

Annual Report



LHA LONDON LTD

2018-19



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Register for e-communications

LHA encourages paperless communication. To receive an electronic copy of our Annual Report please email annualreport@lhalondon.com

At a glance

Over
1900
beds

13%
Increase in stays
over 6 months

13
Properties across
London

5 STAR
Food hygiene
rating

Over
15,000
arrivals

4
Catered sites

Over
400
volunteers
over the
year

963
Beds in shared
rooms

Resident's Voice

"I'm originally from Sydney, Australia and I've been living in London for 3 months. It was really important to live somewhere like home and where I could meet a lot of people. I like staying at New Mansion House because it's clean, the food is great and I've been able to make lots of friends."

Karen - New Mansion House Resident

"I love London because there are so many things to see and do, and I love all the old buildings and architecture. I really like staying at Bowden Court as it helps me save money with two meals provided every day. There is also always someone new to talk to and make friends with"

Jasmin - Bowden Court Resident



CEO and Chair's Statement



Tony Perkins
CEO



David Conroy
Interim Chair

Improving and expanding our services

LHA has had another outstanding year in terms of social impact and residents' experience. The acquisition and development of new sites to increase the bed numbers for our beneficiaries has proved difficult. However we are pleased to report the significant progress on acquiring a new site in West London where we will be seeking an adjustment to an existing planning determination and further increase our single en-suite room provision. Progress has also been made on maximising the offer available within our existing portfolio by exploring innovative airspace development at appropriate locations. We are also applying this innovative spirit to our 'LHA Rewards' loyalty discount scheme, which has seen its first year of introduction across our shared room hostels. Significant discounts are now available for young beneficiaries of between 18 and 29 years of age. The year saw both improved resident's length of stay and increased numbers of 18-29 year olds. Providing sector leading accommodation at affordable rates continues to be one of our prime objectives. Our existing portfolio continues to benefit from a structured refurbishment programme and this year is no exception with major refurbishment completed at Leinster House, Bowden Court and Sandeman-Allen House.

Funding other organisations

The LHA Fund provides significant grants to small charities and informative case studies are included in this year's annual report. The selection process for 2020 saw an increased range of recipients benefiting from the fund. The Board continue to explore further steps to expand the fund's contribution to the charity sector.

Organisational changes

In 2018/19 we bode farewell to five Trustees: Ian Mackie (Chair), Lin Holford, David Robertson, June O'Sullivan and Emma Beardmore. We are grateful for their substantial contribution to the Charity. The Board appointed David Conroy as Interim Chair. Peter Frackiewicz and Annalise Walker joined the Board to bring a wealth of experience to our Property sub-committee. The year also saw the development of the LHA's Diversity Policy for Trustee recruitment and included a focus on BAME selection to drive greater Board diversity.



CEO and Chair's Statement - continued

Looking ahead

Growing our service must be managed in the context of Central London property prices and an unpredictable economy together with visa implications in a post-Brexit environment. We continue to review and monitor our risk strategy to ensure a high state of readiness. The next year will see a review of vision and mission to further focus our charitable objectives. We truly appreciate the talents and efforts of our staff and volunteers who work to further our aims.

Recognising our colleagues

Our staff and volunteers undertake amazing work every day. The results of their skills, hard work and enthusiasm are demonstrated in many ways: the smiles of our residents who enjoy being part of the LHA family, the confidence of our volunteers, new to London, finding a worthwhile scheme with accommodation provided and the quality and care shown to residents and properties.

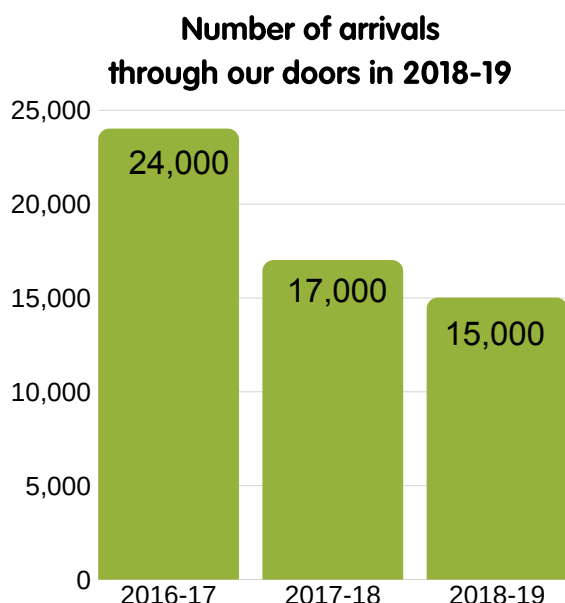
And finally, on behalf of the Board of Trustees, particular thanks to the CEO and his staff for their contribution throughout the year.



Tony Perkins
CEO

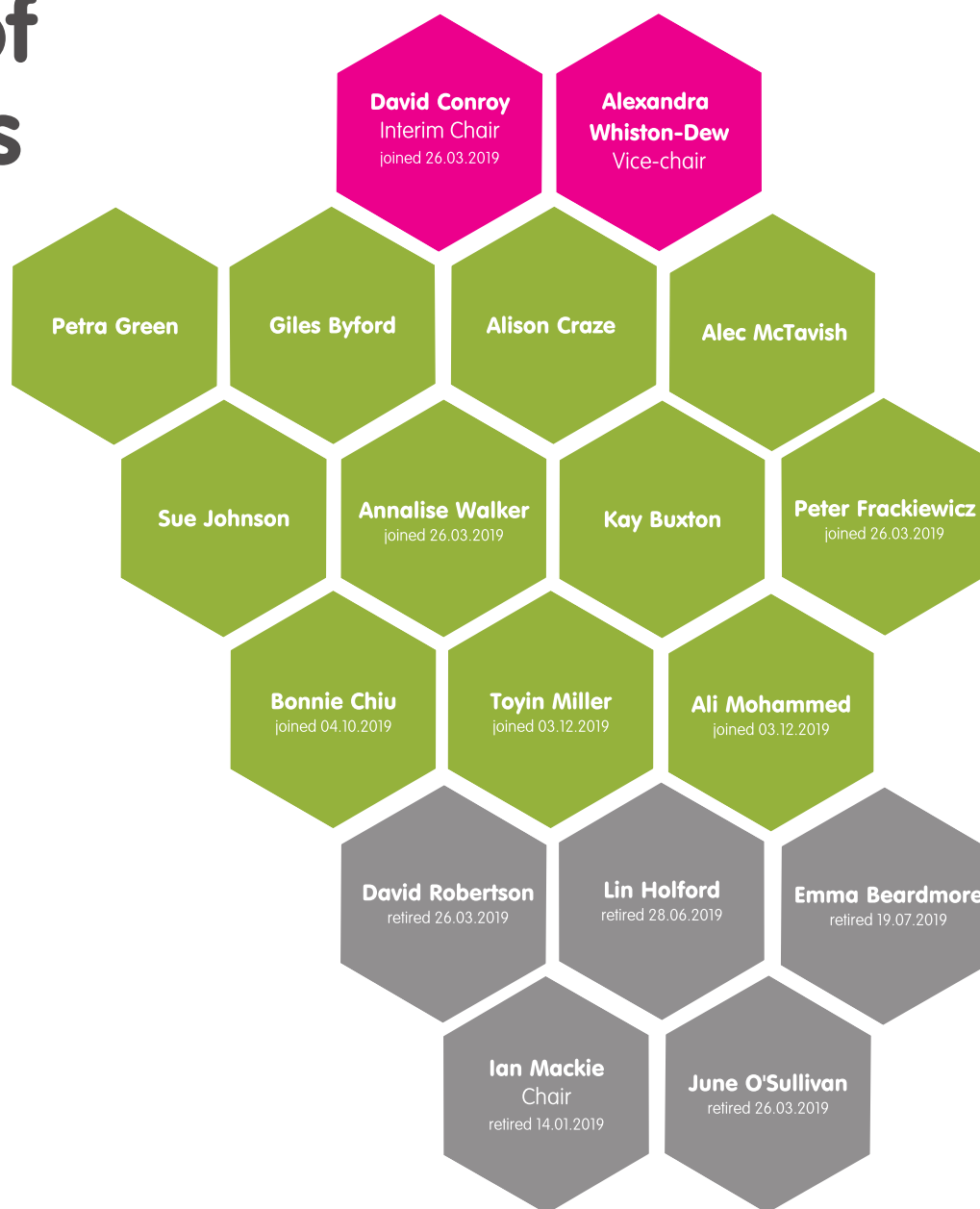


David Conroy
Interim Chair



Reduced number of arrivals year on year reflects improvement in length of stay and increased number of long-term residents.

Board of Trustees



Advisers

Auditors

Mazars LLP
6 Sutton Plaza, Sutton Court Road,
Sutton, Surrey SM1 4FS

Bankers

Barclays Bank Plc. - Level 27, 1 Churchill Place,
London E14 5HP
Allied Irish Bank Plc. - 4 Tenterden Street, London
W1S 1TE

Solicitors

Batt Broadbent - Minster Chambers, 42/44 Castle
Street, Salisbury, Wiltshire SP1 2TX

Investment Advisors

Barclays Wealth - No.1 Colmore Square,
Birmingham B4 6ES

Sub-committee structure

LHA London Ltd

Registered Charity No. 169428
Company Registration No. 363816
Registered Office: 11 Belgrave Road, London SW1V 1RB

LHA Services Ltd

Company Registration No. 3424128
Registered Office: 11 Belgrave Road, London SW1V 1RB

LHA Services Limited

Tony Perkins, FRSA
Chief Executive &
Company Secretary

Marsha Gair, FCCA
Finance Director

Alexandra Whiston-Dew
Chair

David Conroy
joined 26.03.2019

Alec McTavish

David Robertson
retired 26.03.2019

Property Oversight and Projects Committee

Sue Johnson
Chair

Peter Frackiewicz
joined 26.03.2019

Annalise Walker
joined 26.03.2019

Kay Buxton

Emma Beardmore
retired 26.03.2019

David Robertson
retired 26.03.2019

HR, Remuneration, Pension and Investment Committee

Alexandra Whiston-Dew
Chair

David Conroy
joined 26.03.2019

Alec McTavish

Giles Byford

Ian Mackie
retired 14.01.2019

Risk Management Committee

Alexandra Whiston-Dew
Chair

David Conroy
joined 26.03.2019

David Robertson
retired 26.03.2019

Lin Holford
retired 28.06.2019

Social Policy Committee

Alec McTavish
Chair

Alison Craze

Lin Holford
retired 28.06.2019

June O'Sullivan
retired 26.03.2019

Communications Committee

Alexandra Whiston-Dew
Chair

Kay Buxton

Petra Green

Trustees



Ian Mackie
Chair (retired 14.01.2019)
BSc (Hons) FRICS and ATT
 Chartered Surveyor and Qualified Tax Advisor. Currently specialising in corporate finance and taxation of property investments. Graduate of Reading University.



David Conroy
Interim Chair (appointed 26.03.2019)
BA, MCIPD
 Chartered member of the Institute of Personnel and Development. Currently an independent management consultant.



Kay Buxton
BA (Hons), BTP, MRTPI
 Chartered town planner specialising in urban policy and regeneration. Currently heading up Paddington developments and two neighbouring Business Improvement Districts.



Alison Craze
BA, Dip SW
 Retired Social Worker specialising in children and families. Previously employed by the British Council working with overseas postgraduate students.



Lin Holford, JP
(retired 28.06.2019)
 IT Manager in public and private sectors, now retired. Justice of the Peace. Associate Mental Health Act Hospital Manager.



Sue Johnson
BA (Hons) DIP Arch
 Architect. Partner in private practice with 30 years' experience in Central London redevelopment projects, in particular in residential work and listed buildings. Also, Director of Wren Insurance Association.



Alec McTavish
MSc (Econ); BSc (Econ); FRSA
 Entered the Civil Service and worked as an Economic Adviser in various Government Departments. Joined British Rail and became Director of Business Systems. At rail privatisation was appointed a Director at the Association of Train Operating Companies



June O'Sullivan
MBE, MA, MBA
(retired 26.03.2019)
 Chief Executive of the London Early Years Foundation. Awarded an MBE in 2013 for services to London's children. A published author with an MA in Primary and Early Childhood Studies and MBA from London South Bank University.



David Robertson, BA (Hons), BSc, CEng, FICHEME
(retired 26.03.2019)
 Chartered Chemical Engineer Project Manager/Director in oil and gas industry for more than 20 years. Travelled on several UK and overseas assignments.

Trustees



Alexandra Whiston-Dew
MA

Practising solicitor advising on privacy, media and commercial litigation matters. Graduate of Edinburgh University and BPP University. Member of the Honourable Society of Lincolns Inn.



Giles Byford
MA (Hons), M.Sci, ACA

Chartered Accountant, currently working as CFO. Previously various roles at RBS, Barclays and PWC.



Petra Green
BA (Hons), PGDip

Marketing and Publishing professional. Has held senior roles at various publishing and media companies, including Haymarket Media and Forbes Media.



Peter Frackiewicz
BSc FRICS MAPM
(appointed 26.03.2019)

Extensive experience on working on challenging projects at Land Securities. Currently semi-retired and working on variety of projects either voluntarily or as an independent consultant.



Annalise Walker
BSc (Hons), MSc, MRICS
(appointed 26.03.2019)

Chartered Surveyor currently working as an Asset Manager at British Land. Previously held various roles at British Land and CBRE. Graduate of York University and the University of Reading.



Emma Beardmore BA (Hons)
MTP PGDip SURV MRTPI
(retired 19.07.2019)

Planning development consultant. Graduate of Newcastle University. Masters Town Planning. Reading University Postgraduate. Diploma Surveying. Member of the Royal Town Planning Institute. Currently advising on development projects in the UK



Board of Trustees Governance

We take the Governance responsibilities of the Board of Trustees seriously. Our Board comprises trustees with professional qualifications in planning, construction, project management, economics and finance, HR, social policy and law, giving great breadth of skills at Board level. Trustee training is an ongoing process and includes external courses as appropriate for specific needs and circulation of newsletters and updates from the Charity Commission.

We enhance our Board Performance by careful analysis of complementary skill sets and through an independently conducted annual self-appraisal process.

Whilst preserving continuity, diversity and experience, we seek an orderly rotation of trustees to refresh the Board skill set. LHA considers rigorous review should a trustee consider standing for a fourth reelection. Recruitment of new trustees is carried out through a bi-lateral approach of networking and using the professional recruitment services of Trustees Unlimited, one of the premier providers of trustee candidates for the Charity sector.

Prior to appointment, potential trustees follow the LHA three phase selection process, which comprises an interview with the Chairman and Chief Executive and a tour of LHA facilities, an interview by a Selection Panel of trustees and finally an invitation to shadow a Board Meeting and be formally appointed at the following AGM. There is a formal induction process for new trustees, which includes a trustee familiarisation pack.

The Board follows Charity Commission Governance guidelines by basing current Board numbers at twelve members.

The Board has completed the process of appointing the Vice Chair. Charity Commission governance training has also been completed by an external consultant.

Resident's Voice

Homely, Happy Halpin!

"What great value and so hospitable. The ideal central location to meet a lot of fellow travellers and residents. Was so very sad to leave! There are a range of rooms, I started in a triple shared room and ended up in a small single room. Both were excellent with rooms being cleaned daily and shared kitchens, gym, TV Room and seated reception area. So very many local amenities very near by - supermarkets, pubs, cafés, museums, parks, galleries and palaces! Woo hoo, enjoy!! Very pleasant and cheerful hostel staff!"

Torsten-FC, TripAdvisor



HALPIN HOUSE

Management Team

Our management team provide a great combination of skill sets. We are working hard to push the Charity forward. We recognise that it is important to invest in people if the business is to progress. The year ahead will bring new challenges but we believe our strategy is sound.

The Board determines the policy, ensures the proper management of the LHA and provides effective guidance and leadership to the Chief Executive, the executive team and employees of LHA. The Board appoints the Chief Executive who reports to the Board at their meetings.

Trustees are, individually and collectively, responsively for the overall governance and strategic direction of the organisation.



Marsha Gair
Finance Director



Tony Perkins
CEO



Lindani Sibanda
HR Manager



Ben Atwell
Head of Operations



Laura Kerridge
Head of Sales and Marketing



Chi Okpala
Residential Services Manager



Strategic Plan

Statement of Principal Activities

LHA provides affordable accommodation for young working people and students living in Central London. LHA operates 13 Central London hostels providing nearly 2000 bed spaces. LHA provides accommodation in the boroughs of Westminster, Kensington and Chelsea, Camden, Southwark, Tower Hamlets and Islington. A structure of 70 paid staff and over 170 volunteers provide support services.

Mission and Vision for 2018-28

LHA's mission is to relieve poverty by acquiring, establishing, maintaining and managing secure, affordable accommodation of young people of limited means working or studying in Central London.

LHA's vision is to continue as a steadily expanding, financially sound, well-governed and managed Charity, providing a range of accommodation and associated services which meet the reasonable expectations of self-sufficient residents.

Strategic Plan

LHA's strategic objectives and vision are by 2027 to own and manage secure, diverse, good quality and affordable accommodation of more than 1000 additional beds, to reach our target of 3000 beds.

We offer accommodation services which provide a stepping stone to enable young people to advance their careers and education, whilst meeting the reasonable needs and enhancing the well-being of residents. In addition, LHA will develop a concept providing even more affordable accommodation for less well-off beneficiaries, possibly outside zone 1 and 2 but within the M25.

The minimum standards will be defined by research carried out by the Social Policy Committee - a sub-committee of the main Board - and the search for suitable properties will be coordinated by the Property Oversight and Projects Committee to ensure the appropriate technical considerations are taken into account.

Our performance is based on:

- Provision of quality, affordable accommodation for over 1700 residents and volunteers
- Keeping our accommodation well-maintained
- Providing high standards of services and facilities
- Achieving consistently high levels of customer satisfaction
- Being in sound financial health with a history of strong financial management and planning
- Having an impressive set of performance indicators
- Commitment to placing diversity at the heart of our organisation

Aims and objectives

In 2019-20 we aim to:

- Increase our uptake on the LHA Rewards Programme offering loyalty discounts for those of 18-29 years of age
- Further expand our bed numbers with the acquisition of new sites. Our initial focus will be on new locations in London travel zones 3 and 4.
- Undertake a major internal refurbishment at our large self-catered property in the heart of South Kensington, London.
- Continue with our rolling programme of life-cycle maintenance across the LHA portfolio
- Review our vision and mission to enhance our charitable objectives
- Invest in our people with the introduction of more supportive onboarding and training.
- Make a significant capital investment into a new front of house and reservation system. The new system is scheduled for pilot review in the spring of 2020
- Focus on higher levels of Board diversity
- Introduce new state of the art resident's laundry equipment to provide cashless washing and drying facilities.
- Continue to support smaller charities with grants through the LHA Fund.



Property Oversight and Projects Committee Statement



Sue Johnson
Chair of Property Oversight
and Projects Committee

The Property Oversight and Projects Committee is responsible for monitoring and supporting the acquisition of new property for the charity; along with the refurbishment, upgrading and maintenance of LHA's substantial existing property portfolio.

The charity has an ambition to acquire new sites, so that we can increase the number and range of our beneficiaries. However this has proved a challenge in recent years due to the overheated state of the property market. We are therefore particularly delighted to have purchased a new site in Hounslow in the final months of 2019. The building, previously used as a hotel, has capacity for refurbishment and expansion to provide a modern facility with around 125 beds subject to the usual consents. Its location (in zone 4 but close to good transport links) will enable us to offer highly affordable modern en-suite accommodation; expanding the range and type of offer within the LHA portfolio. Whilst planning permission is sought and the design work completed during 2020, the existing 40-bed building is being opened to welcome residents staying for up to a 3 month term.

Other opportunities currently under investigation include the expansion of our existing non-listed properties by constructing additional accommodation at roof level (a technical feasibility study is under way); and the acquisition of a house for the use of one of our beneficiary charities; enabling them to provide intermediate accommodation for residents who need additional support.

Meanwhile, the upgrading and modernisation of the existing portfolio has continued apace.

Major work has successfully been undertaken at Sandeman Allen and at Bowden Court; with particular focus upon the upgrading of mechanical and electrical systems to reduce our energy consumption as well as the provision of improved sanitary facilities and bright, contemporary furnishings and fittings which have proved extremely popular with residents.

In other business, the triennial property valuation was undertaken by Colliers resulting in a portfolio assessment of approximately £236 million. Reviews of policies, health and safety performance and staffing resources continue to be monitored. With the issue of climate change a highly topical concern, our focus for 2020 will be looking at our sustainability strategy and developing improvements to our operations.

HR, Remuneration, Pensions and Investment Committee and the Risk Committees Statement



Alexandra Whiston-Dew
Chair of HR, Remuneration,
Pension and Investment Committee
and Risk Management Committee

During 2018/19 the Committees oversaw the Executive in their management of HR challenges and financial matters in the uncertain environment leading up to Brexit. Developments included the formation of a dedicated human resources function, improved support for the operations department, continued success of the LHA volunteer scheme and comprehensive on-going review of major risks using the strategic Trustees Risk Matrix.

I am delighted to welcome David Conroy who joined the Committee in May 2019 and to note the departure of Lin Holford in June and thank her for her outstanding contribution as Chair of the Risk Committee and also thank Ian Mackie for his tenure as Chair of the HR, Remuneration, Pensions and Investment Committee between the beginning of the financial year -October 2018 and January 2019.

We have seen investment in a new human resources support structure with the appointment of a human resources manager who has worked to develop an onboarding process to LHA. It has been reported to the Board that the new process has improved our new staff's adjustment to the social and performance aspects of their role quickly and smoothly - they are able to gain the knowledge, skills, and behaviours required to function effectively within LHA.

The Trustees support wholeheartedly an increased focus on supporting staff and volunteers. The strengthening of the operations department with the new position of Residential Services Manager reporting directly to the Head of Operations, together with the appointment of a new Head of Operations will improve communication and performance review. As a service provider, our beneficiaries will see the results of our efforts in this area.



HR, Remuneration, Pensions and Investment Committee and the Risk Committees' Statement continued

The LHA Volunteer Scheme has gone from success to success. The social impact of the scheme is beyond doubt and with over 300 volunteers taking advantage of the scheme in 2018/19 we are proud of our initiative in this area. The Committee also receives detailed advice and support from our bankers and Pension Trustees to ensure constant review and appropriate governance of LHA investments and Pension arrangements.

The Board of Trustees reviews the strategic Risk Matrix regularly. The Risk Committee oversees the process of risk evaluation. The major risks identified during the year were Brexit, fire and 'changing market-place' and have identified, along with the Executive, actions to mitigate these and other risks identified. The Board and Executive continues to closely monitor changes to our market and modified its strategy by introducing 'LHA Rewards' to offer discounts to 18-29 year olds. Safeguarding training has been introduced and fire prevention has been moved to a new level with the introduction of upgraded fire risk assessments.

The Board is confident that the charity has robust procedures in place to evaluate, design and implement effective measures to reduce both the likelihood and potential impact of the risks the charity faces and will continue to interrogate these procedures to ensure effective governance. I would like to thank all staff and volunteers for their engagement throughout the year.

Volunteers' Voice

"We are really grateful to Friendship House for giving us the opportunity to meet each other. When we both came to London we were alone, two girls who moved here to experience living in this big city and improve our English level. Sharing a room in Friendship House helped us become the friends we are nowadays. It is always better to live the experience with someone you can share moments with and trust in. Thank you!"

Miriam & Soi

Social Policy Committee Statement



Alec McTavish
Chair of Social Policy
Committee

The aim of the Social Policy Committee is to understand the housing needs of young people with limited means who wish to live in London, and to meet these housing needs through the provision of affordable and appropriate accommodation.

The committee makes recommendations on the types of accommodation LHA should be providing (single rooms, shared rooms etc), and the rents that should be charged. We have continued to provide a discount to 18-29 year old residents in shared rooms. This reflects the challenges facing young people who wish to work and/or study in London. One of the welcome consequences of this policy has been a reduction in very short-term stays.

Marketing is a key part of the work of LHA. This has now become the responsibility of the Social Policy Committee. The change brings together the consideration of the rents we charge; the specification of the accommodation we offer; and the way we promote our accommodation to potential residents. This consolidation under the Social Policy Committee is a positive change welcomed by Committee members.

We continue to support relationships with other London charities supporting young people in housing need through our LHA Fund. This is designed to help young people with housing needs that are outside LHA's capabilities to satisfy but which can be addressed by specialist housing charities operating in London. Grants of around £200,000 this year were again made, and we have been pleased with the results these charities achieved.



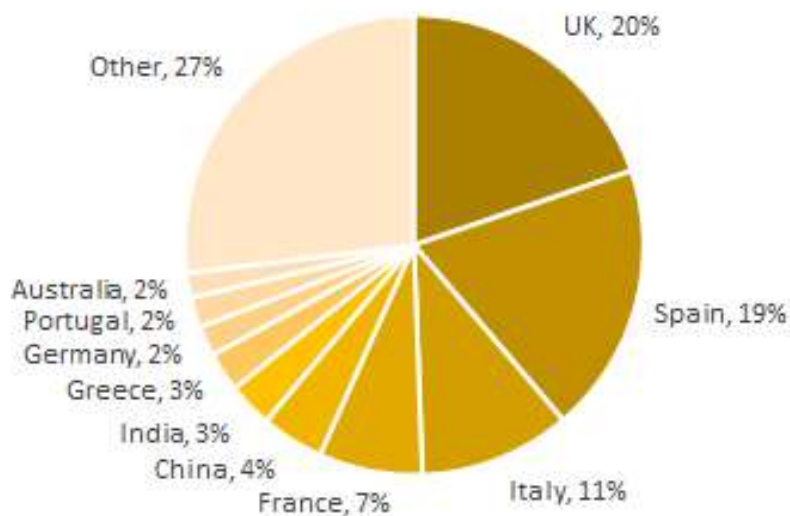
Residents

Typically, LHA's residents fit into 1 of 4 categories: interns, young professionals, domestic students and international students.

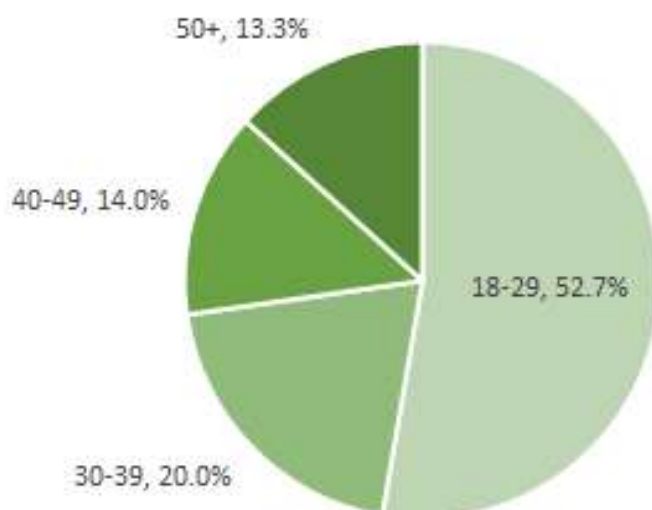
LHA London provides affordable long-term accommodation in the city centre. We have accommodation for every need, taste and budget with private rooms as well shared accommodation with a co-living environment.

Strategically situated near universities and tube stations, you can easily get to university or work with minimal transport time and cost. With hostels near famous London parks, museums, pubs and tourist spots, we ensure our beneficiaries' stay with us will be much more fun and enriching.

Nationality profile



Age profile



Resident's Voice

"I like staying with LHA as the rent is affordable and bills are inclusive. It's a safe and quiet neighbourhood, but still close to public transport and local amenities like the supermarket, GP and parks within walking distance "

John - Belsize House Resident

"I didn't intend to stay at Newington Court for 3 years of my university studies but my experience has been overwhelmingly positive. The staff are friendly and make the hostel a very enjoyable place to reside in. The building is also very clean and spacious, and the garden and trees make you feel like you can escape the hectic city."

Brian - Newington Court Resident



Residents' Well-being



Services provided on an inclusive charge basis

- Senior hostel staff and volunteers who live on-site are always available to offer help and assistance. Health and Safety is paramount to the organisation.
- In our catered sites, we provide breakfast and three course evening meal
- High speed fibre-optic wi-fi connectivity with 100% coverage in all rooms and communal areas
- Bed linen and room cleaning
- Resident contents insurance including laptop cover
- LHA Rewards loyalty scheme to provide an incentive for 18-29 year olds rewarding long stay
- Communal washroom and kitchen cleaning
- Free membership of LHA gyms where available
- All utilities and council tax
- Comprehensive maintenance service
- Communal room with TV facility



Building on our current success

Investing in and protecting our property portfolio is paramount. During the financial year we spent over a million pounds on major refurbishments and capital expenditure.

Our largest site, Bowden Court, benefited from major upgrades in shower, washroom and room upgrades. Our self-catered Bayswater site, Leinster House, saw the completion of a major internal refurbishment. Sandeman-Allen House and New Mansion House saw the progression of major internal refurbishment.

Alongside the above significant projects, we replaced and upgraded plant and equipment when necessary.



Kitchen upgrade at New Mansion House



Kitchen upgrade at Leinster House

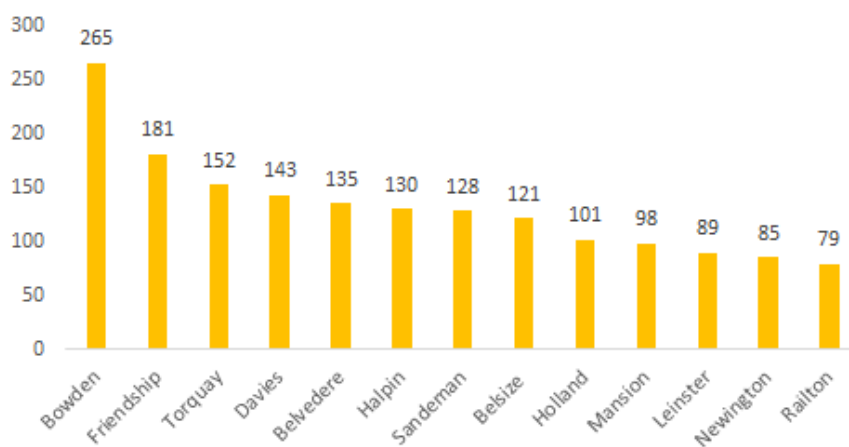


Room and washroom facilities' upgrades at Bowden Court



Room upgrades at Sandeman-Allen House

Number of beds across LHA sites

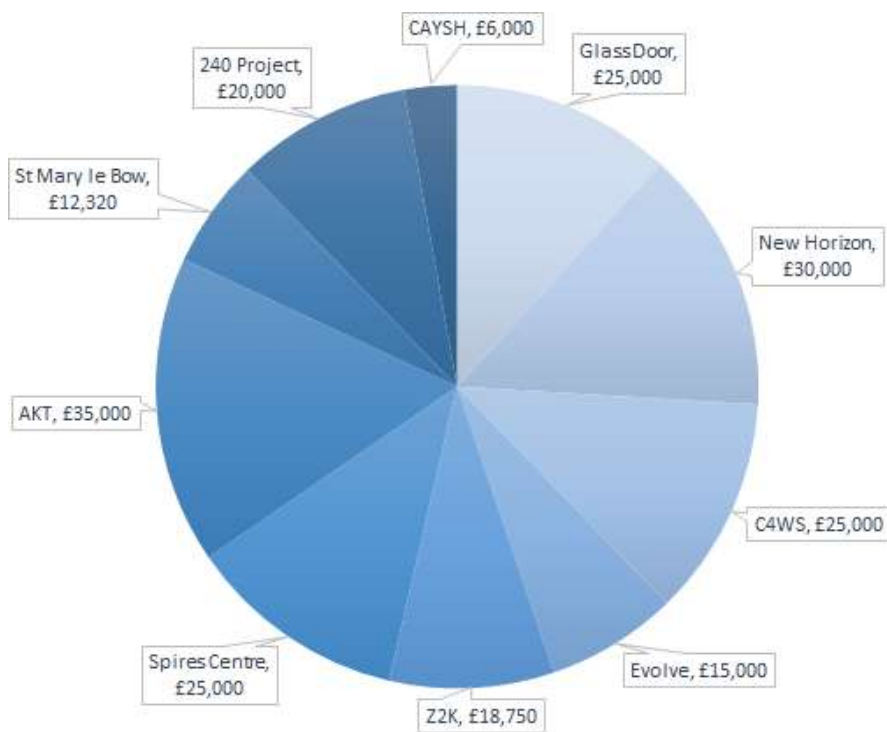


LHA Fund and Communities

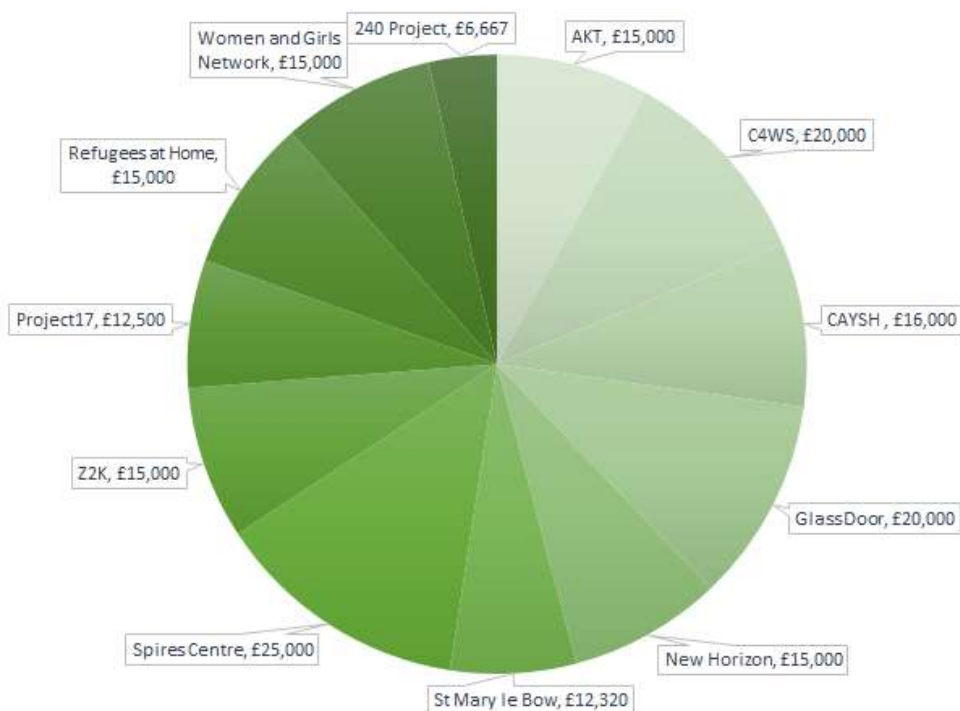
We are committed to supporting London charities with similar objectives. During the year we made grants totaling just over £212,000.

Since its implementation, the LHA fund has gone from strength to strength. Intended recipients of the Fund are listed on the right.

Current 2018-19 funding



Proposed 2019-20 funding



LHA Fund case studies



David first accessed New Horizon Youth Centre in September 2019. He is an EU National who, through a series of events which were out of his control, became homeless immediately after he arrived in the UK and began a period of rough sleeping. David has had an extremely traumatic history which has seen him experience abuse and bereavement as well as multiple moves across the continent.

At the age of 21 David decided to move to the UK to look for employment and make a fresh start. He paid money to a family friend in the UK to stay with them, but when he arrived in London they would not allow him to stay and he lost all of his savings. At this point David accessed New Horizon. He was homeless, had no recourse to public funds and no money and was in an extremely vulnerable position. David's mental health was suffering as a result of his experienced trauma so one of the first things we as a Centre were able to do was to help him access their in-house counselling service. He continues to use this support. David was then successful in securing full-time employment and so began the process of working with New Horizon's Accommodation Team. Working with an established partner landlord and with the help of 1 month's deposit upfront, New Horizon were, within 10 days of assessment, able to help David access a room in private rented shared accommodation. From a background of trauma and adversity, David is doing well and is able to remain focussed on his future in a positive and fulfilling way.



"Z2K is an anti-poverty charity that combines direct help for people with national campaigning to fight for a welfare benefits system that works. Through our casework, we help around 1,000 people a year to keep them safe in their homes and get the benefits they are entitled to. We are grateful to LHA for their support towards our work to prevent homelessness for young people who are at risk of losing their home and in particular their secure or assured tenancies. Our work is delivered in a holistic and empowering way, helping individuals to understand the problems they are experiencing and why, and how they can help themselves. We also house people who are homeless in the Private Rented Sector. Given how difficult it is to secure and sustain affordable tenancies in London, particularly for young people on low income and relying on benefits, we prioritise preventing homelessness as much as we do addressing it. This can be seen by our recent work with Ahmed:

Ahmed is 24 years old. When he was 18, he succeeded the housing association tenancy belonging to his mother after she suddenly passed away. He and his brothers (who he cares for) have learning disabilities. Since their mother's passing, they have been managing their tenancy without a guardian.

Ahmed came to Z2K when his landlord was seeking possession of their property due to rent arrears. Z2K made contact with the Department for Work and Pensions (DWP) regarding his Universal Credit claim and appealed the decision not to award the benefit. Once an appeal was lodged, the DWP reviewed their decision in Ahmed's favour and awarded him the benefit as well as a backdated payment. Through Z2K's Wraparound project, we connected Ahmed with a debt advisor and we are addressing additional support he needs to help him and his brothers sustain their tenancy."

LHA Fund case studies

GLASSDOOR



Georgie, 32, stayed in the Glass Door night shelters in the winter of 2018 - 2019 while starting work at a London-based tech company. She was broke and needed to save enough to afford a deposit. She now rents a flat in East London and performs as a violinist while studying financial market trading. Georgie shares her story in her own words.

When I was 21, I moved from Romania to Austria to pursue my music degree in Vienna. I got my musical talent from my mother—she was a singer—and I studied the violin since I was seven years old. I travelled all around Europe and Asia playing the violin. Without the violin, I wouldn't have crossed the borders of Romania. I had great jobs in Austria as a violinist, but I've always been independent—I wanted to do my own musical project. I took out a loan to fund my concerts and I became a businesswoman. I was selling tickets on the streets, playing my concerts, managing my orchestra and the repertoire. I thought I could do it all.

Unable to cope

To be self-employed takes a lot of money and nerves. I had zero money, and I was becoming more in debt. I stayed for months in bed doing nothing. With time I started to study and learn about trading in financial markets, as my father had told me about them when I was younger. I've always been impulsive, and so I enjoyed being able to take risks, knowing that in minutes you can make ten times what you risk. When I started to get into it, I fell in love with it and it gave me a new lease of life.

Opportunity in London

After searching, I found a job in London which would allow me to balance my new passion for trading and playing the violin. That was the reason I came to the UK. It sounds crazy, and I knew there'd be challenging months ahead. But I knew when I'd get a place, I could build step-by-step what I needed to do. I googled 'place to sleep for homeless'. I emailed Glass Door asking for help: "Who can help me, because I'm broke, my money has all gone." Glass Door reacted quickly. I got the answer from Caroline [who managed the shelter waiting list] saying I could come to the shelter. In November 2018 I came to the Hammersmith and Fulham night shelter. The first month was difficult. Everything for me was a lesson. It helped me to become much less judgemental of people in this situation; everyone has the right to not sleep outside. When I had a fever, Will [Glass Door's night shelter manager] took me to the hospital. I couldn't even stand and he helped me. I wasn't ignored. The shelters were not the ideal place, but at least I had a warm meal, and I no longer had to panic about food.

Back on track

In January, when my first pay check came in, I said goodbye to Will and he told me: 'Georgiana, I don't want to see you anymore!' with a smile. I am thankful to everyone who helped me. I want to help others as I've already been helped. One day I'd like to volunteer at the night shelter. The people were great, I felt loved there every time. Now, I want to use my knowledge in finance to fund my music career. When I have the violin, I don't need anything else. It's great to make people smile and change their state. You open them through music. My mission is to take as much as possible from my violin and show it to the world. And they feel better for the rest of the day – hopefully. Wherever I play, I want to make people inspired and make their souls richer.

Photo of Georgie provided by Glass Door

LHA Fund case studies



**St
Mary
le
Bow**

James rang me up and said he had heard we have places for young homeless people. I agreed and asked where he is, he said "At Cricklewood". I said, "Come and see me" not realizing Cricklewood was a four hour walk away. He arrived, with one bag and I took him for breakfast in the City. He had such difficulties at home that he had to leave, and had been 'living' under a shed at for six months.

We took him to the flats we have through the Peabody Trust, at Elephant and Castle that LHA helps pay for. The flats are for young homeless people to stay and gradually recover, then think of work and eventually move to their own flats in the private renting world.

We have an apprenticeship scheme with Pret a Manger in which young homeless people can work in their shops for three months with an opportunity of a permanent job. James stayed for seven years, the longest apprentice to be there, and did really well. He was liked and he liked the place. But he had always wanted to be a chef. He went to college and landed a job at the very grand Landmark Hotel in London. There he rose, getting up very early to be there, under a brilliant and tough top Chef. He is now based in Luxembourg, continuing to do really well, happy and succeeding.

Photo of James provided by St Mary le Bow



Stef is autistic and uses the pronouns they/them. Stef was referred to C4WS Homeless Project by New Horizons Youth Centre. They had left the family home due to continued abuse from their Mother.

When Stef arrived at the shelter, they did not know what to expect and found it difficult to interact with other guests and volunteers. They worked with our Welfare Team and began to trust and understand the project and the work we do. Nikki, their welfare worker at C4WS, worked alongside the Advice Team at New Horizons and provided supporting evidence for Stef to be presented to the council on behalf of Stef's case.

Stef was offered a room in shared accommodation for young people via Stonewall Housing. C4WS ensured that they got settled in quickly with everything they needed by kitting them out with a full Starter Pack, complete with a donated laptop so that Stef could continue working on their music.

Stef had been studying music at university before they joined the shelter. Once with us, it became clear that they would have to defer their studies. However, Stef's passion shone through, no more so than when they came into the office to collect their Christmas present. This had been requested through the Wellcome Tree as part of an initiative set up by the Wellcome Collection, another partner of C4WS. The present was unwrapped painstakingly in front of two C4WS staff members, who delighted in the moment with them. It became clear that Stef wanted to do this with us, as they didn't have anyone else with whom to share their excitement. It was a guitar!

Finally Stef has been supported by C4WS since their stay at the shelter ended and have joined our Mentoring and Befriending Scheme. This means that they meet up with a volunteer mentor once a week for a catch up, and to let them know if there is any help they need.

By staying in touch with Stef we can ensure that their move on into shared accommodation is successful and sustainable, something that is at the core of the work that C4WS undertakes.

LHA Fund case studies



Aisha left home at 17, whilst she was involved in an ongoing case of neglect and abuse with her Mum. She came to Evolve with nowhere else to go and no one else to turn to.

Since 16, Aisha always worked. Whilst at Evolve, she worked part-time as a childcare assistant in a nursery. She then took on another part-time job at Sainsbury's.

Her support workers warned her that by working over 16 hours, this would affect her housing benefits. But she loved her work as a child care assistant and wanted to move on and become independent.

Anthony, Aisha's support worker said:

'Aisha was a model person to support. She was never in trouble, never caused any issues. As bad as it got, would be a nudge to encourage her to tidy her room. She just wanted to work hard and one day become a teacher.'

By working two part-time jobs, and then having her benefits cut, it was a struggle for Aisha to stay on top of rent, let alone save for a deposit and upfront month's rent for new accommodation.

Thanks to the LHA Move On bursary, Aisha was given the opportunity to be supported with her deposit and rent and move out of Evolve.

As soon as Aisha turned 18, knowing she had a bursary to cover her deposit and rent, she accepted an offer on a flat and moved out to a new life of independence.

Aisha still works at the nursery and Sainsbury's whilst completing an apprenticeship to become a qualified teacher in early years education. We have no doubt she will make a great teacher.



PC came to Spires in October 2018 (aged 26) after period of sleeping rough for 6 months - on the streets, riding buses, or sofa surfing. He had had to leave his family due to an incident, involving police investigation.

Spires made a referral to Robes winter night shelter, where he remained until Spring 19, when the shelter closed. Robes had been unable to find him suitable accommodation and he returned to the streets.

Spires assisted him to apply to Lambeth Housing, and accompanied him to his interview, but he did not have the correct information and his application was put on hold. PC was reluctant to complete his application for Lambeth Housing as he wanted to move out of London.

Despite considerable encouragement, PC refused to agree to a Streetlink referral for a long time which would have certified him as a rough sleeper. However, he has recently finally agreed to be verified as homeless by the street outreach service. He was picked up and is currently staying in a hostel at Blackfriars. He has also been identified by Spires as appropriate for referral to our housing scheme that funds first month's rent and deposit and we are working to help him into accommodation.

Since PC attended Spires, his Support Worker has been supporting him through the police investigation, including liaising with his solicitor and family. The police have finally dropped his case without charge, and he is now free to move on with his life. He is also hoping to recommence his training as a football coach with the Football Association.

To his credit, it should be noted, that, whilst he has been attending regularly Spires for over 1 1/2 years, and despite his chaotic and difficult life, he has kept himself away from trouble, and has not become involved with any drink or substance misuse.

Many of our service users suffer multiple layers of trauma and it is only with consistent support over quite a long time, that we are able to help individual build the confidence to move on with their lives.

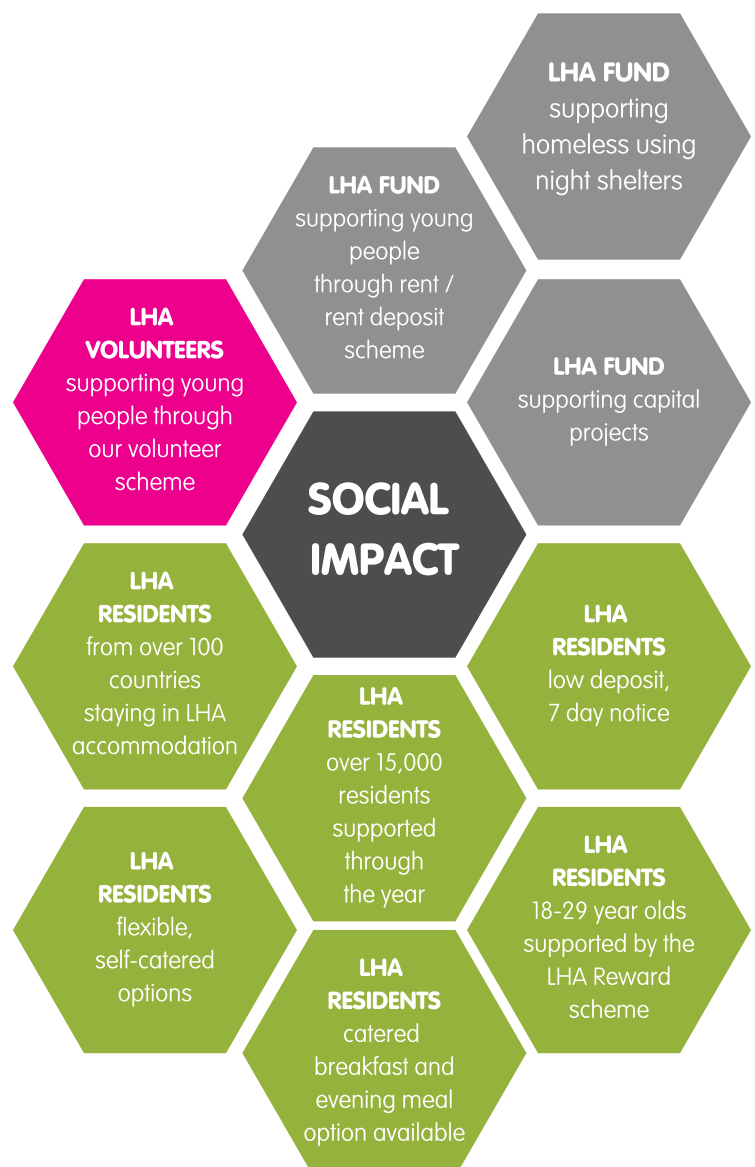
Social impact

We have continued to make significant social impact across our accommodation, volunteer programme and LHA fund.

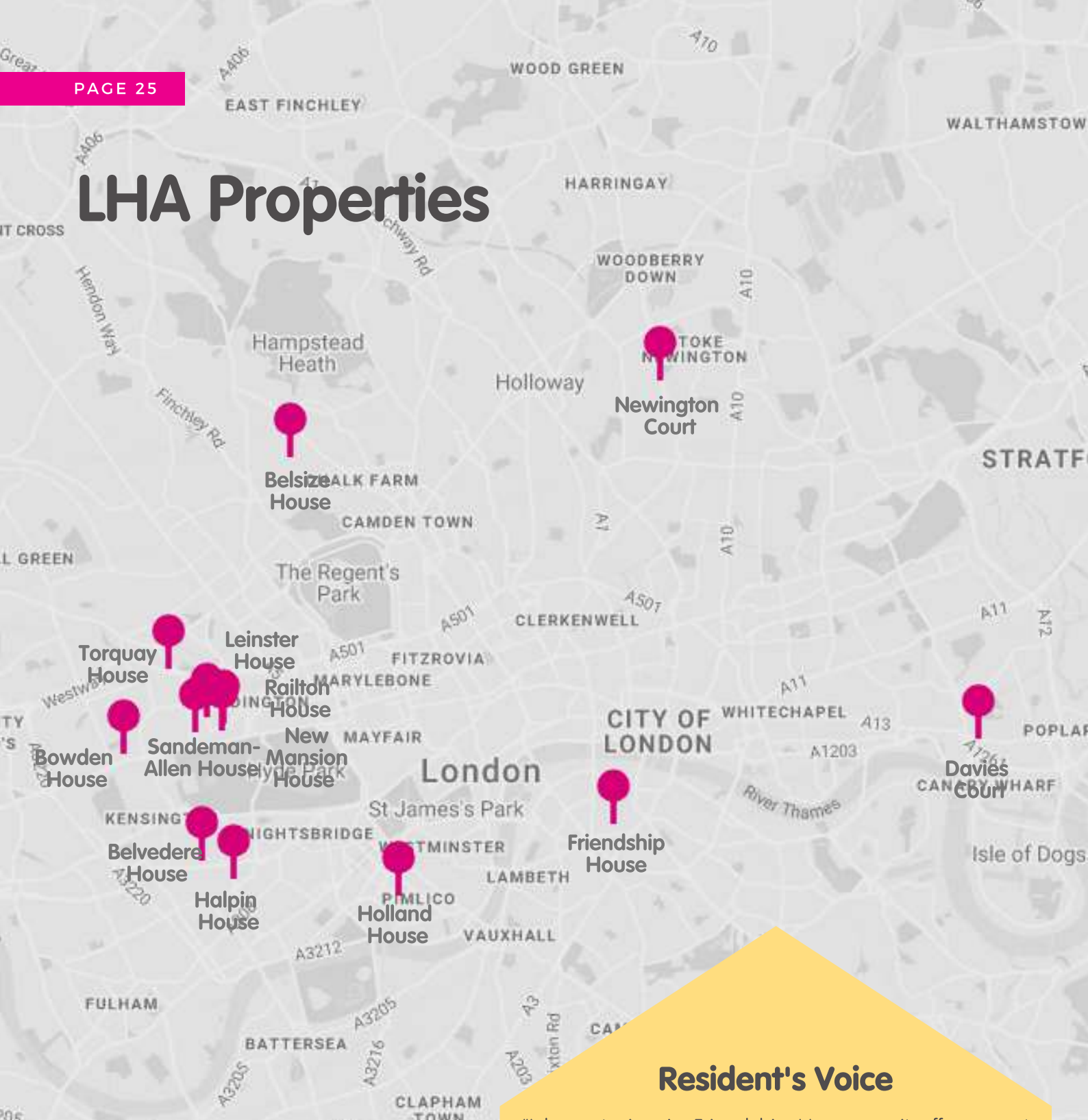
By providing accommodation, we transform spaces into places and places into neighbourhoods. Our employees live alongside our residents and volunteers creating supported social spaces within our buildings. We survey our residents to gain feedback on our social impact and to monitor how our investments in services and programmes to improve people's quality of life, health and well-being. We continuously strive to further improve our social Impact with the LHA Rewards Scheme making our shared rooms even more affordable. We pride ourselves on providing centrally located accommodation, allowing young people to combine working and studying in the local community.

We continue to deliver:

- A volunteer programme to deliver opportunities for young people to combine study and work in the local community
- All inclusive weekly room fees providing full catered or self-catered services to encourage young people to meet in communal space.
- Initiatives with our partner charities to identify opportunities for housing and supporting more vulnerable young people in the community.
- Capital projects within our partner charities to further improve social impact in the community.



LHA Properties



Resident's Voice

"I love staying in Friendship House as it offers great contract flexibility as LHA only requires a week's notice period to move. I regularly use the gym, which is a great facility included in the cost. I also get to use the machines in the laundry room at a fair price. Moreover, both my room and the common areas are cleaned regularly, and at a great standard. The management and staff at Friendship House are amazing, always ready to help promptly. The price is competitive considering the location and services - all my bills are included and I'm only 15 minutes from the City. I definitely suggest anyone to come and enjoy London by staying at LHA hostel!"

Filippo - Friendship House Resident

Sustainability Report

LHA London Ltd work towards a sustainable goal on all refurbishment projects as defined by the RICS.

Our aims are captured in the following three main categories:

Materials

All materials, equipment and furniture, used by LHA London Ltd in its refurbishment programme are UK manufactured wherever possible. This ensures the UK's emission standards are central to own sustainability policy.

Supply Chain

By using UK manufactures we are minimising the volume of road transportation required, and are able to have confidence that our suppliers also work towards a stainable environment.

Human Resources

We aim to only use London based contractors for our site works, this enables site works to contribute to our goals by minimising the need for private transportation, in our congested city.



1.Tender Specification – Sustainability Section 2018/19 – Sandeman-Allen refurbishment:

- New high efficiency water heater
- New high efficiency laundry equipment
- Sustainable UK recycled material carpets
- Taplanes showers - existing units removed and recycled into underground drainage products
- Shower pods have 25-year guarantee
- LED lighting throughout
- Demolition materials – Recycling company segregates waste to use in recycled process
- John Lewis new furniture from sustainable sources
- Dulux paint - Environmental Impact Analyser (EIA)
- Dual flush toilets

2. Mechanical and Electrical

- L.E.D lighting – Motion proximity sensors
- Boiler upgrades – Bowden Court already showing significant gas savings
- New high efficiency water heaters at Sandeman, Leinster and Belvedere
- Solar energy – Davies, Bowden, Friendship
- TRV controls on all radiators

3. Self-catered kitchen - Spec 2018-19

- All new cookers and fridges- A rated for energy efficiency
- PIR control light and extractors

4. Maintenance team

- Maintenance team – only use public transport or walk between sites

5. Waste management policy

- All waste is separated into the following categories, Food waste, Residents waste & Cardboard.

Sustainability Report

Operations

Whilst there have been no significant changes to resourcing, sourcing and recycling in the last 12 months some headlines and highlights include.

Resourcing - Our People

We continue to invest in skills development for our people with continuous professional development a core pillar of the appraisal system that actively encourages people to source development with funding support available from LHA.

Our volunteer scheme continues to go from strength to strength with engagement in the scheme at an all-time high and a number of new appointments to house manager having come from the volunteer pool originally.

We have also launched the no planet B initiative asking residents for their suggestions on how we can reduce our impact on the environment.

Sourcing

Our food supply is unchanged, and we continue to work with London based small businesses, where appropriate, to support the local community in which we operate whilst also providing best value for LHA from a cost perspective. This area will undergo significant review in the year ahead with increased focus on the full supply chain and visibility of our products origins.

We've reduced our use of paper marketing by providing a range of permanent signage for hostels and will continue to grow this offering.

Recycling

A London based operator continue to service all our sites from a waste collection perspective and has achieved the following KPI's:

- 100% of food waste recycled
- All glass diverted from land fill
- Dry mixed recyclables are separated at site and additionally all general waste is sorted at the depot with the aim to divert 100% from landfill.



Volunteers

Volunteers are a big part of the success of LHA London and we greatly value the contributions they make.

Becoming a volunteer at LHA opens the doors to gain experience and develop new skills whilst giving back to help the charitable aims of LHA.

All volunteers can help make a positive impact on the experience of the young people staying with us, from giving the best possible service upon check-in, to dealing with customer enquiries, to helping the chefs serve delicious meals.

Volunteers at LHA can not only improve their English and gain valuable training, they'll also make some amazing friends along the way. Plus, the experience will look great on their CV! It's a win-win for anyone starting their new London adventure!

We recommend our volunteers give us a minimum of 20 hours a week to make the most of their volunteering experience and they can then stay with us for free in shared accommodation with other friendly volunteers.

Volunteering can be done at any one of our accommodations where volunteers get the opportunity to make friends and contacts within the LHA community. They experience all the same flexible living benefits that our residents do and they also get their food included.

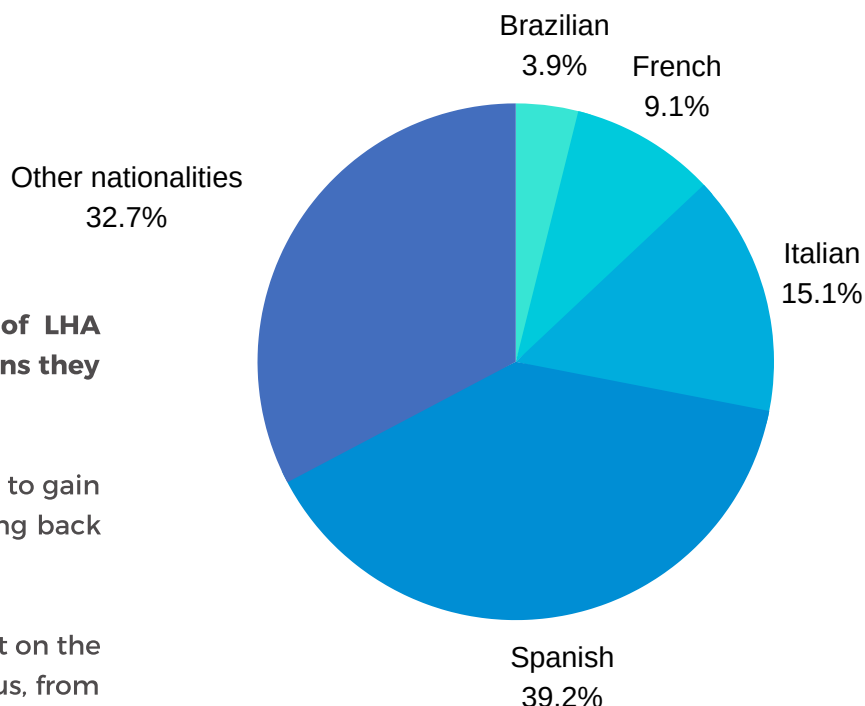


Ramon Lavin

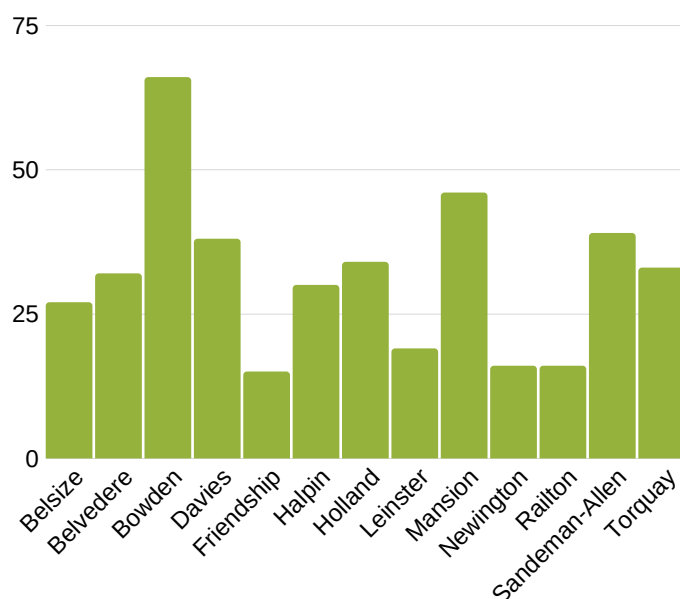
Sandeman-Allen House Volunteer

"I was a bit nervous when I arrived in London for the first time, but now, I am living everyday with happiness and enjoying every moment of my life with my Sandeman-Allen family in London"

Nationalities of our volunteers in 2018-19



Number of volunteers in LHA hostels in 2018-19



Volunteers

Our volunteers play a crucial role in supporting daily running of LHA hostels while gaining valuable, hands-on work experience and language skills.

The types of duties which form part of a volunteer's role will vary by property and can change from day to day but will usually involve the following:

- Volunteers in catered properties help set up, serve, clear away at meal times – breakfast, evening meals and lunch at weekends. Keep the kitchen, dining room and other catering areas clean. This includes pot washing, cleaning of appliances and operating dishwasher machine.
- Help the Cook in basic food preparation, put away deliveries and keep the kitchen and cooking utensils clean and tidy.
- Everyday general cleaning and portering duties covering all areas and to include the cleaning of showers, toilets, bedrooms, public & communal areas, immediate external areas, kitchens and dining room.
- Occasional special cleaning, e.g. carpet cleaning, deep cleaning areas, oven cleaning, washing down walls, laundry, cleaning vents and inside of windows.
- Changing bed linen, counting and preparing laundry for collection.
- Office duties including check in/out, dealing with enquiries, taking bookings, responding to complaints, logging/reporting problems and maintenance issues.
- Night porter duties; offering basic office cover and contact for residents after office hours. Some cleaning duties may also be required.



I have enjoyed working and meeting people from all over the world. Through working for LHA, I have improved my English and enhanced my customer service skills.

Lorenzo - Volunteer at Belsize House



#LHALife



"The welcoming from the management and co-workers was so warm, that from the beginning it felt like a new family. We learn from experience, from each other and from the guests. Today I can say that LHA is the reason for me staying in the country.

Hugo - Volunteer at Newington Court



#LHALife



Trustees' Review

The Trustees, who are also Directors of the Charity for the purpose of the Companies Act, submit their Annual Report with the Balance Sheet for the Company at 30th September 2019 and the Statement of Financial Activities for the year ending on that date, which were approved by the Board of Trustees on 25th February 2020. The Charity is governed by its Memorandum and Articles of Association. The Charity is managed by Trustees who meet formally five times a year.

Trustees and Members

The Trustees who served during the year are named on pages 4 and 5 of this report. Additional or replacement Trustees are appointed by the remaining Trustees.

Insurance against Trustees and Officers liabilities in relation to the Charity was maintained during the year 2018/2019, as cited in the Memorandum and Articles of Association, Para 60 (1).

Strategic Report

The Charity achieved a surplus net incoming resources before transfers of £7,053,223 (2018; £7,065,765) approximately £45,000 over budget.

There was a spend of approximately £517,322 (2018; £618,254) on repairs and maintenance.

Donations of £212,070 (2018; £196,141) were paid during the year.

Investments

Barclays Wealth are the managers of the Charity's investment portfolio. They reported that at the year end the Charity held a Global Beta fund at a valuation of £1,341,362 (2018; £1,298,870).

The Investment policy has been updated during the year with the following objectives:

The charity's assets should be invested and held in order to grow the value over time. As the charity does not rely on investment income for operational purposes, a total return approach (capital growth and income generation) can therefore be adopted for the investment portfolio.

The financial objective of the investment portfolio is to maintain the real value of the assets, at least in line with inflation, whilst generating a stable and sustainable return to grow the capital over the long term. The long-term target return set by the charity is at least the Bank of England base rate plus 5%.

Separately, cash deposits held by the charity are deemed shorter-term and are used to maintain liquidity. The split between longer-term capital growth investments and shorter-term cash investments will be reviewed by the Committee on a regular basis and will be adjusted according to the charity's requirements.

Investment decisions should aim to optimise the total return of the portfolio in line with the charity's risk appetite. The charity has defined this as moderate for purposes of their investment approach and has accepted a degree of risk to their capital. The charity is able to tolerate volatility of the capital value of the investment portfolio and has a long-term time horizon of over five years.

To minimise risk to an acceptable level, any assets invested should be held within a diversified portfolio which does not have excessive exposure to any specific sector or country. The committee expects that the volatility experienced by investment portfolios should be no more than two thirds of the volatility of global equities (in Sterling).

Trustees' Review

It should be noted that there is no specified exposure limit at a sector or country level however the Committee reserves the right to set this if they feel appropriate. Asset classes may include cash, fixed income/bonds, equities, property funds, hedge funds, commodities, and any other asset that is deemed suitable for the charity. The base currency of the investment portfolio is sterling, however investments may be made in non-sterling assets.

Withdrawals can be made from the investments as and when required by LHA to fund their charitable purposes and objectives, such as buying or refurbishing property. LHA also allows for the invested assets to be held as collateral against a lending facility.

Fixed Assets

Bowden Court has undergone some refurbishment works including upgraded shower facilities, boiler replacement and refurbished rooms at a cost of £268,069 during the year.

Leinster House and New Mansion have both undergone refurbishments during the year with £176,182 and £110,260 respectively spent during 2018/2019.

Sandeman-Allen House had £580,018 spent on its refurbishment due to complete in the first quarter of 2019/20.

These refurbishments started in 2017/18 and are part of plan which will lead to all sites being upgraded with new room formats and much improved washroom facilities.

Payment Policy

It is the policy of the Charity to pay creditors in accordance with contracted terms, normally within thirty days.

Results

The net movement in funds during the year was a surplus of £40,757,191 compared with the previous year's surplus of £7,200,302. This was after allowing for realised and unrealised gains on investments and the actuarial gain on the Charity's pension scheme, which was a gain of £42,492 and a gain of £24,000 respectively compared to the 2018 gains of £27,537 and gain of £107,000.

There was also a triennial evaluation of the LHA properties resulting in a gain of £33,637,476.

Reserves

At the 30th September 2019 Charitable Funds stood at £23,724,135 and Designated Funds at £236,847,796. Within Designated Funds there is a fixed asset reserve of £236,847,796 which represents the net book value of the fixed assets. All other reserves are available to maintain and develop the future work of the Charity and are considered adequate by the Trustees for these purposes.

LHA London Ltd has a defined benefit pension scheme managed by Aviva Insurance and had net assets of £10,344,000 as at 30th September 2019 compared to £9,599,000 in year 2018. The reserves in the profit and loss account of LHA Services Ltd, our subsidiary company, were £433,801 as at 30th September 2019 compared to £607,736 in year 2018.

As a Charity, LHA is obliged by the Charities Commission to set a policy on reserves and this establishes a level which is appropriate for LHA for the year. LHA's reserve policy is set to adequately support the continuation of the Charity's current activity and future capital expenditure. The Charity's aim is to monitor the reserves policy throughout the year through our budgetary process and to review the reserves policy to ensure it meets LHA's changing needs and circumstances.

Trustees' Review

Our reserves policy is reviewed annually whilst reviewing our sources of income, and balancing the impact of the future plan, commitments, our pension schemes and any management of financial risk involved. LHA's sources of income are stable and bed letting in London is in high demand. It is very unlikely that the general economic condition would affect our circumstances and from previous financial statements our income sources have been increasing. The LHA's target reserve level is set at 6 months (approximately £3.75m). Our current reserve levels are higher than this as we are yet to find a suitable property to expand our portfolio. We have bought a property in December 2019 and there are plans to further develop this.

The general reserves stand at £23,724,135 at September 2019. This equals to approximately 38 months' expenditure.

Risk Management

The Trustees actively review the major risks which the Charity faces on a regular basis and believe that maintaining adequate resources, combined with an annual review of the control over key financial systems, will enable the Charity to cope with any future adverse conditions. The Trustees have also examined other operational and business risks faced by the Charity and confirm that they have established systems to mitigate significant risks. The Risk Management Committee (RMC) regularly reviews and updates the Trustee Board as necessary and have identified the following as the highest rated risks:

- I. Brexit
- II. Fire
- III. Changing market place

The following actions have been taken in relation to those risks:

- I. Brexit - The RMC closely monitor EU residents. Brexit is an agenda item at each Trustee Board meeting where any further information that is available can be discussed along with any LHA impact.
- II. Fire - Trustees have reviewed the Annual Fire Risk Assessment, fire appliance certification and the disaster recovery plan. The Senior Management Team report on this together with their Senior Annual Risk Assessment.
- III. Changing Market Place - Trustees have received research on affordability. LHA Rewards scheme has been introduced during the year offering up to 25% discount for 18-29 year olds.

Trustees' Review

LHA update related to coronavirus disease 2019 (COVID-19) outbreak

The impact of the coronavirus outbreak on public life and the London accommodation sector has resulted in reduced occupancy within the LHA portfolio. While this is expected to have a negative impact on the financial performance of LHA in the second quarter of 2020 and beyond, the company cannot quantify the magnitude and duration of such impact at this time given the fluidity of the situation. LHA hold substantial reserves to support the Charitable objective. LHA continues to monitor and assess its business operations daily, and will provide an update to stakeholders as appropriate. In connection with the COVID-19 outbreak, LHA has implemented precautionary measures and protocols based on recommendations from official health authorities.

LHA Services Limited for 2018/19

LHA Services Ltd (LHAS), wholly-owned by the Charity, acting under a license and agreement signed in 1991, fills casual room vacancies particularly in holiday times and between long term bookings. It also provides residents with amenities such as laundry provisions and vending machines.

After payment of the license and agreement fee in the sum of £132,000 LHAS has a taxable trading surplus and in accordance with the covenant signed on 1st October 1997 an amount of £296,270 is to be transferred to the Charity in the year 2019/20.

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

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgments and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is appropriate to presume that the charitable company will not continue in business



Trustees' Review

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the Board

A handwritten signature in black ink, appearing to be 'Tony Perkins', with a stylized, wavy line extending from the end.

Tony Perkins
Company Secretary
25th February 2020

Opinion

We have audited the financial statements of the LHA London (the 'parent charity') and its subsidiary (the 'group') for the year ended 30 September 2019 which comprise the consolidated statement of financial activities, the consolidated and charity balance sheets, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 30 September 2019 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

The impact of uncertainties due to Britain exiting the European Union on our audit

The Trustees' view on the impact of Brexit is disclosed on page 32.

The United Kingdom withdrew from the European Union on 31 January 2020 and entered into an Implementation Period which is scheduled to end on 31 December 2020. However, the terms of the future trade and other relationships with the European Union are not yet clear, and it is therefore not currently possible to evaluate all the potential implications to the Company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the group and charity as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the group's and charity's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the charity and this is particularly the case in relation to Brexit.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees' have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report which includes the Strategic Report and the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included within the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 33 the trustees (who are also the directors of the parent charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of the audit report

This report is made solely to the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

Nicola Wakefield (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

2nd Floor, 6 Sutton Plaza, Sutton Court Road, Sutton, SM1 4FS

Date:

LHA London Limited
Financial statements for the year ended 30 September 2019
Consolidated statement of financial activities

	Notes	General Funds £	Designated Funds £	Total 2019 £	Total 2018 £
Income					
<i>Income from charitable activities:</i>					
Operation of hostels		13,801,918	-	13,801,918	13,204,100
<i>Income from other trading activities</i>	3	571,163	-	571,163	832,013
<i>Income from investments</i>		178,859	-	178,859	70,220
Total income		14,551,940	-	14,551,940	14,106,333
Expenditure					
<i>Raising funds:</i>					
Commercial trading operations		95,696	-	95,696	139,305
Investment management fees		3,065	-	3,065	2,655
<i>Charitable activities:</i>					
Operation of hostels	4	7,399,956	-	7,399,956	6,898,608
Total expenditure		7,498,717	-	7,498,717	7,040,568
Net income before transfers		7,053,223	-	7,053,223	7,065,765
Gross transfers between funds		(397,248)	397,248	-	-
Net income after transfers		6,655,975	397,248	7,053,223	7,065,765
Revaluation of property	9	-	33,637,476	33,637,476	-
Gains on investment assets	10	42,492	-	42,492	27,537
Net income before actuarial movements		6,698,467	34,034,724	40,733,191	7,093,302
Actuarial gain on pension scheme	14	24,000	-	24,000	107,000
Net movement in funds		6,722,467	34,034,724	40,757,191	7,200,302
Fund balances brought forward at 1 October 2018		17,001,668	202,813,072	219,814,740	212,614,438
Fund balances carried forward at 30 September 2019		23,724,135	236,847,796	260,571,931	219,814,740

All amounts relate to continuing activities; there were no recognised gains or losses other than those included above.

LHA London Limited
Financial statements for the year ended 30 September 2019
Balance sheets

		----- Group -----		----- Charity -----	
	Notes	2019 £	2018 £	2019 £	2018 £
Fixed assets					
Intangible assets	8	16,664	21,208	16,664	21,208
Tangible assets	9	236,847,796	202,813,072	236,847,796	202,813,072
Investments	10	1,341,362	1,298,870	1,491,362	1,448,870
		<u>238,205,822</u>	<u>204,133,150</u>	<u>238,355,822</u>	<u>204,283,150</u>
Current assets					
Stocks	11	12,786	16,231	12,786	16,231
Debtors	12	610,875	577,784	610,875	577,525
Cash at bank and in hand		<u>23,832,333</u>	<u>17,233,771</u>	<u>23,588,543</u>	<u>16,725,633</u>
		<u>24,455,994</u>	<u>17,827,786</u>	<u>24,212,204</u>	<u>17,319,389</u>
Creditors: amounts falling due within one year	13	(2,037,885)	(2,146,196)	(2,227,896)	(2,308,535)
Net current assets		<u>22,418,109</u>	<u>15,681,590</u>	<u>21,984,308</u>	<u>15,010,854</u>
Total assets less current liabilities		<u>260,623,931</u>	<u>219,814,740</u>	<u>260,340,130</u>	<u>219,294,004</u>
Pension (liability)	14	(52,000)	-	(52,000)	-
Net assets		<u>260,571,931</u>	<u>219,814,740</u>	<u>260,288,130</u>	<u>219,294,004</u>
The funds of the charity					
Unrestricted income funds:					
General		23,724,135	17,001,668	23,440,334	16,480,932
Designated	15	<u>236,847,796</u>	<u>202,813,072</u>	<u>236,847,796</u>	<u>202,813,072</u>
	16	<u>260,571,931</u>	<u>219,814,740</u>	<u>260,288,130</u>	<u>219,294,004</u>

The financial statements were approved by the Trustees on 25th February 2020 and signed on their behalf by:

A Whiston-Dew
Trustee



A McTavish
Trustee



LHA London Limited
Financial statements for the year ended 30 September 2019
Consolidated Statement of Cash Flows

	2019	2018
	£	£
Reconciliation of net income to net cash inflow from operating activities		
Net income for the year	40,757,191	7,200,302
Depreciation charges	697,011	581,445
Amortisation charge	4,544	13,010
Loss on disposal of fixed assets	-	85,138
(Gains) on revaluation of fixed assets	(33,637,476)	-
(Gains) on investment assets	(42,492)	(27,537)
Decrease in stocks	3,445	3,844
(Increase) in debtors	(33,091)	(69,761)
(Decrease)/increase in creditors	(108,311)	293,091
Increase in pension liability	52,000	-
Net cash generated from operating activities	<u>7,692,821</u>	<u>8,079,532</u>
Investing activities		
Purchase of intangible fixed assets	-	(22,723)
Purchase of tangible fixed assets	(1,243,699)	(1,639,922)
Proceeds on disposal of property, plant and equipment	149,440	-
Purchase of investments	-	(4,722)
Proceeds from sale of investments	-	209,309
Net cash (used in) from investing activities	(1,094,259)	(1,458,058)
Increase in net funds	<u>6,598,562</u>	<u>6,621,474</u>
Increase in cash in the period	6,598,562	6,621,474
Cash and cash equivalents at 1 October 2018	<u>17,233,771</u>	<u>10,612,297</u>
Cash and cash equivalents at 30 September 2019	<u>23,832,333</u>	<u>17,233,771</u>

1 Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention with the exception of investments, functional freehold properties and long leasehold properties which have been included at market value. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)) and the Companies Act 2006. LHA London Limited meets the definition of a public benefit entity under FRS 102.

The principal accounting policies adopted in the preparation of the accounts are set out below. The trustees consider that it is appropriate for these accounts to be prepared on the going concern basis.

Group accounts

These accounts consolidate the results of the Association and its wholly owned subsidiary, LHA Services Limited on a line by line basis. A separate statement of financial activities and income and expenditure account are not presented for the Association itself following exemptions afforded by section 408 of the Companies Act 2006 and paragraph 397 of the SORP. The financial activities of the charity are disclosed in note 2 to the accounts.

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the Association and which have not been designated for other purposes. Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the accounts. Investment income and gains or losses are allocated to the appropriate fund.

Valuation of properties

Functional freehold and long leasehold properties were included in the accounts at valuation for the first time in 2012/13. These have been valued by Colliers International Valuers UK LLP in December 2019. The properties will be revalued every three years.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold and long leasehold buildings	Nil
Short leasehold land and buildings	over the lease term remaining
Furniture, fixtures and equipment	10 - 20 % p.a Straight line method
Motor vehicles	20 % p.a Straight line method
Computer equipment	20 - 33.3 % p.a Straight line method

Moveable furniture and equipment is written out of the accounts after ten years as the Trustees consider that it has a negligible residual value.

Amortisation

Amortisation is provided on all intangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Website costs	20% pa straight line method
---------------	-----------------------------

Investments

Fixed asset investments are stated at mid-market value at the balance sheet date. Gains and losses on revaluation of investments held as fixed assets are included in the statement of financial activities as unrealised. Where investments have been sold during the year the difference between sale proceeds and market value at the beginning of the period is included in the statement of financial activities.

Income

Income for operation of hostels relates to income received in the letting of beds for long stays, catering income, sundry income and is shown net of value added tax and discounts.

Expenditure

All expenditure is accounted for on an accruals basis and has been listed under headings that aggregate all the costs related to that activity. Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing LHA London Limited to the expenditure. Where costs cannot be directly attributed they have been allocated to activities on a basis consistent with the use of the resources. Direct costs, including directly attributable salaries, are allocated on an actual basis to the key strategic areas of activity. Overheads and other salaries are allocated between expenses headings on the basis of time spent.

Stocks

Stocks, which consist of consumables are valued at the lower of cost and net realisable value.

Pensions

The Charity operates a pension scheme providing benefits based on final pensionable pay. The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the Statement of Financial Activities, so as to spread the costs of pensions over the expected remaining service lives of current employees on the basis of a constant percentage of current and estimated future earnings. The pension scheme assets are valued at market rate. A pension scheme deficit is recognised in full on the balance sheet, but where there is a pension scheme asset this is not recognised unless the asset can be realised through reduced future contributions. The actuarial gains are therefore limited to the gain required to bring the liability to zero.

2 Financial activities of the charity

The financial activities shown in the consolidated statement include those of the charity's wholly owned subsidiary, LHA Services Limited.

A summary of the financial activities undertaken by the charity is set out below:

	2019	2018
	£	£
Total income	14,693,179	13,453,823
Total expenditure on charitable activities	(7,399,956)	(6,898,608)
Investment managers' fees	(3,065)	(2,655)
Investment gains	42,492	27,537
Revaluation of property	33,637,476	-
Actuarial gain on final salary pension scheme	24,000	107,000
Net income	40,994,126	6,687,097
Total funds brought forward	219,294,004	212,606,907
Total funds carried forward	260,288,130	219,294,004
Represented by:		
Designated income funds	236,847,796	202,813,072
Unrestricted income funds	23,440,334	16,480,932
	260,288,130	219,294,004

3 Income from other trading activities

The Charity's one wholly owned trading subsidiary, LHA Services Limited, which is incorporated in the UK, distributes all of its taxable profits to the Charity. The activities of this subsidiary are the provision of short term accommodation and catering services together with the provision of amenities to the residents of LHA London Ltd. The charity owns the entire issued share capital of 150,000 ordinary shares of £1 each. A summary of the trading results is shown below.

Profit and Loss Account	2019	2018
	£	£
Turnover	571,163	832,013
Cost of sales and administrative expenses	(275,696)	(319,305)
Gross profit	295,467	512,708
Interest receivable	803	497
Net profit	296,270	513,205
Amount distributed to LHA London Ltd	(533,205)	-
Retained (loss)/profit in subsidiary	(236,935)	513,205

3 Income from other trading activities (continued)

The assets and liabilities of the subsidiary were:

	2019	2018
	£	£
Current assets	455,249	691,612
Creditors: amounts falling due within one year	(21,448)	(20,876)
Total net assets	433,801	670,736
Aggregate share capital and reserves	433,801	670,736

Included in administrative expenses are rent of £48,000 (2018 - £48,000) and management charges of £132,000 (2018 - £132,000) payable to LHA London Ltd and these charges have been eliminated on consolidation. In addition, during 2017/18 assets with a net book value of £29,103 were transferred from LHA Services Limited to LHA London Ltd.

4 Analysis of charitable expenditure

	Staff costs	Other	Depreciation	Total	Total
	(note 7)		(notes 8&9)	2019	2018
	£	£	£	£	£
Charitable expenditure					
House operating costs	1,785,814	3,098,305	668,405	5,552,524	5,202,802
Support costs	1,007,929	569,149	33,150	1,610,228	1,474,579
Governance costs					25,086
(note 5)	-	25,134	-	25,134	
Donations (note 6)	-	212,070	-	212,070	196,141
Total	2,793,743	3,904,658	701,555	7,399,956	6,898,608

Charitable expenditure	House	Support	Total	Total
Details of other costs	operating	costs	2019	2018
	£	£	£	£
Repairs & Maintenance	243,435	52	243,487	552,916
Light and heat	529,927	-	529,927	470,243
Catering	257,245	-	257,245	223,103
IT costs	114,029	51,802	165,831	145,472
Water	225,981	-	225,981	208,319
Cleaning	310,784	3,125	313,909	350,590
Insurance	175,862	33,633	209,495	183,371
Security	189,639	-	189,639	193,100
Rates	136,343	125,559	261,902	217,063
TV Licenses	23,764	-	23,764	58,326
Defined benefit pension scheme charge	62,500	51,136	113,636	107,000
Other costs	828,796	303,842	1,132,638	737,888
	3,098,305	569,149	3,667,454	3,447,391
Governance costs (note 5)			25,134	25,086
Donations (note 6)			212,070	196,141
Total other costs			3,904,658	3,668,618

5 Governance costs

Governance costs include:	2019 £	2018 £
Audit fees	15,621	12,792
Insurance against Trustees' and Officers' liabilities	6,160	9,372
Trustees expenses	3,353	2,922
	<u>25,134</u>	<u>25,086</u>

6 Donations

All donations were made to institutions
and these are broken down as follows:

	2019 £	2018 £
Albert Kennedy Trust	35,000	35,000
New Horizons	30,000	30,000
Safer London Foundation	-	30,000
Glass Door	25,000	28,489
C4WS	25,000	24,798
Cardinal Hume Centre	-	15,000
The Spires Centre	25,000	10,000
CAYSH	6,000	9,000
St Mary Le Bow	12,320	7,187
204 Project	20,000	6,667
Evolve	15,000	-
Zacchaeus 2k Trust	18,750	
	<u>212,070</u>	<u>196,141</u>

LHA London Limited
Financial statements for the year ended 30 September 2019
Notes to the financial statements

7 Staff costs	2019 £	2018 £
Wages and salaries	2,295,438	2,212,086
Redundancy costs	15,872	-
Social security costs	116,682	104,623
Other pension costs	365,751	318,826
	<u>2,793,743</u>	<u>2,635,535</u>
Average number of employees during the year		
Head office staff	18	18
Direct maintenance staff	7	7
Hostel staff	56	53
	<u>81</u>	<u>78</u>

Number of employees with emoluments in excess of £60,000:

£110,000 - £120,000	-	1
£120,000 - £130,000	1	-
£140,000 - £150,000	-	1
£160,000 - £170,000	1	-

2 employees (2018: 2) with emoluments in excess of £60,000 are accruing retirement benefits under defined benefit schemes.

The total of employee benefits received by Key Management Personnel in 2019 is £363,401 (2018 : £369,229). Key Management Personnel are the Chief Executive Officer, Finance Director and Operations Manager.

8 Intangible fixed assets – Group & Charity

	Website
Cost	
At 1 October 2018	22,723
Additions	-
Disposals	-
At 30 September 2019	<u>22,723</u>
Amortisation	
At 1 October 2018	1,515
Charge for the year	4,544
Released on disposal	-
At 30 September 2019	<u>6,059</u>
Net book value	
At 30 September 2019	<u>16,664</u>
At 30 September 2018	<u>21,208</u>

9 Tangible fixed assets – Group and Charity

	Freehold land and buildings £	Leasehold land and buildings £	Property improvements £	Plant and machinery £	Total £
Cost					
At 1 October 2018	189,400,000	9,573,534	11,913,322	1,448,331	212,335,187
Additions	-	-	1,218,064	25,635	1,243,699
Disposals	-	-	(149,440)	(31,515)	(180,955)
Revaluation	32,337,476	1,300,000	-	-	33,637,476
At 30 September 2019	221,737,476	10,873,534	12,981,946	1,442,451	247,035,407
Depreciation					
At 1 October 2018	-	42,013	8,496,235	983,867	9,522,115
Charge for the year	-	10,503	523,187	163,321	697,011
On disposals	-	-	-	(31,515)	(31,515)
At 30 September 2019	-	52,516	9,019,422	1,115,673	10,187,611
Net book value					
At 30 September 2019	221,737,476	10,821,018	3,962,524	326,778	236,847,796
At 30 September 2018	189,400,000	9,531,521	3,417,087	464,464	202,813,072

The Trustees undertook a valuation of all the freehold and long leasehold properties in December 2019. The valuation was undertaken by Colliers CRE and the properties were valued at £236,500,000 (this includes freehold property, leasehold properties and property improvements above).

9 Tangible fixed assets – Group and Charity (continued)

Analysis of leasehold land and buildings (charity and group)	2019 £	2018 £
Long leasehold	10,800,000	9,500,000
Short leasehold	21,018	31,521
	<u>10,821,018</u>	<u>9,531,521</u>

10 Investments	Investments in subsidiary undertakings £	Other investments £	Total £
Market value			
At 1 October 2018	150,000	1,298,870	1,448,870
Additions	-	-	-
Disposals	-	-	-
Net gains for the year	-	42,492	42,492
At 30 September 2019	<u>150,000</u>	<u>1,341,362</u>	<u>1,491,362</u>
Historic cost at 30 September 2019	<u>150,000</u>	<u>1,009,222</u>	<u>1,159,222</u>
Other investments comprise:			
Equities		1,341,362	
Cash for re-investment		<u>-</u>	
		<u>1,341,362</u>	

At 30 September 2019 the following investments represented more than 5% of the quoted investments portfolio by market value:

	%	£
Barclays Individual Funds Global - Beta Portfolio 2Z	100%	1,341,362

11 Stocks	----- Group -----		----- Charity -----	
	2019	2018	2019	2018
	£	£	£	£
Household equipment and food	12,786	16,231	12,786	16,231

LHA London Limited
Financial statements for the year ended 30 September 2019
Notes to the financial statements

12 Debtors	----- Group -----		----- Charity -----	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	106,273	83,584	106,273	83,584
Other debtors	52,147	81,759	52,147	81,759
Prepayments and accrued income	452,455	412,441	452,455	412,182
	<u>610,875</u>	<u>577,784</u>	<u>610,875</u>	<u>577,525</u>

13 Creditors: amounts falling due within one year	----- Group -----		----- Charity -----	
	2019	2018	2019	2018
	£	£	£	£
Trade creditors	373,253	328,113	373,253	326,793
Other taxes and social security costs	218,313	204,221	218,313	204,441
Amounts owed to group companies	-	-	211,459	183,215
Fees and deposits in advance	974,876	738,476	963,241	730,947
Accruals	471,443	875,386	461,630	863,139
	<u>2,037,885</u>	<u>2,146,196</u>	<u>2,227,896</u>	<u>2,308,535</u>

14 Pension commitments

The charity makes contributions to a defined contribution pension schemes on behalf of a number of employees who are not included within the defined benefit pension scheme. Contributions in the year totalled £113,430

The Charity operates a defined benefit scheme in the UK. The scheme is closed to new entrants. As a consequence the current service cost calculated under the projected unit method can be expected to increase over time, as the average age of the membership increases. A full actuarial valuation was carried out at 1 April 2015 and updated to 30 September 2019 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

The Charity currently pays contributions at the rate of 31.5% of pensionable pay following the actuary valuation on 1st April 2018.

Present values of scheme liabilities, fair value of assets and surplus

	At 30/9/19	At 30/9/18	At 30/9/17
	£'000	£'000	£'000
Fair value of scheme assets	10,344	9,599	9,307
Present value of scheme liabilities	<u>(10,396)</u>	<u>(7,759)</u>	<u>(8,105)</u>
(Deficit)/surplus recognised in scheme	<u>(52)</u>	<u>1,840</u>	<u>1,202</u>
(Liability) recognised in the financial statements	<u>(52)</u>	<u>-</u>	<u>-</u>

14 Pension commitments (continued)

Reconciliation of opening and closing balances of the present value of the scheme liabilities

	2019	2018
	£'000	£'000
Scheme liabilities at start of period	7,759	8,105
Current service cost	132	143
Interest cost	225	230
Experienced (gain)/loss on liabilities	-	(105)
Actuarial losses/(gains)		
- recognised in the financial statements	(24)	(107)
- not recognised in the financial statements	2,327	(406)
Benefits paid & death in service insurance premiums	(23)	(101)
Scheme liabilities at end of period	<u>10,396</u>	<u>7,759</u>

Reconciliation of opening and closing balances of the fair value of the scheme assets

Fair value of scheme assets at start of period	9,599	9,307
Interest on assets	281	266
Expected return on scheme assets	301	(3)
Contributions by employer	186	130
Benefits paid	(23)	(101)
Fair value of scheme assets at end of period	<u>10,344</u>	<u>9,599</u>

The actual return on the scheme assets over the year ending 30 September 2019 was £582,000 (2018: £263,000).

Total expense recognised in the statement of financial activities

Current service cost	132	143
Interest cost	225	230
Expected return on scheme assets	(281)	(266)
Total expense recognised in the statement of financial activities	<u>76</u>	<u>107</u>

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since the adoption of FRS17 is a loss of £2,310,000 (2018: £2,334,000).

14 Pension commitments (continued)

Assets	2019 £'000	2018 £'000	2017 £'000
Total assets	10,344	9,599	9,307

None of the fair values of the assets shown above include any of the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

Assumptions

The assets of the scheme have been taken at market value and the liabilities have been calculated using the following principal actuarial assumptions:

	2019 % per annum	2018 % per annum	2017 % per annum
Rate of discount	1.90	2.90	2.85
Inflation (RPI)	3.15	3.30	3.35
Inflation (CPI)	2.15	2.30	2.35
Salary increases	2.15	2.30	2.35
Pension increases			
Accrued before 1 July 2016	5.00	5.00	5.00
Accrued after 1 July 2016	2.15	2.30	2.35
Revaluation rate for deferred pensioners	5.00	5.00	5.00
Commutation	nil	nil	nil

Life expectancy

Male retiring at age 65 in 2019	22.1	22.1	22.1
Female retiring at age 65 in 2019	24.5	24.5	24.5
Male retiring at age 65 in 2039	23.4	23.4	23.4
Female retiring at age 65 in 2039	26.1	26.1	26.1

Expected long term rate of return

The scheme's assets are invested in a unitised with profit fund. It is assumed that the long term rate of return on the fund will be 2.4% per annum (2018: 2.4%).

14 Pension commitments (continued)

Amounts for the current and previous four periods

	2019	2018	2017	2016	2015
	£'000	£'000	£'000	£'000	£'000
Fair value of assets	10,344	9,599	9,307	8,798	7,187
Present value of scheme liabilities	(10,396)	(7,759)	(8,105)	(8,740)	(5,144)
(Deficit)/surplus in scheme	(52)	1,840	1,202	58	2,043
Experience adjustment on scheme assets	301	(3)	189	1,182	(69)
Experience adjustment on scheme liabilities	-	(144)	(979)	(3,111)	774

15 Designated funds

	Balance at 1 October 2018	Transfers	Revaluation	Balance at 30 September 2019
	£	£	£	£
Fixed asset reserve	202,813,072	397,248	33,637,476	236,847,796
	202,813,072	397,248	33,637,476	236,847,796

16 Analysis of group net assets between funds

	General Funds £	Designated Funds £	Total Funds £
Intangible fixed assets	16,664	-	16,664
Tangible fixed assets	-	236,847,796	236,847,796
Investments	1,341,362	-	1,341,362
Cash at bank and in hand	23,832,333	-	23,832,333
Other net current liabilities	(1,466,224)	-	(1,466,224)
	23,724,135	236,847,796	260,571,931

17 Operating lease commitments

At 30 September 2019 the group's commitments under non-cancellable operating leases were as follows:

	Land & Buildings	
	2019	2018
	£	£
Less than 1 year	61,610	61,610
Between 2 and 5 years	29,128	90,378
After more than 5 years	27,814	28,174
Total	118,552	180,162

18 Limited liability

The charitable company is limited by guarantee and does not have a share capital. Every member of the company undertakes to contribute to the assets of the company in the event of the same being wound up during the time he or she is a member, or within a year after he or she ceases to be a member, such amounts as may be required, not exceeding £10.

19 Related Party Transactions

The Trustees receive no remuneration. Travel expenses of £1,553 (2018: £2,922) were reimbursed to 7 (2018: 5) Trustees during the year.

Included in administrative expenses are rent of £48,000 (2018 - £48,000) and management charges of £132,000 (2018 - £132,000) payable to LHA London Ltd by LHA Services Limited and these charges have been eliminated on consolidation. In addition, during 2017/18 assets with a net book value of £29,103 were transferred from LHA Services Limited to LHA London Ltd.

20 Post Balance Sheet Events

The impact of the coronavirus outbreak on public life and the London accommodation sector has resulted in reduced occupancy within the LHA portfolio. While this is expected to have a negative impact on the financial performance of LHA in the second quarter of 2020 and beyond, the company cannot quantify the magnitude and duration of such impact at this time given the fluidity of the situation. LHA hold substantial reserves to support the Charitable objective. LHA continues to monitor and assess its business operations daily, and will provide an update to stakeholders as appropriate. In connection with the COVID-19 outbreak, LHA has implemented precautionary measures and protocols based on recommendations from official health authorities.