

Trustees' Report and Financial Statements

For the year ended 31 March 2006





The Terrence Higgins Trust

Trustees' Report and

Financial Statements

for the year ended 31 March 2006

Registered Charity (Charity No. 288527)
Company limited by guarantee (Registered No. 1778149)

THE TERRENCE HIGGINS TRUST
The HIV and sexual health charity for life

THT Direct 0845 12 21 200
Comprehensive HIV information, advice and support available nationwide
Monday to Friday 10am to 10pm
Saturday and Sunday 12 noon to 6pm

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INTRODUCTION

The Trustees of the Terrence Higgins Trust (THT) are pleased to present their annual report for the year ended 31st March 2006. THT is a company limited by guarantee and is also a registered charity. Because of this, the Trustees are required by law to prepare this annual report and publish the full accounts. Since its inception in 1982, THT has been governed by a principle of openness: it was the first charity to advertise in the national press for trustees, two thirds of the trustees are elected and we consult widely on our strategy and direction. Continuing this theme, the Trustees' Report has been further expanded this year to include details of what lies beneath the numbers and to explain better what we do. All of the pages of this report have also been included within the legal document which means that our auditors have reviewed both the narrative and accounts. 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. We hope you find the report helpful.

MISSION AND PRINCIPAL ACTIVITIES

Our mission is to reduce the spread of HIV and promote good sexual health, provide services which improve the health and quality of life of those affected and campaign for greater public understanding of the personal, social and medical impact of HIV and AIDS.

Based on this mission the principal activities of THT during the year were:

- Health Promotion, through which we provide HIV and sexual health promotion and testing programmes and material throughout the United Kingdom. These are delivered both nationally and locally within the UK and aim to reduce the spread of HIV and STIs, and reduce incidences of undiagnosed infection.
- Care and Advice, where we run care and support services for people infected with, and affected by, HIV and AIDS, by providing advice, information and advocacy about HIV and AIDS. We provide these services through nineteen local centres and through THT Direct, a telephone based information and advice service covering the United Kingdom.
- Campaigning, Lobbying and Advocacy, where we have campaigned on issues relating to HIV and AIDS throughout the United Kingdom and, through the Positive Lives photographic exhibition, across the world.

To demonstrate how we have worked towards these activities the financial statements (or accounts) have been analysed to show how much income has been received, and how much has been spent, on each of these areas. Full details of these amounts are given in the Statement of Financial Activities (SOFA) on page 21, but in summary, the amounts spent in each area were:

Area of principal activity	Amount spent in 2005/06	Amount spent in 2004/05	Increase/ (Decrease) from 2005 to 2006	% Increase/ (Decrease) from 2005 to 2006
Health Promotion	£4,725,000	£4,418,000	£307,000	6.9%
Care and Advice	£6,146,000	£5,896,000	£250,000	4.2%
Campaigning, Lobbying and Advocacy	£341,000	£330,000	£11,000	3.3%
Governance costs	<u>£35,000</u>	<u>£94,000</u>	<u>(£59,000)</u>	<u>(62.8%)</u>
Total resources expended	12,813,000	£12,202,000	£611,000	5.0%

CONSTITUTION AND GOVERNANCE

THT is governed by a written constitution. Because the charity is a company limited by guarantee, this constitution is contained within the company's Memorandum and Articles of Association. These are filed with both Companies House and the Charity Commission and are public documents. (If you would like to see them, they are available on our website.) For convenience, the objects clause is:

The object of the Company is 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.

The constitution requires that the Trustees of THT are its Directors for Companies Acts purposes. There are nine such trustees, six of whom are elected by the charity members of THT. Charity membership is open to anyone who supports our aims and objectives. Trustees, who are unpaid, must be charity members. Upon election Trustees undergo a formal induction to the charity, the content of which is reviewed annually. In electing its trustees, THT is guided by the principle of maintaining a balanced, skills based Board who collectively have the range of experience necessary to lead the charity. The Board is supported in its work by the Chief Executive and an Executive team who are responsible for the operational management of the charity. In practice, the Trustees and Executive team operate as one integrated Board. Brief profiles of the Trustees and of the Executive and Senior management teams are given on pages 53 to 56.

The Board is also supported through the work of five Board Committees:

- Audit Committee, which is responsible for appointing the external auditors, reviewing THT's accounts and financial controls, and reviewing the Trust's 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 any 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. Brief profiles of the lay members are given on page 54.

CONSTITUTION AND GOVERNANCE (continued)

The work of the charity is also assisted by a network of stakeholder and patient groups, and by a range of consultation programmes. In particular, the direction of THT is informed by a triennial public consultation exercise designed to seek views on the proposed strategy. The current programme, 'Making an Impact' covers the period April 2005 to March 2008. It was developed after widespread consultation with people using services, doctors, politicians and funders.

EVALUATING MAKING AN IMPACT

THT consults widely on the development of its strategy, and publishes the output. This year, 2005/06, was the first year of the current strategy, 'Making an Impact'. The previous strategy 'Putting People First' was evaluated in detail in last year's Trustees' Report.

Making an Impact sets the strategy for the period 2005-2008, and during this time we predict that there will be:-

- Around 100,000 people living with HIV in the UK by 2008. It is likely that the majority of people infected with HIV in the UK will continue to be gay men, and the majority of people diagnosed with HIV in the UK will be heterosexual, with most having been infected in Africa.
- A potential increase in the number of people dying with HIV, dependent on access to HIV treatment for migrant communities.
- Sexually transmitted infections (STIs) will continue to reach record levels, especially among young people, LGBT, and people from black and minority ethnic communities.
- Public services will continue to be overwhelmed by demand, and unable to cope with the scale of HIV or sexual health needs.
- The social environment is likely to continue to be unsupportive to HIV and sexual health, and to the people most affected by them.
- Financial support for HIV and sexual health services is unlikely to keep pace with the increase in need and demand for these services.

In response to this our vision is that by 2008 THT will be delivering a broader range of modern services to meet the increasing and changing needs of people affected by or at risk of HIV and sexual ill health. People seeking services will have a choice of where and when to use them through our increasing partnerships with the NHS.

We will also have developed and extended our health promotion services to help reduce new HIV and STI infections among communities in need. We'll be doing this with the involvement of people using our services, and in partnership with a range of organisations in the public, voluntary and commercial sectors.

At the same time, we'll have further strengthened our campaigning and profile-raising work to achieve greater public and political understanding and support for the issues, and to continue to champion the rights of people living with and affected by HIV and sexual ill health. We'll be working at the heart of partnership networks to shape current debates and influence future policy and practice.

Lastly, we'll have worked hard to increase financial support for HIV and sexual health from donors and from funders, and will have strengthened THT's financial and organisational health to safeguard services into the future.

EVALUATING MAKING AN IMPACT (Continued)

To achieve the vision, we propose:

- To strengthen and expand the UK's response to the growing HIV epidemic and growing levels of sexual health need by developing the charity's services and by working with and supporting other agencies.
- To maximise public and political support for HIV and sexual health as a cause.
- To ensure THT remains a strong and sustainable organisation to safeguard its leadership contribution to HIV and sexual ill health.

The detailed steps taken during the year to achieve these three objectives are set out in the Year in Overview below.

THE YEAR IN OVERVIEW

Developing services to reduce the numbers of people with undiagnosed HIV or STIs.

THT expanded its community based STI and HIV testing services such that, by the end of the year, these were provided by the majority of THT's service centres.

An external evaluation of THT's community STI & HIV testing services was carried out which showed that these services were valued by people using them and which showed that they were effective in helping reduce levels of undiagnosed HIV & STIs.

A popular community outreach clinic was opened in Guildford, Surrey, to coincide with the running of HIV outpatient clinics at the local GUM department, and services were moved from the Staines office to a new centre in Woking, to improve access to services, and provide a better environment for people using those services.

Due to the success of the charity's work in Huntercombe Young Offenders Institute, the Oxford centre was asked by the North Oxfordshire PCT partnership to provide sexual health sessions in HM Prison Bullingdon at the end of the year.

In Yorkshire, the charity was awarded its first ever contract to deliver a locally enhanced service to students in Leeds. The new Fastest service will provide STI testing and treatment from the University campus from August 2006.

Developing our social care services for people with HIV, including providing support as far as we are able to people who may not in the future be eligible for government support

2005/06 saw increasing numbers of people with HIV with social care need. In response to this THT increased its levels of social care provision with new services being established in Telford.

The charity relaunched its website, making it easier for visitors to find the information they need, search for local services, contact THT Direct, and get involved with the charity in a number of ways. Visitors to the site increased four-fold to about one million a year, with the numbers of visitors from overseas also up markedly.

Better integrating our services with those provided by the NHS and by other community organisations in order to provide seamless service for people using them

2005/06 saw THT sustain its working with NHS providers to ensure a seamless service for people with HIV.

THT Cymru operated one-stop shop clinics simultaneously in Newport, Cardiff and Swansea GUM departments, which meant having access to, and providing services for, the majority of people living with HIV in Wales, and the Coventry centre was awarded a new contract to provide advice services at the local GUM clinic.

Developing new approaches to empower people with HIV and people with STIs to take greater responsibility for their own health

During 2005/06 THT developed new HIV expert patient programmes and began to increase the number of local services in which these services are delivered

THT's national office in Cardiff hosted the Welsh Assembly's first 'disease-specific' expert patient programme, which one attendee said had been life-changing.

THE YEAR IN OVERVIEW (continued)

Counselling services continued to flourish with tailored sessions such as African Emotion Support, Healthy Gay Living and 16-25 youth counselling being offered across the charity.

During the year THT began undertaking screening for Hepatitis C in one of its local centres and began to include Hepatitis C within its national health promotion work. In addition THT established a strategy to inform the future development of its services for people with Hepatitis C

Influencing and supporting the work of other organisations to strengthen their response to the HIV epidemic and growing levels of sexual health need

THT continued to work in partnership with over 40 other HIV and sexual health voluntary organisations and continued to provide service support to many of these

Developing the charity's safe sex campaigns to promote good sexual health

During 2005/06 THT has undertaken three major national campaigns to promote good sexual health – these were on sero-discordant relationships, condom use promotion and post exposure prophylaxis (PEP).

THT has delivered a range of local sexual health promotion and HIV prevention work across England & Wales

THT launched the Ajamu Project for young black people in east London, and recruited Community Mobilisers for Harambee, an outreach project that aims to raise awareness of HIV and sexual health among African men in south London. With a grant from Lambeth Youth Service, the charity provided a mentoring and family liaison project for lesbian, gay and bisexual young people from African and Caribbean communities, and launched a new NRG youth service in the London Borough of Croydon, which includes a weekly drop in group and an outreach and referral service in Croydon College.

Following the success of the Community HIV and AIDS Prevention Strategy Post Exposure Prophylaxis (PEP) pilot in 2004, the PEP awareness campaign was expanded across England and Wales. The charity began work to raise awareness of the dangers of the drug crystal meth, and launched an STI campaign for gay men which was later adapted for use with the general population.

The Health Promotion Team ran the 9th Annual CHAPS conference, bringing gay men's health promotion specialists together for an event that 78% of attendees now agree is a key event in their calendar.

Increasing support for the cause through our influencing work with the general public and key groups interested in HIV and sexual health

The charity had a considerable impact at the NHS Confederation conference, and its policy briefings on the 48 hour access target and achieving a reduction in the incidence of gonorrhoea were highly appreciated. An intense programme of lobbying work to have sexual health included on the list of national health priorities was successful.

The charity increased its proactive and reactive media coverage, and had its highest impact World AIDS Day. Pop star Dannii Minogue became Young People's Ambassador to raise the profile of sexual health and HIV issues with this vital audience.

During the year THT continued to strengthen its work with the media such that it had its highest ever recorded media profile in promoting sexual health and HIV

THE YEAR IN OVERVIEW (continued)

Strengthening political relationships and policy work through parliamentary and government networks

The charity ran the second most successful pledge campaign of the General Election with seventy MPs pledging to fight HIV stigma including the new Health Secretary and candidates for the Conservative leadership.

Strengthening our fundraising by building sustainable fundraising activities and optimising new opportunities

THT continued to strengthen its fundraising work such that it raised £4,413,000 during the year. There was particularly strong performance in both individual and institutional giving.

During the year, the charity raised more money than ever before to support its services across England and Wales. Highlights of the fundraising year included Simon Callow representing THT for the BBC Radio 4 appeal, and London Marathon runners raised £43,000 – the highest total yet. The Direct Marketing programme was expanded in line with the strategy to increase the number of supporters and committed donors to the charity, and the Art ANON event raised £60,000. There were more requests for World AIDS Day packs than in previous years, and Topshop repeated their successful celebrity shopping night in store on 1st December. The Lighthouse Auction and Stephen Fry's Friends for Life Gala Dinner events were extremely successful with both evenings raising more money than in previous years.

Strengthening THT's work in championing and defending the rights of people with HIV and people with STIs and those at risk of them

THT undertook considerable work on criminal prosecutions for the transmission of HIV, including seminars, talks, training, an awareness campaign for people with HIV, and had negotiations with the Crown Prosecution Service, Metropolitan Police, Association of Chief Police Officers (ACPO) and Home office. It gave advice to a number of people under investigation or involved in court cases. It also published research on the state of sexual health services which garnered considerable media and sectoral comment and a focus upon PCT funding.

Using media and appropriate networks to develop an increased organisational emphasis in support of work to combat the European and global HIV pandemic and tackle the hostility and prejudice facing many African people and migrants with HIV in the UK

THT's e-campaigners were active on the HIV/AIDS strand of the G8 meeting for several months, and the charity was one of only 24 groups invited to have a stand in Hyde Park to inform the audience at Live 8, where over 500 new campaigners signed up to support the charity. THT also presented three seminars in Edinburgh linking the global pandemic to HIV in the UK. The G8 leaders built on the summit's successes by pledging that basic combination therapy will be available to everyone who needs it by 2010.

The photographic exhibition, Positive Lives, was opened in Shanghai by Wang Long, Minister of Health, People's Republic of China, on 12 June. The exhibition received exceptional national media coverage after a worrying period while official sanction was delayed. Once this was received, TV and newspapers used the exhibition as a springboard for covering a wide range of Chinese HIV/AIDS issues.

Continuing to improve the value for money we provide to funders and to the people we serve.

After thorough and careful monitoring, THT ended the year within budget, and having increased its turnover by £458,000 (after adjusting for the proceeds of the sale of the property and for income to the pension scheme). This enabled it to help more than 50,000 living with or affected by HIV, or with sexual health needs during the year.

THE YEAR IN OVERVIEW (continued)

Continuing to ensure the charity works well and efficiently; and works to a high standard

The charity strengthened its management systems and developed a Balanced Scorecard to monitor performance. It transferred all offices to a new IT network, and upgraded its BACS system for payments and donations. THT developed and implemented an Organisational Development Programme and carried out Rights and Responsibilities Framework workshops for all staff.

Continuing to support staff and volunteers to maximise their contribution to the work of the charity and the cause

The Estates Team started the considerable project of relocating and refurbishing the charity's new headquarters in London. This work was completed on schedule and well within budget later in 2006 and provides a pleasant, safe and modern environment for staff, volunteers and service users. Refurbishment work was also undertaken in Bristol, Brighton and the SW5 project in London, the Birmingham office was relocated to improved premises, and new offices were opened in Woking and Telford.

REVIEW OF FINANCIAL STATEMENTS

SORP 2005

In common with all charities and limited companies, THT has to prepare its accounts in accordance with the rules laid down by the government and regulators, and the independent auditors check to ensure these rules have been followed. Details of the work they do is given in their report on page 19.

The main rules for charities' accounts are set out in the Statement of Recommended Practice (SORP) 2005. This is the first year in which the application of the rules set out by SORP 2005 have been mandatory, but THT adapted them on a voluntary basis last year and, therefore, this year both the 2006 and 2005 figures have been prepared on a consistent basis.

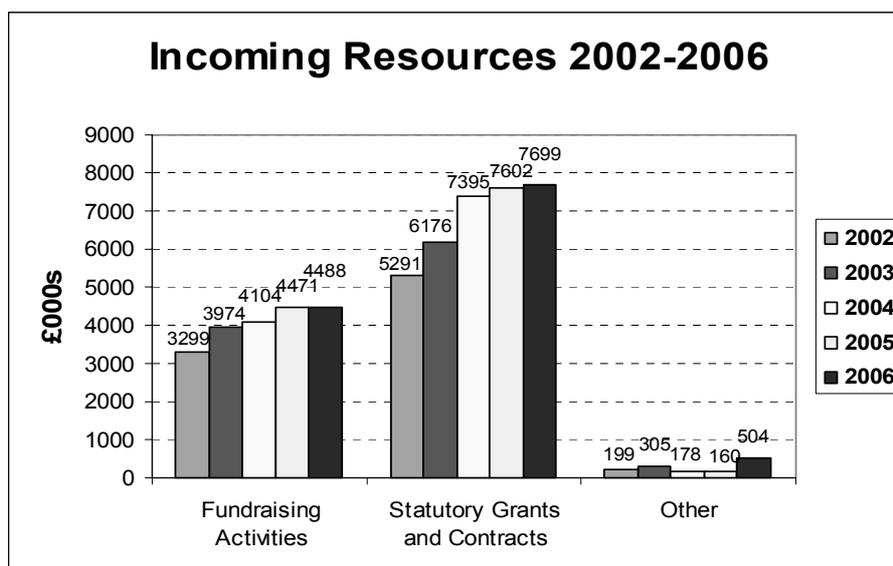
In addition, the 2004 figures were restated last year, and therefore where trends are presented in graphical form all data since 2004 is prepared on a SORP 2005 basis. Prior to that data has been prepared using SORP 2000, although the Trustees are satisfied that the trends remain as described and are not affected by the changes in accounting rules.

The Financial Statements or 'accounts' are prepared as at the 31st March each year and provide details of the assets, liabilities and reserves on that date, and also an overview of the financial activities for the period since the last accounts were produced. The two key statements are the Consolidated Statement of Financial Activities for the year ended 31 March 2006, which is shown on page 21, and the Group Balance Sheet as at 31 March 2006 on page 22. The words 'Consolidated' and 'Group' simply mean that the accounts include the results of the charity's trading subsidiary, Terrence Higgins Enterprises Ltd, which is also discussed later in more detail. The commentary follows the order of the full financial statements.

REVIEW OF FINANCIAL STATEMENTS (continued)

Consolidated Statement of Financial Activities (SOFA)

Total incoming resources for the charity increased by 4% to £12,691,000 after factoring out last years one off gain and income to the pension scheme (2005: 5% increase to £12,233,000). The following graph shows how this was achieved:



A review of the SOFA shows that THT received income from a variety of sources, but the most significant areas were Voluntary income £3,722,000, Activities for generating funds £691,000 and Statutory Grants and Contracts which totalled £7,699,000. Statutory Grants and Contracts have been analysed into the charity's main areas of activity for clarity and further details of each of these amounts are given in the notes. In addition to the totals all amounts are split between restricted funds – where the originator has specified on what the monies must be spent, and unrestricted funds where the originator has given the charity discretion.

The figure for other income of £504,000 excludes income generated from the surplus on the pension scheme as calculated under FRS17. Including this, other income was £655,000 (2005: £392,000).

This layout of restricted, unrestricted, notes and comparatives is common to the key financial statements.

A brief commentary on the most significant areas of the SOFA is as follows: (the wording in bold is taken from the SOFA and can be related back to it).

Voluntary income and Activities for generating funds totalled £4,413,000, maintaining a solid performance against previous years (2005: £4,439,000)

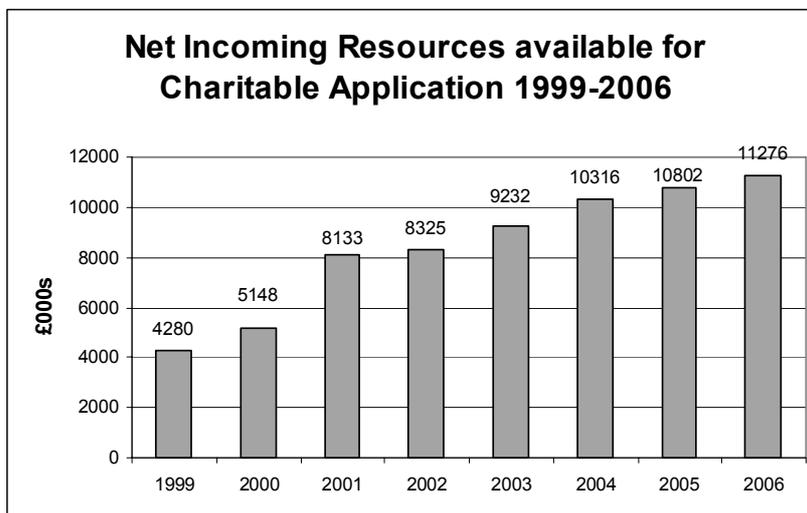
Over the same period the **Total costs of generating funds** increased by 7% in what remains the most difficult of fundraising environments.

Income from **Statutory grants and contracts for charitable activities** continued to hold up well, increasing by 1.3% to £7,699,000 on the strength of organic growth. (Further details are available on pages 50 to 52).

Last year, the **Net gain from the sale of fixed assets** of £1,349,000 represented the increase in value realised by the sale of the charity's freehold property in Grays Inn Road. It was a 'one-off' gain which has been used to help finance the purchase of replacement premises.

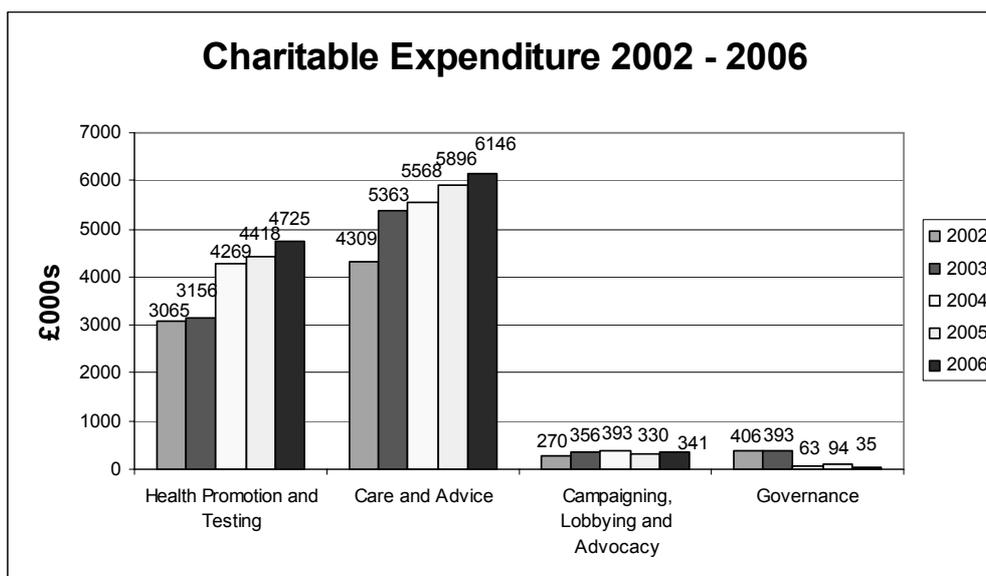
REVIEW OF FINANCIAL STATEMENTS (continued)

Net incoming resources available for charitable application are £11,276,000, another increase of 5% after last year's one off gain has been factored out. A summary of the past eight years is provided in the following graph:



There are two main underlying reasons for this growth. Firstly, the development of new services has frequently led to the award of new contracts. A good example of this would be THT Direct which now receives central and local government funding as well as voluntary income. Secondly, the turnover now includes the maintenance and expansion of services previously provided by organisations that have merged with THT.

Charitable expenditure increased by £509,000 (5%) to £11,247,000 during the year, continuing a trend which has seen a rise of 40% over the past four years. The following graph demonstrates how this money was spent by analysing the expenditure against the main aims of the charity's mission:



The formula for calculating governance costs has been newly created by SORP 2005, and is strictly define, and in particular does not include, for example, insurance costs without which comparison with earlier years is difficult. Overall, governance costs have remained under 1% since SORP 2005 was adopted.

REVIEW OF FINANCIAL STATEMENTS (continued)

Consolidated Balance Sheet and Reserves

The sale of 52-54 Grays Inn Road, and the purchase and refurbishment of new premises at 314-320 Grays Inn Road, have had major impacts on the **Balance Sheet** for both this year and last.

In 2005, **Tangible fixed assets** reduced from £5,406,000 in 2004 to £4,716,000 reflecting the sale of the old building and its leaseback. During the current year new premises were purchased and these are reflected in the **Tangible fixed assets** figure of £11,206,000.

The new premises were in need of substantial refurbishment. This was achieved to time and budget at around 40% of the cost of a traditional office makeover. It included generous help from a number of partners for which the charity is very grateful. To fund the purchase and refurbishment two loans were secured and the second of these, for £1,250,000, was not drawn down until April 2006, payments to the contractors being made from the charity's cash reserves. This policy sought to ensure the lowest possible interest charge, but presentationally, this distorts the figure for **Net current assets** which is negative at year end, awaiting the drawdown from the loan.

The property transactions also explain the significant movements between 2005 and 2006 in **Debtors** (sale proceeds awaited in 2005 now received), **Cash held as deposit** (used to pay contractors) and **Creditors: amounts falling due after 1 year** (the increase in which reflects the main financing).

The high proportion of property fixed assets influences the whole of the balance sheet. However, in addition to providing a base from which to operate, the buildings also provide stability and a hedge against rent increases. The property portfolio also provides the cornerstone of the charity's reserves policy.

The charity also needs premises from which to deliver services, and where possible these should be easily accessible to local clinical services and near to the centres of the epidemic. The two newer Lighthouse buildings are a few minutes walk from specialist HIV facilities at St Thomas' and Kings College Hospitals in areas where suitable buildings to rent are not easy to find. All too often landlords will not rent to a charity working with HIV.

The growth of THT and the merger of many similar organisations means that a heavy responsibility sits upon THT to ensure services are maintained. Without THT it is not clear from where the services provided would be delivered in the future. Against this need THT continues to operate in a difficult funding environment, and, accordingly, the Trustees have taken the view that the charity's unrestricted reserves should be sufficient to finance a range of between 3 to 6 months operational expenditure. This year, **Unrestricted Reserves** increased by £326,000 to £4,694,000 representing 4.4 months operational expenditure on an increased turnover of £12,842,000 (2005: 4.2 months).

In an uncertain environment the reserves are intended to allow the charity flexibility and the buildings provide this: in case of extreme need they could be used as security to raise money. However, the financing and repayment of any such loans would impact adversely on services. These fixed assets therefore represent a balance designed to provide long term stability whilst delivering a key operational capacity. They should not be regarded as available for distribution in the normal conduct of the charity.

Notes to the Financial Statements

In addition to the main **SOFA** and **Balance Sheet** there are also a number of notes. These provide additional information in support of the main figures and form part of the accounts. The following narrative is designed to explain some of the more important notes.

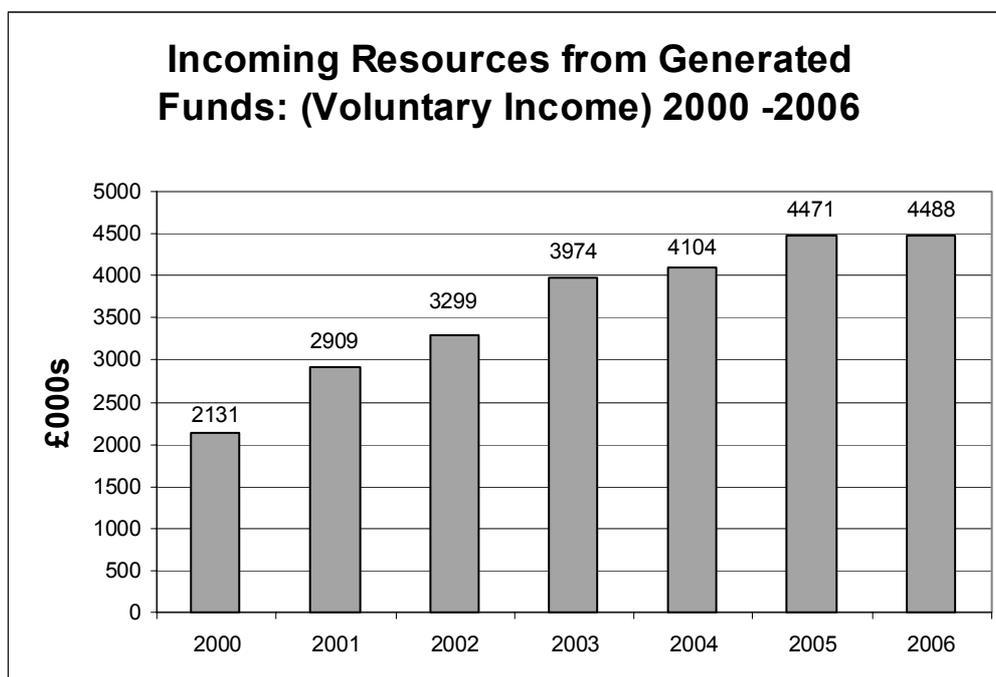
REVIEW OF FINANCIAL STATEMENTS (continued)

Principal Accounting Policies

Note 1 sets out the key assumptions used in preparing the accounts. It provides information which is necessary to undertake a detailed analysis of the figures.

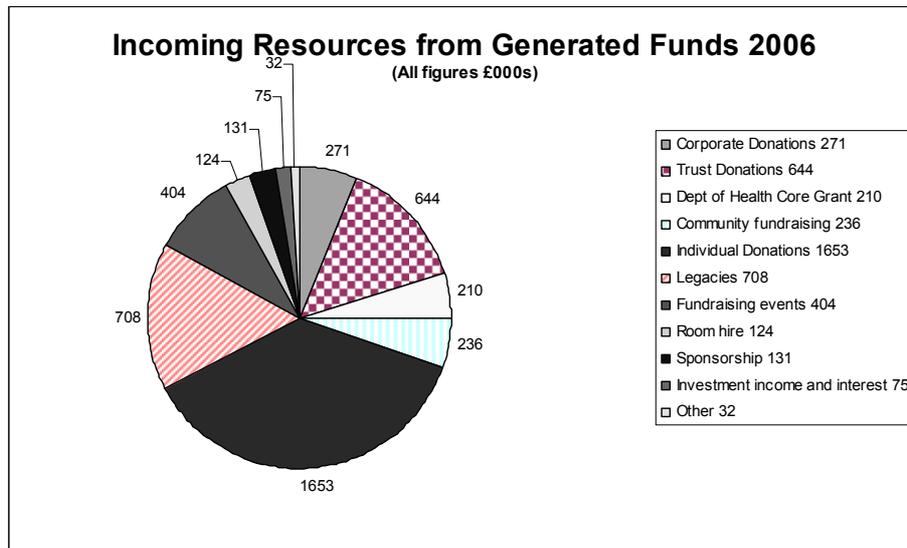
Incoming Resources from generated funds

Year on year, 'fundraised' income has increased by £27,000 (1%) to £4,488,000 maintaining the underlying trend in support of the charity's mission, as summarised in the following graph.



The ratio of the **Cost of generating funds to Generated funds** at 35% is broadly in line with the average of 34% over the previous five years. In absolute terms this continues to emphasise that HIV remains the most unpopular, and hence difficult, cause for which to raise voluntary income. As a sector, HIV is repeatedly the least popular charitable giving cause as identified by the Charities Aid Foundation (CAF) and our most recent ICM survey in August 2003 highlighted that 83% of people would not give to HIV.

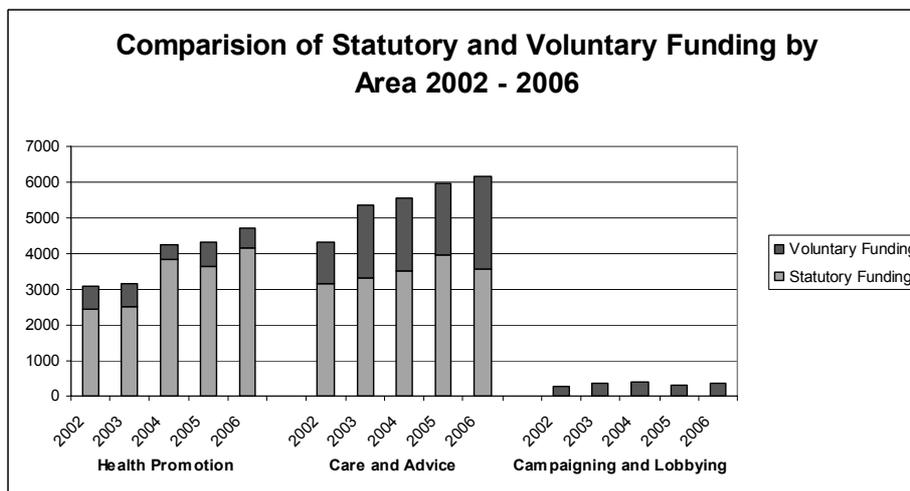
An analysis of Incoming Resources from generated funds in 2005/06 is as follows:



Statutory Grants and Contracts for Charitable Activities

Funding through Statutory Grants and Contracts for Charitable Activities increased by a net £97,000 to £7,699,000, up 1% from £7,602,000 in 2005, reflecting both cutbacks in health service funding and the winning of new contracts.

In common with most voluntary organisations, many of the statutory contracts do not cover their true cost, and the following graph highlights the proportion of statutory and voluntary funding in each of the main areas of charitable activity.



The need for THT to retain control of the agenda for the scope and quality of services is key, and without the ability to utilise voluntary income, the choice of which services would and would not be commissioned would belong solely to government. However, it is also important that voluntary income is not used to subsidise government and THT has been working with DoH and commissioners to achieve progress towards full cost recovery. Over the four years 2001/04 the average ratio was 38.5% voluntary: 61.5% statutory. This improved in 2005 to 35% to 65% and again this year to 31% to 69%

REVIEW OF FINANCIAL STATEMENT (continued)

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.

POST BALANCE SHEET EVENTS

The accounts are prepared as at 31st March 2006, but take time to complete and major events which have occurred since that date have to be disclosed here. Since that date, THT has completed the refurbishment of its new premises at 314-320 Gray's Inn Road and relocated on 22nd May 2006. The previous premises at 52-54 Gray's Inn Road, which since their sale in 2005 had been occupied under a lease, were handed back on 31st May 2006 and all further liabilities in respect of those premises have now ceased.

To help fund the refurbishment of the building, a loan of £1,250,000 was agreed which was drawn after the year end. Further details of this are provided in note 25 to the accounts.

SUBSIDIARIES

Details of the subsidiaries of THT are set out in note 28 to the financial statements.

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. The Trustees believe this is the most appropriate investment given the size of the portfolio and the level of risk they wish to take. The recovery in the London Stock Market has increased the value of these funds to £227,000 (2005: £197,000) as at 31 March 2006. The change in value has been accounted for in accordance with SORP 2005.

RESTRICTED INCOME FUNDS

THT operates a number of funds, the use of which is limited as specified by donors or the appeal through which they are raised. Details of the funds are set out in note 21 to the financial statements.

VOLUNTEERS, EMPLOYEES AND SUPPORTERS

Around 853 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 its volunteers during the year is estimated at £2,900,000.

THT also relies on the work and commitment of its 326 paid staff. The charity is particularly grateful for the continued loyalty of its staff during another challenging and difficult year. THT recognises UNISON for the purposes of collective bargaining. THT continues its commitment to equal opportunities and to good staff relations.

THT is grateful to numerous other supporters who continue to give much help and encouragement.

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 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.

TRUSTEES

In accordance with the Charity's constitution trustees routinely retire and consequently, each year, a number of the trustees are replaced. Details of all of the current trustees, together with a short profile, are given on page xx but the Companies Acts require that details of all trustees who served during the year are provided and these are listed below:

David Wakefield (Chair)
John Bedford (Deputy Chair)
Dr Michael Brady (retired and re-elected 26th November 2005)
Frances Chinemana (retired 26th November 2005)
Lord Norman Fowler
Alison Gray
Mutsai Hove
Nick Hulme (retired 26th November 2005)
Beatrice Nabulya (elected 26th November 2005)
Dr Anton Pozniak
Simon Taylor (appointed 26th November 2005)

AUDITORS

Buzzacott have expressed their willingness to continue in office and a resolution to re-appoint them 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 19th July 2006.



David Wakefield
Chair

Report of the independent auditors to the Trustees of Terrence Higgins Trust Limited

We have audited the accounts on pages 21 to 57 which have been prepared under the historical cost convention, as modified by the inclusion of investments at market value, and the accounting policies set out on pages 24 to 26.

This report is made solely to the charity's trustees, as a body, in accordance with Section 43 of the Charities Act 1993 and with regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees, as a body, 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 charity and the charity'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

As described on page 17, the trustees, who are also the directors of Terrence Higgins Trust for the purposes of company law, are responsible for the preparation of the trustees' report and accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the accounts 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 accounts give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the trustees' report is not consistent with the accounts, if the charity 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 transactions with the charity is not disclosed.

We read other information contained in the trustees' report and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

Basis of 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 accounts. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the accounts, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts 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 accounts.

Opinion

In our opinion the accounts:

- ◆ give a true and fair view of the charity's state of affairs as at 31 March 2006 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended;
- ◆ have been properly prepared in accordance with the Charities Act 1993; and
- ◆ the information included in the trustees' report is consistent with the accounts.



Buzzacott
Chartered accountants and registered auditors
12 New Fetter Lane
London
EC4A 1AG

19 July 2006

THE TERENCE HIGGINS TRUST
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 March 2006

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2006 £'000	Total 2005 As restated £'000
INCOME AND EXPENDITURE					
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	2,863	859	3,722	3,787
Activities for generating funds	3	604	87	691	652
Investment income	4	75	-	75	32
Statutory grants and contracts for charitable activities					
Health promotion	5	3,239	915	4,154	3,638
Care and advice	5	1,823	1,722	3,545	3,964
		-			
Other incoming resources from charitable activities	6	645	10	655	392
Net gain from disposal of freehold land and buildings	7	-	-	-	1,349
Total incoming resources		9,249	3,593	12,842	13,814
Less cost of generating funds					
Cost of generating voluntary income	8	1,305	-	1,305	1,156
Fundraising trading: cost of goods sold other costs	9	261	-	261	308
Total costs of generating funds		1,566	-	1,566	1,464
Net incoming resources available for charitable application		7,683	3,593	11,276	12,350
CHARITABLE EXPENDITURE					
Health promotion	10	3,491	1,234	4,725	4,418
Care and advice	10	3,850	2,296	6,146	5,896
Campaigning, lobbying and advocacy	10	275	66	341	330
Governance costs	11	35	-	35	94
Total resources expended		9,217	3,596	12,813	12,202
Net incoming/(outgoing) resources	12	32	(3)	29	1,612
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES					
Unrealised gains		-	30	30	13
Actuarial gains/(losses)		294	-	294	(190)
Net movement in funds		326	27	353	1,435
Funds at the start for the year as reported		4,305	2,886	7,191	5,880
Prior year adjustment		63	138	201	77
Funds at the start of the year restated		4,368	3,024	7,392	5,957
Total funds carried forward		4,694	3,051	7,745	7,392

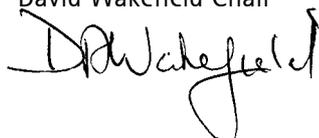
All of the above results are derived from continuing activities. There were no other recognized gains or losses other than those stated above. Movements in funds are disclosed in Note 21 to the financial statements.

THE TERENCE HIGGINS TRUST
CONSOLIDATED BALANCE SHEET
For the year ended 31 March 2006

	Notes	2006	2006	2005	2005
		£'000	£'000	As restated £'000	As restated £'000
FIXED ASSETS					
Tangible assets	15		11,206		4,716
Investments	16		227		197
CURRENT ASSETS					
Stocks	17	-		11	
Debtors	18	807		3,334	
Cash held as short term deposits		-		800	
Cash at bank and in hand		712		867	
		1,519		5,012	
CREDITORS: amounts falling due within one year	19	(2,363)		(2,094)	
Net current (liabilities) / assets			(844)		2,918
Total assets less current liabilities			10,589		7,831
CREDITORS: amounts falling due after more than one year	20		(3,384)		(469)
Net assets excluding pension asset			7,205		7,362
Pension Asset			540		30
Net assets including pension asset			7,745		7,392
FUNDS AND RESERVES					
RESTRICTED FUNDS					
Permanent endowment	21	227		197	
Income funds held as					
Tangible fixed assets	21	2,691		2,715	
Other	21	133		112	
Total restricted funds			3,051		3,024
UNRESTRICTED FUNDS					
Expenditure funds	21	4,148		2,890	
Tangible fixed assets (net of mortgages)	21	-		1,442	
Subsidiary company	21	6		6	
Pension fund	21	540		30	
Total unrestricted funds			4,694		4,368
Net assets			7,745		7,392

The financial statements on pages 21 to 57 were approved by the Board on 19 July 2006 and signed on their behalf by:

David Wakefield Chair



THE TERRENCE HIGGINS TRUST
CONSOLIDATED CASHFLOW STATEMENT
For the year ended 31 March 2006

	Notes	2006 £'000	2006 £'000	2005 As restated £'000	2005 As restated £'000
Net cash inflow / (outflow) from operating activities	32(a)		2,913		(1,541)
Return on investments and servicing of finance					
Investment income		8		9	
Bank interest		67		23	
			75		32
Capital expenditure and financial investments					
Proceeds from sale of tangible fixed assets		-		2,126	
Payments to acquire tangible fixed assets		(6,858)		(267)	
Net cash (outflow) / inflow before management of liquid resources and financing			(3,870)		350
Management of liquid resources					
Decrease in short term deposits	32(b)		800		140
Reduction in Overdraft			-		(7)
Financing					
Capital repayments of secured loan			(85)		(86)
Additional loan finance			3,000		-
(Decrease) / Increase in cash	32(b)		(155)		397
Cash resources brought forward	32(b)		867		470
Cash resources carried forward	32(b)		712		867

1. PRINCIPAL ACCOUNTING POLICIES

In preparing these accounts, standard accounting regulations have been followed. Because each company and charity is different there is some flexibility in the methods that can be used to apply some accounting regulations. The purpose of the accounting policies that follow is to explain how certain accounting standards have been applied in these accounts.

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 a valuation.

The accounts format is in keeping with the principles expressed in SORP 2005 to disclose resources received and expended on all funds. Consolidated accounts have been prepared on a line by line basis in accordance with SORP 2005. However, no separate income and expenditure account for the charity has been presented as permitted by section 230 of the Companies Act 1985.

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 they are not included, but only the income raised at the events.

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 expended in a future accounting period.

Legacies are included in the Statement of Financial Activities 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

In the Statement of Financial Activities, resources expended are classified under the principal categories of charitable expenditure and the cost of generating funds, rather than the type of expense, in order to provide more useful information to users of the financial statements. A breakdown of each principal category is provided in notes 8, 9, 10 and 11.

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

PRINCIPAL ACCOUNTING POLICIES (continued)

Fundraising and publicity costs include the costs of promoting the charity and the costs of the annual report. Governance costs are those incurred in connection with the management of the charity's assets, organisational administration and compliance with constitutional and statutory requirements, such as auditors' fees. Allocated support costs are shown separately in notes 8, 9, 10 and 11.

f) Pension costs

The charity contributes to a defined benefits 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 in recognised gains and losses for the period.

Contributions to defined benefit schemes are charged to the Statement of Financial Activities so as to spread the cost of pensions over employees' working lives.

Contributions to defined contribution schemes are charged to the Statement of Financial Activities in the year in which they are incurred

g) Tangible fixed assets

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.

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
Motor vehicles	25% on cost
Computer equipment	25% on cost

No depreciation is charged on freehold land.

h) Investments

Investments listed on a recognised stock exchange are stated at market value. It is THT's policy to keep valuations up to date such that when investments are sold there is no gain or loss arising. As a result the Group Statement of Financial Activities only includes those unrealised gains and losses arising from the revaluation of the investment portfolio throughout the year. The analysis of investment losses and gains is found in note 16.

Investments in subsidiary companies are stated at cost.

PRINCIPAL ACCOUNTING POLICIES (continued)

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) Liquid resources

Liquid resources comprise short term deposits held with United Kingdom banks.

k) Fund accounting

The net assets held by the charity are categorised into several different funds.

Expendable or general funds are those available for use, at the discretion of the trustees, in furtherance of the general objectives of THT.

Designated funds comprise funds that are expendable, but which have been set aside by the trustees for specific purposes.

Restricted funds, including funds deriving from appeals organised by THT, are funds subject to specific restrictive conditions imposed by donors or by the purpose of the appeal.

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

Further information on the different funds is given in note 21.

THE TERRENCE HIGGINS TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2006

2. INCOMING RESOURCES FROM GENERATED FUNDS: VOLUNTARY INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2006 £'000	Total 2005 £'000
Corporate donations	118	153	271	174
Trust donations	72	327	399	523
Community fund	-	245	245	169
Department of Health core grant	210	-	210	265
Community fundraising	185	51	236	268
Individual donations	1,623	30	1,653	1,871
Voluntary income before Legacies	2,208	806	3,014	3,270
Legacies	655	53	708	517
Total voluntary income	2,863	859	3,722	3,787

For a list of some of the voluntary grants and donations received during the year ended 31 March 2006 by donor, refer to note 33.

3. INCOMING RESOURCES FROM GENERATED FUNDS: ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds £000	Restricted Funds £000	Total 2006 £000	Total As restated 2005 £000
Fundraising events	404	-	404	405
Room hire and catering	124	-	124	42
Sponsorship, sales and cause related marketing	44	87	131	201
Other	32	-	32	4
Total activities for generating funds	604	87	691	652

THE TERRENCE HIGGINS TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2006

4. INCOMING RESOURCES FROM GENERATED FUNDS: INVESTMENT INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2006 £'000	Total As restated 2005 £'000
Investment income	8	-	8	9
Bank Interest	67	-	67	23
Total Investment income	75	-	75	32

5. STATUTORY GRANTS AND CONTRACTS FOR CHARITABLE ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2006 £'000	Total As restated 2005 £'000
Health Promotion				
Statutory grants	128	700	828	519
Statutory contracts	3,111	215	3,326	3,119
Total health promotion	3,239	915	4,154	3,638
Care and advice				
Statutory grants	-	313	313	534
Statutory contracts	1,823	1,409	3,232	3,430
Total care and advice	1,823	1,722	3,545	3,964
Total statutory grants and contracts for charitable activities	5,062	2,637	7,699	7,602

For a full list of all statutory grants and contracts during the year ended 31 March 2006 by funder refer to note 34.

THE TERRENCE HIGGINS TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2006

6. OTHER INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2006 £'000	Total As restated 2005 £'000
Publications and exhibitions	36	-	36	39
Training and conferences	56	-	56	45
Vitamins	-	-	-	1
Other	402	10	412	75
Pension	151	-	151	232
Total other income from charitable activities	645	10	655	392

7. NET GAIN FROM DISPOSAL OF FREEHOLD LAND AND BUILDINGS

	2006 £000	2005 £000
Net sale proceeds from sale of 52-54 Grays Inn Road	-	2,126
Net book value of asset	-	777
Net gain from sale of fixed assets	-	1,349

In November 2003 the Board adopted a long term strategy to realise the charity's estate. A central part of this work was to sell the charity's existing premises at 52-54 Grays Inn Road and use the funds realised to help finance the purchase of a new building. Planning permission to develop the property was obtained in order to realise the site value and an agreement made with the purchaser to lease the building back whilst new premises were secured.

Contracts were exchanged in December 2004 and the full purchase price of £2,175,000 was received on completion, which although scheduled for 29th March 2005, was realised on 2nd April 2005.

The freehold of the building had been purchased in 1998 and net of depreciation was carried at a value of £777,000. After deducting the costs of the sale, a net gain of £1,349,000 was realised. There was no financing on the building.

This gain is shown on the Consolidated Statement of Financial Activities (SOFA).

THE TERRENCE HIGGINS TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2006

8. COST OF GENERATING VOLUNTARY INCOME

	2006 £000	2005 £000
Salaried staff costs	706	707
Non-salaried (agency) staff costs	1	7
Other direct costs	433	332
Insurance	10	-
Allocated support costs	155	110
Total cost of generating voluntary income	1,305	1,156

9. FUNDRAISING TRADING: COST OF GOODS SOLD AND OTHER COSTS

	2006 £000	2005 £000
Salaried staff costs	146	155
Other Direct Costs	85	134
Insurance	2	-
Allocated overheads	28	19
Total fundraising trading costs	261	308

10. CHARITABLE EXPENDITURE

	Health promotion £000	Care & advice £000	Campaigning, lobbying & advocacy £000	Total 2006 £000	Total 2005 £000
Salaried staff costs	2,489	4,221	205	6,915	6,726
Non-salaried staff costs	23	126	5	154	194
Volunteer costs	13	31	6	50	48
Printing costs	335	28	14	377	471
Condoms and materials	145	4	-	149	110
Service user activities	9	73	-	82	111
Campaign / service advertising	117	20	-	137	152
Research & evaluation	222	1	1	224	229
Other Direct Costs	928	708	71	1,707	1,551
Insurance	56	94	3	153	132
Allocated support costs	388	840	36	1,264	920
Total charitable expenditure	4,725	6,146	341	11,212	10,644

THE TERRENCE HIGGINS TRUST
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 For the year ended 31 March 2006

11. GOVERNANCE COSTS

	2006	2005
	£000	£000
Salaried staff costs	9	12
Audit	26	24
Legal Costs	-	53
Other Costs	-	5
Total fundraising trading costs	35	94

12. NET INCOMING RESOURCES

	2006	2005
	£000	£000
This is stated after charging:		
Depreciation	322	334
Salaried staff costs	7,776	7,600
Rental costs relating to operating leases	-	260
Auditors' remuneration	-	-
- audit services in relation to THT	26	18
Actuarial fee for FRS 17 valuation	3	3

None of the trustees received any remuneration from the charity. Three trustees were reimbursed for travel and subsistence expenses during the year. These payments, together with catering costs for the committee meetings, amounted to £474 in the year (2005: £458).

THE TERRENCE HIGGINS TRUST
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 For the year ended 31 March 2006

13. STAFF COSTS

	Notes	2006 £000	2005 £000
Salaried staff costs (paid staff, not including volunteers) were as follows:			
Wages and salaries		6,540	6,490
Social security costs		610	571
Pension costs		449	488
Redundancy costs		177	51
Total salaried staff costs		7,776	7,600

Salaried staff costs are categorised as:

Costs of generating voluntary income	8	706	707
Fundraising trading: cost of goods sold & other costs	9	146	155
Health promotion	10	2,489	2,374
Care and advice	10	4,221	4,167
Campaigning, lobbying and advocacy	10	205	185
Governance	11	9	12
Total salaried staff costs		7,776	7,600

Included in staff costs is £165,697 (2005: £183,861) 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 (not including trustees or sessional workers) during the period, was:	Number	Number
Charitable services	260	270
Fundraising, management and administration	23	25
Total average number of employees	283	295

THE TERRENCE HIGGINS TRUST
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 For the year ended 31 March 2006

13. STAFF COSTS (continued)

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 86 (2005: 51), 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 7 WTE. At the time of signing these accounts THT has 331 paid staff, including 63 sessional workers.

	2006 No.	2005 No.
£60,000 - £69,999	4	2
£70,000 - £79,999	-	2
£80,000 - £89,999	2	-

Of these, 4 employees were members of the defined benefit pension scheme and one received employer contributions totalling £8,800 (2005: £8,153) paid into a defined contributions pension scheme.

14. STAFF PENSION

THT has traditionally operated a defined benefit pension scheme. The benefits have accrued since 1 August 1991, although the scheme was established only from 1 August 1993. Contributions are being paid by members and by THT at rates to be reassessed by reference to regular actuarial valuations. The funds are held separately from the assets of THT. During the period ended 31 March 2006 employer contributions of £374,000 (2005: £453,000) and employee contributions of £145,000 (2005: £176,000) were made.

Over the past few years much has been written about the liabilities accruing under defined benefit pension schemes, and the exacerbating effect of equity market volatility. In the light of this, THT, in conjunction with the pension scheme Trustees and members, undertook a review of the scheme and took action to ensure that the Scheme was properly funded. Key actions included effectively closing the Scheme to new entrants which explains the change in contributions year on year, and increasing contributions for both members and employer. Where appropriate, full details of the Scheme may be found in the Terrence Higgins Trust Pension Scheme Accounts.

To replace the final salary scheme, a Group Personal Pension Scheme was introduced to which THT contributed £51,000 (2005: £27,000) and employees contributed £34,000 (2005: £18,000).

The impact of the actions to strengthen the Scheme was assessed by the latest full valuation, as at 1st August 2003. This showed that as at that date the Scheme had a small surplus of £132,000, and overall had assets representing 104% of liabilities. Recent strengthening within the equity market is believed to have improved this position further.

An analysis of the Scheme membership shows that most members are quite young, and accordingly the Scheme invests for the longer term. This follows the professional advice given to the Scheme Trustees and the full valuation reflects this.

THE TERRENCE HIGGINS TRUST
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 For the year ended 31 March 2006

14 STAFF PENSION (continued)

FRS17 requires the charity to value the Scheme annually using a tightly defined formula which makes little allowance for the age profile of the charity. Using this formula FRS17 assesses the Scheme as having a net pension surplus of £540,000 (2005: £30,000). Whilst this year on year improvement clearly reflects the work undertaken to strengthen the Scheme, it is the opinion of the Trustees that the more detailed valuation is the more accurate.

The major assumptions used by the actuary were:

	At 31/03/06	At 31/03/05	At 31/03/04
Rate of increase in salaries	3.00%	3.00%	3.00%
Rate of increase in pensions in payment	3.00%	3.00%	3.00%
Discount rate	5.00%	5.60%	5.75%
Inflation assumption	3.00%	3.00%	3.00%

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

	Expected rate of return 31/03/06 %	Value £'000	Expected rate of return 31/03/05 %	Value £'000
Equities	7.00%	5,152	7.00%	3,517
Bonds	5.00%	200	5.60%	239
Gilts	4.30%	207	4.70%	147
Property	4.50%	667	4.75%	569
Total market value of assets		6,226		4,472
Present value of scheme liabilities		(5,686)		(4,442)
Surplus in scheme		540		30
Net pension asset		540		30

THE TERRENCE HIGGINS TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2006

14. STAFF PENSION (continued)

Analysis of the amount charged to the Statement of Financial Activities

	2006	2005
	£000	£000
Current service cost	223	221
<hr/>		
Analysis of net return on pension scheme:		
Expected return on pension scheme assets	306	243
Interest on pension liabilities	(241)	(202)
<hr/>		
Net return	65	41
<hr/>		

Amount recognised as other gains and losses

	2006	2005
	£000	£000
Actual return less expected return on pension scheme assets	1,063	138
Experience gains and losses arising on the scheme liabilities	95	(148)
Change in financial and demographic assumptions underlying the scheme liabilities	(864)	(180)
<hr/>		
Actuarial gain / (loss) recognised as other gains and losses	294	(190)
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THE TERRENCE HIGGINS TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2006

14. STAFF PENSION (continued)

	2006	2005	2004	2003
	£000	£000	£000	£000
Movement in surplus during year				
Surplus / (Deficit) in scheme at 1 April	30	(53)		
Movement in year:				
Current service charge	(223)	(221)		
Contributions	374	43		
Net interest / return on assets	65	41		
Actuarial gain/(loss)	294	(190)		
Surplus in scheme at 31 March	540	30		
History of experience gains and losses	2006	2005	2004	2003
Difference between the expected return on assets:				
Amount £	1,063	138	312	(831)
Percentage of scheme assets	24%	3%	9%	-33%
Experience gains and losses on scheme liabilities:				
Amount £	95	(148)	(559)	247
Percentage of scheme liabilities	2%	-3%	-16%	10%
Total amount recognised as other gains and losses				
Amount £	294	(190)	6	(350)
Percentage of scheme liabilities	7%	-4%	0%	-26%

FRS17 requires the disclosure of data going back over 5 years. The charity has not done this because to do so would incur disproportional costs, and the trustees are satisfied that this does not change the trends as presented above.

THT additionally assumed the obligations arising under a money purchase (defined contribution) scheme following the merger with Streetwise Youth. The latest triennial valuation of the scheme was prepared as at 30 September 2005. As at that date, were THT to withdraw from the scheme, it would incur a liability of approximately £76,000.

THE TERRENCE HIGGINS TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2006

15. TANGIBLE FIXED ASSETS – GROUP AND CHARITY

	Freehold property £000	Leasehold improvements £000	Fixtures and fittings £000	Computer equipment £000	Motor vehicles £000	Total £000
Cost or valuation						
At 1 April 2005	4,298	36	829	1,100	78	6,341
Additions	6,379	18	189	263	9	6,858
Disposals	-	-	(519)	(538)	-	(1,057)
At 31 March 2006	10,677	54	499	825	87	12,142
Cost	8,927	54	499	825	87	10,392
Valuation – 1999	1,750	-	-	-	-	1,750
At 31 March 2006	10,677	54	499	825	87	12,142
Depreciation						
At 1 April 2005	181	20	681	718	25	1,625
Charge for period	48	8	59	186	20	321
Disposals	-	-	(512)	(498)	-	(1,010)
At 31 March 2006	229	28	228	406	45	936
Net book value at 31 March 2006	10,448	26	271	419	42	11,206
Net book value at 31 March 2005	4,117	16	148	382	53	4,716

All tangible fixed assets are held by the charity and not other members of the Group.

Included within fixed assets is £6,648,000 in respect of the purchase, refurbishment and equipping of the charity's new headquarters at 314-320 Gray's Inn Road. At 31 March 2006 this asset was under construction.

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 accommodation was converted into leasehold flats. As part of the conversion process the consent of the Secretary of State for Health was required and obtained. Similar consent for any future change of use or sale of the building is required. Other tangible fixed assets are stated at cost.

THE TERRENCE HIGGINS TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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15. TANGIBLE FIXED ASSETS – GROUP AND CHARITY (continued)

The building at Lower Marsh has a charge over it with National Westminster Bank in relation to the mortgage of this property. Further information on this mortgage is at note 20.

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 21. 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.

The building at 314-320 Gray's Inn Road was purchased for £5,160,000 with a sitting tenant. £1.09m was expended on refurbishing the building by the time of occupation in May 2006 with a further £292,000 spent on equipping the building ready for occupation. To secure and refurbish the property two mortgages totalling £4,125,000 were granted by the charity's bankers to be repaid over 20 years. An interest rate hedge to manage the risk around £2,000,000 of those borrowings has been effected with the approval of the Charity Commission.

16. FIXED ASSET INVESTMENTS – GROUP AND CHARITY

	£000
Market value at 1 April 2005	197
Unrealised investment gains in year	30
Market value at 31 March 2006	227
Historical cost at 31 March 2006	207
Unrealised investment losses based on historical cost	20

All fixed asset investments are held in UK Common Investment Funds and are held by the Charity and not other members of the Group.

Investments by the charity in subsidiary undertakings at 1 April 2005 and 31 March 2006 amounted to £103 (see note 28).

17. STOCKS

	Group		Charity	
	2006 £000	2005 £000	2006 £000	2005 £000
Condoms	-	11	-	11

THE TERRENCE HIGGINS TRUST
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18. DEBTORS

	Group		Charity	
	2006 £000	2005 £000	2006 £000	2005 £000
Grants and contract funding receivable and similar debtors	542	656	408	588
Proceeds from disposal of freehold land and buildings	-	2,076	-	2,076
Other debtors	33	69	33	69
Amounts due from subsidiary undertakings	-	-	196	153
Prepayments and accrued income	193	496	193	465
Tax recoverable	39	37	39	37
	807	3,334	869	3,388

Tax recoverable is the amount of tax due from HM Revenue and Customs at the year-end that has been claimed on donations paid by Covenant or Gift Aid, where THT can reclaim the tax already paid by donors.

19. CREDITORS: amounts falling due within one year

	Group		Charity	
	2006 £000	2005 £000	2006 £000	2005 £000
Expense creditors	1,019	872	1,019	872
Social security, pension contributions and other taxes	257	300	257	300
Accruals and deferred income	985	820	960	810
Loan repayable	89	89	89	89
Other creditors	13	13	13	13
	2,363	2,094	2,338	2,084

The loan repayable of £89,000 (2005: £89,000) relates to the element of the mortgages due within one year. Details of the mortgages are given in note 20.

THE TERRENCE HIGGINS TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2006

20. CREDITORS: amounts falling due after one year

	Group		Charity	
	2006 £000	2005 £000	2006 £000	2005 £000
Loan	3,384	469	3,384	469
	3,384	469	3,384	469

During the year ended 31 March 2003 a loan of £350,000 was obtained from National Westminster Bank Plc to purchase a property in Lower Marsh, London, as the site for Lighthouse South London.

The property at Lower Marsh is included within tangible fixed assets at an initial cost of £692,000 and a net book value as at 31 March 2006 of £664,000. The loan outstanding as at 31 March 2006 is £93,000, £77,000 of which is included within creditors falling due within one year, as detailed in note 19. (2005: £166,000 and £77,000 respectively). The loan, which is secured by a charge over the property in Lower Marsh, is repayable over a five year period ending June 2007 and bears interest at 1 ½ % above bank base rate.

A further loan was acquired by THT as part of the merger with Streetwise Youth on 31 March 2004. This loan was taken out with Unity Trust Bank to purchase a property at Earl's Court, London, and the site for Streetwise Youth operations.

The property at Earl's Court is included within tangible fixed assets at a cost of £948,000 and a net book value as at 31 March 2006 of £921,000. The loan outstanding as at 31 March 2006 is £380,000, £12,000 of which is included within creditors falling due within one year, as detailed in note 19. (2005: £380,000 and £12,000 respectively). The loan was taken out by Streetwise Youth in September 2002 for 20 years at 2% above bank base rate, and is secured by a charge over the property in Earl's Court, London.

A loan of £3,000,000 was taken out at 1% above bank base rate during the year ended 31 March 2006 to purchase the charity's new headquarters at 314-320 Gray's Inn Road. This property is included within tangible fixed assets at a purchase price of £5,160,000.

THE TERRENCE HIGGINS TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2006

21. MOVEMENT IN FUNDS

	Balance at 1 April 2005 £000	Income £000	Expenditure £000	Net Investment Gains £000	Transfers £000	Balance at 31 March 2006 £000
Expenditure funds						
- General fund	2,896	9,098	(9,270)	-	1,430	4,154
Other designated funds						
- Tangible fixed assets fund	1,442	-	(12)	-	(1,430)	-
- Pension fund	30	151	65	294	-	540
Total unrestricted funds	4,368	9,249	(9,217)	294	-	4,694
Restricted income funds						
- Health promotion	23	1,277	(1,210)	-	-	90
- Care & advice	41	2,276	(2,296)	-	-	21
- Campaigning, lobbying and advocacy	48	40	(66)	-	-	22
- Lighthouse West Building	2,163	-	(19)	-	-	2,144
- Streetwise Youth Building	552	-	(5)	-	-	547
	2,827	3,593	(3,596)	-	-	2,824
Capital funds						
Permanent endowment	197	-	-	30	-	227
Total restricted funds	3,024	3,593	(3,596)	30	-	3,051
Total Charitable funds	7,392	12,842	(12,813)	324	-	7,745

Unrestricted Funds

These are funds that the trustees are free to spend on any charitable activities, although in practice the funds invested in the charity's property portfolio are not immediately realisable. In addition, although FRS17 requires the inclusion of the Pension fund surplus onto the balance sheet, it is treated as a designated fund and therefore not immediately distributable on charitable activities.

Excluding the pension fund, unrestricted funds represent £4,154,000, which is approximately 3.9 months expenditure.

21. STATEMENT OF FUNDS (continued)

Restricted income funds

These are funds representing statutory grants and voluntary income received towards the charity's activities where their use is restricted by the conditions imposed by the grantors or donors. The majority of restricted income is spent in the same year that it is received.

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 General Funds but losses or gains on the investment, arising from changes in market value, are included in the endowment fund.

22. ANALYSIS OF GROUP NET ASSETS (EXCLUDING PENSION SCHEME) BETWEEN FUNDS

	Fixed Assets £000	Investments £000	Net current Assets £000	Long-term Mortgage £000	Total £000
Expendable funds	8,524	-	(992)	(3,384)	4,148
Subsidiary company	-	-	6	-	6
Total unrestricted funds	8,524	-	(986)	(3,384)	4,154
Restricted funds	2,682	-	142	-	2,824
Permanent endowment	-	227	-	-	227
Total restricted funds	2,682	227	142	-	3,051
Total funds	11,206	227	(844)	(3,384)	7,205

THE TERRENCE HIGGINS TRUST
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 For the year ended 31 March 2006

23. LEASING COMMITMENT

AT 31 March 2006 annual commitments under non-cancelable operating leases were as follows:

	2006		2005	
	Land and Buildings £000	Other £000	Land and Buildings £000	Other £000
Leases which expire:				
Within one year	34	12	25	5
One to two years	18	2	-	-
In two to five years	136	29	113	73
After five years	-	-	44	-

The operating lease liabilities are subject to the terms of the agreements relating to the relevant land and buildings and office equipment.

24. CAPITAL COMMITMENTS

The refurbishment of the charity's new headquarters at 314-320 Gray's Inn Road is being carried out under a fixed price contract. At 31 March 2006, the following amount had been approved within the fixed price contract, but the work had not been undertaken. No accrual is therefore made for these amounts within these accounts.

	2006 £000	2005 £000
Amounts contracted but not provided for in accounts	132	-

25. POST BALANCE SHEET EVENT

At 31 March 2006 the charity had an agreed loan facility of £1,250,000 for the refurbishment of the charity's new headquarters. This facility was not used before 31 March 2006 and so is not included within the financial statements. At the time of signing these accounts, the full amount of the loan had been drawn down.

26. 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 £377,000 (2005: £245,000). This has been allocated to the expenditure areas to which it relates.

THE TERRENCE HIGGINS TRUST
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 For the year ended 31 March 2006

27. PRIOR YEAR ADJUSTMENT

	Unrestricted Funds £000	Restricted Funds £000	Total 2006 £000
Funds brought forward as previously reported	4,305	2,886	7,191
Prior year adjustment – pension	30	-	30
Prior year adjustment – freehold land	33	138	171
Fund balance restated	4,368	3,024	7,392
	-	-	-
Total funds carried forward	4,368	3,024	7,392

Terrence Higgins Trust has adopted FRS17 in full for the year ended 31 March 2006, and a prior year adjustment has been made to restate the financial statements and comply with accounting regulations.

In addition, The Terrence Higgins Trust has reviewed its policy for the depreciation of freehold land and buildings, and the charity is no longer depreciating freehold land in accordance with FRS15. A prior year adjustment of £171,000 has been made to write back depreciation previously charged on land.

28. SUBSIDIARY COMPANIES

The charity has investments costing £103 (2005: £103) in total in three subsidiary companies. All shareholdings comprise ordinary shares. Details of the subsidiary companies at 31 March 2006, 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	Merchandise sales and 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 29. Where applicable, the annual net taxable income of the subsidiaries is donated to the charity by Gift Aid.

THE TERRENCE HIGGINS TRUST
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 For the year ended 31 March 2006

29. TERRENCE HIGGINS ENTERPRISES LIMITED

	2006	2005
	£000	£000
Profit and loss account		
Turnover	228	200
Cost of sales	(28)	(22)
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Gross profit	200	178
Administrative expenses	(13)	(9)
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Profit on trading activities	187	169
Interest	1	1
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Profit on activities	188	170
Profit donated through Gift Aid	(188)	(170)
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Profit for the financial year before dividend	-	-
Profit brought forward	6	6
Dividend paid to THT	-	-
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Retained profit carried forward	6	6
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Balance sheet		
Cash	93	70
Trade debtors	134	68
Accrued income	-	31
Amounts owed to parent undertaking	(196)	(153)
Deferred income	(25)	(10)
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Net Assets	6	6
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30. RELATED PARTY TRANSACTIONS

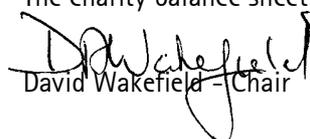
There were no related party transactions during the period (2005: none).

THE TERRENCE HIGGINS TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2006

31. CHARITY BALANCE SHEET as at 31 March 2006

	Note	2006 £000	2005 £000
FIXED ASSETS			
Tangible assets	16	11,206	4,716
Investments	17	227	197
		11,433	4,913
CURRENT ASSETS			
Stocks	18	-	11
Debtors	19	869	3,388
Cash held on short term deposits		-	800
Cash at bank and in hand		619	797
		1,488	4,996
CREDITORS: amounts falling due within one year	20	(2,338)	(2,084)
Net current assets		(850)	2,912
Total assets less current liabilities		10,583	7,825
CREDITORS: amounts falling due after more than one year	21	(3,384)	(469)
Net assets		7,199	7,356
Pension scheme		540	30
Net assets including pension scheme		7,739	7,386
FUNDS AND RESERVES			
Restricted funds	23	3,051	3,024
Unrestricted funds:			
Expenditure funds	23	4,148	2,890
Tangible fixed assets fund	23	-	1,442
Tangible fixed assets fund	23	540	30
Net assets		7,739	7,386

The charity balance sheet was approved by the Board on 20 July 2005 and signed on their behalf by:


David Wakefield - Chair

THE TERRENCE HIGGINS TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2006

32. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of net incoming resources to net cash inflow / (outflow) from operating activities

	2006	2005
		As restated
	£000	£000
Net incoming resources	29	1,612
FRS17 Pension charge	(216)	(273)
Investment income	(8)	(9)
Bank interest	(67)	(23)
Depreciation charge	321	293
Net gain on disposal of freehold land and buildings	-	(1,349)
Loss on disposal of other tangible fixed assets	47	24
Decrease / (increase) in stock	11	(8)
Decrease / (increase) in debtors	2,527	(1,794)
Increase / (decrease) in creditors	269	(14)
Net cash inflow / (outflow) from operating activities	2,913	(1,541)

(b) Analysis of changes in net funds

	2005	Cashflow	2006
	£000	£000	£000
Cash held at bank and in hand	867	(155)	712
Liquid resources – cash held on short-term deposits	800	(800)	-
Mortgages due within one year	(89)	-	(89)
Mortgages due after one year	(469)	(2,915)	(3,384)
TOTAL	1,109	(3,870)	(2,761)

THE TERRENCE HIGGINS TRUST
CONSOLIDATED CASHFLOW STATEMENT
For the year ended 31 March 2006

33. VOLUNTARY INCOME BY DONOR

THT is grateful to the many individuals, companies and organisations that donate time, money or equipment to the Charity. Grants under £500 may not appear because all figures are in round thousands, but THT is grateful for all amounts received. It is not possible to list each one, but voluntary income receivable for the year includes:

	Note	2006 £000	Purpose
Big Lottery Fund (London)	1	103	Harambee
The Monument Trust		75	Lighthouse Kings
GlaxoSmithKline	2	58	Testing clinics
Big Lottery Fund (Strategic grants)	3	45	THT Direct
Barclays		32	Lighthouse Kings
Big Lottery Fund (West Midlands)	4	32	THT Midlands volunteering
Elton John AIDS Foundation		30	SW5
John Ellerman Foundation		30	Core funding
Comic Relief		28	e-campaigning
Levi Strauss Foundation / CAF		26	Counselling
Bridge House Trust		25	Community Support Services
Big Lottery Fund (South West)	5	23	THT West volunteering
Bristol-Myers Squibb		23	HIV & health treatment
GlaxoSmithKline Medical Fellowship Fund		20	National African health promotion
Kiehl's		19	Core funding
The HBOS Foundation	6	18	THT Midlands debt advice
Big Lottery Fund (Yorkshire)	7	17	THT Yorkshire volunteering
Coca-Cola		16	Core funding
The Pfizer UK Foundation	8	16	Testing clinics
City Parochial Foundation		15	Specialist advice centre
Henry Smith Charity		15	Bristol street project
Rayne Foundation		15	Specialist advice centre
Big Lottery Fund		13	SW5 (refurbishment)
Elton John AIDS Foundation	9	13	Bristol street project
International Family Health		13	Core funding
Severn Trent Trust Fund		13	THT Midlands debt advice
Big Lottery Fund (Research grants)	10	12	Secret Loves
Ford Motor Company		11	Core funding
Accenture		10	THT Midlands children & families
Eveson Charitable Trust		10	THT Midlands
Gilead Sciences		10	HIV health & treatment
Lloyds TSB Foundation Greater London		10	African advice caseworker
The First Post		10	Core funding
The Pilgrim Trust		10	Bristol Street Project
Paperchase		9	Core funding
John Lyon's Charity		8	Young people's counseling - London
MAC AIDS Fund	11	8	Testing clinics
MAC AIDS Fund		8	THT Midlands children & families
MAC AIDS Fund		8	THT Midlands BME worker
Elton John AIDS Foundation	12	6	THT Midlands immigration advice
Lloyds TSB Foundation West Midlands		6	Client support worker
CCA		5	Core funding
GlaxoSmithKline		5	Specialist advice centre
Law Society Charity		5	Generalist advice service
Lloyds TSB Foundation South East		5	Mentoring coordinator
Lloyds TSB Foundation Yorkshire		5	Community support services
Medlock Charitable Trust		5	THT West
The Pilkington Charities Fund		5	Testing clinics
Uniserve		5	Core funding
Lloyds Pharmacy		4	Core funding

33. VOLUNTARY INCOME BY DONOR (Continued)

CS Charitable Foundation	3	Core funding
JE Posnansky Charitable Trust	3	Core funding
Polar Capital	3	Core funding
Rowan Charitable Trust	3	Community support services
The LankellyChase Foundation	13	Space YP
William A Cadbury Charitable Trust	3	THT Midlands
BBC Appeal	2	Core funding
Great Portland Estates	2	Core funding
Mackintosh Foundation	2	Core funding
MCH Charity Trust	2	Core funding
Natwest	2	World AIDS day
Boehringer Ingleheim	1	HIV health & treatment
Lord Austin Trust	1	THT Midlands immigration advice
Proctor & Gamble	1	THT Thames
Scouloudi Foundation	1	Core funding
The Hayle's Charity	1	Lighthouse Kings

Footnotes:

1. Actual received in 2005/06 £85,058
2. Actual received in 2005/06 £67,500
3. Actual received in 2005/06 £32,744
4. Actual received in 2005/06 £35,451
5. Actual received in 2005/06 £25,448
6. Actual received in 2005/06 £45,000
7. Actual received in 2005/06 £20,306
8. Actual received in 2005/06 £47,573
9. Actual received in 2005/06 £30,000
10. Actual received in 2005/06 £12,466
11. Actual received in 2005/06 £21,000
12. Actual received in 2005/06 £25,000
13. Actual received in 2005/06 £15,000

34. STATUTORY GRANTS AND CONTRACTS BY AUTHORITY

The amounts from funders listed below and on the following pages are accounted for on an accruals basis, and so may not agree exactly to cash payments made by statutory funders during the year, some of which may have been paid late or in advance. Grants of less than £500 may not appear on this list because all figures are in round thousands, but THT is grateful for all amounts received.

	Note	2006 £000	Purpose
CENTRAL FUNDERS			
Department of Health		1,220	Health Promotion
Department of Health		500	THT Direct
Department of Health		112	Community Testing
Home Office		41	SW5
Legal Services Commission		202	Specialist legal advice
National Assembly for Wales / Welsh Assembly Government		88	Health promotion
National Public Health Service		49	Health promotion & care services
UK Coalition		9	Positive futures – Equal Action 1
UK Coalition		9	Positive futures – Equal Action 2
UK Coalition		2	Positive futures – Equal Action 3
Bad debt write off		(10)	
Total central funders		2,222	
PRIMARY CARE TRUSTS, LOCAL HEALTH BOARDS AND OTHER HEALTH BODIES			
Adur, Arun & Worthing PCT	1	25	Care services
Adur, Arun & Worthing PCT	1	39	Health prevention
Barking & Dagenham PCT		100	Social care services & counselling
Brighton & Hove City PCT		425	Health promotion
Brighton & Sussex UH NHS Trust		8	THT South
Bristol North PCT	2	186	Health promotion & care services
Caerphilly LHB		25	Youth work
Cardiff LHB		25	Health promotion and care services
Cardiff LHB		8	Testing
Carmarthen LHB		12	Community support
Carmarthen LHB		17	Health promotion
City & Hackney PCT		38	African health promotion
Coventry PCT		309	Health promotion
Coventry PCT		1	Training
Croydon PCT	3	1,050	Advice, counselling and transport provision in South London
Croydon PCT	5	301	Health promotion
Croydon PCT	4	172	Health promotion
Croydon PCT	5	103	Counselling
Croydon PCT	4	92	Health promotion with young people
East Surrey PCT		12	Health promotion
Eastern Birmingham PCT		37	African & general care services
Eastern Birmingham PCT		59	Health promotion
Guildford & Waverley PCT		30	African community support
Guildford & Waverley PCT		34	Community support
Hammersmith PCT		11	Counselling
Hammersmith PCT		5	Testing
Health First		5	Counselling

34. STATUTORY GRANTS AND CONTRACTS BY AUTHORITY (Continued)

Health First	10	Health promotion
Kennet & North Wiltshire PCT	31	Care services
Kensington & Chelsea PCT	2	SW5
Kensington & Chelsea PCT	36	Lighthouse West London
Kensington & Chelsea PCT	31	Care services
Kensington & Chelsea PCT	3	Health promotion
Kensington & Chelsea PCT	18	Testing
Kings College Hospital	20	Lighthouse Kings
Lambeth PCT	40	Advice
Lambeth PCT	4	31
Leeds North East PCT	17	Health promotion with African communities
Leeds North East PCT	7	Health Services
Leeds North East PCT	6	3
Leeds North East PCT	6	22
Merthyr Tydfil LHB	5	THT East management salary
Newport LHB	31	Health promotion & care services
North Warwickshire PCT	4	Health promotion & care services
Oxford City PCT	14	Health promotion
Oxford City PCT	147	Testing
Rhonda Cynon Taff LHB	19	Health promotion & care services
Rugby PCT	60	Health promotion & care services
Sandwell Social Services	20	Health promotion and care services
SE & SW Oxfordshire District Councils	5	Care services
Solihull PCT	35	Health promotion
Southend PCT	60	Health promotion & care services
Swansea LHB	68	Care services & sexual health resources
Telford & Wrekin PCT	93	Health promotion
Tower Hamlets PCT	40	Health promotion & care services
Vale of Glamorgan LHB	8	Legal advice & counselling
Westminster PCT	116	Health promotion & care services
Westminster PCT	15	Lighthouse West London
Westminster PCT	6	Counselling
Westminster PCT	124	Recently diagnosed support
Westminster PCT	8	SW5
Wolverhampton PCT	81	Testing
Total Primary Care Trusts	4,359	African & gay men's services

LOCAL AUTHORITIES AND OTHER STATUTORY BODIES

Bath & North East Somerset	6	Care services
Birmingham City Council	12	African Support
Birmingham City Council	2	Counselling
Black Country Connexions	2	Counselling
Brighton & Hove City Council	1	Brighton Pride
Brighton & Hove City Council	3	Volunteer recruitment campaign
Brighton & Hove Social Services	53	Care services
Brighton & Hove Social Services	10	Training
Bristol City Council	29	Care services
Cardiff Social Services	12	Community support services
City & County of Swansea	13	Health promotion
City of Westminster	21	Lighthouse West London
City of Westminster	10	SW5

35. STATUTORY GRANTS AND CONTRACTS BY AUTHORITY (Continued)

Connexions (Central London)	35	Youth work
Connexions (Milton Keynes YMCA)	60	Youth work
Coventry City Council	74	Health promotion: young people and sex workers
Croydon Youth Service	15	Young people's work
East Sussex County Council	96	Care services
Essex County Council	2	Care services
Essex County Council	57	Care services
Bromley	5	Counselling, advice & transport
Camden	12	Advice
Haringey	35	Advice
Hounslow	3	Care services
Lambeth	30	Youth work
Lambeth	2	Health promotion
Southwark (Supporting People)	75	Advice
Southwark	18	Counselling
Leeds City Council	1	World AIDS day
Leeds City Council	119	Care services
North Somerset District Council	6	Care services
Oxfordshire County Council	41	Health promotion
Oxfordshire County Council	16	Care services
Oxfordshire County Council (Education Department)	5	Health promotion
South Kilburn New Deal for Communities	4	Training
Southend on Sea	17	Health promotion in African communities
South Gloucestershire Council	36	Care services & health promotion
Surrey County Council	40	Care services & health promotion
Swindon BC	26	Care services
Warwickshire County Council	39	Care services
Woking Borough Council	4	Care services
Wolverhampton Social Services	71	Care services
Total Local Authorities	1,118	
Total Statutory Grants and Contracts	7,699	

Footnotes:

- 1 On behalf of PCTs in West Sussex
- 2 On behalf of Bristol North, Bristol South & West, North Somerset and Bath & North East Somerset PCTs
- 3 On behalf of the South London Consortium
- 4 On behalf of a Consortium of London authorities
- 5 On behalf of the Gay Men's HIV Prevention Partnership
- 6 On behalf of the five PCTs in Leeds
- 7 On behalf of South Gloucestershire Council and South Gloucestershire PCT

LEGAL AND ADMINISTRATIVE DETAILS

The charity is managed by an integrated Board supported by three sub committees and details of its operation and governance are given on page 3. 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

David Wakefield, Hon ARAM FloD – Chair ‡*◇#

David has many years' experience as a senior healthcare professional, both within the NHS and private sectors. Following a successful career in the Royal Navy, where he played a key logistical role in the Falklands Task Force, he became the CEO of the Priory Hospitals Group, and is now a chairman and non-executive director of a number of healthcare and general business organisations and charities. His involvement with the HIV voluntary sector dates back to 1994, when he became a trustee of London Lighthouse. He was instrumental in overseeing the merger between Lighthouse and Terrence Higgins Trust in 2000, and was elected Chair in 2002.

John Bedford – Deputy Chair ‡*◇ and Chair of Board Development Committee.

John is a solicitor working as a part time Chairman of Employment Tribunals and has been Chairman of a number of charities. He has been a Trustee of THT since 2000 and is also a volunteer at THT West.

Dr Michael Brady – Chair Clinical practice and Governance Committee □◇

Michael is a Consultant Physician in HIV/GUM at King's College Hospital and has been a trustee of THT since November 2004.

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 □ ‡

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.

Mutsai Hove*

Mutsai is a mental health portfolio worker in the NHS. She currently combines clinical practice as a mental health nurse with being Clinical Lead Mental Health and Professional Executive Committee Member at Sutton and Merton Primary Care Trust. 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 **

Beatrice was born in Uganda where she trained as a teacher, and currently works with RestorEgo Ltd, a training agency which specialises in HIV. 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.

Dr Anton Pozniak MD FRCP**

Anton is a Consultant Physician in HIV/GUM at the Chelsea and Westminster Hospital and has been a Trustee of THT since 2002. He previously worked as a Consultant Physician at King's College Hospital and in Harare, Zimbabwe.

Simon Taylor*

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 for twenty five years and been involved in campaigning on HIV issues since the start of the epidemic.

In addition to the Trustees the charity is ably assisted by the following lay members:

Nick Hulme – Chair of Audit Committee †

Nick is currently Director of Operations at Northwick Park Hospital NHS Trust. 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. He previously served as a Trustee of THT for five years.

Nigel Simon †

Following graduation from Warwick University, Nigel started his career working for two four year spells in international banking and public relations. In 1984 he joined Gallaher Group PLC in marketing. He held a number of senior management positions in marketing, international business and Business Development (m & a). He was appointed to the Group Board of Gallaher in 1997 where he served for seven years. In October 2004 Nigel left Gallaher to pursue a portfolio career and currently mentors for the Prince's Trust and undertakes business consultancy for various clients. Nigel was appointed a non-voting trustee of THT in November 2004.

Richard Weatherill *

Richard is Head of the Charities Unit in the Active Communities Directorate of the Home Office. He has done HIV-related voluntary work for THT and for the Whitman-Walker Clinic in Washington DC and joined the THT Board Development Committee in 2005.

SENIOR MANAGEMENT TEAM

Nick Partridge BA OBE, Chief Executive

Nick has worked for the 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 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.

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 Clark 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.

Donald Branch, Director of Social Care & Service Development

Donald joined the charity in 2000 on the merger with Aled Richards Trust which he had managed since 1990. Prior to joining Aled Richards Trust, Donald had been involved in running a number of community organisations. During the 1980s Donald was a full time trade union officer holding office at local, regional and national levels.

Lucy Drake, BA, CIPD, Corporate Head of Human Resources & Organisational Development

Lucy joined the charity in 2001 as Human Resources Manager and was promoted to her current post in 2002. She previously worked for Camden & Islington Health Authority.

Joan O'Dwyer B.Comm ACMA Corporate Head of Finance

Joan joined THT in November 2003 and has previously worked in the commercial sector. Joan started out as a financial analyst with Heinz Foods before joining the film distribution business where she held various senior financial and general management roles at United International Pictures, Walt Disney and MGM/UA.

Lisa Power, Corporate Head of Policy & Public Affairs

Lisa joined the charity in 1996, having been involved in the HIV sector since its inception in the early 1980s when she worked on London Lesbian and Gay Switchboard. She was previously a founding Trustee of the Stonewall Group and Secretary General of the International Lesbian & Gay Association

Jackie Redding BSc, Associate Director of Service Delivery and Development

Following several years working in the HIV voluntary sector in Scotland Jackie has worked at THT for over five years initially as Regional Manager for THT Midlands and latterly as part of the operations directors' team. Jackie has been involved in setting up the Community Testing Clinics and as someone living with Hepatitis C has been central to increasing THT's role in providing service for those infected with the virus.

Bronwen Roberts MBA, DMS, DPodM, Director of Primary Care & Service Development.

Bronwen joined the charity in September 2004. Her previous career had been in the NHS, initially working as a clinician before undertaking various management roles within Primary Care Trusts, Health Authorities and Workforce Development Confederations in London.

Andrew Smith MA DipSW, Associate Director of service Delivery and Development

Andrew joined the charity in October 2005. He previously worked for various gay men's sexual health projects and was Director of a young people's project previous to joining THT.

Phil Williamson, Corporate Head of Information Technology & Estates

Phil joined THT in September 1997 and has 16 years experience in the charitable sector, including having been a trustee of a small HIV charity. Prior to joining Phil worked for the Central Council for Education and Training in Social Work, in a variety of managerial roles including Education, Finance and IT.

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Dr Michael Brady
Lord Norman Fowler
Alison Gray
Mutsai Hove
Beatrice Nabulya
Dr Anton Pozniak
Simon Taylor

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Chief Executive
Paul Ward
Deputy Chief Executive
Andy Munro
Executive Director of Resources
Peta Wilkinson
Executive Director of Service
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Genevieve Clark
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