

LHA London Ltd
Annual Report



2016 - 2017

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Belvedere House, SW7

Approaching 2000 bed numbers

Providing accommodation across 6 boroughs

Over 300 Volunteers gained work through our Scheme

Over 24,000 residents benefitted from staying in our hostels



Our Volunteers

Aizar, 35 years old, started with LHA in October 2016

Volunteering at Belvedere has been such an amazing experience so far. From being a place to work and live near my university, Belvedere has become a home full of caring and fun people from diverse nationalities and backgrounds. With the other volunteers and guests, this place has given me that sense of community I always looked for in a living environment. Here, as long as you are hardworking and respectful of others you will enjoy your time. In my particular case, I have even been able to practice other languages and develop client oriented social skills that I am sure, they will be useful in the future. Furthermore, the flexibility of the hours had allowed me to work on my research at Imperial College and the time to write up my PhD thesis.



CHAIRMAN'S STATEMENT

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2017 saw a year dedicated to the search for a new property to increase our bed numbers in line with the Strategic Plan. The Property Oversight & Projects Sub-Committee will continue to work on a new bid strategy to bring our search to a successful conclusion. In addition, the year has seen us invest heavily in the service that we provide through extensive refurbishments across the properties.

Our financial strength leaves us extremely well positioned to pursue our key strategic objectives, namely:

- By 2027 to own and manage secure, diverse, good quality and affordable accommodation in London for at least 3000 persons with associated services meeting the reasonable needs and expectations of residents;
- To offer accommodation services which provide a stepping-stone to enable young people to advance their career and education;
- To maintain and develop the volunteer scheme, which combines both of the above elements of the proposition in one programme;
- To assist other London charities that provide accommodation to beneficiaries with more complex needs than those that we can directly manage.

To achieve these goals, we have:

- Sought new development sites outside zone 1 and 2 which will broaden our geographic coverage across the capital and also create the opportunity to offer lower priced accommodation;
 - Set a target to achieve 75% of our accommodation being affordable to residents whose income is less than the London Living Wage;
 - Increased our focus on under 30's and, in particular, young working people, developing appropriate provision for specific groups that fit our purpose such as, apprentices, trainees and interns;
 - Started to promote ourselves across the UK to improve awareness of our offer to those groups we want to target who wish to come to London but see accommodation costs as a barrier to their ambitions, and
 - Expanded our Fund for assisting other charities whilst monitoring the value and effectiveness of donations made.
-
- Over the past year we have been building our management team under the leadership of our Chief Executive, Tony Perkins. The team have stepped up to the challenge and are already making a significant contribution towards improving the standards of services we provide for residents. We are continuing to build organisational capacity and capability which has positioned us for sustainable growth.

CHAIRMAN'S STATEMENT

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- We have, of course, been challenged in some areas which we are now working to improve. Occupancy in our shared rooms has proven to be particularly challenging, although a great deal of work is ongoing to improve in this area. A key element of this work will see us pilot an area of Bowden Court House with upgraded single rooms containing enhanced room furnishings. The new area, which is due for completion in Spring 2018, will allow us to gain a fuller understanding of our residents' expectations and requirements.
- We identified a number of potential sites that we believe could be suitable for development into hostels that offer accommodation that is attractive to and affordable by residents whose income is below the London Living Wage, and will pursue these opportunities over the coming year.
- We have continued programmes giving reduced rentals to younger people and people from essential services professions and are seeing increasing take up of these opportunities.
- During the last year over 300 volunteers benefited from the volunteer scheme, with a number of Volunteers subsequently taking up paid employment with LHA.
- Our early efforts to increase awareness of LHA in the UK outside London appear to be bearing fruit as we are seeing a substantial increase in the percentage of our residents who are from the UK and we have significantly expanded our partnering activities with other London charities and are now providing financial support to organisations around the capital as detailed in this Annual Report.
- Finally, on an operational level, we have invested in external project management to facilitate the introduction of a new front of house software, online booking system, new website and customer portal.

Ensuring that we continue to deliver high quality accommodation, which is both safe and effective, remains our number one priority. None of this would be possible without the support of our Board of Trustees, our staff and our volunteers. Our Trustees direct and advise the affairs of the Charity. My thanks go to all of them.

Over the last twelve months two Trustees have retired from the Board. Helen Stone, a member of the Property Oversight and Projects Committee brought a wealth of skill and knowledge of project management and played an important role in the construction and development oversight of our latest building, Torquay House. Also, Peter Harris retired following an outstanding contribution to the charity. Peter was Chairman of the Board of Trustees, and had served as Chairman of the HR Remuneration and Pensions Committee and Chairman of the Investment sub-committee. Peter played a pivotal role in aligning the strategy of the organization. We are excited about our prospects. We have tremendous strengths as a Charity going forward to provide our core values of affordability, freedom, safety and connecting people and places, making LHA a home from home in London for our beneficiaries.


Ian Mackie
Chairman

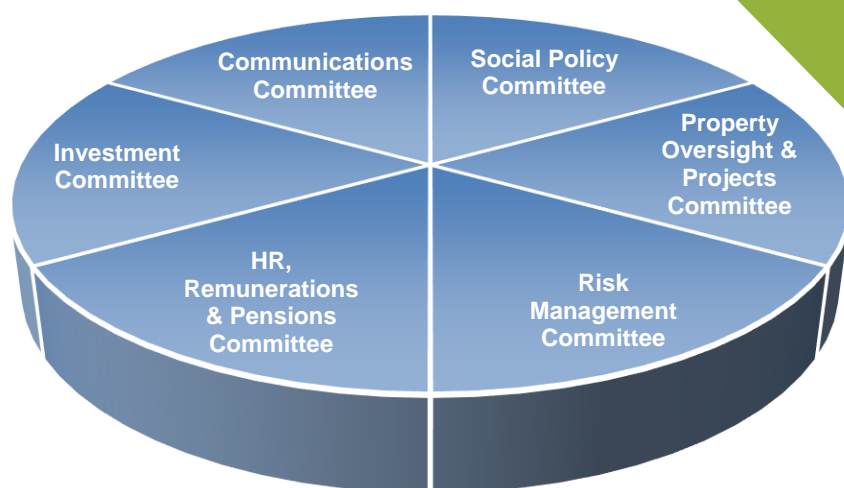
Our residents' voice at Bowden Court

"The best place to stay in London and Notting Hill.

The beds are really comfortable, clean and the best value for my money in London! The staff were very nice especially at their "Cantina" where the food was delicious, well balanced and healthy plus delicious! Their gym is great, modern, open 24/7 and so is their laundry facilities! One of the best places to stay in London!"

OUR COMMITTEES & ADVISORS

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LHA London Ltd

Registered Charity No. 169428
Company Registration No. 363816

LHA Services Ltd

Registered Company No. 3424128

Sub-committees

Investment Sub-Committee:

Mr. A. McTavish (Chair)
Mrs. M.A. Gair
Mr. P. Harris Retired 31/10/17

HR Remuneration & Pension Committee:

Mr. P. Harris -Retired 31/10/17 (Chair)
Mr. A. McTavish
Ms. A. Whiston-Dew
Rev Canon A.J. Deboo – Retired 16/12/16
Mr. I. Mackie – Appointed Chair 05/12/17

Property Oversight & Projects Committee:

Mr. D. Robertson (Chair)
Ms. H. Stone – Retired 12/09/17
Mrs. S. Johnson
Mr. I. Mackie – Retired 05/12/17
Miss. E. Beardmore

Social Policy Committee:

Mrs. J.A. Craze (Chair)
Mrs. L. Holford
Mr. A. McTavish
Mrs. K. Buxton
Mrs. J. O'Sullivan

Risk Management Committee:

Mrs. L. Holford (Chair)
Mr. D. Robertson
Ms. A. Whiston-Dew

Communications Committee

Ms. A. Whiston-Dew (Chair)
Mrs. K. Buxton

Board of Directors

Mr. P. Harris - (Chair) Retired 31/10/17

Ms. H. Stone – Retired 12/09/17

③ Mr. A. McTavish

③ Mr. D. Robertson – Appointed 05/12/17

Mr. I. Mackie – Appointed 05/12/17

Mr. A.R. Perkins, FRSA (Chief Executive & Company Secretary)

Mrs. M.A. Gair, FCCA (Finance Director)

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Auditors:

Mazars LLP – Times House, Throwley Way, Sutton, Surrey SM1 4JQ

Bankers:

③ Barclays Bank Plc. – Level 27, 1 Churchill Place, London, E14 5HP

③ Allied Irish Bank Plc – 4 Tenterden Street, London W1S 1TE

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Investment Advisors:

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

Solicitors:

④ Batt Broadbent – Minster Chambers, 42/44 Castle Street,

④ Salisbury, Wiltshire SP1 3TX

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Registered Office:

11 Belgrave Road, London, SW1V 1RB

OUR TRUSTEES

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Peter Harris, BA, FCA

Chairman – Retired 31 Oct 2017

Chartered Accountant. Management Consultant specializing in Corporate Strategy & Business services outsourcing. Chair of Northbridge Industrial Services Plc, Chair of Atmaana Business Consulting Ltd. Chair of The Sunningdale Hope Trust.



Emma Beardmore

BA (Hons) MTP PGDipSURV MRTPI

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



Kay Buxton BA (Hons), BTP, MRTPI

Chartered town planner specialising in urban policy and regeneration. Currently heading up Paddington developments & two neighbouring Business Improvement Districts.



Alison Craze BA, Dip SW

Retired Social Worker, specialising in Children & Families. Previously employed by the British Council working with overseas postgraduate students.



Alan Deboo MA, MSc, MCIPD

Retired Dec 2016

Member of the CIPD. Senior personnel management & industrial relations in broadcasting, rail transport & defence sectors. Priest in C of E. Canon of Salisbury Cathedral.



Lin Holford, JP

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 & listed buildings. Also, Director of Wren Insurance Association.



Ian Mackie BSc (Hons) FRICS and ATT

Chartered Surveyor and Qualified Tax Advisor. Currently a Partner at FTI Consulting specialising in corporate finance and taxation of property investments. Graduate of Reading University.



Alec McTavish

MSc(Econ); BSc(Econ); FRSA

Entered the Civil Service & worked as an Economic Adviser in various Government Departments. Joined British Rail & 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

Chief Executive of the London Early Years Foundation. Awarded an MBE in 2013, for her services to London's children. A published author, with an MA in Primary & Early Childhood Studies & MBA from London South Bank University.



David Robertson BA(Hons),

BSc, CEng, FICHEME

Chartered Chemical Engineer Project Manager / Director in oil and gas industry for more than 20 years. Travelled on several UK and overseas assignments.



Helen Stone, OBE, FREng, BSc, CEng, FICE

Retired Sept 2017

Retired Chartered Civil Engineer, experienced in project management. Past Chairwomen of Governors, major London's girls' school. Chairwomen of Ethics & Standards Board, APMG.



Alexandra Whiston-Dew, MA

Practicing solicitor advising on privacy, media & commercial litigation matters. Graduate of Edinburgh University & BPP University. Member of the Honourable Society of Lincoln's Inn.

BOARD OF TRUSTEES GOVERNANCE

Page 7

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 a 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 meet the entire Board. Successful candidates will then be appointed by the Board and formally re-elected at the first AGM following appointment. 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 is currently considering a process of external Board evaluation every three years and the appointment of a vice chair to oversee the process.



Beatriz Castain Brun, Volunteer at Halpin House

I was au pair at Bournemouth before arriving at LHA but I prefer the more vibrant London way of life. I am in charge of the cleaning of the 4th floor at Halpin. I clean the toilets, the kitchens and the bedrooms six days a week. I am also working in a restaurant in the evening and I have enrolled for an English course 6 hours per week. I am planning to stay until June. I want to spend the summer in Spain.

Our Volunteers

Our residents' voice at Belvedere House

"Good hostel in London with a great location (everything is close), good transport links and friendly atmosphere. It is a great place I totally recommend it."



Davies Court, E14



CHIEF EXECUTIVE'S STATEMENT

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We have set ambitious growth milestones for our strategic plan to increase our bed numbers from around 2000 beds today to around 3000 in 2027. We will achieve this by expanding the mixture of single en-suite and shared room provision. Throughout the year the demand for single rooms remained strong whilst we have seen shared room demand fluctuate.

We have begun a major restructuring initiative within our core administration function. For the first time, LHA has developed an in-house sales and marketing team. This will further strengthen our commitment to take the LHA brand to market in a focused and imaginative way. We will continue to focus our marketing on apprentices, interns and young working people with particular focus on extending our marketing footprint in major UK cities. We have a simple and powerful business philosophy which is encapsulated in our brand values which puts the LHA resident at the heart of everything we do. It can be found throughout LHA from our Boardroom to the volunteers in every single LHA hostel. To further enhance the support for our team members we have formed the new Residential Services department. We are a hugely people intensive business, with our 250 team members and volunteers aiming to make everyday a 'home from home' experience for over 15,000 residents each year. Our volunteer scheme provides 184,000 annual hours of volunteering supporting catering and housekeeping functions together with providing accommodation for volunteers in Central London to continue their studies or part-time work. The brand values of **Freedom, Safety, Connecting People with Places, The Home** and **Affordability**, form the foundation of our strategy. The delivery of a consistently great customer experience drives strong growth to finance our strategic milestones. We are proud to be able to offer flexibility to young people in London by continuing to provide entry to accommodation with minimal deposit and notice periods. We give our teams through our 'LHA Life' publication, quarterly opportunities to put questions directly to the CEO and enter our 'suggestions' competition.

The LHA portfolio comprises superbly located hostels in Central London ranging from Grade Two listed buildings to architect-design purpose-built accommodation. Throughout the year, a rolling programme of refurbishment works has continued. To ensure we professionally manage our estate we have invested in a newly structured Property department to oversee both facilities and refurbishment programmes.

The LHA Fund has continued to grow in overall size and diversity of grants. An approved funding total for next year is set for £200,000 and details of our funding is contained within the Annual Report.

2016-17 saw investment in a technology to provide online booking, customer portal, and front of house reservation system. We continue to develop our planning for this project into 2018.

In the following pages, we have included more detail on the work our teams are doing to build a strong resident-focused charity and to drive growth for the future. I hope you find this interesting and informative.

Tony Perkins
Chief Executive

OUR MANAGEMENT TEAM

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Our senior management team provide a great combination of skill sets. We are working hard to push the Charity forward. We recognize 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 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, responsible for the overall governance and strategic direction of the organisation.

Our residents' voice at New Mansion House

"Really fantastic location – close to two major underground lines. The staff are absolutely fantastic – I was helped so many times in room bookings, printing and etc – they really made my experience great.

The rooms and shower facilities are also fair. There's also a gym that can be used – making it so affordable for the rooms! It's no party hostel by any means but I would definitely recommend for long and short term."



Stephanie Johnson – Volunteer at Belvedere House

I work for LHA volunteers since a few month already and I really enjoy working to get a room and being free most of the time. I'm meeting people from my age and above and that's why it feels like a family! I will definitely recommend to students or even to people like who wish to grow in their career (time and money needed).

OUR PROPERTIES

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1. Belsize House
2. Belvedere House
3. Bowden Court
4. Davies Court
5. Friendship House
6. Halpin House
7. Holland House
8. Leinster House
9. New Mansion House
10. Newington Court
11. Railton House
12. Sandeman-Allen House
13. Torquay House



Our residents' voice at Halpin House

"I spent more the 2 months at Halpin and I have really loved the time there. Great location, bright rooms, big kitchen, friendly environment and lovely staff. I could not find a better place for the beginning of my London experience. Absolutely recommend."

OUR PLAN AND PROGRESS

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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 2016-2026

LHA's mission is to relieve poverty by acquiring, establishing, maintaining and managing secure, affordable accommodation for 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.

LHA's vision includes seeking ways of working in partnership with other organisations providing accommodation and support services to vulnerable young people in London so as to broaden the achievements of our charitable objectives.

Strategic Objectives

LHA's strategic objectives and vision are by 2026 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 career and education, whilst meeting the reasonable needs and enhancing the wellbeing 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 Volunteers

Diana Durán

A very nice and unique experience! During my four months of stay I felt very comfortable. You can meet people of different nationalities, in a friendly environment, near the tourist centres and easy access to means of transport.

Being a volunteer helped me to develop and get along with my colleagues and even make friends, as well as feeling at home. The staff that works in the residence is very kind, willing to help in what is needed both as a tenant and as a volunteer.



AIMS & OBJECTIVES

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The year saw further investment in our properties. Bowden Court external repairs and redecoration was completed, the major conversion from catered to self-catered format at Belsize house was completed, the Sandeman-Allen external repairs and redecoration was completed.

Major investment at New Mansion House to external and internal upgrade began, Davies Court – Foundation Court room refurb was completed together with the Leinster external repairs and redecoration.

We planned to expand our property base by acquisition. We found prospective sites in South West and North West London. Both bids were unsuccessful and the search for suitable properties will continue into 2018. Our long-term strategy objective is to increase our bed numbers by 1000 with the ten-year strategic plan.



Our Volunteers

Xavier Navarro

Before volunteering with LHA London, I was working as a ski teacher.

I was assigned as relief porter, leading the maintenance of the hostels. I could combine my volunteering with another job to support myself. In that way, it was very good to practice English.

I love London, it has something special. It was great, it was wonderful to share those moments with my colleagues who helped me from the first day to the last.

We planned to restructure our central administration support with a newly formed Sales and Marketing department, a dedicated property department to support our facilities and estate, and a residential services department to focus on our residents' well-being and customer services.

Our Sub-committees worked hard to support the Board. The Social Policy Committee administered the LHA fund grants and social values of the charity.

The Investment sub-committee made strategic changes to our investment policy to give the flexibility to move quickly on suitable property acquisitions.

The Risk Management Committee played a key role in reviewing risk through our Trustees annual risk matrix, whilst the Communication Committee were able to continue to review our communication to stakeholders.

The Property Oversight & Project Committee gave priority to the overseeing of refurbishment project and the acquisition process of new properties.

The year has seen much speculation on the effect Brexit may have on the London employment, tourist and student market. The LHA has reviewed specifically commissioned work to plan future scenarios that may influence our strategic plan.

We undertook an external IT audit to review our IT risk and have continued to develop secure cloud-based solutions. Our major project to replace existing booking and front of house software facilitating a new website, customer portal and online booking solution tested the uniqueness to the LHA offer. We continue to analyse suitable solutions and begin a further review in early 2018

AIMS & OBJECTIVES

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We are committed to the LHA volunteer scheme and have monitored the reduction in EU nationals applications over the summer months. We are pleased to report the LHA scheme quickly regained full capacity.

We aim to review our strategic plan every year and feed the revisions into the ten year strategic plan. The Board of Trustees use their Annual Away-Day to focus on our achievements and objectives.

The LHA has carefully considered our room rates within the affordable London market. This year we made no increase to our shared room rate and continued to offer 18-21 year olds a 10% discount.

We aimed to keep our single room rate increase to a minimum to simply cover increases in operational costs. This year we increased the single room rates by 1.6%

Next Year

Newington Court N13



Friendship House, SE1

- We plan to undertake two major building internal upgrades – at New Mansion House and Leinster House in London W2. We also plan to replace washroom facilities at our Sandeman-Allen and Bowden Court sites.
- New data protection laws come into effect next year and the LHA will undertake a full external audit to ensure compliance.
- Continue our search for new properties to provide additional bed numbers.
- Further enhance to our website.
 - Introduce of our online booking service.
 - Develop a customer portal for online payment.
 - Continue to reinforce our brand values.

SOCIAL POLICY COMMITTEE

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Alison Craze

Chair of the Social Policy Committee

Social Policy Committee Statement

Responding to the changing needs of our residents is a priority for the Social Policy Committee. We have continued our bi-annual questionnaire exercise, now in its third year. The response rate of 55% is very encouraging and allows us to pick up changes and trends. One of these has been the substantial increase in the number of UK residents in our properties (from 17% in 2014 to 26% in 2017), something we have been hoping to achieve for several years. We have also been pleased to see that the discounted rate introduced last year for the 18-21 year olds has resulted in an increase in their numbers. We are concerned about the potential impact of Brexit on our EU residents and will be offering them support and information as the situation becomes clearer.

We continue to develop the LHA charitable fund, with ongoing support for charities working with young people facing homelessness. In 2016-17 we continued to support AKT and SaferLondon and agreed funding for five new projects. Two of these were capital projects: kitchen installations in hostels for young people at Evolve Housing and Cardinal Hume; the other three projects provide services for homeless young people: C4S, Glass Door and St Mary-Le-Bow. We have taken on a part time consultant this year to help us monitor these grants and assess their impact and she reports that about 500 young people have benefited from our involvement.

After the tragic fire at Grenfell Tower we met with our contacts at the Kensington and Chelsea Foundation and have agreed a donation of £60,000 over three years to support the 240 Project which runs an art and activity centre for local residents.

Next year the Fund will have a budget of £200,000 and we have agreed grants in principle to 6 charities. Details of our 2018 funding are contained within our 'LHA Funding and Communities' section.

Our Volunteers

Beatriz Manzanares, Volunteer from July 2017

My name is Beatriz. I am from Spain. I've been living in London for one year. I came here with the aim to learn and improve my English. Although it was harder than I thought, on the way to achieve my goals, I found professional opportunities, did some volunteering and experienced things that I would have never had otherwise. At first, I had to be patient and took my time to assimilate how different my life would be. Nevertheless, It was a good decision I am so grateful for those people I've met, who helps me to improve my experience in London, like being a volunteer in a hostel or just hanging out with them. Once you get used to the weather, you can really enjoy this awesome city.





PROPERTY OVERSIGHT AND PROJECTS COMMITTEE

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David Robertson

Chair of the Property Oversight and Projects Committee

Property Oversight and Projects Committee Statement

The Property Oversight and Projects (POP) committee is a small group of trustees, with the CEO, who oversee the LHA property portfolio, LHA's property acquisitions and major projects.

A main priority of the Committee was to oversee the search for new properties to meet the Charity's objective of increasing bed numbers to 3000 by 2026. Bids were submitted for two significant properties during the year. Whilst being successful in the first phase of bidding, higher-priced bids were accepted for these properties. Our objective is to secure properties which are affordable by students and young working people of limited means

The group successfully monitored the upgrade, redecoration and conversion of Belsize House from a catered to self-catered facility. Other major projects included the external redecoration of Railton House. New Mansion and Leinster House and the replacement of flooring and carpets at Friendship House. The internal upgrade of Railton was completed and the internal upgrades of Leinster House and New Mansion are underway.

A joint meeting was held with the Social Policy Committee to exchange ideas and identify topics for discussion at the annual Away Day, attended by all trustees and the management team.

Torquay House, W2



Our Volunteers

Danilo Pierpaoli, 29 years old – Volunteer from September 2017

My responsibilities are in the dining room in the morning helping to serve breakfast.

Before I came to LHA London I was a background actor in Rome Italy.

I enjoy getting to know people from so many places at LHA London; it allows you to have friends from all over the world.

I'm currently doing a course as personal trainer to get certified. And I hope to transform my passion for fitness into a business. Starting a one stop shop company to help people that usually don't exercise to get started. My experience in the volunteering program of LHA gave me an insight and is making me consider providing fitness training as charitable effort for people in need.



Davies Court, E14



Lin Holford

Chair of the Risk Management Committee

RISK MANAGEMENT & COMMUNICATIONS COMMITTEES STATEMENT

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Risk Management Committee

The Risk Management Committee comprises three Trustees and assists in identifying major operational and strategic risks which face the charity. Its remit is to ensure that systems and procedures are in place to mitigate risk and minimise potential impacts.

The Board of Trustees reviews the Strategic Risk Matrix at each board meeting. The major risk identified during the year was Brexit. Although political negotiations have yet to be concluded, LHA has already been impacted by the country's decision to leave the EU, seeing both a decline in residents from Southern Europe and interest in the volunteer scheme. The Board and Executive continue closely to monitor changes and modify its strategy concerning room formats, pricing points, marketing, the volunteer scheme and target locations for expansion.

Preventing failure in the safeguarding of residents remains a constant priority, including fire protection. London has very sadly suffered a number of terrorist incidents this year. Although not directly impacted, LHA continues to revise its in house procedures in the light of events.

The Board is confident that the charity has robust procedures to evaluate, design and implement effective measures to reduce both the likelihood and potential impact of the risks the charity faces.



Alexandra Whiston-Dew

Chair of the Communications Committee

Communications Committee

The purpose of the Communications Committee is to enable the Communications Objectives to be properly set and met. The Communications Committee considers the Communication Objectives, the Annual Communications Plan, and the Annual Communications Report.

Internal communication has been enhanced through the new in-house quarterly publication – 'LHA Life'. Our newsletter is ideal for seeking feedback and ideas from our employees and volunteers. This is a great way for them to feel more valued, which inevitably leads to more engagement.

We have also introduced a new scheme by the name of 'Ask Tony'. This give every team member and volunteer, an opportunity to contact the Chief Executive anonymously or by name through the 'Ask Tony' boxes or email.

The LHA Suggestion Scheme was also introduced as part of our continuous improvement initiative. A successful suggestion system started with a culture committed to building collaboration, teamwork and empowerment by focusing people on continuous improvement. Winning quarterly suggestions receive a reward for the effort.

We now also communicate success with our employee of the quarter award.

External communications with our stakeholders is pivotal. We have now completed our in-house marketing team to all communication platforms to enhance our 'voice'. We have further developed our 'response communication' on the social media sites.

Marketing plans will be developed throughout the coming year to meet our strategic objective.



HR, REMUNERATION & PENSIONS & INVESTMENT COMMITTEES STATEMENT

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Ian Mackie

Chair of the HR, Remuneration & Pensions Committee

HR, Remuneration & Pensions Committee

The Human Resources, Remuneration and Pensions Committee (HRRPC) keeps under review a formal and transparent policy on executive remuneration and, in consultation with the Chairman of the Board and the Company's Chief Executive and Finance Director, determine the remuneration packages of the Senior Management and employees. For the avoidance of doubt, the Senior Management shall ordinarily consist of the Chief Executive and Finance Director and any designated senior member of staff, in doing so, the Committee shall ensure that remuneration packages (comprising base salary and short and long-term incentives, benefits and pension arrangements) are periodically market-tested and reviewed.

During the year the HRRPC reviewed the staff structure of the central administration support based at head office. The restructuring strengthens the sales and marketing, property and residential service functions.

The LHA volunteer scheme comprises over 170 volunteers and is critical to the day to day housekeeping, catering and ancillary tasks performed within the hostels. The HRRPC have continued to monitor the implications of Brexit on both employees and volunteers and in conjunction with feedback from the Risk Management Committee and Executive will continue to monitor the schemes contribution, viability and risk.

The HRRPC was Chaired by Peter Harris throughout the financial year and I take this opportunity to thank him for his stewardship and note his contribution in implementing changes to the defined benefits pension scheme carried out in the previous financial year.



Alec McTavish

Chair of the Investment Committee

Investment Committee

During the year the Investment Committee reset the investment policy and most of the investments were sold with the exception of the two Global Beta funds and some Investment Notes. All loans were fully cleared down and so LHA ended the year with no debt. It was decided after the year end that the Investment Committee would merge with the HR, Remuneration & Pensions Committee. With rising cash balances again, a review of the policy will be needed in the coming year.

Benefits to our Residents in London

The Board has considered the general guidance on public benefit issued by the Charity Commission, has taken due regard of the guidance and is satisfied that the Charity's activities do provide wider public benefit. This is demonstrated throughout the Annual Report. All trustees give their time on a voluntary basis and receive no private benefit from the charity.

The public benefit arising from LHA's work is clear in the services delivered. The assistance given to young working people and students to help them reside in prime locations at below market rent with easy entry, low deposit and easy exit together with just 7 days' notice is clearly a benefit to society as a whole, not just for the beneficiaries themselves.

We provide key benefits to our residents to ensure that the LHA remains well-placed in the affordable accommodation sector.

Benchmarking our room rates continues to demonstrate significant advantages to those with limited means. We open the door to young working people and students with limited financial reserves.

The LHA's contribution through the LHA Fund grants throughout the year provided further valuable public benefit.

We provide an 'all-inclusive deal' including council tax, utilities and wifi. LHA weekly room rates includes contents insurance inclusive of laptop cover, with free gym facilities at our LHA Life option sites.

We are keen to maintain our 'Family Feel' by providing safe and secure accommodation. All LHA sites have 24 hour 'live-in' staff. Affordable packages across a diverse range of room formats, including catered and self-catered options, places LHA in a strong position to continue to benefit working people and students in the Capital. Room cleaning services with linen provided and laundered is much valued by our residents.

We effectively support the community by providing affordable accommodation in London enabling reduced costs for young working people and students in the Capital.

BENEFITS TO OUR RESIDENTS IN LONDON

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Our Volunteers



Zoltan Hodorog, 24 years old, from Hungary, working at LHA since 2016

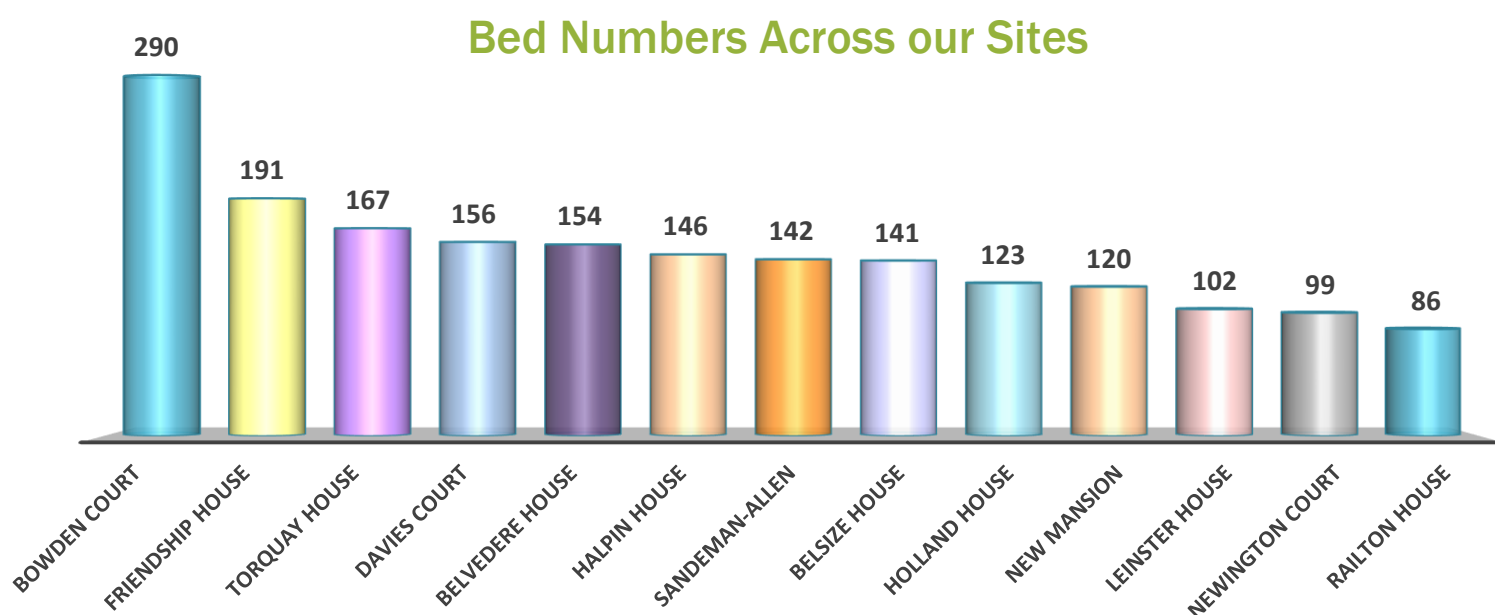
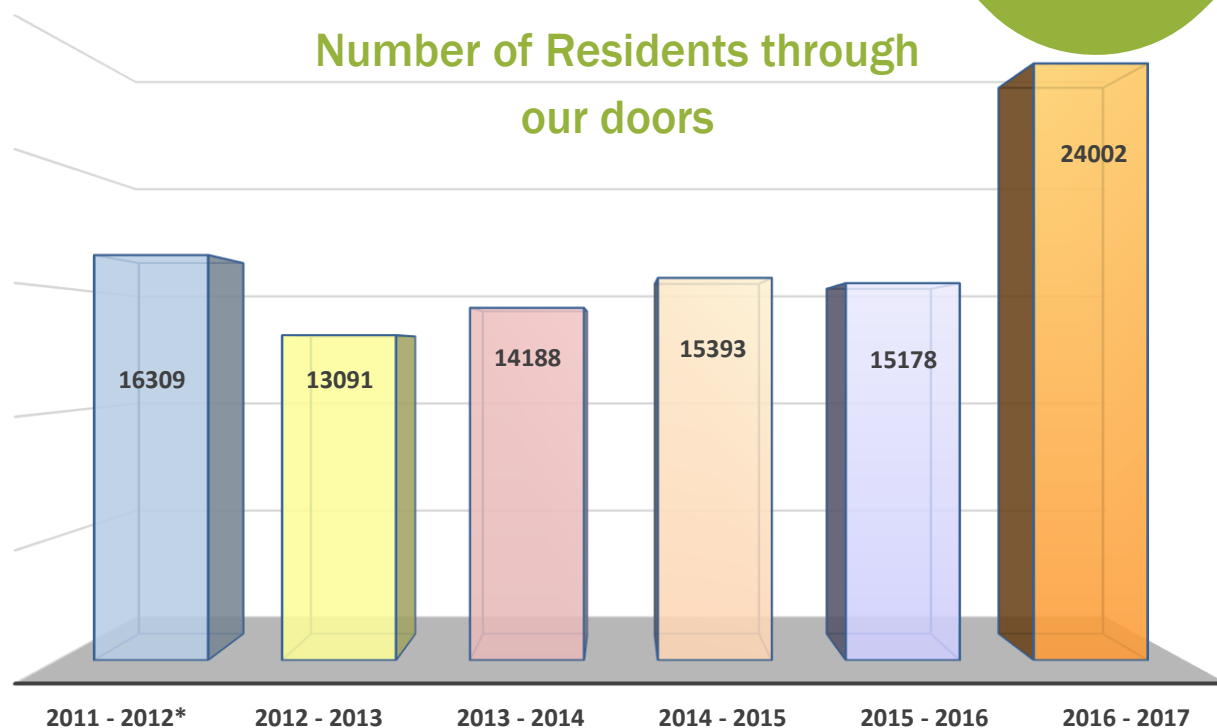
I've been working for LHA for over a year. I like it because I can meet a lot of people and the staff are friendly. And also the manager is friendly and if we need help he can help us.

BENEFITS TO OUR RESIDENTS IN LONDON

Page 19

Number of residents through our doors in 2016-17 were 24,002, this compares with 15,178 in 2015-16, 15,393 in 2014-15, 14,188 in 2013-2014, 13,091 in 2012-2013 and 6,309 in 2011-2012.

*Additional short-term volumes from Jubilee House. (Former building prior to Torquay House)



BUILDING ON OUR CURRENT SUCCESS

Page 20

Building on our Current Success

Exceeding our residents' expectations

LHA London have been providing a warm welcome, safe and enjoyable accommodation to young and working people in London since 1940. We pride ourselves providing buildings in locations ideal for the young working person or student. We look for sites in close proximity to transport links and vibrant amenities. To give our residents the best experience we aim to ensure building design and room styles fit the needs of our beneficiaries. We currently offer the widest range of room styles from dormitories to studios. We offer a variety of locations in North, South, East and West London. We offer a variety of room rates to match the budgets of our beneficiaries.



We have worked hard this year to identify our residents needs and meet their expectations. Demand for high quality accommodation continues to rise. We see our single en-suite accommodation being highly popular and we have plans in place to run pilot schemes to further enhance the offer within our grade two listed buildings. These currently contain predominantly high numbers of shared rooms without en-suite. We intend to offer a variety of upgraded options to bring a new non-en-suite offer to the LHA room style. Our residents' surveys give essential feedback to assist our future planning



This year has seen continued improvement with our customer feedback surveys and high average scores from our external mystery shopper programme. We have scored five stars from the local authorities environmental health departments for all our catered sites reflecting the highest of food hygiene standards.

We have scored highly from third party channel booking providers who use Tripadvisor for guest experience. Although, this short-term business reflects a small fraction of our business, we take every comment seriously. We have continued to improve our 'Up Keep' software for our in-house maintenance team. This allows comprehensive fault reporting and speedy resolution to residents' issues.



Our staff take part in quarterly customer service feedback exercises, which monitor call handling, guest experience and housekeeping standards.

Catering is very much part of our core offer. This year, our in-house chef school has a given new training opportunity to further improve the food quality and menu range.

***Tripadvisor average at 4.1 out of 5% in 2017.**

We also now have 4 sites in the top 100 of the speciality lodgings category in London (this is out of 944 in the category).



BUILDING ON OUR CURRENT SUCCESS

Page 21



**Sandeman-Allen Manager
Laurent Nolfo receives 25 years
Service Award.**

Congratulations to our catered accommodations,
awarded by Westminster Council for commitment
to Healthier Catering.



The last of 75th anniversary roadshows
around all sites and celebrating the end of
the refurbishment at Belsize House from
catered to self-catered accommodation.



The LHA London Head Office staff spent a
day volunteering at Cardinal Hume Centre.



Staff and Volunteers rewarded
for their service and contributions
throughout the year.



We love it when ex-staff
and residents come back to
say hello.
Especially 10 years later
and bringing their family
along to show them
where they stayed!



LHA FUNDING & COMMUNITIES

Page 22

As we run our business, the impact we have on our communities and environment around us is of critical importance. Under our current approach, we have focused on four main areas;

LHA Funding, Communities and Social Value

The Environment

Benefits to our Volunteers

LHA Residents Well-being

We ensure our strategy is supported by appropriate governance structures. We are proud that responsibility for driving sustainability forward is lead by senior management team and is an agenda item at every Board of Trustees meeting and the Property Oversight and Projects Sub-Committee.

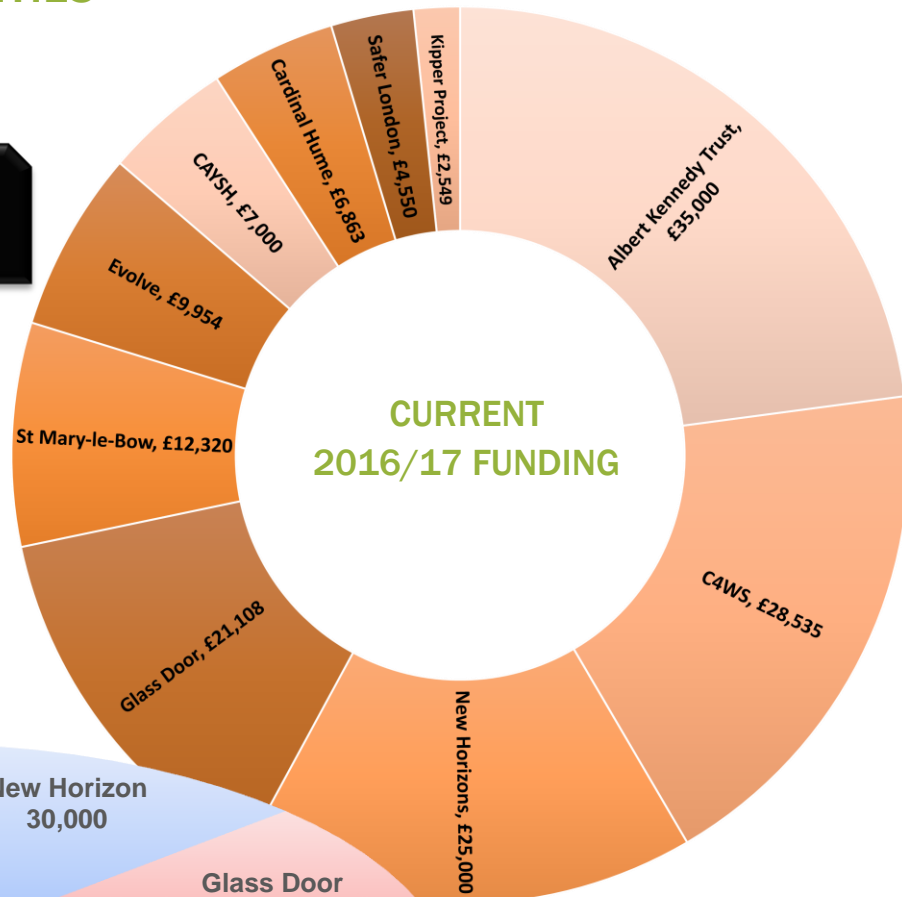
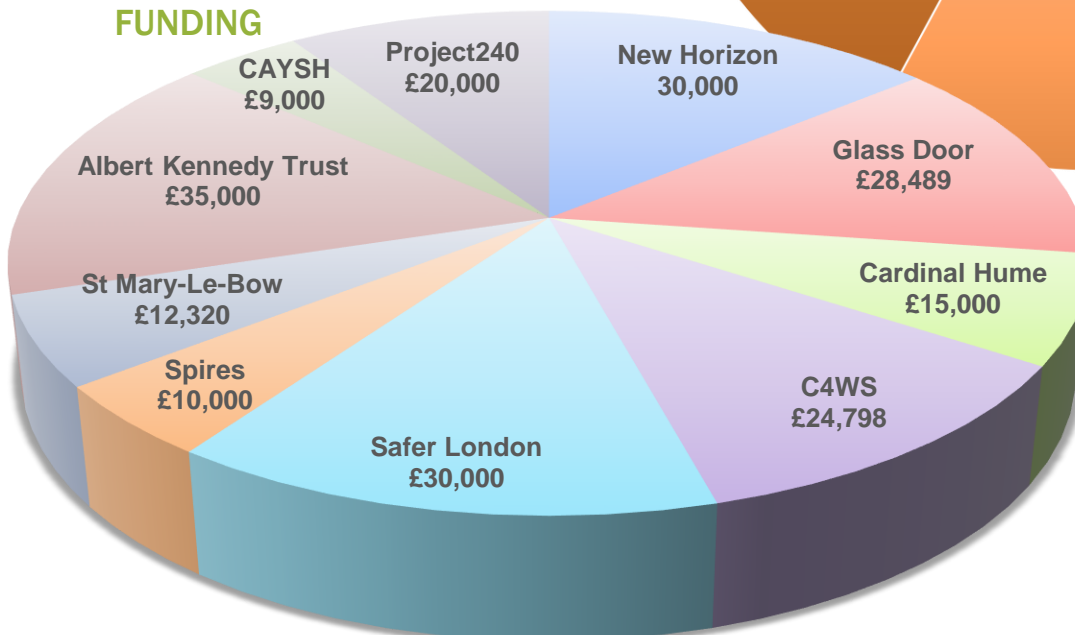
LHA FUNDING AND COMMUNITIES

£152,000 donated to Charity

182,000 hours of volunteering from members of our volunteer scheme

We are committed to supporting charities in London with similar objectives. During the year we made grants totalling £152,879. Since its implementation, the LHA fund has gone from strength to strength. Intended recipients of the fund this year are listed below.

PROPOSED 2017/18 FUNDING



LHA FUNDING & COMMUNITIES

Page 23

C4WS

We are very grateful for the funding we received from LHA London in February 2017. We were able to put this funding towards the welfare support that we offer to all guests who access our shelter. This support is provided by the Project Manager and the Welfare Manager.

We run our shelter from November – March, which provides emergency accommodation for more than 80 homeless people. Last year we offered 1,990 bed spaces and served more than 4,000 meals to people from 33 different nationalities and with a wide range of support needs.



The shelter is a community-based project that operates across 13 venues and involves more than 700 local volunteers who are crucial in supporting our 4 staff who work with each guest to help them find appropriate accommodation that best suits their needs. The C4WS staff also support guests' welfare requirements which might include – amongst many factors - assistance with physical and mental wellbeing, benefits, literacy, asylum and immigration issues. Last year **92% of those guests that engaged with our services were moved into accommodation.**



St Mary-Le-Bow

The LHA grant paid the rent on the flats St Mary-Le-Bow have had from the Peabody Trust since we started this work in 1990.

The essence of the charity is to give young homeless people and young ex-offenders their own room in shared flats, so they learn how to live in a flat and have every help with training towards a job and stable independence in their own flats.

This happens, particularly through an Apprenticeship Scheme we started with Pret a Manger ten years ago. Our and other young people have three months trial at Pret and if they behave, they are taken on permanently.

This has been an unprecedented success in the employment of young homeless people in the country, in that 80% have got through the first three months and 60% are there after six months up to five years.

The generous LHA grant covers all the rent of these flats.



Jay, working at Pret a Manger

Glass Door – Kensington

LHA London works in partnership with the K&C Foundation which raises resources to help address issues in the Borough of Kensington and Chelsea. Through this partnership LHA London made a grant of £21,108 to Glass Door Homeless Charity in 2016.

Glass Door partners with churches in London to provide shelter and support to people experiencing homelessness. The grant from LHA London enabled 84 homeless men and women aged 18-34 years to have somewhere warm, dry and safe to sleep during the winter months.

Guests also receive a hot supper and breakfast in the morning which is cooked and served by volunteers. These free services are a life-line to those who would otherwise be sleeping on the street.



GLASSDOOR

LHA FUNDING & COMMUNITIES

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Evolve Housing

The training kitchen at our Stockwell service has proved a very popular hub for our customers to share and develop their cooking and independent living skills. In addition it has enhanced our organisation's support because it has proved to be a really useful tool for our support staff as a means of engaging customers.

Formally the kitchen is used twice per week at breakfast and lunch clubs organised by Evolve staff, but it is also often used informally by customers.



It's positive impact has been felt across the organisation, inspiring some of our other services to request similar installations to put cooking skills at the heart of their support too. And it is also complementing our corporate fundraising strategy, by facilitating cooking skills training from corporate partners such as Nando's, for instance.

Cardinal Hume

Young people embrace cooking thanks to LHA funding

The Cardinal Hume Centre was delighted in 2017 to receive funding from LHA to replace six old-fashioned hobs and ovens in our young person's residence with modern induction hobs and more efficient ovens.

Having modern and easy to use cooking facilities has encouraged the 16-24 year olds living at the Centre to cook, spend more time in the kitchen and make valuable new friendships.



The new equipment has also been a huge boon our Life Skills coordinator, Gaia Segal, who runs cooking sessions twice a week in our first floor kitchen (pictured). This valuable activity not only gives young people the opportunity to learn essential culinary skills, but also allow them to socialise over a meal with their fellow residents, and feel a sense of belonging. Seeing our residents develop their cooking skills with the new equipment has been a highlight for Gaia.



Gaia said: "A large part of our work is about helping to our young residents learn the skills they need to live independently. Our upgraded equipment makes it so much easier, and far more enjoyable for the young people living here to prepare healthy and tasty food from scratch. It's great when we all sit down and eat together – there's a real sense of community. We've one young boy who has attended every session and now dreams of becoming a chef! Thank you LHA for your invaluable donation."

The Albert Kennedy Trust

LHA have supported The Albert Kennedy Trust's Purple Door housing project since 2015. The service provides emergency accommodation for young lesbian, gay, bisexual and transgender people who are homeless, at risk of homelessness or living in a hostile environment. LHA's funding of two rooms in the house has enabled us to provide a safe and welcoming place to stay for young people who have been rejected from their families. LHA have also supported our Rainbow Starter packs, providing rent deposits and additional costs associated with moving into independent accommodation. Often our young people have no family they can turn to in times of crisis and we have been able to offer financial support with LHA's help, as well as life skills to provide young people with



the skills they need to live independently and be unafraid of being who they are.



The long-term funding has also helped us to attract funding from other sources, which is vital as AKT does not receive any statutory funding for Purple Door. This year we have also delivered training to LHA's managers across their services to ensure that their services are welcoming and supporting of LGBT people visiting their hostels across London. AKT and LHA's relationship has continued to grow throughout the year and we look forward to this continuing in 2018.



New Horizon Youth Centre

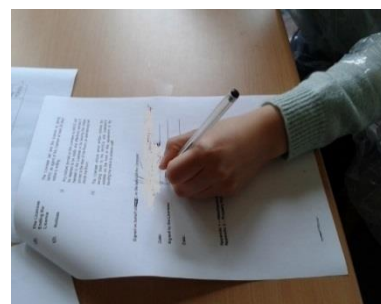
Emma (20) first accessed New Horizon Youth Centre in August 2017. She had been homeless and sofa surfing for 5 months with no stable, permanent accommodation. She was a new mum who is working closely with social workers on a care plan to help her regain custody of her child, and to get support around motherhood. Part of Emma's care plan was to find her suitable and safe accommodation so that she could become independent and have stable housing to focus on other areas in her life. However her local authority had not duty to help her with that.

With this in mind Emma sat down with one of the Advice Workers at New Horizon Youth Centre to explore the possibilities. She had been working fulltime without any problem for many months, and managed to budget her earnings, but didn't have enough money to get the secure and appropriate accommodation she needed. For this reason, the Advice Worker arranged an appointment with our private rented sector (PRS) worker. After assessment, having checked her ability to budget, and getting positive feedback about from Emma's employer, we agreed to support her into private rented shared accommodation through our rent deposit scheme. The scheme helps homeless young people who don't have a deposit needed to rent from a private landlord. As New Horizon Youth Centre had some long-standing professional relationships with landlords, we were able to source Emma a room quickly and provide the deposit.

The day she moved in, we supported Emma to set up rent payments and attain a grant for household goods to help her settle in to her new accommodation. She has been receiving ongoing floating support for our PRS Worker to make sure everything is going well, and has begun to access counselling from the counsellor at the centre. Emma is slowly starting to rebuild her life and live independently, and well on track with her care plan. She has contact with her child and her relationship with her family is really improving. She continues to enjoy her work and is looking at potentially going back to college.

LHA FUNDING, COMMUNITIES & SOCIAL VALUE

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SOCIAL VALUE

LHA is committed to the principle of Social Value, which means providing additional value for its activities, which have a wider community or public benefit.

Together with our charitable objective to provide affordable accommodation for people of limited means, the Trustees of LHA have started to consider which aspects of our activities add a broader social value, for our beneficiaries and the wider community. Key among these are our Volunteer Programme, our discounted rates for 18-21 year olds, the LHA Fund and our focus on sustainability.

The Volunteer Programme gives our beneficiaries the opportunity to work towards achieving their ambitions in London. Many of them tell us that they could not have managed without this help. Our youngest residents benefit equally from the discount we have introduced. Many of them are students, learning English, studying ballet, on very limited funding. Our grants to London charities have a double outcome. They benefit the charity's recipients: young people in housing crisis. The charities we support engage many young people as volunteer helpers in their communities.

Thus, in the Environment section of this report, we have identified several sustainable energy initiatives. We have also identified the principles behind some of these activities which enhance social value. We have commissioned an electrical voltage optimisation technology study across all our properties and have implemented the findings. For water systems, we are making use of modern technology to reduce water consumption. Minimising our utilities consumption has benefits for our residents and for the wider community.

For our future developments, we have set high goals targeting a BREEAM (Building Research Establishment Environmental Assessment Method) rating of very good or excellent. BREEAM is the world's leading sustainability assessment method for projects, infrastructure and buildings. It recognises and reflects the value in higher-performing assets across the built environment lifecycle, from new construction to in-use and refurbishment. BREEAM does this through third party certification of the assessment of an asset's environmental, social and economic sustainability performance. This means that BREEAM rated developments are more sustainable environments that enhance the well-being of the people who live and work in them, help protect natural resources and make for more attractive property investments. We are using local contractors, wherever possible, to encourage local employment and reduce travel emissions. For our new projects we are sourcing local materials and specifying materials for our building upgrades which take account of sustainability. We actively encourage material recycling from our building projects.

THE ENVIRONMENT

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THE ENVIRONMENT

We are constantly challenging ourselves to become more environmentally sustainable, and aim to embed our thinking throughout the business. As our growth strategy progresses and we provide more beds, our challenge is to ensure that we continue to manage our energy and environmental impact effectively. We do this through energy efficiency, reducing our carbon emissions and diverting waste from landfill. By investing in new technologies and ways of working, we are able to test and demonstrate higher sustainability standards, whilst also setting challenging targets to drive further momentum. We have recently announced a programme of replacing our heating and hot water systems with energy saving solutions. We will build on our current biomass, rain water harvesting and CHP sites.

We plan to introduce a resident's incentive scheme to encourage buy-in from our hostel resident's. The scheme to be known as 'No Planet B' will be introduced at the end of 2017.



No Planet B Competition

To encourage our residents to suggest energy-saving ideas, we will be running a quarterly competition. Residents will be able to email us at noplanetb@lhalondon.com with their suggestions as to how we can reduce our impact on the environment. Each quarter, the entries will be judged by Tony Perkins, CEO and the winner will receive a £100 voucher to spend in the 'Friends of the Earth' giftshop where they can choose items from one of their many ethical suppliers. Through this competition, we aim to find many new ways to make LHA London even more sustainable.

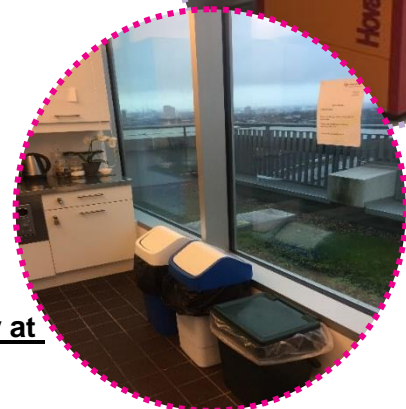
Our residents' voice at Newington Court

"LHA Newington Court is all you can ask for really. Comfortable place, a very spacious studio and great friendly staff. They're always willing to help.

The place itself is very well organized, with a laundry room downstairs (£2.50 + £1 de Dryer), and a good spacious bike store at the back of the building. Also, they got cleaning services once a week. That was a big + for us.

We spent one month at LHA and we would recommend it to everyone."

Biomass Boiler at Newington



Green Caddy at Torquay

Benefits to our Volunteers

LHA continues to provide an attractive concept for over 170 volunteers at our site in Central London. Many of our volunteers value LHA's volunteering model of accommodation and food provided in return for a volunteering input. We receive positive and enthusiastic individuals into the scheme each year. Our website blog displays up to date volunteer feedback.

Volunteering has been a key part of LHA London's service offer for some time now and the volunteer scheme had another successful. Volunteers receive their accommodation and meals in exchange for a commitment of 20-22 hours of duties per week. Volunteers experience the same flexible living benefits that guests do and this creates a fantastic home-from-home atmosphere that from our feedback is greatly appreciated by our guests. Volunteers appreciate the opportunity to gain work experience, receive basic hospitality, training and make life-long friends in the friendly atmosphere of our sites.

Candidates must be over 18 years to apply and can take on any of the following roles; Housekeeping, Catering – basic food preparation and service, Office/Reception, Porter and Night Supervisor.

Demand for places continues to be high and we are able to recruit a high calibre of candidates who are committed to LHA and in 2016 we were able to recruit five members of permanent staff from our volunteer base, including three housekeepers, a night porter and an assistant manager, who are all performing extremely well.



Ramon Lavin, 21 years old. from Barcelona Started with LHA August 2017

I came to London when I finished my International Commerce studies last year and wanted to get new experience and to improve my English.

Working as a dining-room server in the afternoon and withal, as a night porter in the evening, I got to gain more knowledge about hospitality job and I also got to learn a lot of different cultures from people all over the world.

I think London is a multicultural city and it's full of adventures to get new experience as sightseeing, discovering new places, or just exploring your neighborhood, you can find a lot of opportunity to enjoy the city with your kith and kins. I was a bit nervous when I arrived London for the first time but now, I am living everyday with happiness and enjoying every moment of my life with Sandeman-Allen hostel family in London.

Meeting new people from all over the world and exploring the beautiful historical city with them or just talk about life with them over a Guinness, it just makes me happy but at the same time, comfortable because you are with people at Sandeman-Allen hostel. I would like to gain more knowledge about hospitality job with this hostel and I hope to work as a export manager in the future.

Our Volunteers

BENEFITS TO OUR VOLUNTEERS

Page 27

In 2017 12 Volunteers were recruited as permanent staff

Last year over 320 gained a place on our Scheme

We currently have 176 Volunteers across all our sites

Our residents' voice at Sandeman-Allen House

"I stayed at this property for a little over two months, from late September to early December. I really enjoyed it, all the staff were friendly and helpful, always willing to help you. The location is the highlight, with three lines of the underground a few meters and you can get to Notting Hill in ten minutes on foot, so that we can visit Portobello market every Saturday morning. Italian cooks are very good. Also, it gives you a chance to meet people from all over the world. I recommend it."

FEEDBACK FROM OUR VOLUNTEERS

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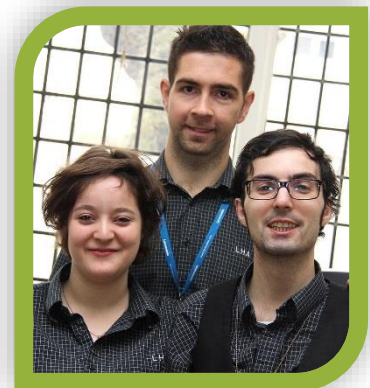
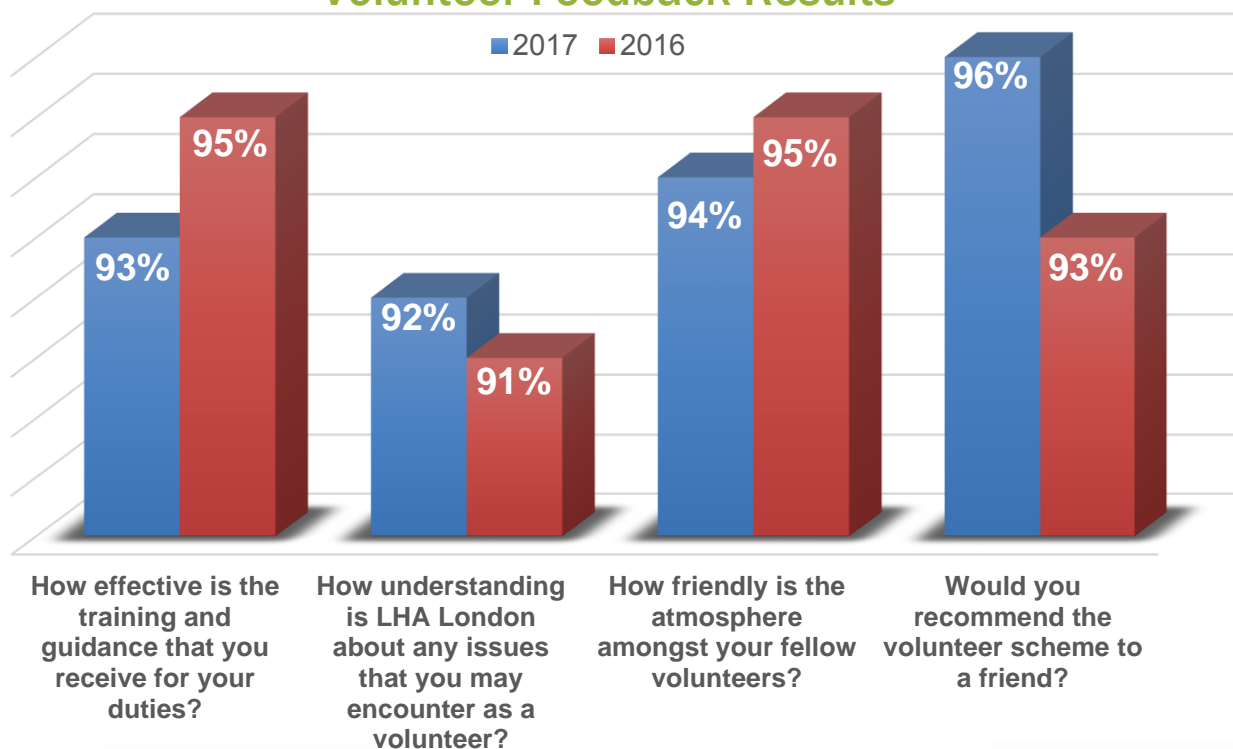
LHA volunteer scheme

We pride ourselves in the Social Value achieved from the LHA volunteer scheme. Since 1997 over 5,000 volunteers have passed through the scheme.

Our hostels and volunteers have benefited from the flexibility offered by the scheme. Volunteers enjoy the interaction with residents and staff and use the scheme as a platform for a move to working or studying in London. Many of our volunteers are able to use the scheme to support apprenticeships and study in a City known to be an expensive environment for students.

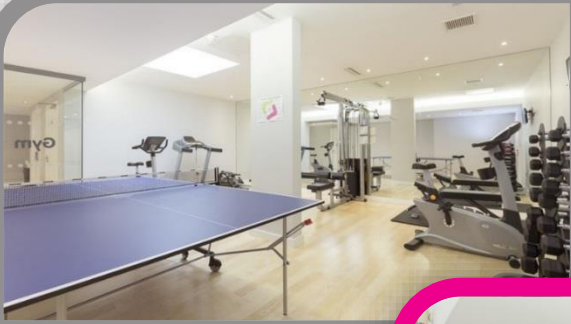
We have offered opportunities to our partner charities to enable their vulnerable beneficiaries to join the volunteer scheme. Our team is a family made complete by our amazing volunteers. We have an open door policy for volunteers; we welcome people from all walks of life and backgrounds. Our volunteers' feedback is important to us and we continue to score exceptionally highly from our feedback survey.

Volunteer Feedback Results



RESIDENTS WELL-BEING

Page 29



Gyms



Ping Pong Tournament at Torquay House



New Refurbished Kitchens at Belsize House

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 2017 and the statement of Financial Activities for the year ending on that date, which were approved by the Board of Trustees on 13th February 2018.

The Charity is governed by its Memorandum and Articles of Association. The Charity is managed by the Trustees who meet formally seven times a year.

Trustees and Member

The Trustees who served during the year are named on pages 5-6. 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 2016/2017, 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 £7,339,691 (2016; £7,096,243) approximately £135,000 under budget caused mainly due to increased difficulties in selling shared room accommodation.

There was a spend of approximately £726,353 (2016; £787,525) on repairs and maintenance.

Donations of £152,880 (2016; £78,277) 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 shares and Global Beta funds at a valuation of £1,475,920 (2016 6,355,700).

The Investment Committee have reset the policy for investments as follows:

- I. to hold in cash (very low risk) the funds required for working capital fluctuations;
- II. to hold an amount equal to that as a buffer in an equity investment fund (currently the global beta) (medium risk) and structured notes (medium/low risk), both of which can be turned quickly into cash should a property investment opportunity arise.

TRUSTEES' REVIEW

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Fixed Assets

Belsize House has undergone a major refurbishment with a spend during the year of £703,277 which saw it converted from a catered site to a self-catered one. This was completed in December 2016 having started in 2015/16. This is part of the rolling refurbishment 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 £7,671,818 compared with the previous year's surplus of £25,354,227 (£7,820,948 before one-off revaluation gains of £17,533,279). This was after allowing for realised and unrealised gains/losses on investments and the actuarial gain/loss on the Charity's pension scheme, which was a gain of £182,127 and a gain of £150,000 respectively compared to the 2016 gains of £515,705 and gain of £209,000.

Reserves

At 30th September 2017 Charitable Funds stood at £10,775,153 and Designated Funds at £201,839,285. Within Designated Funds there is a fixed asset reserve of £201,839,285 which represents the net book value of the fixed assets less the loans funding these 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 £9,307,000 as at 31st March 2017 compared to £8,798,000 in year 2016. The Reserves in the profit and loss account of LHA Services Ltd, our subsidiary company, were £157,531 as at 30th September 2017 compared to £180,240 in year 2016.

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.

Our reserves policy is reviewed annually while reviewing our sources of income, and balancing the impact of future plans, commitments, our pension schemes and any management or 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 £3.6m). Our current reserve levels are higher than this as we are yet to find a suitable property to expand our portfolio. We are actively looking and hope to achieve this in 2018.

The general reserves stand at £10,775,153 at 30th September 2017. This is equal to approximately 18 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. Failure in Safeguarding of residents
- III. Fire
- IV. Failure of IT Systems

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. **Failure in Safeguarding of residents**
Trustees monitor this by regularly reviewing the Health and Safety policies, the daily housekeeping checks and quarterly audit reviews.
- III. **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.
- IV. **Failure of IT Systems**
LHA have recently moved their IT infrastructure to a Microsoft Azure platform, it is believed this provides a more secure and reliable platform.

LHA SERVICES LIMITED FOR 2016/2017

LHA Services Ltd (LHAS), a wholly owned subsidiary of the Charity, acting under a license and agreement signed in 1997, 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 had a taxable trading surplus of £705,198 and in accordance with the covenant signed on 1st October 1997 an amount of £727,907 is to be transferred to the Charity.

Statement of Trustees' Responsibility

The Trustees (who are also directors of LHA London Ltd for the purpose of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period.

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 continue in business.

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 and 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; and
- 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



Tony Perkins
Company Secretary
13th February 2018

LHA London Limited
Financial statements for the year ended 30 September 2017
Independent Auditor's report to the members of LHA London Limited

Opinion

We have audited the financial statements of LHA London Limited (the 'charity') for the year ended 30 September 2017 which comprise the Statement of Financial Activities, the Balance Sheets, the Statement of Cash Flows 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 charity's affairs as at 30 September 2017 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

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 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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- 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 charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

LHA London Limited
Financial statements for the year ended 30 September 2017
Independent Auditor's report to the members of LHA London Limited

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 accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration 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 7, the trustees 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 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. 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.

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.

Signed: 

Name: 

(Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Times House, Throwley Way, Sutton, Surrey, SM1 4JQ

Date: 

LHA London Limited
Financial statements for the year ended 30 September 2017
Statement of Financial Activities

	Notes	General Funds	Designated Funds	Total 2017	Total 2016
		£	£	£	£
Income					
<i>Income from charitable activities:</i>					
Operation of hostels		12,996,637	-	12,996,637	13,401,898
<i>Income from other trading activities</i>	3	1,090,569	-	1,090,569	688,505
<i>Income from investments</i>		129,871	-	129,871	179,969
Total income		14,217,077	-	14,217,077	14,270,372
Expenditure					
<i>Raising funds:</i>					
Commercial trading operations		205,371	-	205,371	128,258
Investment management fees		14,692	-	14,692	37,446
<i>Charitable activities:</i>					
Operation of hostels	4	6,657,323	-	6,657,323	7,008,425
Total expenditure		6,877,386	-	6,877,386	7,174,129
Net income before transfers		7,339,691	-	7,339,691	7,096,243
Gross transfers between funds		(7,070,005)	7,070,005	-	-
Net income after transfers		269,686	7,070,005	7,339,691	7,096,243
Gains on property revaluations	9	-	-	-	17,533,279
Gains on investment assets	10	182,127	-	182,127	515,705
Net income before actuarial movements		451,813	7,070,005	7,521,818	25,145,227
Actuarial gain on pension scheme	16	150,000	-	150,000	209,000
Net movement in funds		601,813	7,070,005	7,671,818	25,354,227
Fund balances brought forward at 1 October 2016		10,173,340	194,769,280	204,942,620	179,588,393
Fund balances carried forward at 30 September 2017		10,775,153	201,839,285	212,614,438	204,942,620

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 2017
Balance sheets

		----- Group-----		----- Charity -----	
	Notes	2017	2016	2017	2016
		£	£	£	£
Fixed assets					
Intangible assets	8	11,943	23,439	11,943	23,439
Tangible assets	9	201,839,285	201,598,312	201,810,182	201,555,973
Investments	10	1,475,920	6,355,700	1,625,920	6,505,700
		<u>203,327,148</u>	<u>207,977,451</u>	<u>203,448,045</u>	<u>208,085,112</u>
Current assets					
Stocks	11	20,075	20,825	19,436	20,351
Debtors	12	508,023	510,484	482,177	908,564
Cash at bank and in hand		10,612,297	5,448,081	10,517,321	4,901,269
		<u>11,140,395</u>	<u>5,979,390</u>	<u>11,018,934</u>	<u>5,830,184</u>
Creditors: amounts falling due within one year	13	(1,853,105)	(3,555,406)	(1,860,072)	(3,544,101)
Net current assets		<u>9,287,290</u>	<u>2,423,984</u>	<u>9,158,862</u>	<u>2,286,083</u>
Total assets less current liabilities		<u>212,614,438</u>	<u>210,401,435</u>	<u>212,606,907</u>	<u>210,371,195</u>
Creditors: amounts falling due after more than one year	14	-	(5,458,815)	-	(5,458,815)
Pension (liability)	16	-	-	-	-
Net assets		<u>212,614,438</u>	<u>204,942,620</u>	<u>212,606,907</u>	<u>204,912,380</u>
The funds of the charity					
Unrestricted income funds:					
General		10,775,153	10,173,340	10,767,622	10,143,100
Designated	17	201,839,285	194,769,280	201,839,285	194,769,280
		<u>212,614,438</u>	<u>204,942,620</u>	<u>212,606,907</u>	<u>204,912,380</u>

The financial statements were approved by the Trustees on 13th February 2018 and signed on their behalf by:

A McTavish
Trustee



I Mackie
Trustee



LHA London Limited
Financial statements for the year ended 30 September 2017
Consolidated Statement of Cash Flows

	2017	2016
	£	£
Reconciliation of net incoming resources to net cash inflow from operating activities		
Net income for the year	7,671,818	25,354,227
Depreciation charges	483,118	595,250
Amortisation charge	11,496	11,496
(Gain)/Loss on disposal of tangible fixed assets	(2,500)	1,500
(Gains) on revaluation of investment properties	-	(17,533,279)
(Gains) on investment assets	(182,127)	(515,705)
Decrease in stocks	750	4,000
Decrease in debtors	2,461	55,094
(Decrease)/Increase in creditors	(332,086)	248,661
Net cash inflow from operating activities	7,652,930	8,221,244
Investing activities		
Purchase of intangible fixed assets	-	(1,121)
Purchase of tangible fixed assets	(781,558)	(1,076,544)
Proceeds on disposal of property, plant and equipment	59,969	-
Purchase of investments	(351,369)	(712,500)
Proceeds from sale of investments	5,413,276	456,856
Net cash inflow/(outflow) from investing activities	4,340,318	(1,333,309)
Financing		
Repayment of bank borrowings	(6,829,032)	(3,850,992)
Net cash outflow from financing activities	(6,829,032)	(3,850,992)
Increase in net funds	5,164,216	3,036,943
Increase in cash in the period	5,164,216	3,036,943
Cash and cash equivalents at 1 October 2016	5,448,081	2,411,138
Cash and cash equivalents at 30 September 2017	10,612,917	5,448,081

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 September 2016. 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.

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:

	2017	2016
	£	£
Total income	14,034,415	14,134,627
Total expenditure on charitable activities	(6,657,323)	(7,008,425)
Investment managers' fees	(14,692)	(37,446)
Gains on revaluation of property	-	17,533,279
Investment gains	182,127	515,705
Actuarial gain on final salary pension scheme	150,000	209,000
Net income	7,694,527	25,346,740
Total funds brought forward	204,912,380	179,565,640
Total funds carried forward	212,606,907	204,912,380
Represented by:		
Designated income funds	194,769,280	194,769,280
Unrestricted income funds	17,837,627	10,143,100
	212,606,907	204,912,380

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	2017	2016
	£	£
Turnover	1,090,569	688,505
Cost of sales and administrative expenses	(385,371)	(238,258)
Gross profit	705,198	450,247
Interest receivable	-	118
Net profit	705,198	450,365
Amount distributed to LHA London Ltd	(727,907)	(442,878)
Retained (loss)/profit in subsidiary	(22,709)	7,487

LHA London Limited
Financial statements for the year ended 30 September 2017
Notes to the financial statements

The assets and liabilities of the subsidiary were:	2017	2016
	£	£
Tangible fixed assets	29,103	42,339
Current assets	146,008	561,583
Creditors: amounts falling due within one year	(17,580)	(423,682)
Total net assets	<u>157,531</u>	<u>180,240</u>
Aggregate share capital and reserves	<u>157,531</u>	<u>180,240</u>

Included in administrative expenses are rent of £48,000 (2016 - £50,000) and management charges of £132,000 (2016 - £60,000) payable to LHA London Ltd and these charges have been eliminated on consolidation.

4 Analysis of charitable expenditure

	Staff costs (note 7) £	Other £	Depreciation (notes 8&9) £	Total 2017 £	Total 2016 £
Charitable expenditure					
House operating costs	1,466,192	2,949,732	507,553	4,923,477	5,347,101
Support costs	960,899	563,671	34,797	1,559,367	1,557,187
Governance costs (note 5)	-	21,599	-	21,599	25,860
Donations (note 6)	-	152,880	-	152,880	78,277
Total	2,427,091	3,687,882	542,350	6,657,323	7,008,425

Charitable expenditure	House operating costs £	Support costs £	Total 2017 £	Total 2016 £
Details of other costs				
Repairs & Maintenance	724,643	1,710	726,353	787,525
Light and heat	428,611	-	428,611	435,816
Interest charges	86,365	90,662	177,027	314,351
Catering	249,505	-	249,505	266,306
IT costs	70,372	52,889	123,261	107,557
Water	175,939	-	175,939	211,550
Cleaning	357,202	2,980	360,182	320,427
Insurance	187,729	446	188,175	172,650
Security	189,917	-	189,917	172,795
Rates	115,631	89,149	204,780	207,153
TV Licenses	72,218	-	72,218	82,106
Defined benefit pension scheme charge	67,500	82,500	150,000	209,000
Other costs	224,100	243,335	467,435	610,080
	<u>2,949,732</u>	<u>563,671</u>	3,513,403	3,897,316
Governance costs (note 5)			21,599	25,860
Donations (note 6)			152,880	78,277
Total other costs			<u>3,687,882</u>	<u>4,001,453</u>

5 Governance costs

Governance costs include:	2017 £	2016 £
Audit fees	12,802	17,000
Insurance against Trustees' and Officers' liabilities	7,526	6,308
Trustees expenses	1,271	2,552
	<u>21,599</u>	<u>25,860</u>

6 Donations

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

	2017	2016
	£	£
Albert Kennedy Trust	35,000	35,000
C4WS	28,535	-
New Horizons	25,000	-
Kensington & Chelsea Foundation	21,108	10,000
St Mary Le Bow	12,320	-
Evolve Housing Support	9,954	-
CAYSH	7,000	-
Cardinal Hume Centre	6,863	25,000
Safer London Foundation	4,550	5,000
Providence Row Housing Association	2,550	3,277
	<u>152,880</u>	<u>78,277</u>

7 Staff costs

	2017	2016
	£	£
Wages and salaries	1,951,620	1,778,588
Social security costs	169,967	165,153
Other pension costs	305,504	456,485
	<u>2,427,091</u>	<u>2,400,226</u>

Average number of employees during the year

Head office staff	14	13
Direct maintenance staff	6	6
Hostel staff	52	53
	<u>72</u>	<u>72</u>

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

£70,000 - £80,000	1	1
£80,000 - £90,000	-	1
£100,000 - £110,000	-	1
£110,000 - £120,000	1	-
£140,000 - £150,000	1	-
	<u>1</u>	<u>1</u>

3 employees (2016: 3) 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 2017 is £351,314 (2016: £305,549). Key Management Personnel are the Chief Executive Officer, Finance Director and Operations Manager.

8 Intangible fixed assets – Group & Charity

	Website
Cost	
At 1 October 2016	57,479
Additions	-
At 30 September 2017	<u>57,479</u>
Amortisation	
At 1 October 2016	34,040
Charge for the year	11,496
At 30 September 2017	<u>45,536</u>
Net book value	
At 30 September 2017	<u>11,943</u>
At 30 September 2016	<u>23,439</u>

9 Tangible fixed assets – Group

	Freehold land and buildings £	Leasehold land and buildings £	Plant and machinery £	Total £
Cost				
At 1 October 2016	189,400,000	9,573,534	11,166,833	210,140,367
Additions	-	-	781,558	781,558
Disposals	-	-	(105,203)	(105,203)
At 30 September 2017	189,400,000	9,573,534	11,843,188	210,816,722
Depreciation				
At 1 October 2016	-	21,006	8,521,049	8,542,055
Charge for the year	-	10,504	472,614	483,118
On disposals	-	-	(47,736)	(47,736)
At 30 September 2017	-	31,510	8,945,927	8,977,437
Net book value				
At 30 September 2017	189,400,000	9,542,024	2,897,261	201,839,285
At 30 September 2016	189,400,000	9,552,528	2,645,784	201,598,312

The Trustees undertook a valuation of all the freehold and long leasehold properties in September 2016. The valuation was undertaken by Colliers CRE and the properties were valued at £198,900,000. The charity's bank loans are secured against the freehold properties known as Davies and Friendship Court.

9 Tangible fixed assets - Charity

	Freehold land and buildings £	Leasehold land and buildings £	Plant and machinery £	Total £
Cost				
At 1 October 2016	189,400,000	9,573,534	11,045,772	210,019,306
Additions	-	-	778,665	778,665
Disposals	-	-	(103,655)	(103,655)
At 30 September 2017	189,400,000	9,573,534	11,720,782	210,694,316
Depreciation				
At 1 October 2016	-	21,006	8,442,327	8,463,333
Charge for the year	-	10,504	456,484	466,988
On disposals	-	-	(46,187)	(46,187)
At 30 September 2017	-	31,510	8,852,624	8,884,134
Net book value				
At 30 September 2017	189,400,000	9,542,024	2,868,158	201,810,182
At 30 September 2016	189,400,000	9,552,528	2,603,445	201,555,973
Analysis of leasehold land and buildings (company and group)			2017 £	2016 £
Long leasehold			9,500,000	9,500,000
Short leasehold			42,024	52,528
			9,542,024	9,552,528

10 Investments	Investments in subsidiary undertakings £	Other investments £	Total £
Market value			
At 1 October 2016	150,000	6,355,700	6,505,700
Additions	-	351,369	351,369
Disposals	-	(5,413,276)	(5,413,276)
Net gains for the year	-	182,127	182,127
At 30 September 2017	150,000	1,475,920	1,625,920
Historic cost at 30 September 2017	150,000	1,357,344	1,507,344
Other investments comprise:			
Equities		1,475,920	
Cash for re-investment		-	
		<u>1,475,920</u>	

At 30 September 2017 the following investments represented more than 5% of the quoted investments portfolio by market value:

	%	£
Barclays Individual Funds Global - Beta Portfolio 2Z	87	1,277,372
Convertible loan notes	13	198,548

11 Stocks	----- Group -----		----- Charity -----	
	2017	2016	2017	2016
	£	£	£	£
Household equipment and food	20,075	20,825	19,436	20,351

12 Debtors	----- Group -----		----- Charity -----	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	21,023	29,838	20,942	29,376
Other debtors	39,306	41,352	38,409	41,207
Amount owed by trading subsidiary	-	-	-	412,377
Prepayments and accrued income	447,694	439,294	422,826	425,604
	<u>508,023</u>	<u>510,484</u>	<u>482,177</u>	<u>908,564</u>

13 Creditors: amounts falling due within one year

	----- Group -----		----- Charity -----	
	2017	2016	2017	2016
	£	£	£	£
Bank loans	-	1,370,217	-	1,370,217
Trade creditors	406,486	329,905	405,593	329,137
Other taxes and social security costs	190,141	238,326	190,141	238,326
Amounts owed to group companies	-	-	24,547	-
Fees and deposits in advance	718,014	756,486	714,034	750,656
Accruals	538,464	860,472	525,757	855,765
	<u>1,853,105</u>	<u>3,555,406</u>	<u>1,860,072</u>	<u>3,544,101</u>

14 Creditors: amounts falling due after one year

	2017	2016
	£	£
(Charity and Group)		
Bank loans	-	5,458,815
	<u>-</u>	<u>5,458,815</u>

15 Borrowings

(Charity and Group)

	2017	2016
	£	£
Bank loans		
Loan over ten years with an interest rate of Base rate + 1.65%	-	1,411,532
Loan over ten years with an interest rate of LIBOR + 2.45%	-	5,417,500
	<u>-</u>	<u>6,829,032</u>
Analysis of maturity of debt:		
Within one year	-	1,370,217
Between one and five years	-	4,966,315
After five years	-	492,500
	<u>-</u>	<u>6,829,032</u>

Amounts repayable by instalments any of which fall for payment after five years

-	<u>492,500</u>
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16 Pension commitments

The charity makes contributions to a defined contribution pension scheme on behalf of a number of employees who are not included within the defined benefit pension scheme. Contributions in the year totalled £95,529.

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 2017 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 26.9% of pensionable pay following an amendment to the scheme benefits from 1 July 2016.

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

	At 30/9/17	At 30/9/16	At 30/9/15
	£'000	£'000	£'000
Fair value of scheme assets	9,307	8,798	7,187
Present value of scheme liabilities	(8,105)	(8,740)	(5,144)
Surplus recognised in scheme	1,202	58	2,043
Asset recognised in the financial statements	-	-	-

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

	2017	2016
	£'000	£'000
Scheme liabilities at start of period	8,740	5,144
Current service cost	152	173
Past service cost	-	122
Interest cost	210	208
Contributions by scheme participants	-	6
Actuarial losses/(gains)		
- recognised in the financial statements	(150)	(209)
- not recognised in the financial statements	(829)	3,320
Benefits paid & death in service insurance premiums	(18)	(24)
Scheme liabilities at end of period	8,105	8,740

16 Pension commitments (continued)

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

Fair value of scheme assets at start of period	8,798	7,187
Expected return on scheme assets	212	294
Actuarial gains	189	1,182
Contributions by employer	126	153
Contributions by scheme participants	-	6
Benefits paid	(18)	(24)
Fair value of scheme assets at end of period	<u>9,307</u>	<u>8,798</u>

The actual return on the scheme assets over the year ending 30 September 2017 was £401,000 (2016: £1,476,000).

Total expense recognised in the statement of financial activities

Current service cost	152	173
Past service cost	-	122
Interest cost	210	208
Expected return on scheme assets	(212)	(294)
Total expense recognised in the statement of financial activities	<u>150</u>	<u>209</u>

The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS17 is a loss of £2,291,000 (2016: £2,441,000)

Assets	2017	2016	2015
	£'000	£'000	£'000
Total assets	<u>9,307</u>	<u>8,798</u>	<u>7,187</u>

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.

16 Pension commitments (continued)

Assumptions

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

	2017	2016	2015
	% per annum	% per annum	% per annum
Rate of discount	2.85	2.40	4.05
Inflation (RPI)	3.35	3.20	3.25
Inflation (CPI)	2.35	2.20	n/a
Salary increases	2.35	2.20	2.75
Pension increases			
Accrued before 1 July 2016	5.00	5.00	5.00
Accrued after 1 July 2016	2.35	2.20	n/a
Revaluation rate for deferred pensioners	5.00	5.00	5.00
Commutation	nil	nil	nil

Life expectancy

Male retiring at age 65 in 2017	22.4	22.1
Female retiring at age 65 in 2017	24.6	24.5
Male retiring at age 65 in 2037	23.8	23.4
Female retiring at age 65 in 2037	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 2.85% per annum (2016: 2.4%).

Amounts for the current and previous four periods

	2017	2016	2015	2014	2013
	£'000	£'000	£'000	£'000	£'000
Fair value of assets	9,307	8,798	7,187	6,750	5,927
Present value of scheme liabilities	8,105	8,740	5,144	6,366	5,234
Surplus in scheme	1,202	58	2,043	384	693
Experience adjustment on scheme assets	189	1,182	(69)	148	(157)
Experience adjustment on scheme liabilities	(979)	(3,111)	774	471	(9)

17 Designated funds

	Balance at 1.10.2016 £	Transfers £	Balance at 30.9.2017 £
Fixed asset reserve	194,769,280	7,070,005	201,839,285
	<u>194,769,280</u>	<u>7,070,005</u>	<u>201,839,285</u>

18 Analysis of group net assets between funds

	General Funds £	Designated Funds £	Total Funds £
Intangible fixed assets	11,943	-	11,943
Tangible fixed assets	-	201,839,285	201,839,285
Investments	1,475,920	-	1,475,920
Cash at bank and in hand	10,612,297	-	10,612,297
Other net current liabilities	(1,325,007)	-	(1,325,007)
Long term liabilities	-	-	-
	<u>10,775,153</u>	<u>201,839,285</u>	<u>212,614,438</u>

19 Operating lease commitments

At 30 September 2017 the group's commitments under non-cancellable operating leases as follows:

	Equipment		Land & Buildings	
	2017	2016	2017	2016
		£	£	£
Less than 1 year	439	58,970	61,610	61,610
Between 2 and 5 years	-	14,864	151,628	212,878
After more than 5 years	-	-	28,534	28,894
	<u>439</u>	<u>73,834</u>	<u>241,772</u>	<u>303,382</u>

20 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.

21 Related Party Transactions

The Trustees receive no remuneration. Travel expenses of £1,271 (2016: £2,552) were reimbursed to 5 (2016: 6) Trustees during the year.

Transactions with the charity's subsidiary, LHA Services Limited, are disclosed in note 3. The 30 September 2017 the charity owed LHA Services Limited £24,547 (2016: was due £412,377) from LHA Services Limited.