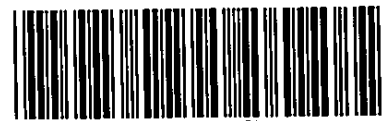


Live in London for Less

FRIDAY



APGPET4F

A41

08/04/2011

196

COMPANIES HOUSE



LHA London Ltd
Annual Report 2009/2010



Table of Contents

	Page
Contents	1
Aims	1
Images of Davies Court & Paddington Project	2
Chairman's Statement	3
Our Committees & Advisors	4
Our Trustees	5
Eco Plan	6
SKA	6
Purchase of MOD land	7
St Mungo's - Land Option Purchase	7
Davies Court - New Building	7
West End College London Ltd	7
Volunteer Programme	8
Internet Upgrade	9
Bowden Court - Room Upgrade Programme	9
CentrePoint	9
Moving Forward	10
Management Team	11
Performance Indicators	12-13
Trustees' Review	14
Financial Review	15-16
LHA Reports & Accounts	17-30

Aims

LHA London Ltd is a registered charity and a company limited by guarantee. Its main objectives are the relief of poverty by acquiring, establishing, maintaining, managing and conducting hostels to provide low cost living accommodation for young persons and others of limited means studying or working in London.

*We've improved
our surplus by 17%
year on year*

* This year we provided accommodation for over **22,000** residents.

Davies Court

* We increased our 'select' room range to **54%** of our total accommodation.

Proposed Paddington Project

Chairman's Statement

I am proud to introduce the Annual Report of LHA (London) Ltd for 2009/2010 and to confirm that we have had another very successful year in terms of occupancy and income and also in enlarging our portfolio of property.

During the year 2009/2010 we completed the purchase of Davies Court, our latest building. The acquisition of a substantial, well-designed property of high-quality construction with ready-made, highly-marketable accommodation close to Canary Wharf and the 2012 Olympic Stadium was a very significant and welcome achievement. Warm thanks for the success of this project are due to our professional advisers, our senior management team, the staff of LHA London Ltd who have been involved in the mobilisation, management and day-to-day running of the new property and to those of my Trustee colleagues who serve on the Strategy Group. In addition to providing us with the revenue from 155 extra beds, Davies Court offers the latest in teaching space and equipment. Our General Manager has been in the lead in letting the teaching accommodation to West End College London, adding a useful additional stream to our income. As the year covered by this report drew to a close, plans were being made for the new building to be opened by Doug Davies, CB, our former Chair of Trustees. We shall celebrate our 70th anniversary on the same occasion.

We have made good progress with plans for the Torquay House project, including the successful acquisition of neighbouring land from the Ministry of Defence and the St Mungo's charity and the negotiation of project plans with Shell, the owners of the adjacent petrol station. At the end of 2009/2010 the focus of this project moved to the beginning of the design phase. Taking this project forward over the next few years through design, construction and the eventual opening of a brand new building will be a major task for the Strategy Group, the General Manager and his senior colleagues.

We continue to modernise, upgrade and redecorate our accommodation to meet the requirements of our residents. During 2009/2010 we have been improving broadband connectivity throughout our accommodation to ensure our residents enjoy the rapid and reliable Internet access they now expect.

During the year we welcomed David Robertson as a Trustee. A Fellow of the Institution of Chemical Engineers, he has a very strong background of senior project management in the petrochemical industry gained in the UK and internationally. We are fortunate to have the benefit of his experience, professionalism and commitment to our aims and objectives.

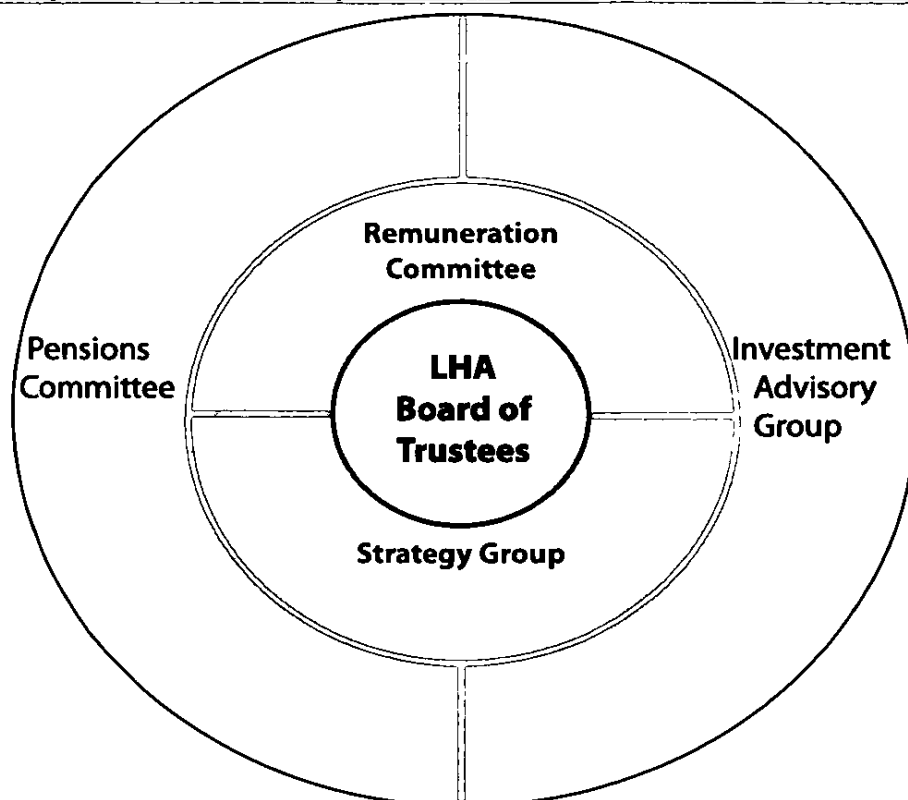
This Statement would be incomplete without an expression of grateful thanks to the General Manager, his senior colleagues and to all our employees and volunteers for their loyalty and hard work during the past year. I also thank my fellow Trustees for their valuable advice and contributions to the overall direction of LHA London Ltd during 2009/2010. We are very well placed to go on to further success in the years to come.

During the past year, thanks to the initiative and efforts of some of my fellow Trustees and within the terms of our charitable status, we have begun a trial supporting relationship with CentrePoint, the well-known charity which provides emergency accommodation, training and counselling for homeless young people in central London. There is more of this development on page 9.

The Reverend Canon Alan Deboo
Chairman



Our Committees and Advisors



Registered Charity No. 1069486
Company Registration No. 363816

Sub-committees:

Investment Advisory Group
Mrs. M.A. Gair, FCCA
Mr. M.J. Wanstall, CBE
Mr. J. Young
Mr. B. Redfern, MA, FCA

Strategy Advisory Group.
Mr. R.K. Corrie, BA, BAI, MICE, CEng, FIM, Hon FAPM (Chairman)
Mr. R.C. Gray, AIAS
Ms. H. Stone, OBE, FREng, BSc, CEng, FICE
Mr. B. Redfern, MA, FCA
Mr. D. Robertson, BSc, CEng, FICChemE

Remuneration Committee
Rev Canon A.J. Deboo, MA, MSc, MCIPD (Chairman)
Mr. S.P. Collin
Mrs. P.A. Feathers
Mr. B. Redfern, MA, FCA

Pensions Committee
Rev Canon A.J. Deboo, MA, MSc, MCIPD (Chairman)
Mr. S.P. Collin

Pension Trustee
Capita Fiduciary Plc.

LHA SERVICES LIMITED

Board of Directors
Mr. M.J. Wanstall (Chairman)
Mrs. M.A. Deacock
Mr. B. Redfern, MA, FCA

Mr. A.R. Perkins, FRSA (Secretary and General Manager)
Mrs. M.A. Gair, FCCA (Financial Controller)

Auditors.
Keith Vaudrey & Co

Bankers.
Barclays Bank Plc.

Investment Advisors:
Barclays Bank - Aug 2009

Solicitors
Batt Broadbent

Registered Office
54 Eccleston Square
London
SW1V 1PG



Our Trustees

Chairman
Allen 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.

Mike Wanstall

Retired Civil Servant.
Ministry of Housing & Local
Government 1966-1992
On retirement Director of
Contracts Property Services.
Member of
local Choral Society.

Margaret Deacock

Trained as RSN at
Duchess of York hospital in
Manchester.
Stewardess for BOAC for 13
years. Returned to nursing,
with handicapped children,
then a Health Visitor. Now
retired.

Barry Redfern

Qualified as Chartered
Accountant in 1969. Worked
In Private Sector and in
Central Government.
Member of LHA Council
since 1985.

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.

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.

James Young

Ex Chief Executive of The
Hospital Saving Association.
Ex Director of Economic
Development,
Nottinghamshire County
Council.

Keith Corrie

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

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.

Helen Stone

Chartered Civil Engineer,
Chairman of Governors,
major London girl's school
Chairman Construction
Industry Council Diversity
Panel

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.

LHA Eco-Plan

LHA London has set short term and long term goals and objectives towards building sustainability into the core fabric of its business by 2014. Goals from the 2009 level are to;

- * Reduce energy consumption by 20%
- * Reduce CO2 emissions by 20%
- * Reduce output of waste by 20%
- * Reduce water consumption by 10%

LHA working towards a sustainable future

In addition to the stated short-term targets, LHA has also committed to focus on areas that offer significant long-term benefits.

Sustainable design and construction, operations, chemical management and purchasing will be key areas.

The company is also committed wherever possible to renewable energy as a source of power for its operations.

LHA demonstrates its commitment to sustainability with several projects that are currently underway.

Energy and water consumption have already been reduced.

The platform for change we are now creating will serve us for many years to come.

Ska
rating | accredited
assessor



With pressure growing from all fronts for property occupiers and owners including LHA London Ltd to improve the sustainability of existing stock as well as new buildings, RICS has led the development of Ska Rating, a new assessment scheme that focuses 100% on fit-outs.

Ska Rating comprises 99 good practice measures across Energy & CO2, Waste, Water, Pollution, Transport, Materials and Wellbeing. Depending on the number of measures achieved, and the significance of these from a sustainability perspective, a fit-out is then awarded either Gold, Silver or Bronze ranking. A key feature of the Ska Rating is accessibility, even for the smallest organisation. However those companies looking to obtain a quality-assured certificate will also be able to commission a formal assessment from a qualified Ska Rating assessor. LHA are pleased to announce that our Head of Facilities, Shane Willmoth, is now a RICS approved assessor and in the second quarter of last year was one of only 80 approved assessors in the World. We are now in the process of applying the practice measures to LHA and awaiting an award for recent Head Office refurbishments.

Register for e-communications.

Receive your Annual Report communication electronically.

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

Provided accommodation to over 22,000 residents in the past year.

Purchase of MOD Land - Torquay House

The LHA has successfully completed the purchase of a parcel of strategic land sited alongside our proposed development in London W2. The purchase price of £342,000 makes way for a five storey section of development containing over 150 micro flats. The Torquay House Project is set for commencement in 2012.

St Mungo's - Land Option Purchase

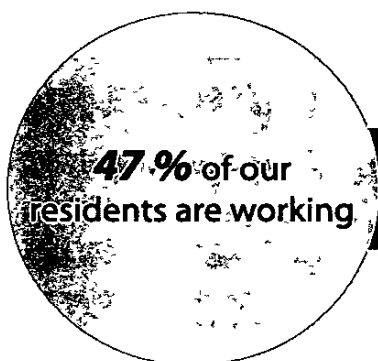
We have completed the 'purchase option' on St Mungo's land to enable the Torquay House project to bridge the gap between our existing freehold and the newly acquired MOD land. The option is dependent on planning permission and is a critical factor in the development and construction of the new micro-flat room style project.

Davies Court - New Building

The LHA took advantage of the University of Gloucestershire's disposal of 56 East India Dock Road earlier this year. The campus provided 150 single rooms including 91 newly completed en-suite rooms. The facility also provided the university's 'state of the art' teaching facility for teacher training in Central London. In April 2010, The LHA paid £9.6m for the site and within 12 weeks had achieved 100% occupancy. We also successfully completed the sale of the teaching space on a 10 year lease to West End College London. The site continues to be extremely popular with those residents requiring an East London home. Located just 200m from DLR Westferry and a quick 10 minutes walk from Canary Wharf, the site offers the LHA's first East London location for nearly 70 years. The site was named Davies Court in recognition of Mr Doug Davies, who served on the Council of Management of the London Hostels Association as Chairman during the 1990's. We look forward to a long and successful future for our newest facility.

West End College London Ltd

The LHA was pleased to provide a 10 year lease to West End College London with a 'state of the art' teaching space located at Davies Court. The 7000sq ft facility offers teaching, recreational and administrative areas for the college expansion. West End College London students are from nearly all parts of the world and at least 50 countries are represented. The college believes in a carefully planned and well orchestrated growth strategy and to date offers training up to post-graduate level in Business Studies. More programmes are offered at vocational, professional and undergraduate levels. West End College London has been inspected and accredited by ASIC as a result of its excellent performance across all areas of its operation. ASIC has been approved by OFSTED to accredit private colleges. ASIC has especially commended West End College London on its well qualified and experienced staff, its well planned teaching and high quality support resources. The LHA looks forward to a long and mutually rewarding future.



Volunteer Programme

LHA London Ltd operates a Volunteer Placement Programme across all sites. In return for accommodation in shared rooms on site plus meals the volunteer carries out duties including cleaning, general portering, kitchen portering, night porter, dining room assistant, housekeeper and office assistant.

The alternative to these duties covered by the volunteers are external contract cleaners, external security guards, paid night porters and paid housekeepers.

There has been a conscious growth of the volunteer programme over 2010 and currently LHA have 165 volunteers across 13 sites as opposed to 141 this time last year (across the 12 sites).

Increasing the volunteer numbers has reduced paid overtime by housekeepers, cooks and office staff but most noticeably reduced the contract cleaning expenditure budget as below;

2008-09	£286,334
2009-10	£240,259

Aside from their small senior staff teams, 7 of the 13 LHA sites are staffed only by volunteers.

The Operations target for this year is to further increase volunteer numbers.

The next steps in the volunteer programme are....

- To increase relief porters in order to provide adequate cover for the growing pool of volunteers
- To continue to improve induction & training programmes and their implementation
- To ensure we keep abreast of external factors affecting the programme, e.g. changes to Visas, student demo-graphic in London, Health & Safety legislation etc.
- To seek feedback from volunteers about their experience at LHA and use this to help shape the future of the programme
- To seek managers feedback about the growth of the programme, address difficulties and encourage suggestions for improvement of the scheme.

Volunteer from Holland House

"The time I have been here I have met many other volunteers from different countries and knowing other cultures is a really great experience!
I like being an LHA Volunteer because we live like a big family"

It's coming up to a year since I arrived in London and Regina House especially. What I can say is that Regina House has offered me one of the best locations possible in London, in terms of safety, calm and so on. Allowing me to enjoy London as much as possible! Alionne Fall, Regina Annex, November 2010

Internet upgrade

LHA London has undertaken a significant upgrade project to deliver next generation Broadband and Internet television services to our residents

Replacing the existing wireless service in each house, with cable sockets to each bed has involved running more than 55 miles of cable, 40 miles of trunking and over 2,000 man-hours of work

Fibre-based Internet connections are being provided at each house to facilitate the service delivery LHA are working in partnership with Freewire, a respected provider in the student Internet provision market, to deliver a guaranteed 4mb to each resident and 20 Freeview television channels

Residents have the option to upgrade to 8mb or 16mb, with Premium TV channels also available

This project sees the LHA not simply catch-up, but leapfrog our competitors in the delivery of resident Internet services

Bowden Court - Completes room upgrade programme

We have completed a total internal room refurbishment at our largest site - Bowden Court House All rooms have been re-fitted with new style vanity units, wood effect flooring, new furniture, bedding and curtains

Feedback from residents is excellent and is reflected in the 100% occupancy during the year

We aim to continue the upgrade programme across all LHA London sites, and will commence work at Sandeman-Allen and Holland House in 2011

CentrePoint Donation

To broaden its contribution to the support for young people with housing problems in the Capital, LHA London has launched a funding initiative in the form of a £35,000 per annum donation to the CentrePoint charity This will provide the funding of one year's salary and associated costs for an in-house psychotherapist CentrePoint's therapists are currently peripatetic However, once CentrePoint's new training centre is complete, they will be based in a purpose-built therapeutic centre in CentrePoint's birthplace, 54 Dean Street, Soho We will receive reports on the team's progress and then review our future relationship with CentrePoint at our November 2011 Trustee Meeting

CentrePoint's first objective is to house the young people referred to them safely and away from the dangers inherent in rough sleeping or adult hostels The LHA is proud to support such objectives

Over **55** miles of cable has been used so far in the Internet upgrades that LHA are implementing!

Moving Forward

Two years ago we outlined our plans to upgrade all LHA London rooms. Our vision is simple, we are here to serve customers well with a choice of catered and self-catered accommodation at fair prices. This has driven everything we have done since our formation in 1940

This year we are please to report:

- * We invested in upgrading existing accommodation in our Grade II listed buildings. This year saw the completion of Belsize House and Bowden Court upgrades, providing over 400 upgraded bed spaces.
- * We grew turnover (inc VAT) by over 8% year on year
- * We increased our single en-suite room provision with the purchase of Davies Court, East India Dock Road at a cost of £9.6 million providing an additional 150 single bedrooms.
- * We increased our facilities support by in-sourcing of daily maintenance and building repairs. The team provides fast response on-site support.
- * We have grown our 'volunteer' scheme to over 160, providing house-keeping, catering and ancillary support.
- * We have in-sourced IT Support providing the base for the 2011 roll-out programme of high speed fibre Internet connectivity to all residents' rooms

These achievements give us a strong foundation on which to build

We believe now is the right time to look forward and to expand the business to drive growth for the longer term. We have set ourselves a new five year plan that builds on the strong progress we have made so far

Whatever we do, we must continue to consolidate our position in the London fair price accommodation market. It will always be the number one reason our residents visit the LHA. We share our residents passion for low cost, safe and friendly accommodation and will continue to innovate in delivering a quality service.

Our focus on external refurbishments of buildings has seen the total external refurbishment of Belsize House, with Holland House, Railton House and Sandeman-Allen House set for 2011

Our current houses provide 801 catered rooms and 250 self-catered rooms. The purchase of Davies Court increased our single room provision by 32%

LHA London continued to assemble freeholds in the Paddington area to provide the opportunity to build a new 160 bed micro-flat facility. The land parcels have now been acquired and we look forward to submitting a planning application in 2011 with a projected construction cost of £14m. We aim to begin construction work in the first quarter of 2012. These are ambitious plans that bring together the improvements we are making in operational efficiency, sales growth and additional new space

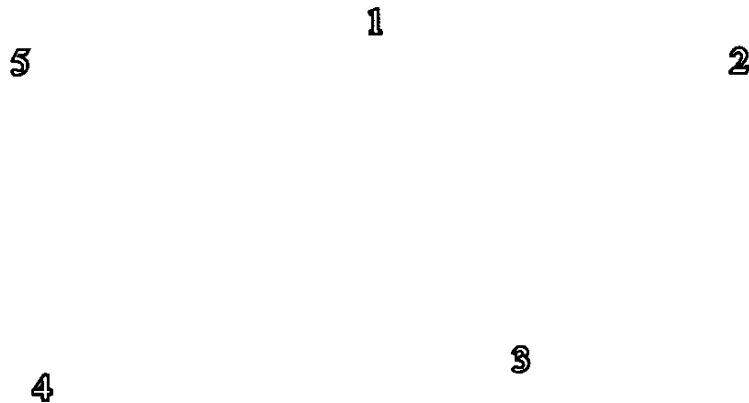
The Company is in a strong position and this provides a firm base for future growth. Residents have become increasingly demanding in areas of healthy eating, Internet connectivity and en-suite provision. The LHA is well positioned and at the forefront of addressing these concerns. We are confident that our plans will provide LHA with substantial opportunity for further development of our business and value creation for our residents.



Tony Perkins
General Manager

Aside from their small senior staff team 7 out of the 13 LHA sites are staffed only with volunteers

LHA London Ltd - Our Management Team



LHA London Ltd Management

1. Rev Canon Alan Deboo
Chairman
2. Tony Perkins
General Manager
3. Sarah Bustin
Head of Operations
4. Marsha Gair
Financial Controller
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.

"I cannot even think of living anywhere in London, except at this place!"

Sagar - New Mansion

Performance Indicators

Age of our residents

49 % - 16-25 Years old

31% - 26-35 Years old

16% - 36-55 Years old

4% - 56+ Years old

Nationality of our residents

16% - UK

57% - Europe

4% - Americas

23% - Others

Occupation of our residents

13% - P/T Student

40% - F/T Student

47% - Working

"I feel that Davies Court's building and facilities are great. The new Freewire facility is useful. LHA is doing a good job in providing accommodation in a good location at reasonable prices. The cleaners do a great job too. Thanks for this!"
Davies Court Resident

Self Catered length of stay

35% - 6 Months +

58% - 1-6 Months

13% - 15-30 days

6% - 1-14 days

Catered length of stay

35% - 6 Months +

48% - 1-6 Months

10% - 15-30 days

7% - 1-14 days

Our locations within London

34% - Westminster

38% - Kensington & Chelsea

8% - Camden

11% - Southwark

9% - Tower Hamlets

"Feedback
on Freewire
LOVE IT !!

"That's so fast I can't
get over it !!!"

Helen,
Friendship House

Trustees' Review

1. 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 2010 and the Statement of Financial Activities for the year ending on that date, which were approved by the Board of Trustees on 15th February 2011. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005 in preparing the Annual Report and Account of the Charity.

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

2. The Trustees who served during the year are listed on Page 5. Additional or replacement Trustees are appointed by the remaining Trustees.
3. Insurance against Trustees and Officers liabilities in relation to the Association was maintained during the year 2009/2010, as cited in the Memorandum and Articles of Association, para 60 (1).

Risk Management

4. 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.

Financial Review

5. The Association achieved a surplus of £2,804,438, approximately £854,923 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 Association's assets are available and adequate to fulfil the obligations of the charity on fund by fund basis.
6. Expenditure on Repairs and Maintenance totalled £513,355.

Investments

7. Barclays Wealth are the managers of the Charity's investment portfolio. They reported that at the year end the Charity held in the General Fund, shares, cash and Government stocks at a valuation of £6,922,723 (2009 £2,098,234). This increase is due to rising markets and also additional cash being made available for investment.

Fixed Assets

8. A room upgrade program at Belsize and Bowden Court has continued with a spend of £67,400 and £325,600 respectively. Some £114,000 was spent completing the renovation to the reception area at Halpin House during the year.

Payment Policy

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

Results

10. The increase in net funds during the year was £2,811,283 compared with the previous years increase of £1,144,213. This was after allowing for realised and unrealised losses on investments and the actuarial deficit on the Charity's pension scheme, which was £175,000 compared to a deficit in 2009 of £1,625,000

Auditors

11. A resolution proposing the reappointment of Keith Vaudrey and Co. as the Company's auditors for the period from the conclusion of the Annual General Meeting on 29th March 2011 to the next such meeting of the Association will be put to the Annual General Meeting.

Reserves

12. The present level of funding is adequate to support the continuation of the Association's current activity and capital expenditure programme and the Trustees consider the financial position of the charity to be satisfactory.

At 30th September 2010 Charitable Funds stood at £27,207,146 and Designated Funds at £4,463,876. Within Designated Funds there is a Dilapidations fund of £456,698 which has been established to set aside money which may be required on expiry of a short term lease. Apart from this, all other Reserves are available to maintain and develop the future work of the Charity's and are considered adequate by the Trustees for these purposes.

LHA SERVICES LIMITED FOR 2009/2010

13. LHA Services Ltd (LHAS), a wholly owned subsidiary of the Association, acting under a licence and agreement signed in 1997, fills casual vacancies particularly in holiday times and between long term bookings.

After payment of the licence and agreement fee in the sum of £60,000 LHAS had a taxable trading surplus of £432,890 of which in accordance with the covenant signed on 23rd September 1997 an amount of £415,725 is to be transferred to the Charity.



Tony Perkins
Company Secretary

LHA London Ltd
Independent auditors' report
to the members of LHA London Ltd

We have audited the accounts of LHA London Ltd for the year ended 30 September 2010 which comprise the consolidated Statement of Financial Activities, the consolidated Balance Sheet, the consolidated Cash Flow 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).

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also directors for the purposes of company law) are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit the accounts 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 Ethical Standards for Auditors.

Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group and charity's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the accounts.

Opinion on the accounts

In our opinion the accounts

- ☒ give a true and fair view of the state of the group's and the charity's affairs as at 30 September 2010 and 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 other matters prescribed by the Companies Act 2006

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

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 accounts 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.



T H Vaudrey (Senior Statutory Auditor)
for and on behalf of Keith Vaudrey & Co
Chartered Accountants and Statutory Auditors
22 February 2011

15 Young Street
London W8 5EH

LHA London Ltd
Consolidated Statement of Financial Activities
Incorporating the Summary Income and Expenditure Account
for the year ended 30 September 2010

	Notes	General Funds	Designated Funds	Total 2010	Total 2009
		£	£	£	£
Incoming resources					
<i>Incoming resources from generated funds:</i>					
<i>Activities for generating funds</i>					
Commercial trading operations	3	615,251	-	615,251	640,807
Income from investments		53,849	-	53,849	31,330
Interest receivable		109,094	-	109,094	191,899
		<u>778,194</u>	<u>-</u>	<u>778,194</u>	<u>864,036</u>
<i>Incoming resources from charitable activities:</i>					
Operation of hostels		7,558,643	-	7,558,643	6,833,334
Total incoming resources		<u>8,336,837</u>	<u>-</u>	<u>8,336,837</u>	<u>7,697,370</u>
Resources expended					
<i>Costs of generating funds:</i>					
Commercial trading operations	3	72,361	-	72,361	94,166
Investment management fees		-	-	-	-
		<u>72,361</u>	<u>-</u>	<u>72,361</u>	<u>94,166</u>
<i>Charitable activities:</i>					
Operation of hostels	4	5,395,796	-	5,395,796	4,794,152
<i>Governance costs</i>	5	64,272	-	64,272	86,652
Total resources expended		<u>5,532,429</u>	<u>-</u>	<u>5,532,429</u>	<u>4,974,970</u>
Net incoming resources before transfers		2,804,408	-	2,804,408	2,722,400
Gross transfers between funds		23,364	(23,364)	-	-
		<u>2,827,772</u>	<u>(23,364)</u>	<u>2,804,408</u>	<u>2,722,400</u>
Gains on investment assets		345,405	-	345,405	46,813
Net movement in funds		<u>3,173,177</u>	<u>(23,364)</u>	<u>3,149,813</u>	<u>2,769,213</u>
Actuarial gain/(loss) on pension scheme	14	(175,000)	-	(175,000)	(1,625,000)
Net movement in funds		<u>2,998,177</u>	<u>(23,364)</u>	<u>2,974,813</u>	<u>1,144,213</u>
Fund balances brought forward at 1 October 2009		<u>24,388,892</u>	<u>4,487,240</u>	<u>28,876,132</u>	<u>27,731,919</u>
Fund balances carried forward at 30 September 2010		<u>27,387,069</u>	<u>4,463,876</u>	<u>31,850,945</u>	<u>28,876,132</u>

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years

Statement of total recognised gains and losses

The company has no recognised gains or losses for the above two financial years other than those shown

LHA London Ltd
Balance Sheets
as at 30 September 2010

		Group		Company	
	Notes	2010	2009	2010	2009
		£	£	£	£
Fixed assets					
Tangible assets	7	29,638,856	19,884,800	29,623,856	19,884,800
Investments	8	5,691,289	2,098,234	5,841,289	2,248,234
		<u>35,330,145</u>	<u>21,983,034</u>	<u>35,465,145</u>	<u>22,133,034</u>
Current assets					
Stocks	9	19,111	23,386	19,017	23,297
Debtors	10	844,211	774,523	897,523	826,398
Cash at bank and in hand		2,638,548	7,869,224	2,423,845	7,654,167
		<u>3,501,870</u>	<u>8,667,133</u>	<u>3,340,385</u>	<u>8,503,862</u>
Creditors amounts falling due within one year	11	(1,709,229)	(1,135,907)	(1,699,137)	(1,121,864)
Net current assets		<u>1,792,641</u>	<u>7,531,226</u>	<u>1,641,248</u>	<u>7,381,998</u>
Total assets less current liabilities		<u>37,122,786</u>	<u>29,514,260</u>	<u>37,106,393</u>	<u>29,515,032</u>
Creditors amounts falling due after more than one year	12	(5,130,841)	(334,128)	(5,130,841)	(334,128)
Pension asset/(liability)	14	(141,000)	(304,000)	(141,000)	(304,000)
Net assets		<u>31,850,945</u>	<u>28,876,132</u>	<u>31,834,552</u>	<u>28,876,904</u>
The funds of the charity					
Unrestricted income funds					
General		27,387,069	24,388,892	27,370,676	24,389,664
Designated	15	4,463,876	4,487,240	4,463,876	4,487,240
		<u>31,850,945</u>	<u>28,876,132</u>	<u>31,834,552</u>	<u>28,876,904</u>

The financial statements were approved by the Trustees
on 15 February 2011 and signed on its behalf by



A J Deboo


B Redfern

)
)
) Members of the
) Council of Management
)
)

LHA London Ltd
Consolidated Cash Flow Statement
for the year ended 30 September 2010

	Notes	2010 £	2009 £
Reconciliation of net incoming resources to net cash inflow from operating activities			
Net income for the year		2,804,408	2,722,400
Depreciation charges		735,790	653,355
Loss on disposal of fixed assets		21,655	1,168
Pension scheme - current service cost	14	163,302	108,355
Pension scheme contributions	14	(501,284)	(428,355)
Decrease in stocks		4,275	804
Increase in debtors		(69,688)	(255,000)
Increase in creditors		85,490	201,361
Net cash inflow from operating activities		3,243,948	3,004,088
CASH FLOW STATEMENT			
Net cash inflow from operating activities		3,243,948	3,004,088
Investing activities			
Purchase of tangible fixed assets		(10,534,864)	(528,781)
Proceeds from sale of tangible fixed assets		23,345	-
Purchase of investments		(3,247,650)	(875,244)
Proceeds from sale of investments		-	-
Net cash outflow from investing activities		(13,759,169)	(1,404,025)
Financing			
Proceeds from bank borrowings		5,500,000	-
Repayment of bank borrowings		(195,455)	-
Repayment of government loan		(20,000)	(20,000)
Net cash inflow from financing activities		5,284,545	(20,000)
(Decrease)/increase in net funds		(5,230,676)	1,580,063
(Decrease)/increase in cash in the period		(5,230,676)	1,580,063
Cash and cash equivalents at 1 October 2009		7,869,224	6,289,161
Cash and cash equivalents at 30 September 2010		2,638,548	7,869,224

LHA London Ltd
Notes to the Accounts
for the year ended 30 September 2010

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 financial statements 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.

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.

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	over 50 years, starting from 1 October 1985
Short leasehold land and buildings	over the lease term remaining
Furniture, fixtures and equipment	over 10 years
Motor vehicles	over 10 years
Computer equipment	over 3 years

Moveable furniture and equipment is written out of the accounts after ten years as the Trustees considers 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.

Stocks

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

LHA London Ltd
Notes to the Accounts
for the year ended 30 September 2010

Pensions

The Chanty 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.

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.

	2010 £	2009 £
Gross incoming resources	8,247,311	7,612,451
Total expenditure on charitable activities	(5,420,766)	(4,794,152)
Governance costs	(39,272)	(86,652)
Investment gains	181,845	46,813
Actuarial loss on final salary pension scheme	(175,000)	(1,625,000)
Net incoming resources	2,794,118	1,153,460
Total funds brought forward	28,876,904	27,723,444
Total funds carried forward	31,671,022	28,876,904
Represented by:		
Designated income funds	4,463,876	4,487,240
Unrestricted income funds	27,207,146	24,389,664
	31,671,022	28,876,904

3 Incoming resources from activities for generating funds

The Chanty's one wholly owned trading subsidiary, LHA Services Limited, which is incorporated in the UK, pays all of its taxable profits to the Chanty 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	2010 £	2009 £
Turnover	612,806	640,641
Cost of sales and administrative expenses	(182,361)	(204,166)
Gross profit	430,445	436,475
Interest receivable	2,445	166
Net profit	432,890	436,641
Amount gift aided to London Hostels Association Limited	(415,725)	(445,888)
Retained in subsidiary	17,165	(9,247)

LHA London Ltd
Notes to the Accounts
for the year ended 30 September 2010

The assets and liabilities of the subsidiary were

Tangible fixed assets	15,000	-
Current assets	225,392	229,441
Creditors amounts falling due within one year	(73,999)	(80,213)
Total net assets	166,393	149,228
 Aggregate share capital and reserves	 166,393	 149,228

Included in administrative expenses are rent of £50,000 (2009 - £50,000) and management charges of £60,000 (2009 - £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	1,129,867	2,615,136	708,273	4,453,276
Support costs	689,764	250,209	27,517	967,490
Total	1,819,631	2,865,345	735,790	5,420,766

5 Governance costs

Governance costs include	2010 £	2009 £
Audit fees	11,300	11,000
Insurance against Trustees' and Officers' liabilities	3,675	3,675

6 Staff costs

	2010 £	2009 £
Wages and salaries	1,503,805	1,258,354
Social security costs	140,332	115,686
Other pension costs	175,494	108,355
	1,819,631	1,482,395

Average number of employees during the year

Head office staff	11	10
Direct maintenance staff	7	4
Hostel staff	54	48
	72	62

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

£70,000 - £80,000	1	1
£80,000 - £90,000	1	1

Number of employees with emoluments in excess of £60,000 to whom retirement benefits are accruing under defined benefit schemes

2	2
---	---

The Trustees receive no remuneration Travel expenses of £1,203 were reimbursed to the Trustees during the year

LHA London Ltd
Notes to the Accounts
for the year ended 30 September 2010

7 Tangible fixed assets - Group

	Freehold land and buildings £	Leasehold land and buildings £	Plant and machinery £	Total £
Cost				
At 1 October 2009	20,856,174	528,136	6,491,484	27,875,794
Additions	9,749,151	-	785,695	10,534,846
Disposals	-	-	(45,000)	(45,000)
At 30 September 2010	<u>30,605,325</u>	<u>528,136</u>	<u>7,232,179</u>	<u>38,365,640</u>
Depreciation				
At 1 October 2009	2,902,209	375,050	4,713,735	7,990,994
Charge for the year	329,985	15,972	389,833	735,790
On disposals	-	-	-	-
At 30 September 2010	<u>3,232,194</u>	<u>391,022</u>	<u>5,103,568</u>	<u>8,726,784</u>
Net book value				
At 30 September 2010	<u>27,373,131</u>	<u>137,114</u>	<u>2,128,611</u>	<u>29,638,856</u>
At 30 September 2009	<u>17,953,965</u>	<u>153,086</u>	<u>1,777,749</u>	<u>19,884,800</u>

Tangible fixed assets - Company

	Freehold land and buildings £	Leasehold land and buildings £	Plant and machinery £	Total £
Cost				
At 1 October 2009	20,856,174	528,136	6,410,096	27,794,406
Additions	9,734,151	-	785,695	10,519,846
Disposals	-	-	(45,000)	(45,000)
At 30 September 2010	<u>30,590,325</u>	<u>528,136</u>	<u>7,150,791</u>	<u>38,269,252</u>
Depreciation				
At 1 October 2009	2,902,209	375,050	4,632,347	7,909,606
Charge for the year	329,985	15,972	389,833	735,790
At 30 September 2010	<u>3,232,194</u>	<u>391,022</u>	<u>5,022,180</u>	<u>8,645,396</u>
Net book value				
At 30 September 2010	<u>27,358,131</u>	<u>137,114</u>	<u>2,128,611</u>	<u>29,623,856</u>
At 30 September 2009	<u>17,953,965</u>	<u>153,086</u>	<u>1,777,749</u>	<u>19,884,800</u>

	2010 £	2009 £
Analysis of leasehold land and buildings (company and group)		
Long leasehold	85,579	88,679
Short leasehold	51,535	64,407
	<u>137,114</u>	<u>153,086</u>

The Trustees undertook a valuation of all the freehold and long leasehold properties during the year by Colliers CRE and this was valued at £130,000,000. In addition Davies Court was valued by the bank at £9,700,000. This total value of the estate of £139,700,000 is against a Net Book Value at the 30th September 2010 of £27,443,710.

LHA London Ltd
Notes to the Accounts
for the year ended 30 September 2010

8 Investments

	Investments in subsidiary undertakings £	Other investments £	Total £
Market value			
At 1 October 2009	150,000	2,098,234	2,248,234
Additions at cost	-	3,247,650	3,247,650
Sale proceeds	-	-	-
Net gains for the year	-	345,405	345,405
At 30 September 2010	150,000	5,691,289	5,841,289
Historic cost at 30 September 2010	150,000	5,035,016	5,185,016
Other investments comprise			
Fixed interest stocks		948,273	
Equities		1,161,728	
Alternative investments		3,558,758	
Cash for re-investment		22,530	
		5,691,289	

9 Stocks

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Household equipment and food	19,111	23,386	19,017	23,297

10 Debtors

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Trade debtors	127,663	117,425	117,068	106,248
	-	-	63,907	66,170
Other debtors	372,304	241,399	372,304	241,399
Prepayments and accrued income	344,244	415,699	344,244	412,581
	844,211	774,523	897,523	826,398

11 Creditors: amounts falling due within one year

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Bank loans and overdrafts	487,832	-	487,832	-
Trade creditors	160,060	341,323	149,968	341,323
Other taxes and social security costs	165,308	108,315	165,308	108,315
Fees and deposits in advance	449,789	366,045	449,789	366,045
Government loan	20,000	20,000	20,000	20,000
Accruals	426,240	300,224	426,240	286,181
	1,709,229	1,135,907	1,699,137	1,121,864

LHA London Ltd
Notes to the Accounts
for the year ended 30 September 2010

12 Creditors: amounts falling due after one year (Company and Group)	2010 £	2009 £
Bank loans	4,816,713	-
Government loan	314,128	334,128
	<u>5,130,841</u>	<u>334,128</u>

13 Borrowings (Company and Group)	2010 £	2009 £
Loans not wholly repayable within five years		
Government loan	<u>334,128</u>	<u>354,128</u>
Analysis of maturity of debt		
Within one year	20,000	20,000
Between one and five years	80,000	80,000
After five years	<u>234,128</u>	<u>254,128</u>
	<u>334,128</u>	<u>354,128</u>
Amounts repayable by instalments any of which fall for payment after five years	<u>334,128</u>	<u>354,128</u>

The loan due to the Government is secured by a debenture dated 23 July 1986 and is interest free. It is repayable by instalments at the rate of £20,000 per annum in accordance with the agreement. Where any property is sold, the Government may at its discretion, require as an accelerated repayment of the loan, by a maximum of 25% of the net proceeds.

Bank loans		
Loan over ten years with an interest rate of Base rate + 1.65%	3,332,605	-
Loan over ten years with an interest rate of LIBOR + 2.45%	<u>1,971,940</u>	<u>-</u>
	<u>5,304,545</u>	<u>-</u>
Analysis of maturity of debt		
Within one year	487,853	-
Between one and five years	1,926,437	-
After five years	<u>2,890,255</u>	<u>-</u>
	<u>5,304,545</u>	<u>-</u>
Amounts repayable by instalments any of which fall for payment after five years	<u>5,304,545</u>	<u>-</u>

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 House, East India Docks Road, London.

LHA London Ltd
Notes to the Accounts
for the year ended 30 September 2010

14 Pension commitments

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 2010 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 48.9% of pensionable pay plus £270,000 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

	At 30/9/10	At 30/9/09	At 30/9/08
	£'000	£'000	£'000
Fair value of scheme assets	4,763	4,096	3,829
Present value of scheme liabilities	4,904	4,336	3,140
Surplus (deficit) recognised in scheme	(141)	(240)	689

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

	2010	2009
	£'000	£'000
Scheme liabilities at start of period	4,336	3,140
Current service cost	218	153
Interest cost	220	213
Contributions by scheme participants	30	31
Actuarial losses	562	911
Benefits paid	(462)	(112)
Scheme liabilities at end of period	4,904	4,336

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

	2010	2009
	£'000	£'000
Fair value of scheme assets at start of period	4,096	3,829
Expected return on scheme assets	245	258
Actuarial (losses)/gains	387	(714)
Contributions by employer	467	804
Contributions by scheme participants	30	31
Benefits paid	(462)	(112)
Fair value of scheme assets at end of period	4,763	4,096

The actual return on the scheme assets over the year ending 30 September 2010 was £632,000.

LHA London Ltd
Notes to the Accounts
for the year ended 30 September 2010

Total expense recognised in the statement of financial activities

	2010	2009
	£'000	£'000
Current service cost	218	153
Interest cost	220	213
Expected return on scheme assets	(245)	(258)
Total expense recognised in the statement of financial activities	193	108

Statement of total recognised gains and losses

	2010	2009
	£'000	£'000
Difference between expected and actual return on scheme assets		
Amount (loss)/gain	387	(714)
Experience gains and losses arising on the scheme liabilities		
Amount (loss)/gain	(74)	259
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities		
Amount gain	(488)	(1,170)
Total amount recognised in the statement of total recognised gains and losses	(175)	(1,625)

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 £734,000

Assets	2010	2009	2008
	£'000	£'000	£'000
Insurance policy	4,763	4,096	3,829
Cash in transit	-	-	312
	4,763	4,096	4,141

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

	2010	2009	2008
	% per annum	% per annum	% per annum
Inflation	3.10	3.20	3.60
Salary increases	4.00	4.00	5.00
Rate of discount	4.90	5.25	6.70
Pension increases	5.00	5.00	5.00
Revaluation rate for deferred pensioners	5.00	5.00	5.00
Commutation	nil	nil	nil

LHA London Ltd
Notes to the Accounts
for the year ended 30 September 2010

The mortality assumptions adopted at 30 September 2010 imply the following life expectancies

Male retiring at age 65 in 2010	23.0 years
Female retiring at age 65 in 2010	25.5 years
Male retiring at age 65 in 2030	25.0 years
Female retiring at age 65 in 2030	27.4 years

Expected long term rate of return	2010	2009
Insurance policy	6.00%	6.00%

Amounts for the current and previous three periods

	2010	2009	2008	2007
	£'000	£'000	£'000	£'000
Fair value of assets	4,763	4,096	3,829	3,386
Present value of scheme liabilities	4,904	4,336	3,140	3,089
Surplus (deficit) in scheme	(141)	(240)	689	297
Experience adjustment on scheme liabilities	387	(714)	(249)	330
Experience adjustment on scheme assets	(74)	(259)	(244)	194

The best estimate of contributions to be paid by the employer to the scheme for the period beginning after 30 September 2010 is £541,000

15 Designated funds

	Balance at 1.10.2009	Income	Transfers & Expenditure	Balance at 30.9.2010
	£	£	£	£
Other reserves	3,666,496	-	-	3,666,496
Dilapidations fund	456,698	-	-	456,698
Government grants	197,602	-	(17,379)	180,223
Local Authority grants	166,444	-	(5,985)	160,459
	4,487,240	-	(23,364)	4,463,876

Other reserves represent surpluses from the sale of property

The dilapidations fund has been established to set aside funds which may be required for dilapidations on the expiry of the lease of Regina House

The Local Authority and Government grants, which were previously treated as deferred income are written off in line with depreciation on the relevant buildings. A transfer equal to this depreciation is made from designated funds to general funds

LHA London Ltd
Notes to the Accounts
for the year ended 30 September 2010

16 Analysis of group net assets between funds

	General Funds	Designated Funds	Total Funds
	£	£	£
Tangible fixed assets	25,972,360	3,666,496	29,638,856
Investments	5,523,307	167,982	5,691,289
Cash at bank and in hand	2,009,150	629,398	2,638,548
Other net current liabilities	(845,907)	-	(845,907)
Long term liabilities	(5,271,841)	-	(5,271,841)
	<u>27,387,069</u>	<u>4,463,876</u>	<u>31,850,945</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.