant donated gifts-in-kind, where the items are given for the charity's own use or distribution, are included at estimated market value. Where gifts are donated as prizes in fundraising events the income generated is recognised in the financial statements.

#### d) Incoming resources

Incoming resources are recognised in the period in which the charity is entitled to their receipt and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be used in a future accounting period.

Legacies are included in the Statement of Financial Activities (SOFA) when the charity is advised by the personal representative of an estate that payment will be made or property transferred and the amount involved can be quantified.

#### e) Resources expended

Resources expended are recognised in the period in which they are incurred. Resources expended include attributable VAT which cannot be recovered.

The SOFA headings comprise expenditure directly attributable to the activity. Where support costs (including finance, information technology, estates and human resources) cannot be directly attributed, they have been allocated to activities on a whole time equivalent basis.

The costs of generating funds comprise the direct costs of fundraising activities and a proportion of support costs.

Governance costs are those incurred in connection with the organisational administration and compliance with constitutional and statutory requirements, such as auditors' fees.

#### f) Pension costs

The charity contributes to a defined benefit pension scheme providing benefits based on final pensionable salary. The assets of the scheme are held and managed separately from those of the charity. Pension scheme assets are measured at fair value at each balance sheet date. Liabilities are measured on an actuarial basis. The net of these two figures is recognised as an asset or liability on the balance sheet. Any change in the asset or liability between the balance sheet dates is reflected in the statement of financial activities as a recognised gains or loss for the period.

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included in staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are recognised within "Other incoming resources."

For defined contribution schemes the amounts charged to the Consolidated Statement of Financial Activities in respect of pension costs and other post-retirement benefits is the contribution payable in the year. Differences between the contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### g) Tangible fixed assets

Assets costing more than £1,000 are capitalised. Tangible fixed assets are stated at their original cost (including any incidental expenses of acquisition such as surveyor's fees), except for the freehold interest in the property located at 111-117 Lancaster Road, London ("The London Lighthouse"). This building is stated at its market value, as estimated in March 1999 in accordance with the rules and regulations of the Royal Institute of Chartered Surveyors, and so is included in the accounts at a value of £1,750,000. The valuation has not been updated.

## Notes to the consolidated financial statements

For the year ended 31 March 2008

### 1. Accounting policies (continued)

#### g) Tangible fixed assets (continued)

Depreciation, which reduces the value of tangible fixed assets over time, is calculated at the following annual rates in order to write off each asset over its estimated useful life:

Freehold buildings	2% on cost
Leasehold improvements	20% on cost (or over the life of the lease if shorter)
Fixtures and fittings	20% on cost
Computer equipment	25% on cost
Motor vehicles	25% on cost

No depreciation is charged on freehold land.

#### h) Investments

Investments held as fixed assets are stated at market value at the balance sheet date. The gain or loss for the period is taken to the Statement of Financial Activities.

Investments in subsidiary companies are stated at cost.

#### i) Leased assets

Rental costs relating to operating leases, where substantially all the benefits and risks of ownership remain with the lesser rather than with THT, are charged to the Statement of Financial Activities as incurred.

#### j) Fund accounting

Unrestricted funds are those available for use at the discretion of the trustees in furtherance of the objectives of THT.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund, together with a fair allocation of support costs.

Capital funds consist of income permanently endowed by donors. Income from these funds is transferred to General Funds.

#### k) Mergers

During the year ended 31 March 2008, THT merged with Gloucester Aids Trust. This merger has been accounted for as an acquisition, in accordance with FRS 6. The net assets transferred on merger are shown as an exceptional item within incoming resources.

### 2. Voluntary income

	Unrestricted £'000	Restricted £'000	2008 £'000	2007 £'000
Corporate donations	118	197	315	315
Trust donations	71	250	351	345
Big Lottery Fund	-	585	585	177
Core funding from statutory funders	372	700	1,072	540
Community fundraising	167	53	220	242
Individual donations	1,907	45	1,952	1,792
Legacies	934	-	934	744
<b>Total voluntary income</b>	<b>3,569</b>	<b>1,830</b>	<b>5,399</b>	<b>4,155</b>

The charity has not been formally notified of any legacies other than those that are recognised above.

### 3. Activities for generating funds

	Unrestricted £'000	Restricted £'000	2008 £'000	2007 £'000
Fundraising events	379	-	379	436
Rent, room hire and catering	404	-	404	247
Sponsorship, sales and cause related marketing	75	2	77	83
Other	167	-	167	96
<b>Total activities for generating funds</b>	<b>1,025</b>	<b>2</b>	<b>1,027</b>	<b>862</b>

## Notes to the consolidated financial statements

For the year ended 31 March 2008

### 4. Investment income

	Unrestricted £'000	Restricted £'000	2008 £'000	2007 £'000
Investment income	9	-	9	9
Bank interest	67	-	67	42
<b>Total investment income</b>	<b>76</b>	<b>-</b>	<b>76</b>	<b>51</b>

### 5. Statutory income

	Unrestricted £'000	Restricted £'000	2008 £'000	2007 £'000
<b>Health promotion</b>				
Department of Health	2,160	-	2,160	1,390
Scottish Executive	-	-	-	17
Welsh Assembly Government	80	-	80	97
PCT's and Health Boards	1,905	104	2,009	2,211
Local authorities and other statutory bodies	290	237	527	477
<b>Total health promotion</b>	<b>4,435</b>	<b>341</b>	<b>4,776</b>	<b>4,192</b>

#### Care and advice

Department of Health	-	-	-	500
Welsh Assembly Government	20	33	53	33
PCT's and Health Boards	2,888	252	3,140	2,062
Local authorities and other statutory bodies	672	332	1,004	1,244

#### Total care and advice

#### Total statutory income for charitable activities

<b>Total care and advice</b>	<b>3,580</b>	<b>617</b>	<b>4,197</b>	<b>3,839</b>
<b>Total statutory income for charitable activities</b>	<b>8,015</b>	<b>958</b>	<b>8,973</b>	<b>8,031</b>

### 6. Other incoming resources

	Unrestricted £'000	Restricted £'000	2008 £'000	2007 £'000
Publications and exhibitions	7	-	7	9
Training and conferences	66	-	66	94
Other	94	-	94	207
Pension	149	-	149	43
<b>Total other income from charitable activities</b>	<b>316</b>	<b>-</b>	<b>316</b>	<b>353</b>

## Notes to the consolidated financial statements

For the year ended 31 March 2008

### 7. Cost of generating funds

	Cost of generating voluntary income £'000	Fundraising trading £'000	2008 £'000	2007 £'000
Salaried staff costs	702	168	870	946
Non-salaried (agency) staff costs	6	-	6	1
Other direct costs	573	102	675	529
Insurance	14	3	17	16
Allocated support costs	343	88	431	246
<b>Total cost of generating funds</b>	<b>1,638</b>	<b>361</b>	<b>1,999</b>	<b>1,738</b>

### 8. Charitable expenditure

	Health promotion £'000	Care & advice £'000	Campaigning, lobbying & advocacy £'000	2008 £'000	2007 £'000
Salaried staff costs	3,598	3,395	238	7,231	7,125
Non-salaried staff costs	23	75	14	112	149
Volunteer costs	12	24	7	43	49
Printing costs	343	52	23	418	395
Condoms and materials	205	41	-	246	136
Service user activities	19	37	-	56	100
Campaign / service advertising	143	21	-	164	120
Research and evaluation	277	-	1	278	228
Premises rental costs	312	198	-	510	452
Subcontractors and partners	386	66	-	452	224
Other direct costs	892	447	80	1,419	1,168
Insurance	89	82	4	175	156
Allocated support costs	1,397	1,228	108	2,733	1,391
<b>Total charitable expenditure</b>	<b>7,696</b>	<b>5,666</b>	<b>475</b>	<b>13,837</b>	<b>11,693</b>

## Notes to the consolidated financial statements

For the year ended 31 March 2008

### 9. Support costs

	Health promotion £'000	Care & advice £'000	Campaigning, lobbying & advocacy £'000	Fundraising & trading £'000	2008 £'000
Finance, HR, IT and estates:					
Salaried staff costs	600	452	36	146	1,234
Non-salaried staff costs	15	11	1	3	30
Volunteer costs	2	1	-	-	4
Printing costs	10	7	1	2	20
Other costs	410	293	23	92	818
Insurance	116	82	7	26	231
Indirect premises costs	244	382	40	162	828
<b>Total allocated support costs</b>	<b>1,397</b>	<b>1,228</b>	<b>108</b>	<b>431</b>	<b>3,164</b>

Support costs consist of the costs incurred by the Finance, Human Resources, IT and Estates departments together with an element of the Executive team costs. With the exception of premises costs, allocation of such costs to activities is based on the number of employees working within each activity. Premises costs are allocated to activities based on staff within each building to which costs relate.

### 10. Governance costs

	2008 £'000	2007 £'000
Salaried staff costs	10	9
Audit	29	23
<b>Total governance costs</b>	<b>39</b>	<b>32</b>

### 11. Net incoming / (outgoing) resources before other recognised gains and losses

This is stated after charging:

	2008 £'000	2007 £'000
Depreciation	199	437
Salaried staff costs	9,339	8,080
Rental costs relating to operating leases		
Property	510	452
Plant and machinery	56	56
Trustees' reimbursed expenses	3	1
Fees payable to the company's auditors for the audit of the company's annual accounts	25	20
Actuarial fee for FRS 17 valuation	8	3

None of the trustees received any remuneration from the charity (2007: Enil). One trustees (2007: 3) were reimbursed for travel and subsistence expenses during the year. These payments, together with catering costs for the committee meetings, amounted to £3,000 in the year (2007: £1,000).

**Notes to the consolidated financial statements**  
For the year ended 31 March 2008

**12. Staff costs**

Salaried staff costs (paid staff, not including volunteers) were as follows:

	2008 £'000	2007 £'000
Salaries and wages	8,131	6,993
Social security costs	763	654
Pension contributions	397	411
Redundancy costs	54	22
<b>Total salaried staff costs</b>	<b>9,345</b>	<b>8,080</b>

**Salaried staff are categorised as:**

	Notes		
Cost of generating voluntary income	7	702	644
Fundraising trading	7	168	134
Health promotion	8	3,598	2,689
Care and advice	8	3,395	3,113
Campaigning, lobbying and advocacy	8	238	204
Infrastructure	9	1,234	1,287
Governance	10	10	9
<b>Total salaried staff costs</b>		<b>9,345</b>	<b>8,080</b>

Included in staff costs is £403,000 (2007: £245,000) paid to sessional workers who do not have fixed hour contracts, but work on a session by session basis.

The average weekly number of employees (excluding sessional workers) during the year was as follows:

	2008 No.	2007 No.
Charitable services	202	178
Fundraising, management and administration	61	61
	<b>263</b>	<b>239</b>

The analysis of the number of employees between charitable services and fundraising, management and administration reflects the figures in notes 8 to 11. Employee numbers are based on whole time equivalents (WTE). The average number of sessional workers employed during the year, all of whom provided charitable services, was 168 (2007: 86), but these are excluded from the number WTE staff above. Based on the average number of hours worked, these sessional workers are equivalent to approximately 18 WTE (2007: 7).

The number of higher paid employees was:

	2008 No.	2007 No.
£60,000–£69,999	2	2
£70,000 to £79,999	2	2
£80,000 to £89,999	2	2

Of these, 4 employees were members of the defined benefit pension scheme and one received employer contributions totalling £9,200 (2007: £8,976) paid into a defined contribution pension scheme.

**Notes to the consolidated financial statements**  
For the year ended 31 March 2008

**13. Staff pension**

THT operates a defined benefit scheme for employees, which provides benefits to members on retirement and on death. The defined benefit scheme is administered by trustees, and is independent of the charity's finances. To replace the final salary scheme, a Group Personal Pension Scheme was introduced to which THT contributed.

For the purpose of FRS17, the major assumptions used by the actuaries were:

	At 31/03/08	At 31/03/07	At 31/03/06
Rate of increase in salaries	3.70%	3.10%	3.00%
Rate of increase in pensions in payment	3.60%	3.10%	3.00%
Discount rate	6.70%	5.40%	5.60%
Inflation	3.70%	3.10%	3.00%

The assets in the scheme and the expected rate of return were:

	Expected rate at 31/03/08 %	Value 31/03/08 £'000	Expected rate at 31/03/07 %	Value 31/03/07 £'000	Expected return rate at 31/03/06 %	Value 31/03/06 £'000
Equities	7.40%	5,651	7.40%	5,895	7.00%	5,152
Bonds	6.70%	255	5.40%	298	5.00%	200
Gilts	4.60%	327	4.70%	235	4.30%	207
Property	5.25%	661	5.25%	582	4.50%	667
<b>Total market value of assets</b>		<b>6,894</b>		<b>7,010</b>		<b>6,226</b>
Market value of scheme assets		6,895		7,010		6,226
Present value of scheme liabilities		(5,980)		(6,707)		(5,686)
<b>Net pension asset</b>		<b>915</b>		<b>303</b>		<b>540</b>

**Analysis of the amount charged to the Statement of Financial Activities**

	2008 £'000	2007 £'000	2006 £'000
Current service cost	289	275	223
<b>Analysis of net return on pension scheme:</b>			
Expected return on pension scheme assets	502	420	306
Interest on pension liabilities	(279)	(241)	(353)
<b>Net return</b>	<b>149</b>	<b>141</b>	<b>65</b>
<b>Amount recognised as other gains and losses</b>			
Actual return less expected return on pension scheme assets	(833)	41	1063
Experience gains and losses arising on the scheme liabilities	(62)	108	95
Change in financial and demographic assumptions underlying the scheme liabilities	1,363	(570)	(864)
<b>Actuarial gain /(loss) recognised as other gains and losses</b>	<b>468</b>	<b>(421)</b>	<b>294</b>

## Notes to the consolidated financial statements

For the year ended 31 March 2008

### 13. Staff pension (continued)

	2008 £'000	2007 £'000	2006 £'000
<b>Movement in surplus during year</b>			
Surplus in scheme at 1 April	303	540	30
Movement in year:			
Current service charge	(289)	(275)	(223)
Contributions	284	318	374
Net interest / return on assets	149	141	65
Actuarial gain / (loss)	468	(421)	294
<b>Surplus in scheme at 31 March</b>	<b>915</b>	<b>303</b>	<b>540</b>

### History of experience gains and losses

	2008	2007	2006	2004	2003
Difference between the expected return on assets:					
Amount (£'000)	(833)	41	1,063	138	312
Percentage of scheme assets	(12)%	1%	24%	3%	9%
Experience gains and losses on scheme liabilities:					
Amount (£'000)	(63)	108	95	(148)	(559)
Percentage of scheme assets	(1)%	2%	2%	(3)%	(16)%
Total amount recognised as other gains and losses:					
Amount (£'000)	468	(421)	294	(190)	6
Percentage of scheme assets	8%	(6)%	7%	(4)%	0%

### 14. Tangible fixed assets

	Freehold property £'000	Leasehold improvements £'000	Fixtures & fittings £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost or valuation</b>						
At the start of the year	10,825	71	636	1,047	87	12,666
Additions in year	87	61	57	226	-	431
Disposals in year	-	-	-	-	-	-
<b>At the end of the year</b>	<b>10,912</b>	<b>132</b>	<b>693</b>	<b>1,273</b>	<b>87</b>	<b>13,097</b>
Cost	9,162	132	693	1,273	87	11,347
Valuation - 1999	1,750	-	-	-	-	1,750
<b>At the end of the year</b>	<b>10,912</b>	<b>132</b>	<b>693</b>	<b>1,273</b>	<b>87</b>	<b>13,097</b>
<b>Depreciation</b>						
At the start of the year	343	40	354	606	66	1,409
Charge for the year	122	14	93	197	18	444
Disposals in year	-	-	-	-	-	-
<b>At the end of the year</b>	<b>465</b>	<b>54</b>	<b>447</b>	<b>803</b>	<b>84</b>	<b>1,853</b>
<b>Net book value</b>						
<b>At the end of the year</b>	<b>10,447</b>	<b>78</b>	<b>246</b>	<b>470</b>	<b>3</b>	<b>11,244</b>
At the start of the year	10,482	31	282	441	21	11,257

## Notes to the consolidated financial statements

For the year ended 31 March 2008

### 14. Tangible fixed assets (continued)

The book value of one of the charity's freehold properties located at 111-117 Lancaster Road, London is based on an open market value prepared in March 1999 in accordance with the rules and regulations of the Royal Institute of Chartered Surveyors. This treatment was necessary because the London Lighthouse building was significantly altered when the previous hospice was converted into leasehold flats. As part of the conversion process the consent of the Secretary of State for Health was required and obtained.

The value of freehold land that is not being depreciated is £4,823,000.

The building at Earl's Court, acquired during the merger with Streetwise Youth, has three charges in place. The primary charge is with Unity Trust Bank in relation to the mortgage of this property. Further information on this mortgage is at note 18. The two further charges totalling £170,000 relate to donations made by Rufford Maurice Laing Foundation and Camden Charities in connection with funds donated to acquire the building. In the event that the building is sold before 23 October 2020, these monies must be repaid.

Details of charges over other properties are given in note 18.

### 15. Fixed asset investments – group and charity

	2008 £'000	2007 £'000
Market value at the start of the year	236	227
Unrealised (loss) / gain	(15)	9
<b>Market value at the end of the year</b>	<b>221</b>	<b>236</b>
Historic cost at the end of the year	207	207
Unrealised investment gains based on historical cost	14	29

All fixed asset investments are held in UK Common Investment Funds and are held by the charity. For details of investments held by the charity in subsidiary undertakings see note 25.

### 16. Debtors

	Group		Charity	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Grant and contract funding receivable and similar debtors	1,024	1,256	857	1,155
Other debtors	74	50	70	50
Amounts due from subsidiary undertakings	-	-	175	169
Prepayments	174	113	175	113
Accrued income	69	60	69	60
Tax recoverable	56	35	56	35
<b>Total debtors</b>	<b>1,397</b>	<b>1,514</b>	<b>1,402</b>	<b>1,582</b>

## Notes to the consolidated financial statements

For the year ended 31 March 2008

### 17. Creditors: amounts due within 1 year

	Group		Charity	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
(a) Loan repayable (note 18)	134	97	134	97
Trade creditors	994	457	994	457
Social security, pension contributions and other taxes	276	417	276	417
Other creditors	93	175	71	156
Accruals	315	362	315	362
Deferred income	1,090	1,307	1,090	1,285
<b>Total creditors due within 1 year</b>	<b>2,902</b>	<b>2,815</b>	<b>2,880</b>	<b>2,774</b>

### (b) Deferred income reconciliation

	At 1 April 2007	Released to incoming resources	Deferred during the year	At 31 March 2008
Voluntary income	181	(181)	144	144
Statutory income	1,125	(1,121)	942	946
Training income	1	(1)	-	-
	<b>1,307</b>	<b>(908)</b>	<b>1,086</b>	<b>1,090</b>

Income is deferred when cash is received in advance of the charity being entitled to it, for example when funding is given a specific future date or for a specific activity that hasn't yet been performed.

### 18. Creditors: amounts due after 1 year

	Group		Charity	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Loan	4,319	4,539	4,319	4,539

The loans which THT currently has outstanding are summarised below:

	Repayment term Years	Total loan drawn down £'000	At 31 March 2008 £'000	Interest rate – Base rate %
SW5	20	402	357	+ 1.5%
Gray's Inn Road 1	20	3,000	2,846	+ 1%
Gray's Inn Road 2	20	1,250	1,250	+ 1%

## Notes to the consolidated financial statements

For the year ended 31 March 2008

### 18. Creditors: amounts due after 1 year (continued)

The loan in respect of SW5 was taken out to assist in the purchase of property. The loan is secured by a charge over the property.

Two loans have been taken out to assist THT in the move to the charity's new headquarters. A loan of £3,000,000 was taken out in respect of the purchase of the building and a further loan of £1,250,000 was also taken out to assist with the refurbishment of the premises. These loans are secured by a charge over the building.

It is THT's intention to pay down around half of the debt as it rationalises elements of its wider property portfolio. The remainder will be paid off over time and it is this half – £2m – which was the subject of an interest rate swap.

As part of the charity's risk mitigation strategy the organisation entered into an interest rate swap arrangement in 2005. Based on our level of un-fixed debt at the time of the arrangement (£4.25m), this provides greater certainty to the organisation over liabilities going forward. The rate agreed was 4.89% for 5 years. The fair value of the interest rate swap has been estimated by Natwest PLC to be £17,000 at 31 March 2008.

### 19. Movements in funds

	At the start of the year £'000	Incoming resources £'000	Outgoing resources £'000	Gains / (losses) £'000	At the end of the year £'000
<b>Unrestricted funds:</b>					
General fund	4,040	12,877	(12,866)	-	4,051
Pension fund	303	149	(5)	468	915
<b>Total unrestricted funds</b>	<b>4,343</b>	<b>13,026</b>	<b>(12,871)</b>	<b>468</b>	<b>4,966</b>
<b>Restricted funds</b>					
Core grants	-	700	(700)	-	-
Big Lottery Fund: Young Leaders	-	423	(375)	-	48
Big Lottery Fund: Harambee	-	60	(60)	-	-
Debt advisor	-	54	(54)	-	-
Clevenden	-	80	(80)	-	-
Big Lottery Fund: FutureLeaders	-	46	(46)	-	-
THT Scotland	166	-	(166)	-	-
Lighthouse West Building	2,121	-	(23)	-	2,098
Steetwise Youth Building	539	-	(8)	-	531
Other restricted funds	83	1,428	(1,492)	-	19
Restricted income funds	2,909	2,791	(3,004)	-	2,696
Permanent endowment	236	-	-	(15)	221
<b>Total restricted funds</b>	<b>3,145</b>	<b>2,791</b>	<b>(3,004)</b>	<b>(15)</b>	<b>2,917</b>
<b>Total funds</b>	<b>7,488</b>	<b>15,817</b>	<b>(15,875)</b>	<b>453</b>	<b>7,883</b>

Unrestricted funds are funds that the trustees are free to spend on any charitable activities.

The pension fund represents the value of the defined benefit scheme at 31 March. This fund is held separately from the charity and is not available for distribution on charitable activities.

## Notes to the consolidated financial statements

For the year ended 31 March 2008

### 19. Movements in funds (continued)

#### Restricted funds

The Big Lottery Funds represent grants received from the funder for specific projects.

The THT Scotland fund represents the value of net assets acquired on merger, which are to be used for HIV and sexual health services in Scotland.

The Lighthouse West Building fund represents the net book value of the London Lighthouse building in Lancaster Road, London. The terms relating to the ownership of this building place restrictions on the use of the building by the charity.

The Streetwise Youth Building fund represents the part of the building at Earl's Court, London that was paid for with grants from the Rufford Maurice Laing Foundation and Camden Charities.

#### Permanent endowment

A legacy was received in 1994-95 which the donor specified should be held as a permanent endowment. This is invested in Common Investment Funds. Any income from this endowment is included in the unrestricted funds but losses or gains on the investment, arising from changes in market value, are included in the endowment fund.

### 20. Analysis of group net assets (excluding pension scheme) between funds

	Fixed assets £'000	Investments £'000	Net current assets £'000	Long-term liabilities £'000	Total funds £'000
Expendable funds	8,615	-	(251)	(4,319)	4,045
Subsidiary company	-	-	6	-	6
<b>Total unrestricted funds</b>	<b>8,615</b>	<b>-</b>	<b>(245)</b>	<b>(4,319)</b>	<b>4,051</b>
Restricted funds	2,629	-	67	-	2,696
Permanent endowment	-	221	-	-	221
<b>Total restricted funds</b>	<b>2,629</b>	<b>221</b>	<b>67</b>	<b>-</b>	<b>2,917</b>
<b>Total funds</b>	<b>11,244</b>	<b>221</b>	<b>(178)</b>	<b>(4,319)</b>	<b>6,968</b>

### 21. Net assets acquired from mergers

THT merged with another charities during the year; Gloucester Aids Trust on 1 December 2007.

The decision to merge was taken to enable THT to expand services in the region.

Net assets acquired on merger were:

	Gloucester Aids Trust £'000
Debtors	3
Cash at hand and in bank	34
Creditors due within 1 year	(12)
	<b>25</b>

No adjustment has been made for fair values as these are considered by the Trustees to be not materially different from the book value.

## Notes to the consolidated financial statements

For the year ended 31 March 2008

### 22. Lease commitments

The charity had annual commitments at the year end under operating leases expiring as follows:

	2008		2007	
	Land & building £'000	Other £'000	Land & building £'000	Other £'000
Less than 1 year	314	11	21	5
1-2 years	220	(5)	19	8
2-5 years	262	12	143	25

### 23. Capital commitments

THT has no capital commitments at 31 March 2008.

### 23. Taxation

No Corporation Tax has been provided in these accounts because, as a registered charity, THT is entitled to the exemptions granted by section 505 of the Income and Corporation Taxes act 1988.

THT is a partially exempt business, which means it can only reclaim a small proportion of the Value Added Tax (VAT) it incurs on expenses. The amount of irrecoverable VAT suffered by THT on its expenditure during the year was £404,000 (2007: £306,000).

### 25. Subsidiary companies

The charity has investments costing £103 (2007: £103) in total in three subsidiary companies. All shareholdings comprise ordinary shares. Details of the subsidiary companies at 31 March 2008, all of which were incorporated in England and Wales and are wholly owned directly or indirectly by THT, are set out below:

Subsidiary companies	Activity
Terrence Higgins Enterprises Limited	Fundraising
Action against AIDS Limited	Dormant (formerly fundraising)
AIDS Day Limited	Dormant (formerly fundraising)

Summary accounts for Terrence Higgins Enterprises Limited are shown in note 26.

## Notes to the consolidated financial statements

For the year ended 31 March 2008

### 26. Terrence Higgins Enterprises Ltd

	2008 £'000	2007 £'000
Profit and loss account		
Turnover	445	301
Cost of sales	(309)	(104)
Gross profit	136	197
Administrative expenses	(4)	(19)
Profit on trading activities	132	178
Interest	2	1
Profit on activities	134	179
Profit donated through gift aid	(134)	(179)
Profit for the financial year before dividend	-	-
Profit brought forward	6	6
<b>Retained profit carried forward</b>	<b>6</b>	<b>6</b>
<b>Balance sheet</b>		
Cash	33	115
Trade debtors	167	101
Amounts owed to parent undertaking	(175)	(191)
Deferred income	(19)	(19)
<b>Net assets</b>	<b>6</b>	<b>6</b>

### 27. Related party transactions

There were no material related party transactions during the year (2007: none).

### 28. Joint ventures

During the year ended 31 March 2007, THT entered into a joint venture agreement with Shoreditch Trust and Bliss Consultancy to open Acorn House Restaurant, on the site of the charity's new headquarters.

THT holds one "B" share in Acorn House Restaurant, the remaining 99 "A" shares are held by Shoreditch Trust. Under the terms of the agreement the parties can jointly control the venture, and there are procedures for such joint action. Each party to the agreement has a right to veto strategic policy decisions.

Distributable profits are split as follows: 24% THT, 48% Shoreditch Trust, 24% Bliss Consultancy. In addition, THT, together with Shoreditch Trust, can agree how the remaining 4% of profits are distributed, subject to the requirement that they are paid to a charity or person providing education relating to healthy eating and nutrition.

No amount has been recognised in these financial statements in respect of the joint venture, as this would not be material.

At the 31 March 2008, Acorn House Restaurant owed £10,000 (2007: £26,000) in respect of works paid for by THT in respect of the restaurant.

## Notes to the consolidated financial statements

For the year ended 31 March 2008

### 29. Notes to the consolidated cash flow statement

#### (a) Reconciliation of net outgoing resources to net cash inflow from operating activities

	2008 £'000	2007 £'000
Net (outgoing) resources	(59)	(11)
FRS 17 pension charge adjustment	(144)	(184)
Investment income	(9)	(9)
Bank interest received	(67)	(42)
Interest paid	283	292
Depreciation charge	444	437
Loss on disposal of other tangible fixed assets	-	10
Increase in stock	(12)	-
Net assets acquired on merger	(25)	(55)
Decrease / (increase) in debtors	120	(707)
Increase in creditors	38	794
<b>Net cash inflow from operating activities</b>	<b>569</b>	<b>525</b>

#### (b) Analysis of changes in net funds

	2007 £'000	Cashflow £'000	2008 £'000
Cash held at bank and in hand	587	147	734
Liquid resources – cash held on short term deposits	945	(365)	580
	1,532	(218)	1,314
Mortgages due within one year	(97)	(37)	(134)
Mortgages due after one year	(4,539)	220	(4,319)
<b>Net debt</b>	<b>(3,104)</b>	<b>(35)</b>	<b>(3,139)</b>

#### (c) Reconciliation of net cash flow to movement in net debt

Increase in cash	147
Cash inflow from decrease in liquid resources	(365)
Cash outflow from decrease in mortgages	183
Net debt at 1 April 2007	(3,104)
<b>Net debt at 31 March 2008</b>	<b>(3,139)</b>

# Legal and administrative details



**The charity is managed by an integrated Board supported by five sub committees and details of its operation and governance are given on page 20. Details of the current Trustees, sub committee members, the senior management and the charity's professional advisers are as follows (Membership of the Audit Committee is indicated by ‡, of the Board Development Committee by \*, of the Shortlisting Committee by #, of the Remuneration Committee by ◇ and of the Clinical Practice and Governance Committee by △):**

## Trustees

### **Simon Taylor – Chair of the Remuneration Committee \* ‡ ◇ #**

Simon has had a long career in public relations and public policy and is currently Head of Corporation Relations and Communications for Cadbury Schweppes PLC. Previously he was Head of Press and Public Affairs for the United Nations High Commission for Refugees in the UK. He has been HIV positive for twenty five years and been involved in campaigning on HIV issues since the start of the epidemic.

### **Nick Hulme – Deputy Chair of THT \* ‡ ◇ #**

Nick is currently Chief Operating Officer/Deputy CEO at Buckinghamshire Hospitals. He has extensive experience in the NHS and Social Services and was directly involved in patient care work and subsequently managing HIV services for 10 years. Nick has served as a trustee for seven years, and is now Deputy Chair of THT.

### **Lord Norman Fowler**

After a successful career in business and politics, including serving as Secretary of State for Health in 1982 when HIV was first identified in the UK, Lord Fowler was raised to the peerage in 2001. He was appointed as a trustee of THT in 2004.

### **Ian Hayes – Chair of the Audit Committee △ ‡ ◇**

Ian has been HIV and HCV Positive for more than 26 years. He is a qualified accountant with managerial experience in NHS, NGO and voluntary organisations. Currently he works as a consultant in long term conditions, self management and public involvement for a variety of bodies. He is an expert advisor to the Commission for Human Medicines and a member of the National Information Governance Board.

### **Mutsai Hove \***

Mutsai has been Chief Executive of Swindon Carers Centre, Princess Royal Trust for Carers since 2006. Prior to her move to the charitable sector she worked as a mental health portfolio worker in the NHS for over 16 years. Her last NHS employment was at Sutton and Merton Primary Care Trust where she combined clinical leadership with strategic service development work.

She was appointed a Trustee of THT in 2004.

### **Alison Gray △ #**

Alison originally hailed from the Thames Valley. After gaining a PhD in Microbiology at Liverpool University she spent 11 years teaching secondary school science, 6 in Cheshire and then 5 in Ghana, West Africa. On her return to the UK in 1994 she moved to Cardiff and since then has worked in the voluntary sector. She spent 6 years working in the field of HIV/Aids, both in Cardiff and London. From 2000 to 2002 she worked for Breakthrough Breast Cancer in London. Since January 2003 she has worked for Breast Cancer Care in Wales. Alison now lives in the Rhondda Valley.

### **Beatrice Nabulya BA DipEd \* #**

A personal and organisational coach and consultant, Beatrice was born in Uganda where she trained as a teacher, and currently works with the Sussex African Communities Project in East Sussex as well as with RestorEgo Ltd, a training agency which specialises in Health and Wellbeing, and Personal and Organisational Development. She has been a volunteer in the HIV sector since 1994, and her involvement with sexual health dates back to 1986 when she worked as Area Manager for the Family Planning Association of Uganda. She was diagnosed HIV positive in 1993. Beatrice is currently completing an MSc in Change Management at the University of Surrey, Guildford.

### **Nigel Simon \* ‡**

Nigel has more than 30 years of broad business experience, twenty of which were spent working with Gallaher Group PLC. He held a number of senior management positions at Gallaher and in 1997 was appointed to the Group Board where he served for seven years. In 2004, Nigel left Gallaher to pursue a portfolio career and now serves as a Non Executive Director on the Board of one quoted company as well as mentoring for the Prince's Trust. Nigel was appointed a non-voting trustee in November 2004 and a 'full' trustee in November 2006. He serves on the Audit and Board Development Committees.

### **Karen Willey**

Karen has over 20 years experience of working in the voluntary sector. Currently the Manager of Glasgow Equalities Partnership, she has previously worked in organisations focussed on a variety of issues including learning, disability, befriending and volunteering. Since moving to Scotland she has been involved in a range of volunteering roles including chairing a local committee overseeing the development of a multi-cultural community centre in Glasgow, spending two years as a board member of Volunteer Development Scotland and was on the Board of Phace Scotland – the organisation that merged with THT to become Terrence Higgins Trust Scotland in November 2006.

### **Dr Paula Baraitser △**

Paula trained in sexual and reproductive health and then public health. During three years developing integrated sexual health services in South London she focused on user involvement in service improvement and self management. She is an associate editor of the Journal of Family Planning and Reproductive Health Care and a founder member of an organisation that links sexual health professionals in London and the Mtwara region of Tanzania. She is about to take up a post as medical adviser to the National Chlamydia Screening Programme.

### **Dr Celia Skinner ‡ △**

Celia is the Deputy Clinical Director at Barts and the London Hospital, and is a specialist consultant in genito-urinary medicine.

#### Executive Team

##### Nick Partridge BA OBE, Chief Executive

Nick has worked for Terrence Higgins Trust since 1985 and was appointed its Chief Executive in 1991. Over the past twenty years he has been a consistent voice in the media coverage of AIDS in all its aspects. Nick was appointed a Commissioner for Health Improvement in November 1999 and more recently a Commissioner of the Health Care Commission. He is also Chair of Involve, an advisory group promoting public involvement in NHS, public health and social care research, and a member of the Department of Health Independent Advisory Group on Sexual Health & HIV.

##### Paul Ward BSc, Deputy Chief Executive

Paul worked in the NHS in South London from 1982-1996, working in Bromley Health Authority, Kings College Hospital and Lambeth, Southwark and Lewisham Health Authority, where he was Director of Corporate Business. Previously he had responsibility for commissioning HIV services in South East London. He was diagnosed with HIV in 1994 and edited the self help magazine, Positive Nation in 1996 and 1997, before moving to Terrence Higgins Trust where he is currently Deputy Chief Executive. Paul is also a non-Executive Director of South East London Strategic Health Authority.

##### Andy Munro LLB MA FCMA, Executive Director of Resources

Andy had fifteen years commercial experience prior to his appointment in 2001 and was a Trustee of the Aled Richards Trust from 1997 until its merger with THT. He is Deputy Chair of Stonham Housing Association, a Trustee of the HIV Research Trust and the independent audit committee member of the International HIV Aids Alliance. He is also a Director of Acorn House, the social enterprise training restaurant.

##### Peta Wilkinson BA MBA, Executive Director of Service Delivery & Development

Peta joined THT in late February 2004 and has previously worked in the National Health Service for fifteen years in a variety of roles that span operational management, commissioning and leadership. Peta started out in Primary Care and fund management, moved to commissioning, education and training for the Health Service in Central and East London, then to providing a leadership role as a Primary Care Group Chief Executive Officer in Stevenage and latterly as a Primary Care Trust Chief Executive Officer in Essex.

##### Genevieve Edwards BA, Director of Communications

Genevieve has worked in voluntary sector communications for fourteen years, principally in domestic and international children's charities. Most recently, she worked for Citigate Westminster on briefs for the Department of Health, the Home Office, and mental health charities, before joining THT as Corporate Head of Marketing and PR three years ago. Genevieve became Director of Communications in February 2004. In addition to advising smaller charities on marketing and communications, she is working with other domestic and international charities to influence and improve the UK's media response to, and public understanding of, HIV and sexual health issues.

##### Debbie Holmes BA, Director of Fundraising

Debbie joined THT in February 2002 as Corporate Head of Fundraising. She has been working as a fundraiser and senior fundraising manager in the voluntary sector for over 15 years. In that time she has worked for both domestic and overseas organisations within the fields of development, housing and mental health. She took up the post of Director of Fundraising in February 2004.

## Terrence Higgins Trust would like to thank the following donors

agnes b	HBOS Foundation
Annandale Charitable Trust	Home Office
Barclays	Hyde Park Place Estate Charity
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## Terrence Higgins Trust would like to thank the following statutory funders

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Barking & Dagenham PCT	Highland Sexual Health	Sandwell PCT
Bath & NE Somerset Council	Kensington & Chelsea PCT	Sandwell Social Services
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Coventry City Council	Newport Child and Young People's Partnership	Wakefield District PCT
Coventry NDC	Newport Local Health Board	Walsall PCT
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Croydon PCT	NHS Forth Valley	Warwickshire PCT
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Essex County Council	North Lanarkshire Council	Westminster PCT
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Glasgow City Council	Nottingham City Council	Woking Borough Council
Gloucestershire County Council	Nottingham City PCT	Woking PCT
Grampian Health Board	Oxfordshire County Council	Wolverhampton City Council
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Chief Executive  
Paul Ward  
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Andy Munro  
Executive Director of Resources  
Peta Wilkinson  
Executive Director of Service  
Delivery and Development  
Genevieve Edwards  
Director of Communications  
Debbie Holmes  
Director of Fundraising

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