

TRUSTEE ANNUAL REPORT

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e-communications

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In line with our Eco-plan, LHA London encourages transmission electronically to reduce the amount of paper processed To request your copy electronically email annualreport@lhalondon.com

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Torquay Street Project

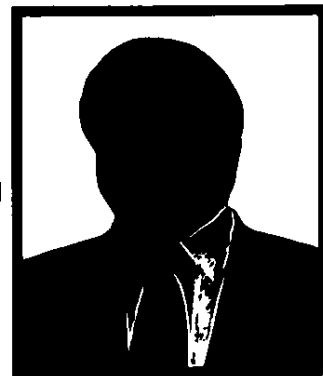
LHA London Ltd Annual Report 2012/2013



Chairman's Statement

I am glad to be able to begin another Chairman's Statement with the good news that during the financial year covered by this Annual Report, LHA London Ltd has successfully achieved its charitable and financial objectives

During 2012 - 2013 work began at the Torquay Street site in West London, the second new-build project in our history (our first, Friendship House in Southwark, was opened in 2003) Construction at Torquay Street began in January 2013 By the end of September, the close of the financial year covered by this report, the structure of the new building was rising steadily thanks to the combined efforts of our Strategy Sub-group of Trustees, the Senior Management Team, MJP (our architects), GallifordTry (the contractors), their sub-contractors, suppliers and other co-workers The completion of this 13-storey property, to which we look forward in the late summer of 2014, will enable us to increase our offer by 157 high specification micro-flats with attractive common areas for residents The opening of the Torquay Street building will further our strategic objective of offering a range of accommodation styles and choices to our residents



During the financial year 2011 -2012 we acquired Newington Court, a modern, purpose-designed, 87 bed student accommodation property in north London, but this new building was open for business for only a few weeks at the close of that financial year The results for Newington Court for 2012 - 2013, the first full year of operation by LHA London Ltd, demonstrate that the Trustees made a sound decision when they acquired the property.

During 2012 - 2013, having previously decided not to renew the lease of Regina House, we closed our operation there and moved those residents who wished to stay with us to other properties.

During 2012 - 2013 we moved our Headquarters from 54 Eccleston Square, to rented premises at 11 Belgrave Road. Here we have much more suitable modern office space providing an environment in which our Headquarters staff can communicate better and work more effectively together Thanks to our management team and staff this move was carried out very smoothly The space vacated in Eccleston Square has been converted to extra revenue-generating residential accommodation As we planned and expected, the move of our Headquarters has been financially beneficial

During 2012- 2013 our long-standing programme of redecoration and refurbishment of our older properties has continued to provide our residents with more attractive, up-to-date accommodation, up-to-date wet rooms, stylish furniture and modern flooring Much of this work has been done economically and to high quality standards by our in-house teams of tradesmen coordinated by our Head of Facilities We continue to place a top priority on excellent internet connectivity and to search for new ways of improving the accommodation, services and inclusive benefits enjoyed by our residents.

In October 2012 the Trustees met for an 'Away Day' to discuss their objectives for LHA London for the next decade. As a result a Strategic Plan for the next ten years was drafted, discussed and agreed The Trustees also resolved to further strengthen the governance of the charity by undergoing training, participating in appraisals and appointing Mazars LLP to be our auditors

Guided by our Social Policy Sub-Group of Trustees we have continued our interest in and support for the work of the well-known central London charity Centrepont. We continue to look for other opportunities to form mutually beneficial partnerships with other London-based charities with objectives similar to our own.

Our senior management team, employees and volunteers have been vital to another year of successful service to young people in London My fellow Trustees join me in thanking them for their professionalism, commitment, loyalty and enthusiasm

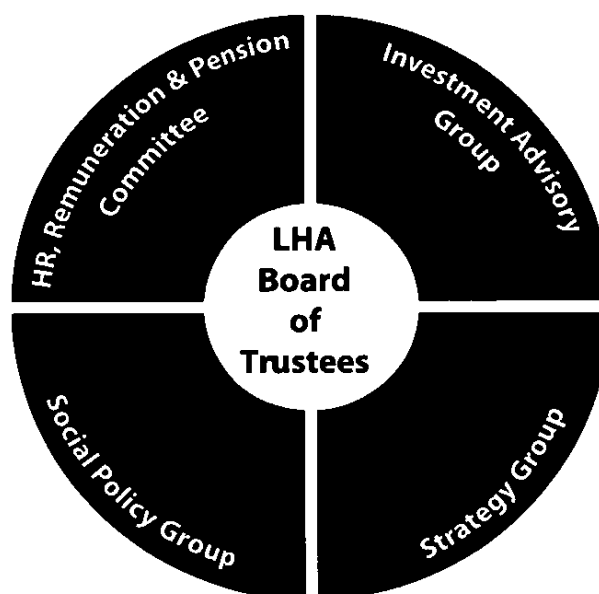
I conclude by expressing my profound gratitude to my fellow Trustees for their wisdom and very valuable individual and collective contributions to the work and continuing success of LHA London Ltd

The Reverend Canon Alan Deboo

A handwritten signature in dark ink, appearing to read 'Alan Deboo'. The signature is written in a cursive, slightly stylized font.

Chair of the Trustees of LHA London Ltd

Our Committees and Advisors



LHA LONDON LTD

Registered Charity No. 1069428

Company Registration No. 363816

Sub-committees:

Investment Advisory Group

Mrs M A Gair, FCCA

Mr P Harris, BA, FCA

Mr B Redfern, MA, FCA (Retired 31 12 13)

Strategy Group

Mr R K Corrie, BA, BAI, MICE, CEng, FIM, Hon FAPM (Chairman)

Mr R C Gray, AIAS

Mr D Robertson, BSc, CEng, FIChemE

Ms H Stone, OBE, FREng, BSc, CEng, FICE

HR, Remuneration & Pension Committee

Rev Canon A J Deboo, MA, MSc, MCIPD (Chairman)

Mr S P Collin

Mrs P A Feathers

Mr P Harris, BA, FCA

Mr B Redfern, MA, FCA (Retired 31 12 13)

Social Policy Group

Mrs P Feathers (Chair)

Mrs J A Craze

Mr R C Gray, AIAS

Mrs L Holford

Pension Trustee

Capita Fiduciary Plc

LHA SERVICES LIMITED

Board of Directors

Mr B Redfern, MA, FCA (Chairman) (Retired 31 12 13)

Mr R K Corrie, BA, BAI, MICE, CEng, FIM, Hon FAPM

Mr R C Gray, AIAS

Ms H Stone, OBE, FREng, BSc, CEng, FICE

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

Mrs M A Gair, FCCA (Finance Director)

Auditors

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

Bankers

Barclays Bank Plc - Level 27, 1 Churchill Place, London E14 5HP

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

Investment Advisors

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

Solicitors

Batt Broadbent - Minster Chambers, 42/44 Castle Street, Wiltshire SP1 3TX

Registered Office

11 Blegrave Road, London, SW1V 1RB

Our Trustees



Chairman
Alan Deboo

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



Emma Beardmore

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



Steve Collin

Station Officer with BOAC for 10 years Fellow, Institute of Personnel Management Personnel Manager in Costain Group for 16 years Redundancy Counsellor until 2003



Keith Corrie

Retired Chartered Engineer Ex Director Atkins consultants experienced in corporate, programme and project management in the UK and overseas



Alison Craze

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



Penny Feathers

WRVS Emergency Services Manager for GOSE Region Retired WRVS Thames Area Manager Qualified Trainer Member of Emergency Planning Society Trustee for Age Concern



Richard Gray

Qualified Surveyor Previously with the Spastics Society as Head of Architect Department Assistant Director with Cerebral Palsy Overseas General Manager for LHA before retiring



Peter Harris

Chartered Accountant Management Consultant specialising in Corporate Strategy & Business services outsourcing Chair of Northbridge Industrial Services Plc, Chair of Atmaana Business Consulting Ltd Chair of Coworth-Flexlands school



Lin Holford

IT Manager in public and private sectors, now retired Justice of the Peace Associate Mental Health Act Hospital Manager



Barry Redfern

Qualified as Chartered Accountant in 1969 Worked in Private Sector and in Central Government Member of LHA Council since 1985 (Retired 31 12 13)



David Robertson

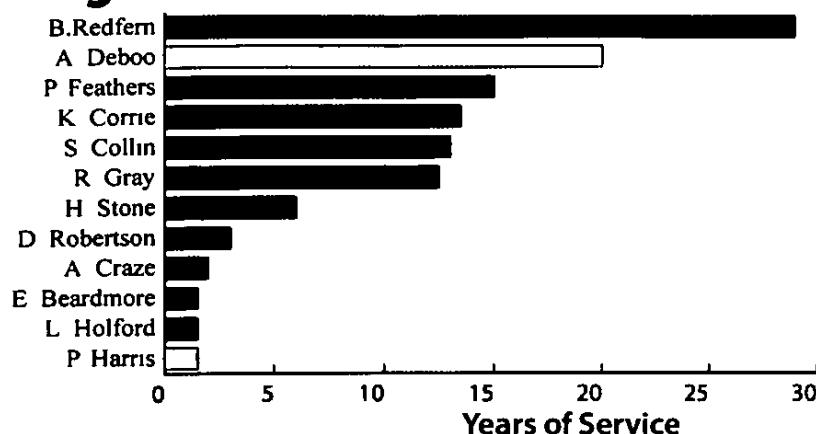
Chartered Chemical Engineer Project Manager/ Director in oil and gas Industry for more than 20 years Travelled on several UK and overseas assignments Retired in 2010



Helen Stone, OBE

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

Length of Tenure of Trustees



Area of expertise	Number of Trustees
Financial	2
Commercial Property	1
Technology	1
Social Policy	2
HR	2
Construction/Engineering	4

Board of Trustees Governance

We take Board of Trustees governance seriously. Selection of Trustees from varied skill-sets such as construction, project management, accountancy, HR, social policy and planning ensures the widest of skills at board level. We currently have Trustees with all of the above professional qualifications. Recruitment paths include networking from current board members and the potential use of 'Trustees Unlimited' recruitment services which has, to date, suitably supported the search for new Trustees.

Prior to appointment, potential Trustees follow the LHA London - 3 phase interview process. This includes an informal interview with the Chief Executive and the Chairman, a tour of the LHA buildings to meet the staff / residents and an opportunity to shadow a Board of Trustees meeting. The Board will then appoint the successful candidate with formal re-election at the first AGM following appointment.

Trustee familiarisation packs are issued to all new recruits, newsletters and updates from the Charity Commission circulated and in-house development is dependent on the sub-committee selection. All Trustees are encouraged to join a sub-committee suiting their skill-set. Trustee training and support is important to the LHA. We are pleased to work with Mazars LLP by using their trustee training courses and aim to send trustees on courses throughout the year.



We Said 'Goodbye' to the Regina House Hostel in South Kensington SW7

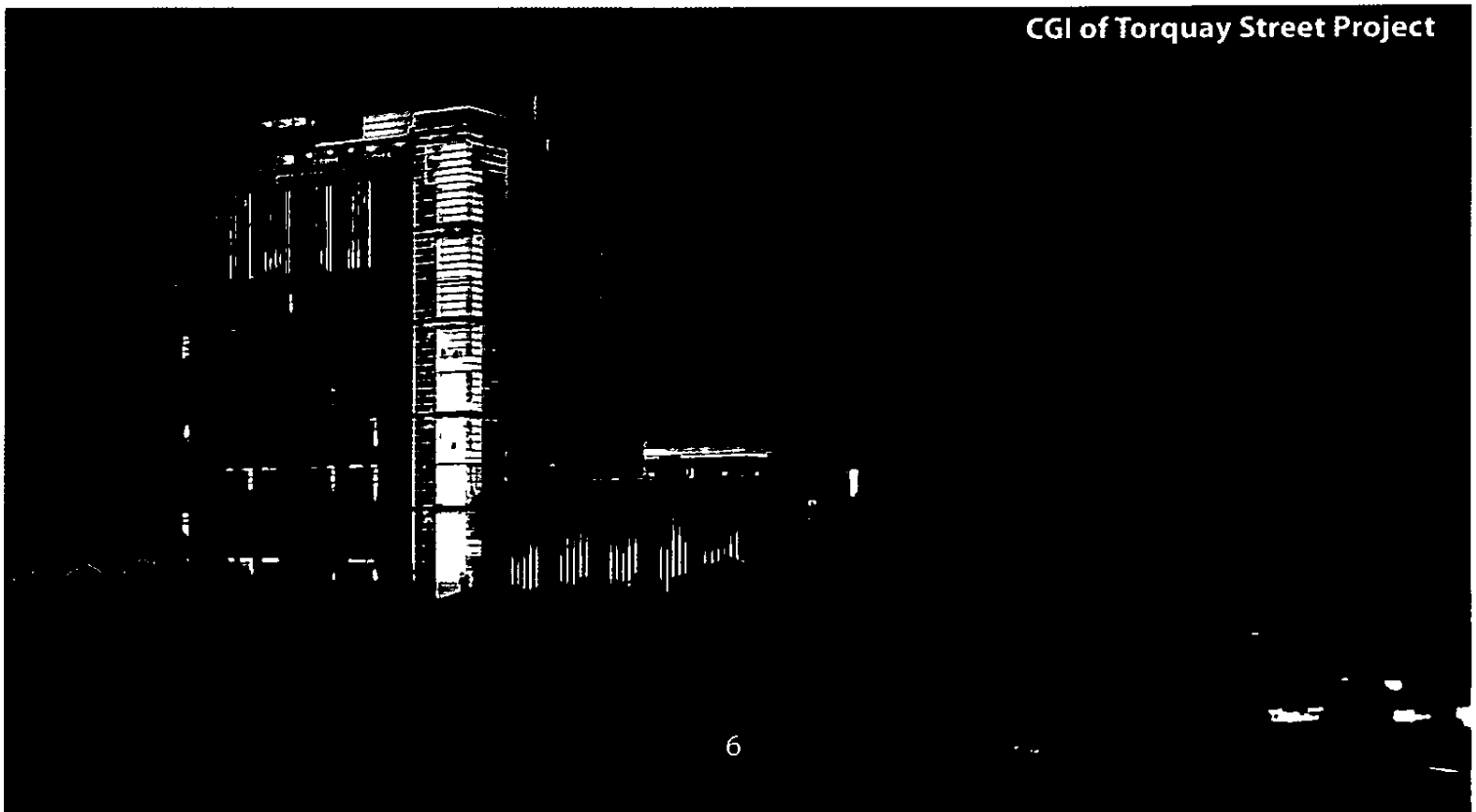
In July 2013 we handed back Regina House after taking great care of the Grade 2 list building for nearly 57 years. The well-executed plan enabled a financially advantageous arrangement to ensure LHA had no liability for dilapidations at the end of the lease

Our residents at Regina House had been offered priority transfers to other LHA Catered premises and the building attained vacant possession ready to hand over as shown in the photograph below.

Our Regina Annexe building then became integrated into the nearby self-catered Belvedere House to provide greater working efficiency and increasing the bed numbers at Belvedere House from 124 to 147



Regina - Handover day



Chief Executive's Statement

LHA London demonstrated its capacity to deliver high occupancy levels this year. Our sites are continuing to be refreshed with acquisitions, construction and refurbishments. We are a customer led business and therefore our primary objective for the future is to build upon and improve levels of residents' satisfaction. Increasing our single room provision remains a focus together with upgrading room equipment, furnishings and catered service levels.



A full year trading at our North London Stoke Newington hostel has seen impressive financial returns together with LHA studio provision for self contained living, much in demand for young people new to London. Early in the year the Trustees established a rolling 10 year Strategic Plan for LHA's long term development which will be reviewed regularly and updated annually. We are committed to this and have already made significant progress towards all of our strategic goals. We have kept an eye on our strategic initiatives. Our Trustees have developed an annual 'Away-day format' to constantly review the 10 year strategic plan.

LHA appointed Mazars LLP, a leading charity specialist audit practice, as LHA London's auditors for the 2012-2013 year. Mazars also provide support for board governance with their bespoke Trustee training packages.

The demolition of Torquay Street hostel and the completion of the land assembly made site mobilisation for the major Torquay Street 13 storey micro-flat development possible. Designed by award winning architects MJP construction was started by contractor Galliford Try in January 2013. Completion is expected in late 2014.

We have increased our self-catered provisions in South Kensington with the newly refurbished Belvedere Annexe.

The LHA successfully completed the hand-over of the lease at Regina House. After 57 years, the LHA successfully negotiated early surrender with no dilapidation charge.

We have become landlord to the University of Cumbria in providing 'state of the art teaching facilities' at our Davies Court hostel near Canary Wharf, East London.

We were able to increase our catered bed numbers in Westminster by moving the Central Administration function to purpose built office accommodation, creating an extra 20 residents beds in Eccleston Square, SW1.

We continue to explore avenues in which to support smaller charities with similar objectives. Our Social Policy Group have explored our donation pathway and will report to the main board in 2014 with recommendations.

Our 'Fresh Start' catering initiative is set for full roll-out in 2014. The service provides enhanced menu selection at our 5 catered sites.

A well respected 'Mystery Shopper' programme was also introduced to gather feedback to further improve our residents experience.

We have also increased our internet service speed to all residents' rooms by increasing the base-line service from 4MB to 8MB and also have evolved the portal to provide competitive bundles of data storage and phone apps.

In the year ahead, the challenges are to control the cost of a growing business without affecting our well respected customer service delivery.

Our success depends on the hard work and professionalism of our team members. The LHA was home to over 13,000 residents during 2013. We have good momentum to carry on through to provide another year of valuable accommodation service to young working people and students.

A handwritten signature in black ink, appearing to read 'Tony Perkins'. The signature is stylized with a large, sweeping 'T' and a cursive 'P'.

Tony Perkins
Chief Executive

LHA London Ltd - Our Management Team



LHA London Ltd Management

1. Rev Canon Alan Deboo
Chairman

2 Tony Perkins
Chief Executive

3. Sarah Bustin
Head of Operations

4 Marsha Gair
Finance Director

5 Shane Willmoth
Head of Facilities

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

The Board consists of 12 Trustees. 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.

Highlights of 2012-13

Objectives and Activities

LHA London Ltd is a registered charity and a company limited by guarantee, incorporated on 5th November 1940. Our Charity objects ("The Objects") are the relief of poverty by the function of acquiring, establishing, maintaining, managing and conducting hostels to provide low cost living accommodation for students and working people of limited means studying or working in London and to further any charitable purpose recognised in English Law by the provision of housing.

We have achieved the following objectives set for this year,

- Completion of the Holland House Hostel major external and internal refurbishment and redecoration providing new wetroom facilities, LHA Life Gym and LED energy saving system
- Hand back the Regina House, London, SW7 through early surrender of the lease
- Convert the former Regina House Catered annexe to a new upgraded self-catered format and integrate to become part of the Belvedere House complex.
- Move the Central administration function from 54 Eccleston Square to a leasehold purpose built office facility in Belgrave Road. This will enable the creation of an additional 20 beds in the Holland House
- To demolish the existing Torquay Street Hostel.
- To target site mobilisation for the main Torquay Street construction project in January 2013
- To progress the £13m construction project through its 81 week term for completion in August 2014
- To provide financial support for a psychotherapist working in the London charity - Centrepont. The donation of £35,000 provides one full time member of the psychotherapist team.
- To explore the needs of small London charities with housing needs and consider developing support and or donation.
- Undertake a comprehensive review of our portfolio of property, to ensure it is managed in the most efficient and effective way.
- Develop an IT Strategy that is aligned to the organisation's overall strategic plan and business objective

Group Highlights

- 2013 has been an exciting year with continued construction of a new 157 bed micro-flat project in London, W2.
- Group turnover £11,227,971 up 3.7% on last year
- Group surplus £4,466,554 up 3.5% on last year

Our Plans for 2013-2014

- To continue with the construction of our architect designed building in London W2, providing 157 micro-flat studios and en-suite rooms. Construction cost of around £13m. The property is due for resident occupation in September 2014.
- Commence the major internal and external refurbishment and redecoration of Belvedere House and Railton House. Both sites provide self catered mixed room format accommodation. The upgrade will see the introduction of new room furniture, revised kitchen equipment and layout, together with the installation of 'LHA Life Fitness' gym facility in Belvedere House.
- Restructure the Senior Management team to provide customer experience focus from the new role of Chief Operations Manager.
- Develop and upgrade the existing E-strategy with re-designed website and branding initiative. This development will also see the exploration of an 'online booking' facility.
- Continue to progress our 10 year strategic plan.
- Provide full wifi coverage across the property portfolio.
- Continue to improve our residents' experience during their stay with LHA.





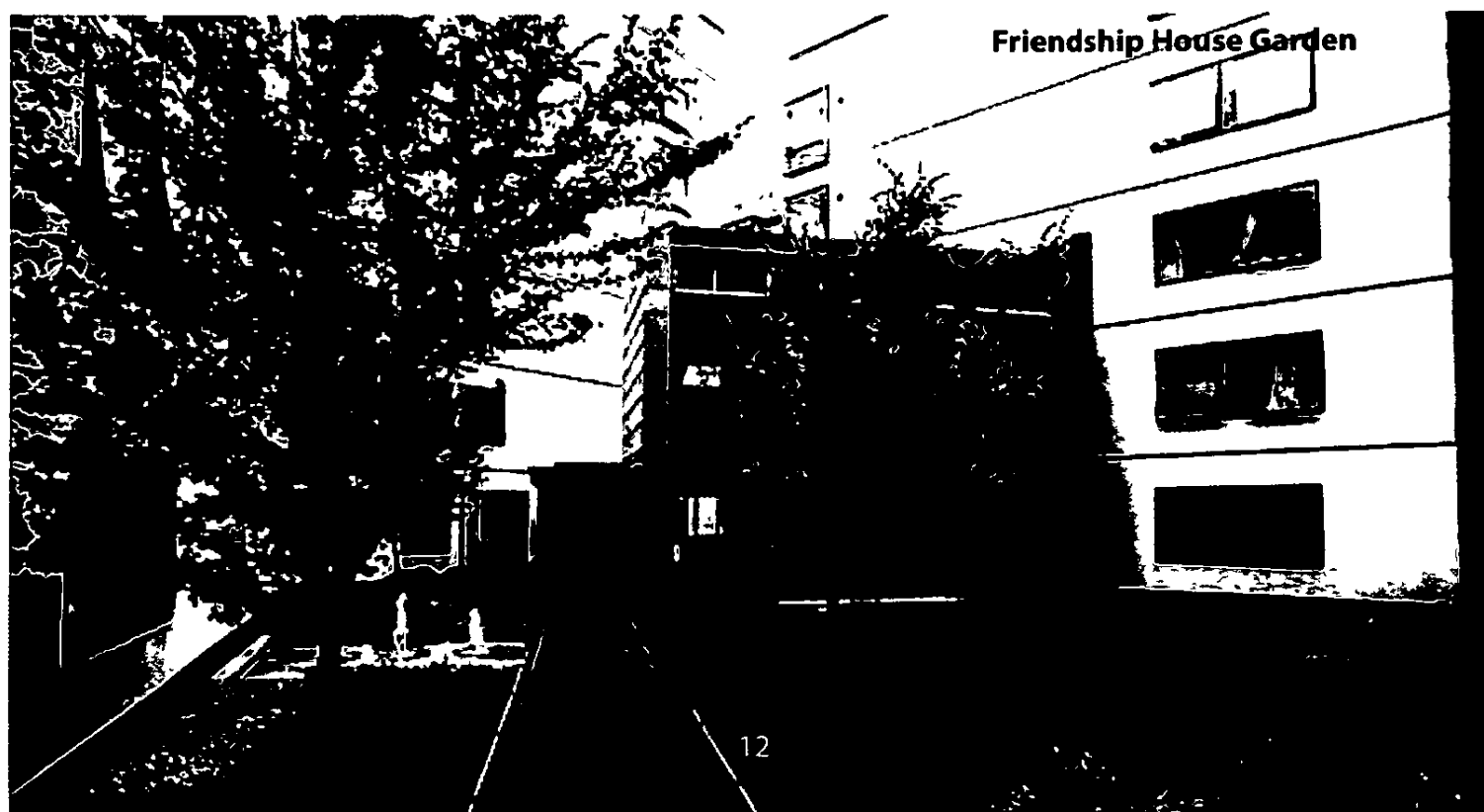
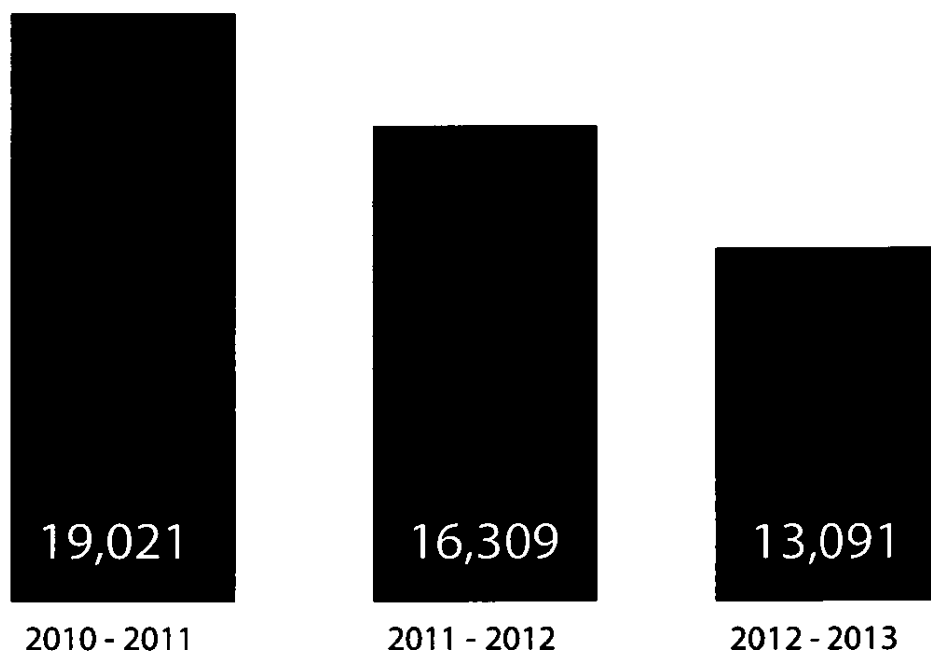
Our Properties

- ❶ Belsize House
- ❷ Belvedere House
- ❸ Bowden Court
- ❹ Davies Court
- ❺ Friendship House
- ❻ Halpin House
- ❼ Holland House
- ❽ Leinster House
- ❾ Newington Court
- ❿ New Mansion
- ⓫ Railton House
- ⓬ Sandeman-Allen House
- ⓭ Torquay Street



Our Performance

Number of residents through our doors in 2012-2013 were 13,091 compared with 16,309 in 2011-2012 and 19,021 in 2010-2011. Reduction in overall numbers reflects further gains in longer term working people and students.





LHA Benefits to Residents in Central 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 in pages 9 to 10 of this report

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 the beneficiaries themselves

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

Benchmarking our room rates continues to demonstrate significant advantages to those with limited means. Our low deposit of £200 opens the door to young working people and students with limited reserves

We are proud to continue our 'Easy Entry' policy which is one of the lowest deposits for long term accommodation provision in the Capital

We are committed to an 'all-inclusive deal'. LHA weekly room rates include the television and license package and we also include contents insurance inclusive of laptop cover, with free gym facilities at our LHA life option sites

Benefiting the public with just a simple seven day notice requirement to departing residents, gives a rare opportunity for young people new to London to have genuine flexibility when planning to move on

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

Giving Our Residents the Best Customer Experience

We always want to give the best customer experience.

We have focused on improving the overall service during a resident's stay with LHA. We introduced the 'Mystery Shopper Programme' with the first visits made to our catered sites. We are partnering with the respected JKS Mystery Shopping Ltd. Established in 1999 JKS are a leading UK based mystery shopping company. We aim to use the programme to keep our fingers on the pulse of the business.

A 'Fresh Start' initiative has been introduced to the catered sites to improve menu range. Giving greater choice to our residents is vital to improve length of stay. Increased menu options provide a greater selection of starters and main courses.



Sandeman-Allen Dining Room

In our self catered sites we have begun to upgrade many of our kitchen facilities. Halpin House and Belvedere Annexe has 'state of the art' fitted kitchens. We follow through with the upgrade at Belvedere main building in 2014.



Halpin House Self-Catered Kitchen

Volunteers

During the 2013 year the volunteer programme largely remained static with the overall volunteer numbers dropping slightly - from 162 to 149 - due, in the main, to the closure of Regina House in June. This closure resulted in 22 volunteers being given the option to leave or fill vacancies on other sites. Due to the fact the closure was planned well in advance and the time of year it was fairly straightforward to re-locate those volunteers wishing to remain as volunteers at other sites. In addition the relief volunteers (those that cover for absences and vacancies across all sites) were reduced from 6 to 4 with the 4 being housed at New Mansion.

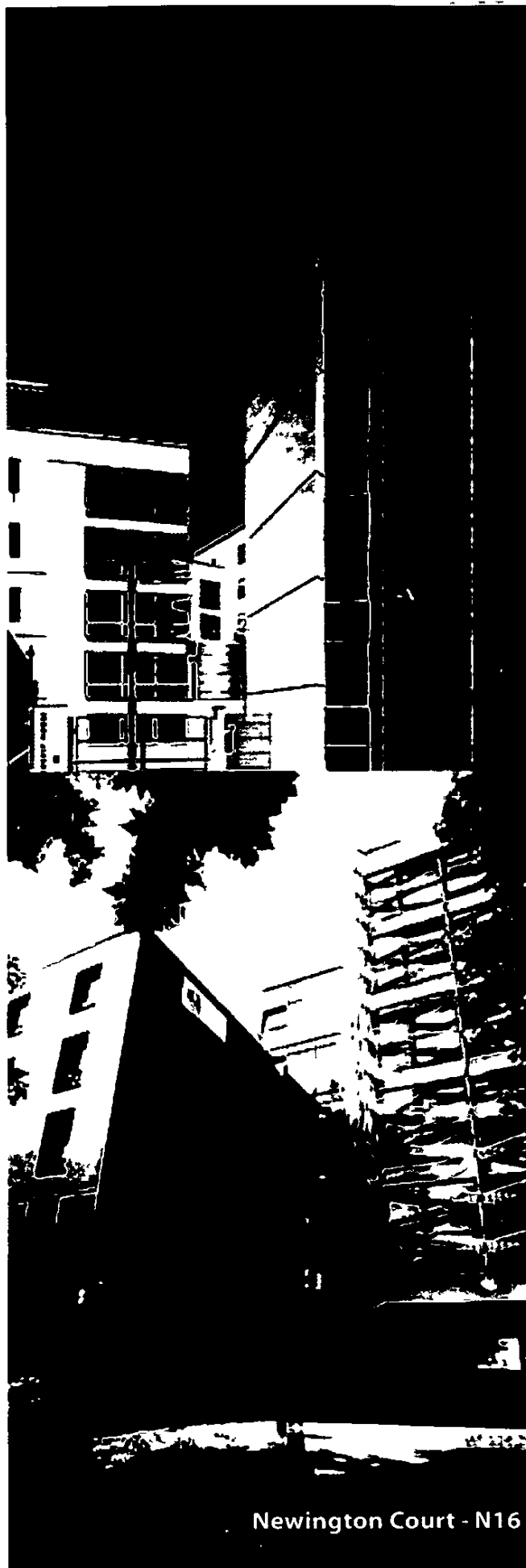
At the end of June the Regina annexe was re-opened as the self catering Belvedere annexe and 4 additional volunteers were recruited to supplement the team at Belvedere.

To increase flexibility at Newington Court it was decided in January 2013 that the site should become all volunteer rather than contract cleaning. In total 3 rooms were adapted to take 2 or 3 volunteers sharing and the site now has 7 volunteers covering cleaning, general portering and the office. The paid staff quota of House Manager and Assistant Manager remains the same. Overall the site is saving £725.50 per week as opposed to having a traditional paid team of 3 plus contract cleaners covering 100 hours per week.

Volunteers continue to operate across all 12 LHA sites with only 4 sites still having a contract cleaning element. Two of these sites (Friendship and Belsize) have further reduced contract cleaning staff by one staff member each and increased their volunteer numbers by the same.

All catered sites have either a trained volunteer or paid (New Mansion) kitchen porter to enable cover for holidays etc, which in turn has reduced paid extra hours cover by cooks.

Following the introduction of the new more robust volunteer agreement in October 2011, all but 10 volunteers are on the new contract. These 10 volunteers now at LHA for over 2 years are testament to the benefits of the volunteer scheme.



Newington Court - N16

Value for Money

In the current economic environment it is important to ensure that LHA London Ltd maximises the value from our expenditure

Examples from across our operation

1. LHA Volunteer scheme enables a symbiotic relationship and ensuring maximum value to both LHA and the Volunteers, providing cost effective housekeeping, ancillary and catering functions
2. LHA in-house team of facilities operatives provides maintenance / handyman provision across the property portfolio. Their flexibility maximises our cost control in the repairs and maintenance area
3. LHA has effective energy management controls, from competitive tender for utility supplies to LED lighting. Bio-mass boiler efficiency and upgraded facilities give an effective economical ongoing solution

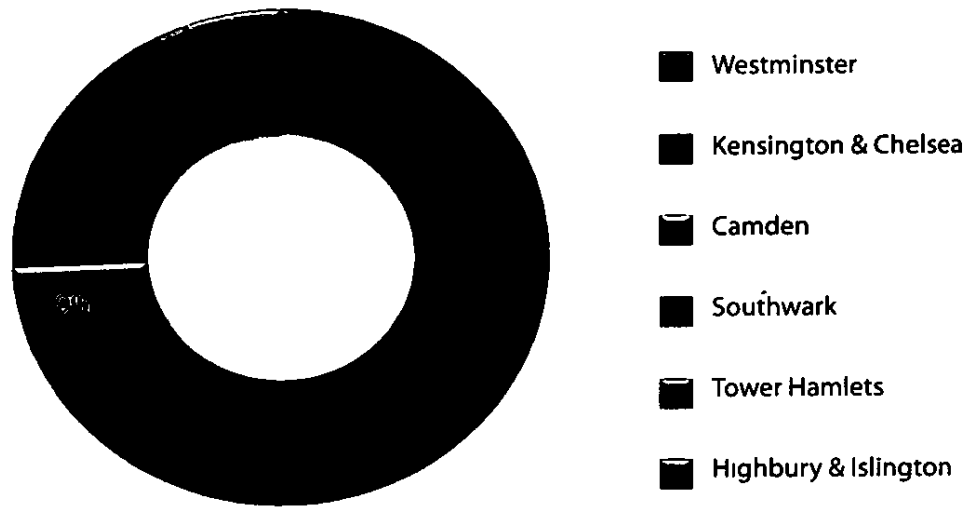
Similar efficiencies are being attained in other areas



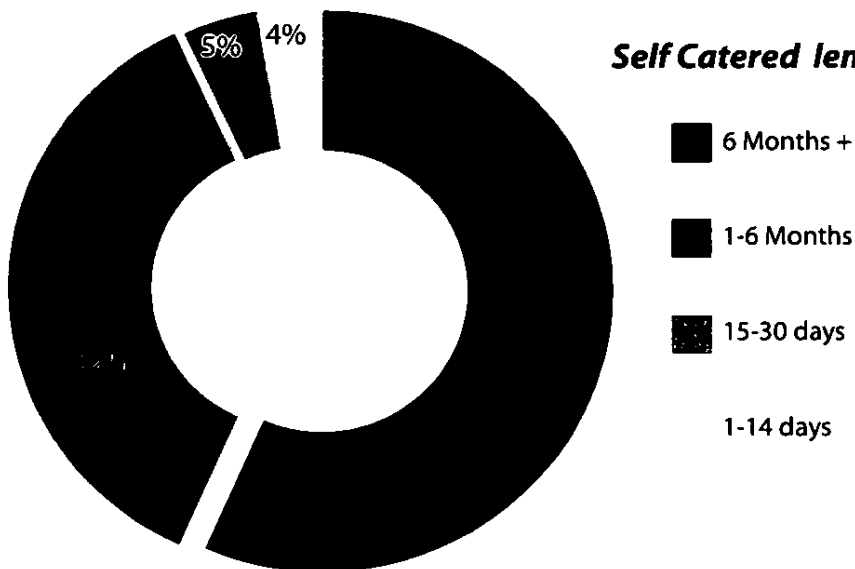
Torquay Project model wins place in Royal Academy Summer exhibition.

Performance Indicators

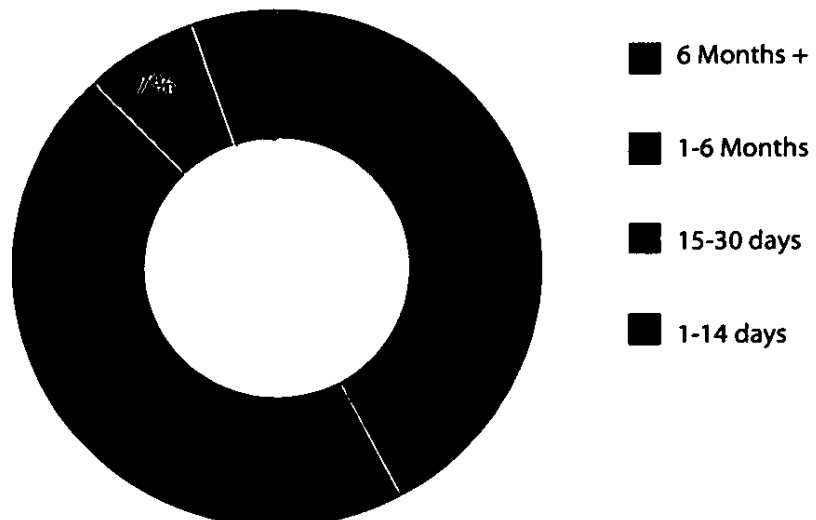
Our locations within London



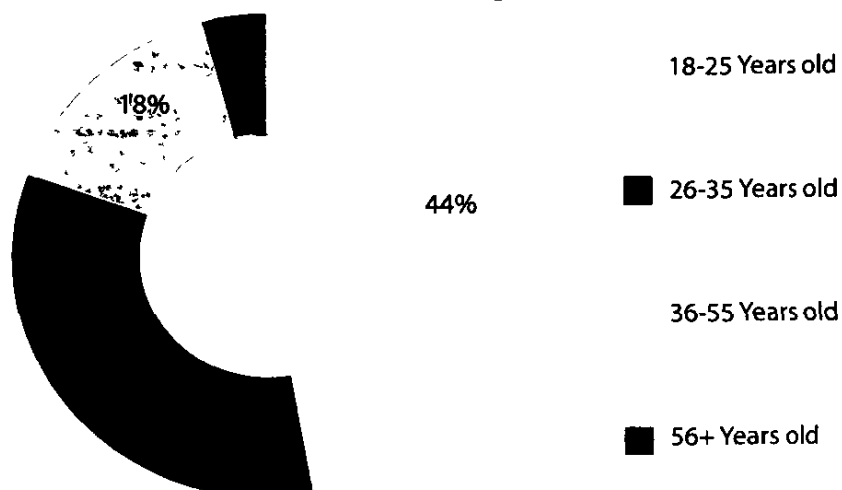
Self Catered length of stay



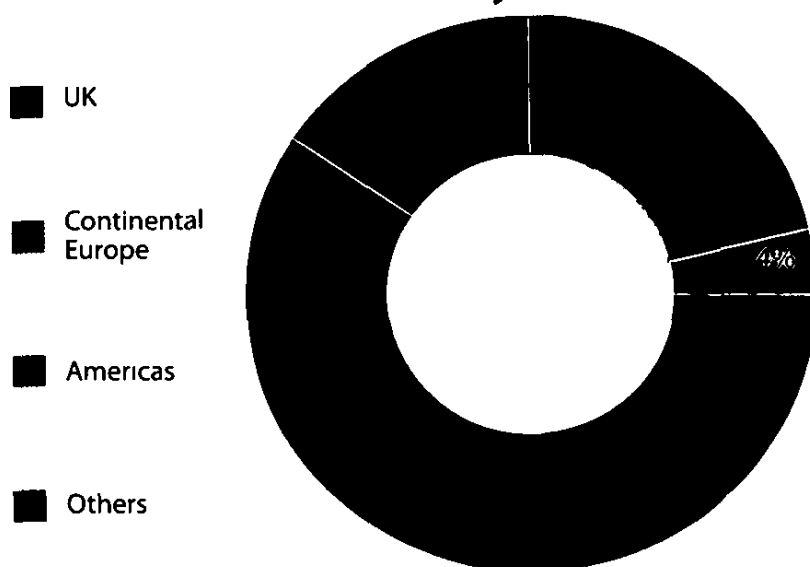
Catered length of stay



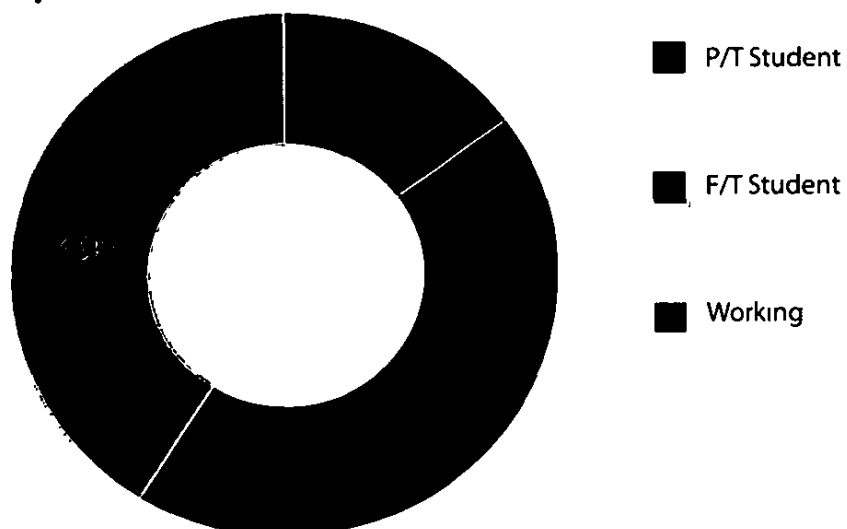
Age of our residents



Nationality of our residents



Occupation of our residents



Trustees' Review

The Trustees, who are also directors of the Charity for the purpose of the Companies Act, submit their Annual Report with the Balance Sheet for the Company at 30th September 2013 and the Statement of Financial Activities for the year ending on that date, which were approved by the Board of Trustees on 11th February 2014

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 Members

The Trustees who served during the year are named on page 4. 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 2012/2013, 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 £4,466,554, approximately £250,000 better than budget, helped by high levels of occupancy and tight control of expenditure. This surplus was achieved despite keeping the increase in fees charged to residents below inflation.

The latest property valuation in September 2013 by Colliers CRE values the properties at £156,700,000 (excluding Torquay Street). This has led to the creation of a Fixed Asset reserve and a gain of £121,340,352 in the income and expenditure account.

There was a spend of approximately £515,000 on repairs and maintenance against a budget of £657,000. This included during the year the completion of the external decorations of Holland House.

Due to the closure of Regina House there was a write off of fixtures and fittings of £29,640.

A donation of £35,000 was paid during the year to Centrepont.

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 £5,513,362 (2012 £5,284,382).

As agreed by the Trustees on 04/12/12 LHA have taken a medium low risk view of investments. The investment policy is set as follows the % to be held in each asset class:

Cash	24%
Portfolio	24%
Global Beta	28%
Notes	24%

The investments at 30th Sept 2013 were:

Cash	54%
Portfolio	21%
Global Beta	19%
Notes	6%

The main variance is the change of notes and cash. Investment in notes is reliant on available suitable vehicles that tie in with the LHA risk profile. But also there is an increased need for available cash to enable us to meet our obligations for the Torquay Street Project. The cash held includes the £5,000,000 drawn down from the Allied Irish Bank loan to fund Torquay Street.

The investments are held to maximise returns to enable the charity to fund future property purchases.

Fixed Assets

Holland House has undergone a major refurbishment with a spend during the year of £535,687. This is part of the refurbishment plan which will lead to all sites being upgraded with new room formats and much improved washroom facilities. This included the conversion of the Head Office into an extra 20 beds for residents.

With the ending of the Regina lease the Regina Annexe was refurbished at a cost of £190,085 and is now the Belvedere Annexe.

Head Office was moved to Belgrave Road but needed converting and refurbishing for our use with a cost £93,006. This included new furniture.

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 £126,197,523 compared with the previous year of £3,804,194. This was after allowing for realised and unrealised gains/losses on investments and the actuarial gain/loss on the Charity's pension scheme, which were a gain of £323,257 and gain of £97,000 respectively compared to the 2012 gain of £400,278 and loss of £910,000.

Reserves

At 30th September 2013 Charitable Funds stood at £12,018,868 and Designated Funds at £156,583,242. Within Designated Funds there is a fixed asset reserve of £156,583,242 which represents the net book value of the fixed assets less the loans funding these assets.

There is also a gain of £121,340,352 as a result of the properties being revalued. Apart from this, 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 £5,927,000 as at 31st March 2012 compared to £5,453,102 in year 2012.

The Reserves in the profit and loss account of LHA Services Ltd, our subsidiary company, were £4661 as at 30th September 2013 compared to £1888 in year 2012.

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. With the development of Torquay Street building, this would reinforce our financial stability in the future.

The General Reserves stand at £12,018,868 at 30th September 2013. When capital commitments are excluded of £10,901,000, this leaves a balance of £1,117,868 which is equal to approximately 3 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.

LHA SERVICES LIMITED FOR 2012/2013

LHA Services Ltd (LHAS), a wholly owned subsidiary of the Charity, acting under a licence 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 licence and agreement fee in the sum of £60,000 LHAS had a taxable trading surplus of £334,661 of which in accordance with the covenant signed on 1st October 1997 an amount of £330,000 is to be transferred to the Charity.

Statement of Trustees' Responsibilities

The trustees (who are also directors of LHA London Ltd for the purposes 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 inappropriate 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
11th February 2014

LHA London Limited
Financial statements for the year ended 30 September 2013
Independent Auditor's report to the Members of LHA London Limited

We have audited the financial statements of LHA London Limited for the year ended 30 September 2013 which comprise the consolidated statement of financial activities, the consolidated and charity balance sheets, the consolidated cashflow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 20, the trustees (who are also the directors of the charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group and of the charity's affairs as at 30 September 2013 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

LHA London Limited
Financial statements for the year ended 30 September 2013
Independent Auditor's report to the Members of LHA London Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 specified by law are not made, or
- we have not received all the information and explanations we require for our audit,
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Report of the Trustees.

Nicola Wakefield (Senior Statutory Auditor)



for and on behalf of Mazars LLP, Chartered Accountants and Statutory Auditor

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

Date  11 March 2014

LHA London Limited
Financial statements for the year ended 30 September 2013
Consolidated statement of financial activities
Incorporating the summary income and expenditure account

	Notes	General Funds £	Designated Funds £	Total 2013 £	Total 2012 £
Incoming resources					
<i>Incoming resources from generated funds:</i>					
<i>Activities for generating funds</i>					
Commercial trading operations	3	511,749	-	511,749	467,402
Income from investments		186,757	-	186,757	89,701
Interest receivable		18,695	-	18,695	130,110
		717,201	-	717,201	687,213
<i>Incoming resources from charitable activities:</i>					
Operation of hostels		10,510,770	-	10,510,770	10,138,392
Total incoming resources		11,227,971	-	11,227,971	10,825,605
Resources expended					
<i>Costs of generating funds:</i>					
Commercial trading operations		67,088	-	67,088	65,220
Investment management fees		11,986	-	11,986	28,612
<i>Charitable activities:</i>					
Operation of hostels	4	6,663,278	-	6,663,278	6,386,533
<i>Governance costs</i>	5	19,065	-	19,065	31,324
Total resources expended		6,761,417	-	6,761,417	6,511,689
Net incoming resources before revaluations		4,466,554	-	4,466,554	4,313,916
Loss on disposal of fixed assets		(29,640)	-	(29,640)	-
Gain on revaluation of properties		-	121,340,352	121,340,352	-
Net incoming resources before transfers		4,436,914	121,340,352	125,777,266	4,313,916
Gross transfers between funds		(31,119,696)	31,119,696	-	-
Net incoming resources after transfers		(26,682,782)	152,460,048	125,777,266	4,313,916
Gains on investment assets		323,257	-	323,257	400,278
Net movement in funds		(26,359,525)	152,460,048	126,100,523	4,714,194
Actuarial gain/(loss) on pension scheme	14	97,000	-	97,000	(910,000)
Net movement in funds		(26,262,525)	152,460,048	126,197,523	3,804,194
Fund balances brought forward at 1 October 2012		38,281,393	4,123,194	42,404,587	38,600,393
Fund balances carried forward at 30 September 2013		12,018,868	156,583,242	168,602,110	42,404,587

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 2013
Balance sheets

		Group		Charity	
	Notes	2013	2012	2013	2012
		£	£	£	£
Fixed assets					
Tangible assets	7	172,406,424	47,037,479	172,392,353	47,016,993
Investments	8	<u>5,513,362</u>	<u>5,284,382</u>	<u>5,663,362</u>	<u>5,434,382</u>
		177,919,786	52,321,861	178,055,715	52,451,375
Current assets					
Stocks	9	30,425	24,961	29,740	24,383
Debtors	10	818,613	642,723	809,951	630,979
Cash at bank and in hand		<u>7,138,603</u>	<u>3,607,382</u>	<u>7,127,773</u>	<u>3,465,388</u>
		7,987,641	4,275,066	7,967,464	4,120,750
Creditors, amounts falling due within one year	11	<u>(2,792,700)</u>	<u>(2,683,528)</u>	<u>(2,938,830)</u>	<u>(2,684,443)</u>
Net current assets		5,194,941	1,591,538	5,028,634	1,436,307
Total assets less current liabilities		183,114,727	53,913,399	183,084,349	53,887,682
Creditors, amounts falling due after more than one year	12	<u>(14,512,617)</u>	<u>(11,182,812)</u>	<u>(14,512,617)</u>	<u>(11,182,812)</u>
Pension (liability)	14	<u>-</u>	<u>(326,000)</u>	<u>-</u>	<u>(326,000)</u>
Net assets		<u>168,602,110</u>	<u>42,404,587</u>	<u>168,571,732</u>	<u>42,378,870</u>
The funds of the charity					
Unrestricted income funds					
General		12,018,868	38,281,393	11,988,490	38,255,676
Designated	15	<u>156,583,242</u>	<u>4,123,194</u>	<u>156,583,242</u>	<u>4,123,194</u>
		168,602,110	42,404,587	168,571,732	42,378,870

The financial statements were approved by the Trustees on 11 February 2014 and signed on its behalf by

AJ Deboo

Trustee

Alan Deboo

RK Corrie

Trustee

R. Corrie

LHA London Limited
Financial statements for the year ended 30 September 2013
Consolidated cash-flow statement

	2013 £	2012 £
Reconciliation of net incoming resources to net cash inflow from operating activities		
Net income for the year	126,197,523	3,804,194
Depreciation charges	857,316	757,293
Loss on disposal of fixed assets	29,640	-
(Gain) on revaluation of freehold properties	(121,340,352)	-
Gains on investment assets	(323,257)	(400,278)
Actuarial (gain)/loss on pension scheme	(97,000)	910,000
(Increase)/decrease in stocks	(5,464)	6,142
(Increase)/decrease in debtors	(171,250)	1,447,010
Increase/(decrease) in creditors	37,246	(192,620)
(decrease) in pension liability	(326,000)	-
Net cash inflow from operating activities	4,858,402	6,331,741
CASH FLOW STATEMENT		
Net cash inflow from operating activities	4,858,402	6,331,741
Investing activities		
Purchase of tangible fixed assets	(4,856,269)	(14,842,292)
Purchase of investments	(938,381)	-
Proceeds from sale of investments	1,065,738	476,678
Net cash outflow from investing activities	(4,728,912)	(14,365,614)
Financing		
Proceeds from bank borrowings	5,000,000	9,850,000
Repayment of bank borrowings	(1,294,141)	(2,581,597)
Repayment of government loan	(304,128)	(10,000)
Net cash inflow from financing activities	3,401,731	7,258,403
Increase/(decrease) in net funds	3,531,221	(775,470)
Increase/(decrease) in cash in the period	3,531,221	(775,470)
Cash and cash equivalents at 1 October 2012	3,607,382	4,382,852
Cash and cash equivalents at 30 September 2013	7,138,603	3,607,382

1 Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention with the exception of investments which have been included at market value. The accounts have been prepared in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005) issued in March 2005, applicable UK Accounting Standards and the Companies Act 2006. 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 have been 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 2013. The properties will be revalued every five 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.

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.

Incoming resources

Incoming resources 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.

Governance costs

It relates to auditor's remuneration and Insurance against Trustees' and Officers' liabilities, legal fees and refund of Trustees' travel expenses.

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. The pension scheme deficit is recognised in full on the balance sheet, but where there is a pension scheme asset this is not recognised and the actuarial gains are limited to the gain required to bring the liability to zero.

LHA London Limited
Financial statements for the year ended 30 September 2013
Notes to the financial statements (continued)

2 Financial activities of the charity

The financial activities shown in the consolidated statement includes 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

	2013 £	2012 £
Gross incoming resources	11,156,222	10,758,497
Total expenditure on charitable activities	(6,663,278)	(6,386,533)
Cost of generating funds	(11,986)	(28,612)
Governance costs	(19,065)	(31,324)
Investment gains	323,257	400,278
Loss on disposal of fixed assets	(29,640)	-
Gain on revaluation of properties	121,340,352	-
Actuarial gain/(loss) on final salary pension scheme	97,000	(910,000)
Net incoming resources	126,192,862	3,802,306
Total funds brought forward	42,378,870	38,576,564
Total funds carried forward	168,571,732	42,378,870
Represented by:		
Designated income funds	156,583,242	4,123,194
Unrestricted income funds	11,988,490	38,255,676
	168,571,732	42,378,870

3 Incoming resources from activities for generating funds

The Charity's one wholly owned trading subsidiary, LHA Services Limited, which is incorporated in the UK, pays all of its taxable profits to the Charity by way of gift aid. 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	2013 £	2012 £
Turnover	511,126	467,300
Cost of sales and administrative expenses	(177,088)	(175,220)
Gross profit	334,038	292,080
Interest receivable	623	102
Net profit	334,661	292,182
Amount gift aided to LHA London Ltd	(330,000)	(290,294)
Retained in subsidiary	4,661	1,888

LHA London Limited
Financial statements for the year ended 30 September 2013
Notes to the financial statements (continued)

3 Incoming resources from activities for generating funds (continued)

The assets and liabilities of the subsidiary were	2013 £	2012 £
Tangible fixed assets	14,071	20,486
Current assets	169,673	161,225
Creditors amounts falling due within one year	(3,366)	(5,994)
Total net assets	180,378	175,717
 Aggregate share capital and reserves	 180,378	 175,717

Included in administrative expenses are rent of £50,000 (2012 - £50,000) and management charges of £60,000 (2012 - £60,000) payable to LHA London Ltd and these charges have been eliminated on consolidation

4 Analysis of charitable expenditure

	Staff costs (note 6) £	Other £	Depreciation (note 7) £	Total £
Charitable expenditure				
House operating costs	1,292,363	3,220,179	848,959	5,361,501
Support costs	974,941	318,479	8,357	1,301,777
Total	2,267,304	3,538,658	857,316	6,683,278

Charitable expenditure

Details of other costs	House operating costs £	Support costs £	Total £
Repairs & Maintenance	680,919	67,344	748,263
Light and heat	483,832	47,851	531,683
Interest charges	407,901	40,342	448,243
Catering	267,967	26,502	294,469
IT costs	191,593	18,949	210,542
Water	166,998	16,516	183,514
Cleaning	152,834	12,312	165,146
Insurance	141,665	15,000	156,665
Security	121,997	12,066	134,063
Rates	98,689	9,761	108,450
TV Licenses	96,574	9,551	106,125
Other costs	409,210	42,285	451,495
	3,220,179	318,479	3,538,658

LHA London Limited
Financial statements for the year ended 30 September 2013
Notes to the financial statements (continued)

5 Governance costs

Governance costs include	2013 £	2012 £
Audit fees	12,900	14,500
Insurance against Trustees' and Officers' liabilities	3,646	3,482
Trustees expenses	2,519	2,541
Other costs	-	10,801
	<u>19,065</u>	<u>31,324</u>

6 Staff costs

	2013 £	2012 £
Wages and salaries	1,539,091	1,718,882
Social security costs	140,305	155,286
Other pension costs	587,908	559,798
	<u>2,267,304</u>	<u>2,433,966</u>

Average number of employees during the year

Head office staff	11	12
Direct maintenance staff	6	6
Hostel staff	55	57
	<u>72</u>	<u>75</u>

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

£80,000 - £90,000	1	1
£90,000 - £100,000	1	1

2 employees (2012: 2) with emoluments in excess of £60,000 are accruing retirement benefits under defined benefit schemes

LHA London Limited
Financial statements for the year ended 30 September 2013
Notes to the financial statements (continued)

7 Tangible fixed assets - Group

Cost	Assets in the course of construction	Freehold land and buildings	Leasehold land and buildings	Plant and machinery	Total
		£	£	£	£
At 1 October 2012	5,489,632	39,005,682	528,136	8,845,897	53,869,347
Additions	4,000,561	-	73,522	782,186	4,856,269
Revaluation	-	112,044,889	9,295,463	-	121,340,352
Disposals	-	-	(373,587)	(577,610)	(951,197)
At 30 September 2013	9,490,193	151,050,571	9,523,534	9,050,473	179,114,771

Depreciation

At 1 October 2012	-	-	419,857	6,412,011	6,831,868
Charge for the year	-	-	-	857,316	857,316
On disposals	-	-	(419,857)	(560,980)	(980,837)
At 30 September 2013	-	-	-	6,708,347	6,708,347

Net book value

At 30 September 2013	9,490,193	151,050,571	9,523,534	2,342,126	172,406,424
At 30 September 2012	5,489,632	39,005,682	108,279	2,433,886	47,037,479

The Trustees undertook a valuation of all the freehold and long leasehold properties in September 2013. The valuation was undertaken by Colliers CRE and the properties (excluding Torquay Street) were valued at £156,700,000. In addition, the value of Torquay Street on completion was estimated at £25,000,000 but as this is still under construction this property remains at cost. All other properties have been revalued at 30 September 2013.

LHA London Limited
Financial statements for the year ended 30 September 2013
Notes to the financial statements (continued)

7 Tangible fixed assets - Charity (continued)

Cost	Assets in the course of construction	Freehold land and buildings £	Leasehold land and buildings £	Plant and machinery £	Total £
At 1 October 2012	5,489,632	39,005,682	528,136	8,738,696	53,762,146
Additions	4,000,561	-	73,522	782,186	4,856,269
Revaluation	-	112,044,889	9,295,463	-	121,340,352
Disposals	-	-	(373,587)	(577,610)	(951,197)
At 30 September 2013	9,490,193	151,050,571	9,523,534	8,943,272	179,007,570

Depreciation

At 1 October 2012	-	-	419,857	6,325,296	6,745,153
Charge for the year	-	-	-	850,901	850,901
On disposals	-	-	(419,857)	(560,980)	(980,837)
At 30 September 2013	-	-	-	6,615,217	6,615,217

Net book value

At 30 September 2013	9,490,193	151,050,571	9,523,534	2,328,055	172,392,353
At 30 September 2012	5,489,632	39,005,682	108,279	2,413,400	47,016,993

Analysis of leasehold land and buildings (company and group)

	£	£
Long leasehold	9,450,000	73,714
Short leasehold	73,534	34,565
	<u>9,523,534</u>	<u>108,279</u>

LHA London Limited
Financial statements for the year ended 30 September 2013
Notes to the financial statements (continued)

8 Investments	Investments in subsidiary undertakings £	Other investments £	Total £
Market value			
At 1 October 2012	150,000	5,284,382	5,434,382
Additions	-	938,381	938,381
Disposals	-	(1,032,658)	(1,033,058)
Net gains for the year	-	323,257	323,257
At 30 September 2013	150,000	5,513,362	5,663,362
Historic cost at 30 September 2013	150,000	5,263,996	5,413,996
Other investments comprise			
Fixed interest stocks		243,040	
Equities		5,159,988	
Alternative investments		62,765	
Cash for re-investment		47,569	
		<u>5,513,362</u>	

At 30 September 2013 the following investments represented more than 5% of the quoted investments portfolio by market value

	%	£
Barclays Individual Funds Global - Beta Portfolio 3Z	21%	1,163,508
Barclays Individual Funds Global - Beta Portfolio 2Z	20%	1,113,812

9 Stocks	----- Group -----		----- Charity -----	
	2013	2012	2013	2012
	£	£	£	£
Household equipment and food	30,425	24,961	29,740	24,383

10 Debtors	----- Group -----		----- Charity -----	
	2013	2012	2013	2012
	£	£	£	£
Trade debtors	78,896	192,191	77,617	191,352
Other debtors	192,035	12,255	192,035	12,255
Prepayments and accrued income	547,682	438,277	540,299	427,372
	<u>818,613</u>	<u>642,723</u>	<u>809,951</u>	<u>630,979</u>

LHA London Limited
Financial statements for the year ended 30 September 2013
Notes to the financial statements (continued)

11 Creditors: amounts falling due within one year

	----- Group -----		----- Charity -----	
	2013	2012	2013	2012
	£	£	£	£
Bank loans	1,310,565	1,218,639	1,310,565	1,218,639
Trade creditors	368,012	429,619	366,330	428,998
Amount owed to trading subsidiary	-	-	149,496	6,909
Other taxes and social security costs	36,674	79,229	36,674	79,229
Fees and deposits in advance	480,941	458,743	480,941	458,743
Government loan	-	20,000	-	20,000
Accruals	596,508	477,298	594,824	471,925
	<u>2,792,700</u>	<u>2,683,528</u>	<u>2,938,830</u>	<u>2,684,443</u>

12 Creditors: amounts falling due after one year

		2013	2012
		£	£
(Charity and Group)			
Bank loans		14,512,617	10,898,684
Government loan	See Note 13	-	284,128
		<u>14,512,617</u>	<u>11,182,812</u>

13 Borrowings

(Charity and Group)

Loans not wholly repayable within five years

Government loan

	2013	2012
	£	£
	-	304,128
Analysis of maturity of debt		
Within one year	-	20,000
Between one and five years	-	80,000
After five years	-	204,128
	<u>-</u>	<u>304,128</u>

The loan due to the Government was secured by a debenture dated 23 July 1986 and was interest free. It was repayable by instalments at the rate of £20,000 per annum in accordance with the agreement but during 2012/13 LHA London Limited opted to pay the entire balance.

LHA London Limited
Financial statements for the year ended 30 September 2013
Notes to the financial statements (continued)

13 Borrowings (continued)

	2013	2012
	£	£
Bank loans		
Loan over ten years with an interest rate of Base rate + 1.65%	2,450,682	2,759,823
Loan over ten years with an interest rate of LIBOR + 2.45%	8,372,500	9,357,500
Loan over five years with an interest rate of LIBOR + 3%	5,000,000	-
	<u>15,823,182</u>	<u>12,117,323</u>
Analysis of maturity of debt		
Within one year	1,310,565	1,218,639
Between one and five years	10,242,260	5,866,437
After five years	4,270,357	5,032,247
	<u>15,823,182</u>	<u>12,117,323</u>

Amounts repayable by instalments any of which fall for payment after five years	<u>10,823,182</u>	<u>12,117,323</u>
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The first bank loan is secured against investments and deposits. The second bank loan is secured against the charity's freehold property known as Davies Court, East India Docks Road, London and Friendship House. The third bank loan is secured against the charity's freehold properties known as Sandeman Allen and Newington Court.

14 Pension commitments

The charity makes contributions to a defined contribution pension schemes on behalf of a number of employees who are not included within the defined benefit pension scheme. Contributions in the year totalled £40,188.

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 2009 and updated to 30 September 2013 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 46.9% of pensionable pay plus £270,000 per annum in respect of the past service deficit. Member contributions are payable in addition at the rate of 5% of pensionable pay.

Present values of scheme liabilities, fair value of assets and surplus (deficit)

	At 30/9/13	At 30/9/12	At 30/9/11
	£'000	£'000	£'000
Fair value of scheme assets	5,927	5,346	5,270
Present value of scheme liabilities	(5,234)	5,672	4,686
Surplus/ (deficit) recognised in scheme	<u>693</u>	<u>(326)</u>	<u>584</u>

LHA London Limited
Financial statements for the year ended 30 September 2013
Notes to the financial statements (continued)

14 Pension commitments (continued)

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

	2013	2012
	£'000	£'000
Scheme liabilities at start of period	5,672	4,686
Current service cost	214	212
Interest cost	246	234
Contributions by scheme participants	24	26
Actuarial (gains)/losses		
- recognised in the financial statements	(97)	910
- not recognised in the financial statements	(693)	-
Benefits paid & death in service insurance premiums	(132)	(396)
Scheme liabilities at end of period	<u>5,234</u>	<u>5,672</u>

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

Fair value of scheme assets at start of period	5,346	5,270
Expected return on scheme assets	333	320
Actuarial (gains)	(157)	(342)
Contributions by employer	513	515
Contributions by scheme participants	24	26
Benefits paid	(132)	(443)
Fair value of scheme assets at end of period	<u>5,927</u>	<u>5,346</u>

The actual return on the scheme assets over the year ending 30 September 2013 was (£9,000) (2012 £22,000)

Total expense recognised in the statement of financial activities

Current service cost	214	212
Interest cost	246	234
Expected return on scheme assets	(333)	(320)
Total expense recognised in the statement of financial activities	<u>127</u>	<u>126</u>

Statement of total recognised gains and losses

Difference between expected & actual return on assets	(157)	(342)
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities	790	(957)
Total amount recognised in the financial statements	<u>633</u>	<u>(1,299)</u>

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since the adoption of FRS17 is a loss of £1,537,000

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Financial statements for the year ended 30 September 2013
Notes to the financial statements (continued)

14 Pension commitments (continued)

Assets	2013	2012	2011
	£'000	£'000	£'000
Insurance policy	5,927	5,346	5,270
Total assets	5,927	5,346	5,270

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

Assumptions

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

	2013	2012	2011
	% per annum	% per annum	% per annum
Rate of discount	4.60	4.30	5.10
Inflation (RPI)	3.40	2.50	3.00
Salary increases	4.40	3.40	3.90
Pension increases	5.00	5.00	5.00
Revaluation rate for deferred pensioners	5.00	5.00	5.00
Commutation	nil	nil	nil

The mortality assumptions adopted at 30 September 2013 imply the following life expectancies

Male retiring at age 65 in 2013	22.1
Female retiring at age 65 in 2013	24.5
Male retiring at age 65 in 2033	23.4
Female retiring at age 65 in 2033	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 5.3% per annum (2012: 6%)

	2013	2012
Insurance policy	5.30%	6.00%
Overall for scheme	5.30%	6.00%

LHA London Limited
Financial statements for the year ended 30 September 2013
Notes to the financial statements (continued)

14 Pension commitments (continued)

Amounts for the current and previous three periods

	2013	2012	2011	2010
	£'000	£'000	£'000	£'000
Fair value of assets	5,927	5,346	5,270	4,763
Present value of scheme liabilities	5,234	5,672	4,686	4,904
Surplus (deficit) in scheme	693	(326)	584	(141)
Experience adjustment on scheme assets	(157)	(342)	61	387
Experience adjustment on scheme liabilities	(9)	-	-	(74)

The best estimate of contributions to be paid by the employer to the scheme for the period beginning 1 October 2013 is £513,000

15 Designated funds

	Balance at 1.10.2012	Income	Expenditure	Transfers	Balance at 30.9.2013
	£	£	£	£	£
Other reserves	3,666,496	-	-	(3,666,496)	-
Dilapidations fund	456,698	-	-	(456,698)	-
Fixed asset reserve	-	121,340,352	-	35,242,890	156,583,242
	4,123,194	121,340,352	-	31,119,696	156,583,242

Other reserves represent surpluses from the sale of property, this has now been released following a decision to set up a separate fixed asset reserve

The dilapidations fund was established to set aside funds which may be required for dilapidations on the expiry of the lease of Regina House. This lease has now expired and so all remaining funds have been transferred back to general funds

The fixed asset reserve represents the net book value of the fixed assets held by the charity less loan funding for these assets

LHA London Limited
Financial statements for the year ended 30 September 2013
Notes to the financial statements (continued)

16 Analysis of group net assets between funds

	General Funds	Designated Funds	Total Funds
	£	£	£
Tangible fixed assets	-	172,406,424	172,406,424
Investments	5,513,362	-	5,513,362
Cash at bank and in hand	7,138,603	-	7,138,603
Other net current liabilities	(633,097)	(1,310,565)	(1,943,662)
Long term liabilities	-	(14,512,617)	(14,512,617)
	<u>12,018,868</u>	<u>156,583,242</u>	<u>168,602,110</u>

17 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.

18 Related Party Transactions

The Trustees receive no remuneration. Travel expenses of £2,519 (2012 £2,541) were reimbursed to 11 (2012 11) Trustees during the year.

19 Future Capital Commitment

Torquay Street, Paddington, has been demolished and Galliford Try Plc have been awarded the construction work. The total contract value was £13.088m. At 30 September the remaining amount outstanding on this contract was £10.901m.

The building work started on 7 January 2013 and target time of completion is 80 weeks from start date. The building will provide 157 micro-flat studios and en-suite single rooms together with gym, laundry, green roofs, and communal space. The building was partly financed by Allied Irish Bank with a 5 years loan agreement signed on 04/10/12 with the following interest rates, Libor plus 3% plus the mandatory costs, reducing to Libor 2.75% plus the mandatory costs 15 months after first drawdown and after the first repayment of minimum £200,000. The rest of the Torquay Street costs will be financed by the cash at bank of LHA London Ltd.