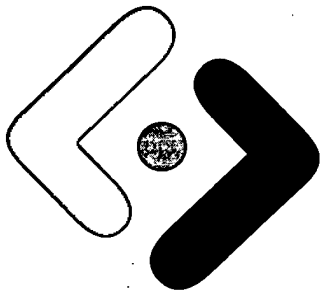


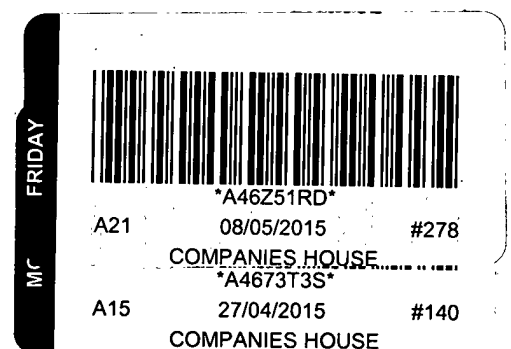
Company No. 363816



**LhaLondon**

the heart of London Living

# LHA London Ltd Annual Report 2013/2014



# TRUSTEE ANNUAL REPORT

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**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](mailto:annualreport@lhalondon.com)

## Chairman's Statement

In the Financial Year 2013 - 2014 LHA London Ltd has again been successful in the achievement of our charitable objectives. We have continued to make a significant contribution to the supply of secure, affordable and comfortable accommodation for young workers, students and others who might otherwise have found it difficult to realise their aspirations to reside in the Capital.

During the year the Trustees said farewell to three long-serving colleagues, Steve Collin, Penny Feathers and Barry Redfern. They fully deserve our grateful thanks for their dedication and all they contributed to our expansion and success during their years as Trustees. In the wake of their departures we welcomed two new Trustees, Emma Verey and Alec McTavish, who bring much experience, wisdom and commitment to our deliberations and governance.

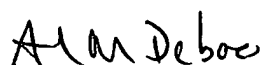
We have become increasingly conscious of the potential benefit to LHA London of broadening the age range of the Trustees. After research by our Chief Executive, we appointed Trustees Unlimited to search for possible candidates. Our brief to Trustees Unlimited was to recommend London-based professionals who would be enthusiastic about our work, whose employers would support them in serving us and grant them time away from their workplaces to develop and contribute as Trustees. At the time of writing the process of mutual selection was well advanced and it seemed very probable that we would soon be welcoming one such person as a new Trustee.

During the autumn of 2013 the Trustees took their annual 'Away Day' to reflect on the 10 year Strategic Plan, which was subsequently slightly revised. During the year covered by this report the Trustees continued to receive training in charity law, trusteeship and finance from Mazars, our auditors.

Thanks are due to my colleagues who serve on the Social Policy Group. Through their research, their contacts with other charities and the feedback they seek from our residents they provide us with valuable insights and make a major contribution to our thinking about the development of our accommodation and associated services.

During the year we have continued to monitor progress with the new building under construction for us in Torquay Street near Royal Oak Station. When open for business in the spring of 2015 this striking building will add accommodation for 157 residents to our portfolio. I would like to express our thanks to the Trustees who serve on our Property Oversight and Policy Group for the time they have given to this project, particularly in representing our interests at regular progress meetings with the architect and contractors.

During 2014 - 2015 LHA London has continued to flourish. Our success is due to the wisdom and dedication of my fellow trustees, the professionalism of our senior management team, the hard work and loyalty of our headquarters and hostel staff and the contribution of our bands of volunteers. I extend grateful thanks to them all and look forward to our further growth and continuing service to London in years to come.



Rev Canon Alan Deboo  
Chairman of Board of Trustees

## Social Policy Group

As a charity the LHA is keen to understand the needs and priorities of our residents, so that we can provide the best experience for them. The Social Policy Group takes a lead in this dialogue, as well as looking at the broader issues facing young people trying to find accommodation in London. We engage with other charities working with this age group and have made donations to Centrepoin and intend to support the Albert Kennedy Trust Purple Door Project. This is an area of activity that our Trustees hope to develop further in the next few years.

Alison Craze  
Chair of Social Policy Group

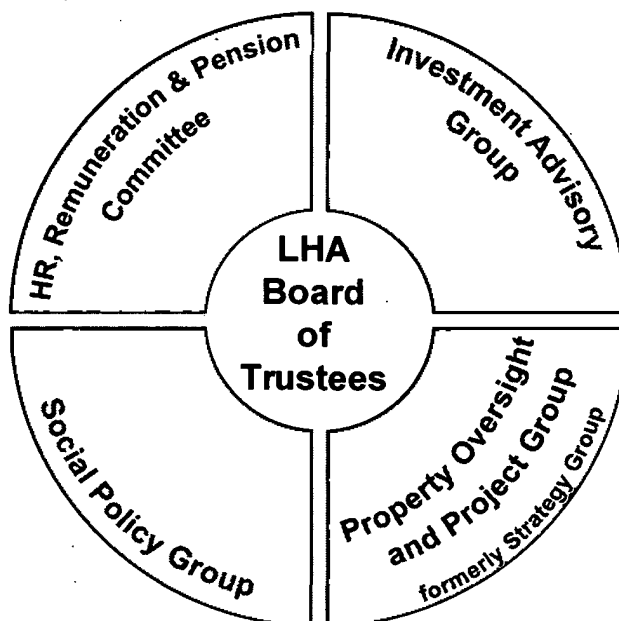
## Property Oversight and Projects Group

The Property Oversight and Projects Group's ( formerly 'The Strategy Group' ) main role is to advise the Board of Trustees on and oversee the management of LHA's property portfolio to achieve its strategic plans.

The group hold six meetings per annum including a joint meeting in May with the Social Policy group to review sub-group progress and to prepare the agenda for the Trustees November Away-day. During the year the group has maintained a strong focus on the Torquay construction project, monitored the Belvedere refurbishment and continued to review the lease agreement with the University of Cumbria at Davies Court. The Group continues to support the strategic plan in areas of contract review, property asset management, re-valuation of the portfolio and procurement processes.

Keith Corrie  
Chair of Property Oversight and Projects Group

# 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 A. McTavish, MSc(Econ); BSc(Econ); FRSA  
Mr. B. Redfern, MA, FCA (Retired 31.12.13)

### Property Oversight and Projects Group:

Mr. R.K. Corrie, BA, BAI, MICE, CEng, FIM, Hon FAPM (Chairman)  
Mr. R.C. Gray, AIAS  
Mr. D. Robertson, BA, 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. P. Harris, BA, FCA  
Mr. A. McTavish, MSc(Econ); BSc(Econ); FRSA  
Mr. S.P. Collin (Retired 31.08.14)  
Mrs. P.A. Feathers (Retired 11.02.14)  
Mr. B. Redfern, MA, FCA (Retired 31.12.13)

### Social Policy Group:

Mrs. P. Feathers (Chairman - Retired 11.02.14)  
Mrs. J.A. Craze, BA, Dip SW (Chairman from - 19.02.14)  
Mr. R.C. Gray, AIAS  
Mrs. L. Holford, JP  
Mr A. McTavish, MSc(Econ); BSc(Econ); FRSA  
Lady E. Verey

### Pension Trustee:

Capita Fiduciary Plc.

## LHA SERVICES LIMITED

### Board of Directors:

Mr. B. Redfern, MA, FCA (Chairman) (Retired 31.12.13)  
Mr. P. Harris, BA, FCA (Chairman from 18.02.14)  
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:

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

### Registered Office:

11 Belgrave 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.

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.

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 The Sunningdale Hope Trust.

Lin Holford

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

Alec McTavish  
(As of 11.02.14)

Entered the Civil Service and worked as an Economic Adviser in various Government Departments. Joined British Rail and became Director of Business Systems. At rail privatisation was appointed a Director at the Association of Train Operating Companies.

Helen Stone, OBE

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

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.

Emma Verey  
(As of 11.02.14)

Oxford graduate with long experience of the voluntary sector. Former Chair of the Friends of Moorfields Eye Hospital, member of the Development Board of the Bodleian Library & director of the trading arm of the RHS. Currently a trustee of 2 Victorian art galleries & of the Kensington and Chelsea Foundation.

Steve Collin  
(Retired 31.08.14)

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

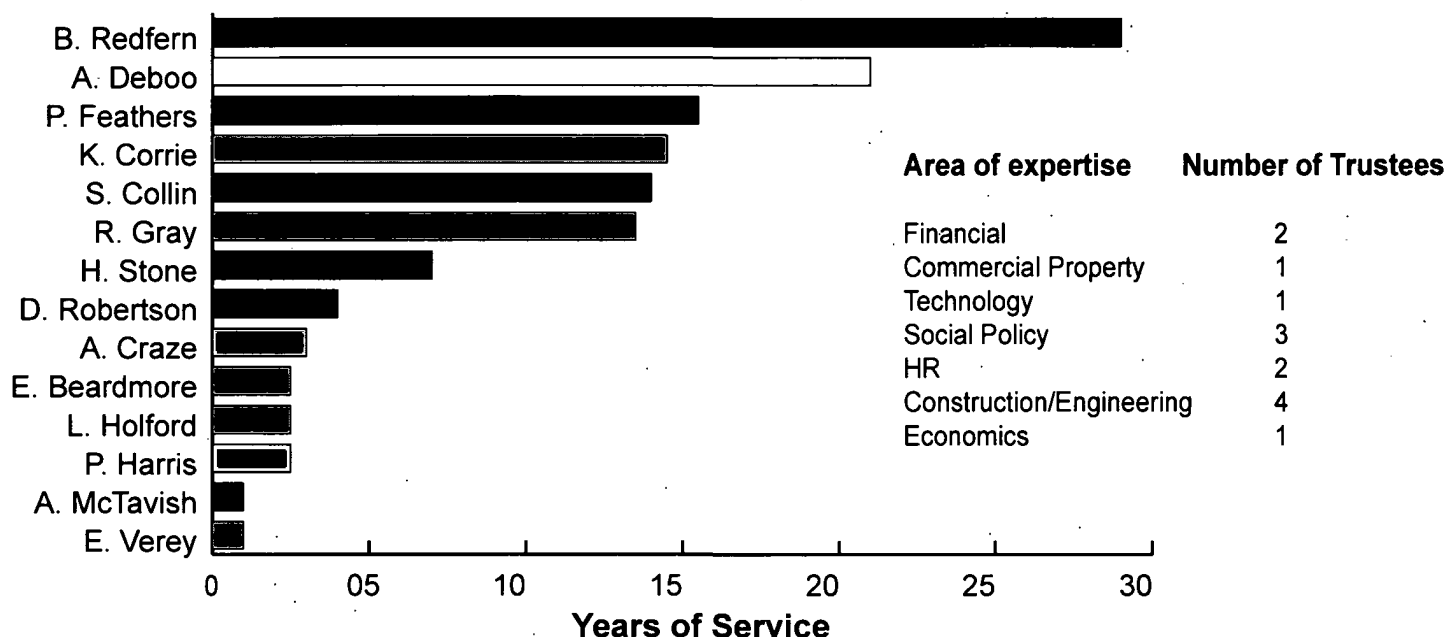
Penny Feathers  
(Retired 11.02.14)

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

Barry Redfern  
(Retired 31.12.13)

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

# Trustee Length of Tenure & Areas of Expertise



## 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.

To broaden our governance process, this year saw the appointment of Trustees Unlimited. Established in 2009 Trustees Unlimited has quickly established itself as one of the premier providers of trustee and non-executive recruitment. Trustees Unlimited has unprecedented access to a large group of high calibre people keen to strengthen charity and non-profit boards. We have begun the process to enhance our board performance through careful analysis of complementary trustee skill sets.

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.

# LHA Rebranding 2014

2014 provided us with an opportunity to undertake our rebranding exercise. We consulted from within and explored the values of LHA London. Our flexibility, affordability and safety shone throughout the rebranding workshops.

A new logo and corporate colours complemented the strap-line of 'The heart of London living'.



The refreshed feel allowed the redesign of the LHA London website. This has been a great success, providing access to our online brand asset. The attractive and well-designed website encourages users to explore our services, blogs and Twitter feed. A live message service and customer service link ensures we respond to online enquiries effectively.

The 'easy to navigate' site provides prospective beneficiaries with background information, objectives and the service provision of the charity.

Our staff and volunteers have broadened the brand awareness through a new uniform design.

Our new design will increase customer loyalty, create a stronger voice and re-energize our Charity.



## Chief Executive's Statement

The LHA is all about people. Our success is thanks to over 230 motivated and engaged staff and volunteers. They are delivering outstanding services to over 14,000 residents every year. Across our 12 sites in Central London we are proud to provide all-inclusive accommodation at below market rates. Our staff is a winning team and they enthuse our core brand values of freedom, safety, flexibility and connectivity. Our strategy focuses on the strength of LHA services to our residents.

We have set ambitious milestones within the LHA strategic plan. These include driving our marketing strategy throughout the UK, promoting sector leading connectivity through the very best in-building wifi speed and coverage, and continuing to invest in sympathetic refurbishment of our grade two listed buildings to give residents high-end living standards. The LHA communicates with the generation Y profile. These are young residents who believe in social media as a mechanism to source and comment on prospective and current accommodation. Residents increasingly turn to mobile devices to search for accommodation. We embrace the medium and have worked hard throughout the year to introduce new platforms for online content. Our new website lends itself to search by tablet and smart-phone. Navigation around the site is easy and provides comprehensive information on our service.

Responding to a growing competitiveness online we are preparing the way for a new booking platform with online booking capability. This focus on innovation is essential for a modern charity to prosper.

If our staff is life-blood of the LHA then our buildings provide the heart. With a portfolio of over £160m of freehold in the heart of the capital, we invest in our fabric and look forward to the opening of our latest flagship site in Paddington, west London in early 2015. The site provides the very latest in micro-flat living standards.

The corner-stone of LHA London's flexibility remains the easy access and departure costs. We remain the only organisation in Central London providing long term accommodation with just £200 refundable deposit and just one weeks' notice of departure. The range and diversity of accommodation we provide, spans from dormitory to studio style. We commissioned South Bank University to produce a report on sustaining an enabling model: housing 'people of limited means'. The report has provided essential information on benchmarking accommodation rates and reviewing the income model of our current residents.

The LHA is a good neighbour in our local community and looks to provide the balance of accommodation by providing affordable accommodation in some of the most expensive parts of the City.

As we move into our 75th year, we can be proud of our record of delivery as we continue to grow. This has enabled us to continue to reinvest in our charity whilst simultaneously returning significant benefit to the young working people and students of London.



Tony Perkins  
Chief Executive

## **LHA London Ltd - Our Management Team**

**Rev Canon Alan Deboo**  
Chairman

**Marsha Gair**  
Finance Director

**Tony Perkins**  
Chief Executive

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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 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 2013-14

## 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;

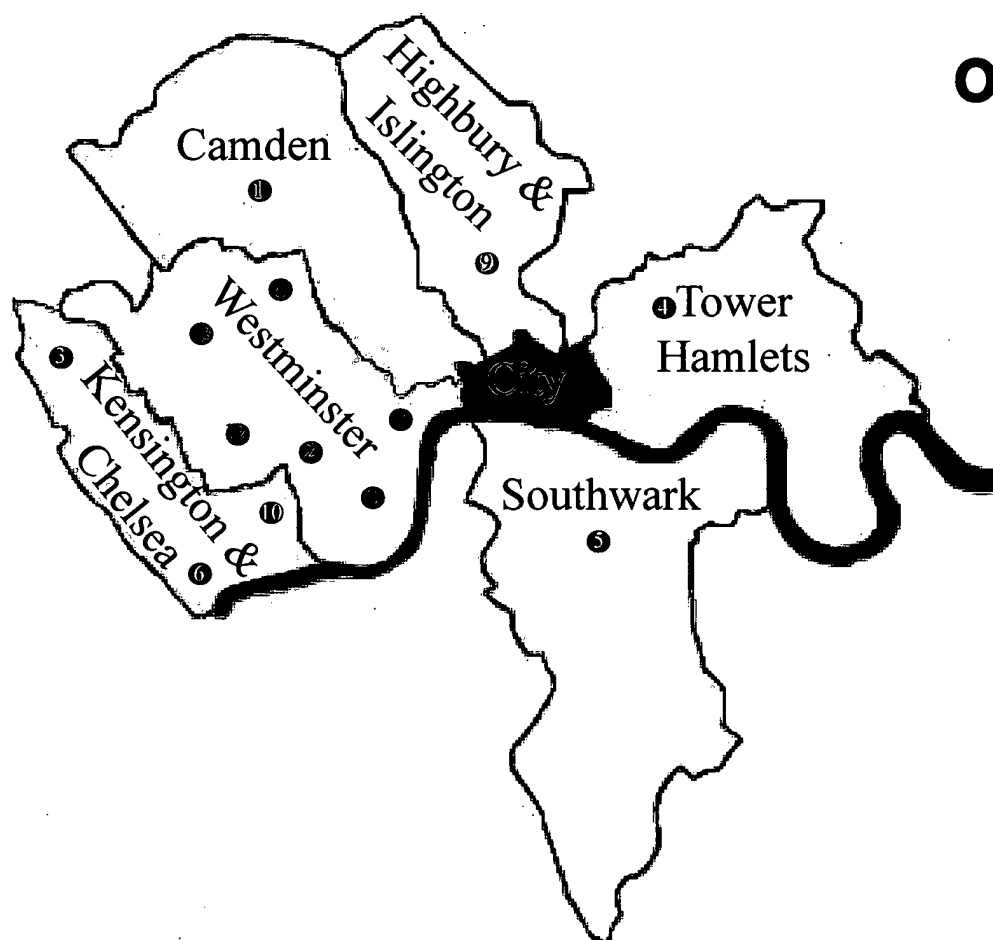
- Continued with the construction of our architect designed Torquay Street building in London W2, providing 157 micro-flat studios and en-suite rooms. Construction cost of around £13m. The property is due for resident occupation in Spring 2015.
- Completed the major internal and external refurbishment and redecoration of Belvedere House. The site now has our upgraded format accommodation.
- Restructured the Senior Management team to provide customer experience focus from the new role of Chief Operations Manager.
- Developed and upgraded the existing E-strategy with re-designed website and branding initiative. The rebranding was launched at our Friendship House September open-day.
- Continued to progress our 10 year strategic plan.
- Provided full wifi coverage across the property portfolio.
- Continued to improve our residents' experience during their stay with LHA.
- Continue to provide funding to Centrepont by way of a £35,000 pa donation.

## Group Highlights

- 2014 has been an exciting year with near completion of the construction of Torquay Street London, W2.
- Group turnover £11,534,255 up 2.73% on last year.
- Substantial completion of a major refurbishment at Belvedere House in South Kensington.
- Major rebranding completed.
- Group surplus before revaluations £5,390,538 up 21% on last year.

## Our Plans for 2014-2015

- To complete with the construction of our new architect designed Torquay Street building in London W2, providing 157 micro-flat studios and en-suite rooms. The property is due for resident occupation in early Spring 2015.
- Commence the major internal and external refurbishment and redecoration of Belsize House and Railton House. The upgrade will see the introduction of new room furniture, revised kitchen equipment and layout.
- Introduce a new front of house software system to allow online booking, and enhanced reporting.
- Introduce a new document management system.
- Continue to progress our 10 year strategic plan.
- Upgrade our hostel mechanical services with a focus on energy efficient heating systems.
- Continue to improve our residents' experience during their stay with LHA.
- Move our IT systems to cloud based technology.
- Review our funding arrangements to 3rd party charities with similar objectives.

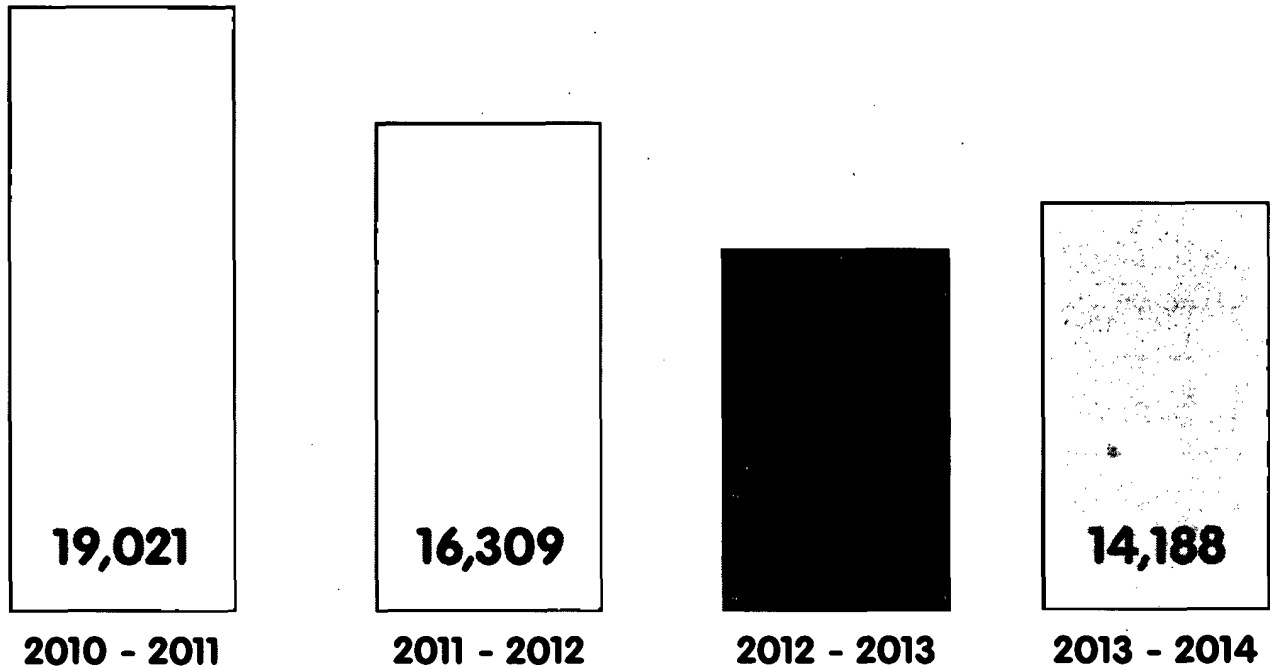


## Our Properties

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

## Our Performance

Number of residents through our doors in 2013-2014 were 14,188, this compares with 13,091 in 2012-2013, 16,309 in 2011-2012 and 19,021 in 2010-2011.



## Belvedere House - Refurbishment

Following the successful refurbishment of Belvedere Annex in 2012/2013 work on Belvedere House main building commenced in May 2014.

LHA renovated the entire interior and exterior of the building in line with our customer values by providing a home from home that is affordable, safe and well connected.

To achieve this we delivered the following:

- Showers converted into spacious, modern wet-rooms.
- Kitchens redesigned with modern finishes and lockable cupboards.
- Rooms fully decorated; carpets replaced with attractive vinyl flooring, new vanity units and bright new curtains.
- Each guest received a matching lockable wardrobe, bedside cabinet, folding table and chair and a durable bed with upgraded mattress.
- All door locks replaced with modern, convenient key card locks.
- Installation of energy efficient lighting with key card activation.
- The social hub of the TV room was kept, with provision made for guests to be able to use the LHA Life gym at nearby Halpin House.
- Belvedere House was the first LHA site to have pervasive Wi-Fi throughout all areas, managed in tandem with the roll out project.

The project was completed in floor by floor stages, to minimise the need for guests to have to relocate.

Early feedback shows that the new room formats and improvements have been welcomed and the hostel returned to 100% occupancy providing 153 beds in early January 2015.

## **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 10 to 11 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. We open the door to young working people and students with limited reserves.

We provide an 'all-inclusive deal' including council tax. LHA weekly room rates include the television and licence package and we also include contents insurance inclusive of laptop cover, with free gym facilities at our LHA life option sites.

We are keen to maintain our 'Family Feel' by providing safe and secure accommodation. All LHA sites have 24 hour 'live-in' staff.

Affordable packages across a diverse range of room formats 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 continue to improve on our overall services. Three of our Grade II listed buildings have now received a major internal and external refurbishment. LHA 'Life' fitness initiative has been well received. Gyms have been installed at Halpin House, Davies Court, Bowden Court, Holland House and Sandeman-Allen. During 2015, two additional gyms are programmed for installation. We have researched a 'comfortable night's sleep' and found positive feed-back from the newly specified 'LHA mattress'.

We plan to increase 'amenities' services through 2015, and have piloted 'Costa Coffee' quality coffee services in our Notting Hill site.

Our 'Fresh Start' menu has now been fully integrated into the catered sites. Feedback has been encouraging, and we aim to further expand the menu option and explore flexible meal time provisions. Today, connectivity is seen as a basic utility, our 'sector leading' 20MB high speed fibre gives all our residents superb wifi service throughout their stay. LHA has invested in first class service through our internet partner.

We aim to continue our all-inclusive service.



## LHA Volunteer Scheme

LHA continues to provide an attractive concept for over 150 volunteers at our sites in Central London. Many of our volunteers value the LHA volunteering model of accommodation and food provided in return for a volunteering input. We receive positive and enthusiastic individuals into the scheme each year. Our website blog displays up to date volunteer feedback.

## The Voices of our Volunteer's

Marie Viala, 20 years old, arrived at Halpin House the 1st October 2014.

My name is Marie I have been a volunteer at Halpin House from 8th October 2014. I am planning to stay here until the end of June 2015. I will then take back my study in France in September for another 2 years to obtain a degree in the tourism business. The main reason I am so happy at Halpin is the location of the mansion itself. I will never be able to afford it if I had to pay for my accommodation in this part of London. Other than that I like the idea of living in a community of people of my age sharing the same interests than me. The team there is quiet cool and supportive we help each other in every tasks there is a good spirit.

François-Xavier Lahitte, arrived at Davies Court November 2014.

Davies Court is based near Canary Wharf, which provides many job opportunities and help improving your professional network. As a foreigner, it's one of the best way to discover London, the locals, and also practice English.

Giovanni - Sandeman-Allen, Volunteer for 1 year 6 months.

Sandeman Allen House is based in very central London.

It is close to Hyde Park and many of London's best attractions.

It is a catered site making it easy to interact, socialise and meet new people. Finally, Sandeman Allen House provides complimentary use of the gym which is great for customers and staff members who want to stay in shape.

Being a volunteer is a great opportunity to develop and gain new skills by being committed just few hours a day. I think that the skills and experience you can gain through the LHA London Ltd volunteer scheme is useful for your working future. When I first started volunteering as kitchen porter/dining room attendant I did not expect to become a paid staff member. I have now being promoted as a fully paid housekeeper and it is one of my greatest achievements. My next career goal is to become assistant management.

# LHA Sustainability Policy

LHA aims to ;

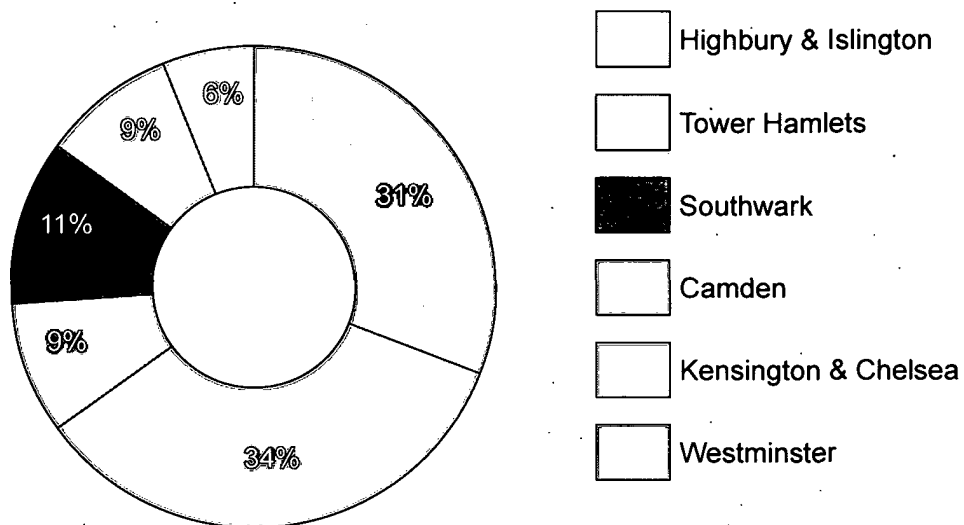
- Reduce the environmental impact of the charity through better management of its resources.
- Integrate environmental and sustainability principles into our operations.
- Meet the requirements of all relevant legislation.
- Adopt best practice to ensure prevention of pollution.
- Monitor and regularly review our environmental performance and set objectives and targets to ensure continual improvement.
- Communicate internally and externally about our environmental performance including training for staff and residents.

To achieve these aims, we have undertaken the following during the year;

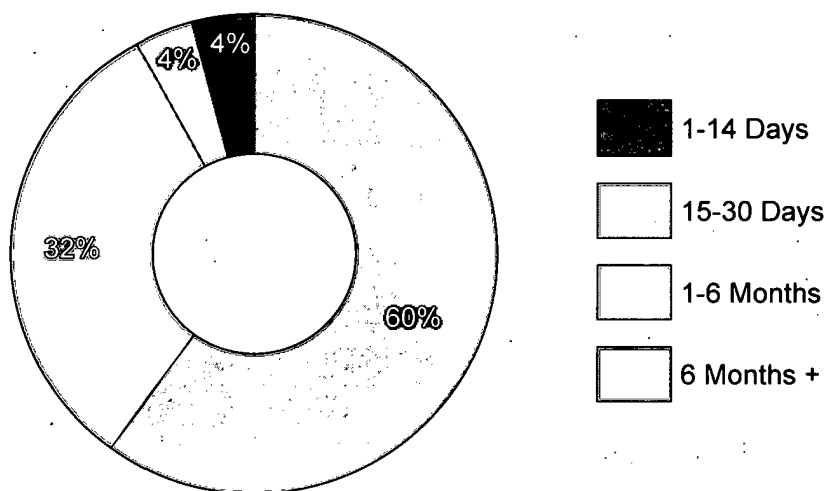
1. Utilised our bio-mass heating and hot water system at Newington Court.
2. Continued the roll-out programme of thermostatic radiator valves.
3. Upgraded replacement domestic water heaters with energy-saving units.
4. Continued our LED lighting programme with significant investment at Friendship House.
5. Commissioned an external expert – PDR Ltd to undertake an extensive survey into energy efficiency – This will take a detailed look at voltage optimisation technology and KVA costs.
6. Installed water saving shower and cistern technology within our refurbishment programme.
7. Undertaken staff training on recycling separation for refuse disposal.
8. Installed room lighting key-card activation to reduce energy costs at Belvedere House.
9. Installed PIR lighting technology to more of our communal areas.
10. Set high goals with future developments, using BREEAM very good or excellent.

## Performance Indicators

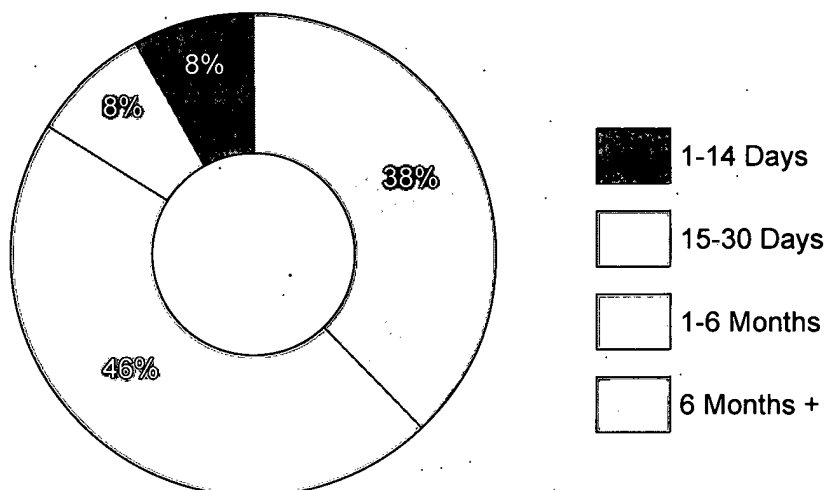
**Our locations within London - Percentage of residents**



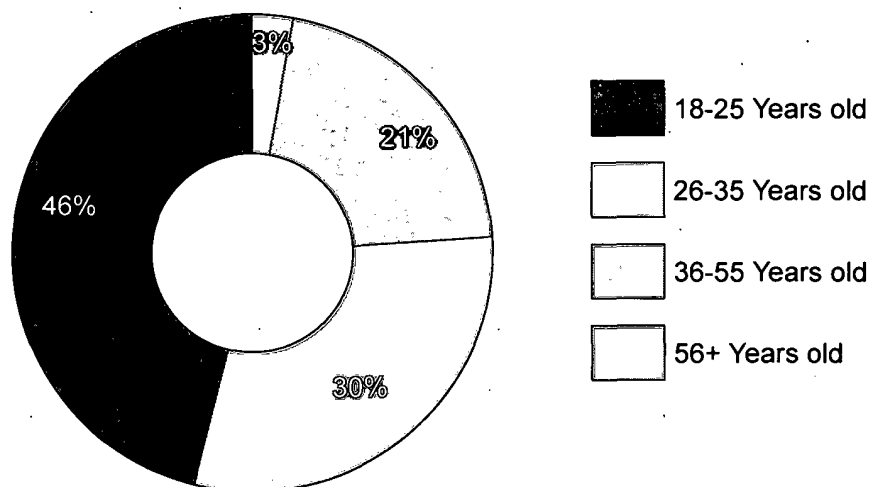
**Self Catered length of stay**



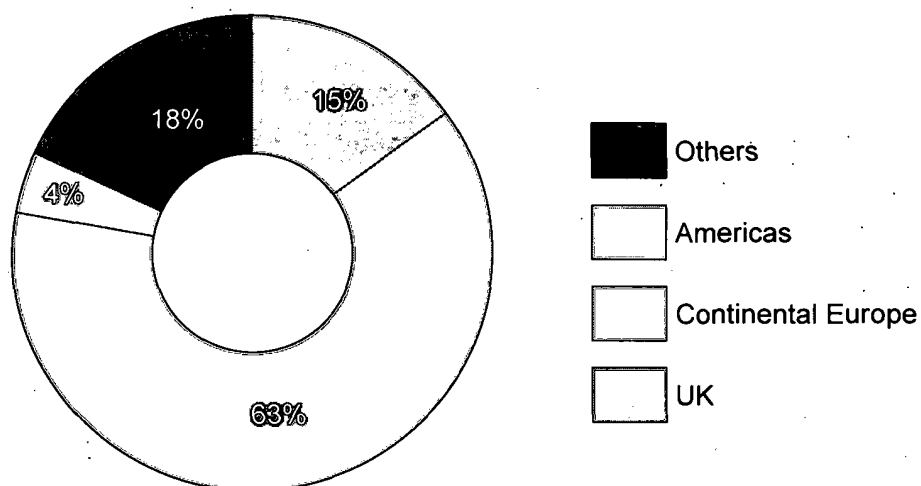
**Catered length of stay**



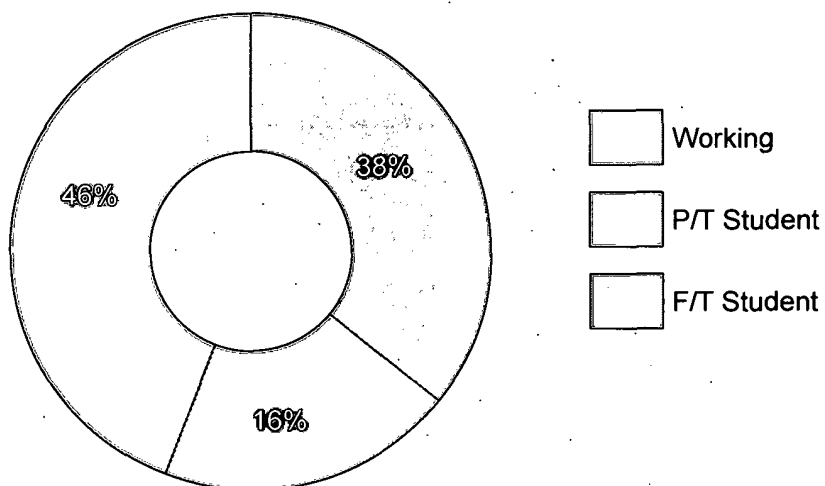
### Age of our residents



### 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 2014 and the Statement of Financial Activities for the year ending on that date, which were approved by the Board of Trustees on 17th February 2015.

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 5. 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 2013/2014, 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 £5,388,538, approximately £1.6m 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.

There was a spend of approximately £510,320 on repairs and maintenance.

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 £5,763,877 (2013 £5,513,362).

The Investment Committee have set the following policy for investments;

- i. To hold in cash (very low risk) the funds required for working capital fluctuations;
- ii. To hold an amount equal to that as a buffer in an equity investment fund (currently the global beta) (medium risk);
- iii. To hold surplus which, all things being equal, will steadily grow and will be held in structured notes (medium/low risk), which can be turned quickly into cash should a property investment opportunity arise.
- iv. Maintain the current level of managed equity investments which is around £2,000,000 and reinvesting any income derived from the investments back into the managed fund.

If there are no available opportunities to invest in structured notes and no property projects on the horizon, any surplus will be used to pay down debt;

### Fixed Assets

Belvedere House has undergone a major refurbishment with a spend during the year of £487,249. This is part of the rolling refurbishment plan which will lead to all sites being upgraded with new room formats and much improved washroom facilities.

LHA underwent a rebranding with a new website at a cost of approximately £56,000.

All sites had new laundry equipment installed at a cost of £67,720.

LHA made a major investment in its internet provision with the introduction of Wifi and increasing the connectivity for each resident to 20MB baseline speed at a cost of £324,138.

The gym installation program has continued with Friendship House's gym install at a cost of £6,325.

## **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 £5,054,369 compared with the previous year of £126,197,523. This was after allowing for realised and unrealised gains/losses on investments and the actuarial gain/loss on the Charity's pension scheme, which was a gain of £214,831 and loss of £551,000 respectively compared to the 2013 gain of £323,257 and gain of £97,000.

## **Reserves**

At 30th September 2014 Charitable Funds stood at £8,425,825 and Designated Funds at £165,228,654. Within Designated Funds there is a fixed asset reserve of £165,228,654 which represents the net book value of the fixed assets less the loans funding these assets. All other reserves are available to maintain and develop the future work of the Charity and are considered adequate by the Trustees for these purposes.

LHA London Ltd has a defined benefit pension scheme managed by Aviva Insurance and had net assets of £6,750,000 as at 31st March 2014 compared to £5,927,000 in year 2013.

The Reserves in the profit and loss account of LHA Services Ltd, our subsidiary company, were £175,574 as at 30th September 2014 compared to £180,378 in year 2013.

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 will reinforce our financial stability in the future.

The General Reserves stand at £8,425,825 at 30th September 2014. When capital commitments are excluded of £1.51m, this leaves a balance of £7,374,825 which is equal to approximately 21 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 2013/2014**

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 £299,289 and in accordance with the covenant signed on 1st October 1997 an amount of £304,093 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  
17th February 2015

**LHA London Limited**  
**Financial statements for the year ended 30 September 2014**  
**Independent Auditor's report to the Members of LHA London Limited**

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We have audited the financial statements of LHA London Limited for the year ended 30 September 2014 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](http://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 2014 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.



**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.

*N J Wakefield*

**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: 18 March 2015

**LHA London Limited**  
**Financial statements for the year ended 30 September 2014**  
**Consolidated statement of financial activities**  
**incorporating the summary income and expenditure account**

	Notes	General Funds £	Designated Funds £	Total 2014 £	Total 2013 £
<b>Incoming resources</b>					
<b><i>Incoming resources from generated funds:</i></b>					
<i>Activities for generating funds:</i>					
Commercial trading operations	3	481,240	-	481,240	511,749
Income from investments		179,128	-	179,128	186,757
Interest receivable		3,453	-	3,453	18,695
		663,821	-	663,821	717,201
<b><i>Incoming resources from charitable activities:</i></b>					
Operation of hostels		10,870,434	-	10,870,434	10,510,770
<b>Total incoming resources</b>		<b>11,534,255</b>	<b>-</b>	<b>11,534,255</b>	<b>11,227,971</b>
<b>Resources expended</b>					
<b><i>Costs of generating funds:</i></b>					
Commercial trading operations		71,952	-	71,952	67,088
Investment management fees		12,608	-	12,608	11,986
<b><i>Charitable activities:</i></b>					
Operation of hostels	4	6,039,527	-	6,039,527	6,663,2781
<b>Governance costs</b>	5	19,630	-	19,630	19,065
<b>Total resources expended</b>		<b>6,143,717</b>	<b>-</b>	<b>6,143,717</b>	<b>6,761,417</b>
<b>Net incoming resources before revaluations</b>		<b>5,390,538</b>	<b>-</b>	<b>5,390,538</b>	<b>4,466,554</b>
Loss on disposal of fixed assets		-	-	-	(29,640)
Gain on revaluation of properties		-	-	-	121,340,352
<b>Net incoming resources before transfers</b>		<b>5,390,538</b>	<b>-</b>	<b>5,390,538</b>	<b>125,777,266</b>
Gross transfers between funds		(8,645,412)	8,645,412	-	-
<b>Net (outgoing)/incoming resources after transfers</b>		<b>(3,254,874)</b>	<b>8,645,412</b>	<b>5,390,538</b>	<b>125,777,266</b>
Gains on investment assets		214,831	-	214,831	323,257
<b>Net movement in funds</b>		<b>(3,040,043)</b>	<b>8,645,412</b>	<b>5,605,369</b>	<b>126,100,523</b>
Actuarial (loss)/gain on pension scheme	15	(551,000)	-	(551,000)	97,000
<b>Net movement in funds</b>		<b>(3,591,043)</b>	<b>8,645,412</b>	<b>5,054,369</b>	<b>126,197,523</b>
Fund balances brought forward at 1 October 2013		12,018,868	156,583,242	168,602,110	42,404,587
Fund balances carried forward at 30 September 2014		8,427,825	165,228,654	173,656,479	168,602,110

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

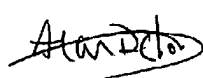
**LHA London Limited**  
**Financial statements for the year ended 30 September 2014**  
**Balance sheets**

		----- Group -----		----- Charity -----	
	Notes	2014	2013	2014	2013
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	7	45,086	-	45,086	-
Tangible assets	8	181,994,040	172,406,424	181,931,448	172,392,353
Investments	9	5,763,877	5,513,362	5,913,877	5,663,362
		<u>187,803,003</u>	<u>177,919,786</u>	<u>187,890,411</u>	<u>178,055,715</u>
<b>Current assets</b>					
Stocks	10	28,290	30,425	27,976	29,740
Debtors	11	1,121,384	818,613	1,153,059	809,951
Cash at bank and in hand		<u>3,184,598</u>	<u>7,138,603</u>	<u>3,033,095</u>	<u>7,127,773</u>
		<u>4,334,272</u>	<u>7,987,641</u>	<u>4,214,130</u>	<u>7,967,464</u>
<b>Creditors: amounts falling due within one year</b>	12	(3,798,153)	(2,792,700)	(3,790,994)	(2,938,830)
<b>Net current assets</b>		<u>536,119</u>	<u>5,194,941</u>	<u>423,136</u>	<u>5,028,634</u>
<b>Total assets less current liabilities</b>		<u>188,339,122</u>	<u>183,114,727</u>	<u>188,313,547</u>	<u>183,084,349</u>
<b>Creditors: amounts falling due after more than one year</b>	13	(14,682,643)	(14,512,617)	(14,682,643)	(14,512,617)
<b>Pension (liability)</b>	15	-	-	-	-
<b>Net assets</b>		<u>173,656,479</u>	<u>168,602,110</u>	<u>173,630,904</u>	<u>168,571,732</u>
<b>The funds of the charity</b>					
Unrestricted income funds:					
General		8,427,825	12,018,868	8,402,250	11,988,490
Designated	16	<u>165,228,654</u>	<u>156,583,242</u>	<u>165,228,654</u>	<u>156,583,242</u>
		<u>173,656,479</u>	<u>168,602,110</u>	<u>173,630,904</u>	<u>168,571,732</u>

The financial statements were approved by the Trustees on 17 February 2015 and signed on its behalf by:

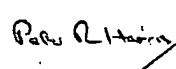
AJ Deboo

Trustee



P Harris

Trustee



**LHA London Limited**  
**Financial statements for the year ended 30 September 2014**  
**Consolidated cash-flow statement**

	2014 £	2013 £
<b>Reconciliation of net incoming resources to net cash inflow from operating activities</b>		
Net income for the year	5,052,369	126,197,523
Depreciation charges	748,836	857,316
Loss on disposal of fixed assets	-	29,640
(Gain) on revaluation of freehold properties	-	(121,340,352)
Gains on investment assets	(214,831)	(323,257)
Actuarial loss/(gain) on pension scheme	-	(97,000)
Decrease/(increase) in stocks	2,135	(5,464)
(Increase in debtors	(302,771)	(171,250)
Increase/ in creditors	190,189	37,246
(Decrease) in pension liability	-	(326,000)
<b>Net cash inflow from operating activities</b>	<u>5,475,927</u>	<u>4,858,402</u>
<b>CASH FLOW STATEMENT</b>		
<b>Net cash inflow from operating activities</b>	5,475,927	4,858,402
<b>Investing activities</b>		
Purchase of intangible fixed assets	(56,358)	
Purchase of tangible fixed assets	(10,325,180)	(4,856,269)
Purchase of investments	(622,515)	(938,381)
Proceeds from sale of investments	586,831	1,065,738
<b>Net cash outflow from investing activities</b>	(10,417,222)	(4,728,912)
<b>Financing</b>		
Proceeds from bank borrowings	2,500,000	5,000,000
Repayment of bank borrowings	(1,512,710)	(1,294,141)
Repayment of government loan		(304,128)
<b>Net cash inflow from financing activities</b>	987,290	3,401,731
<b>(Decrease)/increase in net funds</b>	<u>(3,954,005)</u>	<u>3,531,221</u>
<b>(Decrease)/increase in cash in the period</b>	(3,954,005)	3,531,221
<b>Cash and cash equivalents at 1 October 2013</b>	<u>7,138,603</u>	<u>3,607,382</u>
<b>Cash and cash equivalents at 30 September 2014</b>	<u>3,184,598</u>	<u>7,138,603</u>

## **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 2013/14. These have been valued by Colliers International Valuers UK LLP in September 2014. 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 considers that it has a negligible residual value.

#### **Amortisation**

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

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

#### **Investments**

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

#### **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.

## **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:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>Gross incoming resources</b>	11,465,107	11,156,222
Total expenditure on charitable activities	(6,041,957)	(6,663,278)
Cost of generating funds	(12,608)	(11,986)
Governance costs	(15,205)	(19,065)
Investment gains	214,831	323,257
Loss on disposal of fixed assets	-	(29,640)
Gain on revaluation of properties	-	121,340,352
Actuarial (loss)/gain on final salary pension scheme	(551,000)	97,000
<b>Net incoming resources</b>	5,059,168	126,192,862
Total funds brought forward	168,571,732	42,378,870
<b>Total funds carried forward</b>	173,630,900	168,571,732
<b>Represented by:</b>		
Designated income funds	165,228,654	156,583,242
Unrestricted income funds	8,402,246	11,988,490
	173,630,900	168,571,732

## **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.

<b>Profit and Loss Account</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Turnover	480,920	511,126
Cost of sales and administrative expenses	(181,951)	(177,088)
Gross profit	298,969	334,038
Interest receivable	320	623
Net profit	290,289	334,661
Amount gift aided to LHA London Ltd	(304,093)	(330,000)
<b>Retained (loss)/profit in subsidiary</b>	(4,804)	4,661

**LHA London Limited**  
**Financial statements for the year ended 30 September 2014**  
**Notes to the financial statements (continued)**

**3 Incoming resources from activities for generating funds (continued)**

The assets and liabilities of the subsidiary were:	2014 £	2013 £
Tangible fixed assets	62,591	14,071
Current assets	159,233	169,673
Creditors: amounts falling due within one year	(46,250)	(3,366)
<b>Total net assets</b>	<b>175,574</b>	<b>180,378</b>
Aggregate share capital and reserves	175,574	180,378

Included in administrative expenses are rent of £50,000 (2013 - £50,000) and management charges of £60,000 (2013 - £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 & amortisation (notes 7 & 8) £	Total £
<b>Charitable expenditure</b>				
House operating costs	1,362,996	2,583,979	681,441	4,888,996
Support costs	1,028,224	315,492	67,395	1,150,531
<b>Total</b>	<b>2,391,220</b>	<b>2,899,471</b>	<b>748,836</b>	<b>6,039,527</b>

**Charitable expenditure**

Details of other costs	House operating costs £	Support costs £	Total £
Repairs & Maintenance	691,035	68,344	759,379
Light and heat	417,153	41,257	458,410
Interest charges	409,779	40,528	450,307
Catering	273,812	27,080	300,892
IT costs	187,521	18,546	206,067
Water	173,734	17,182	190,916
Cleaning	222,325	21,988	244,313
Insurance	135,110	13,362	148,472
Security	121,269	11,994	133,263
Rates	101,554	10,044	111,598
TV Licenses	98,205	9,713	107,918
Defined benefit pension scheme credit	(501,410)	(49,590)	(551,000)
Other costs	358,482	35,454	393,936
	<b>3,189,979</b>	<b>315,492</b>	<b>3,505,471</b>



**LHA London Limited**  
**Financial statements for the year ended 30 September 2014**  
**Notes to the financial statements (continued)**

**5 Governance costs**

Governance costs include:	2014 £	2013 £
Audit fees	13,420	12,900
Insurance against Trustees' and Officers' liabilities	3,908	3,482
Trustees expenses	2,302	2,519
Other costs	-	-
	<u>19,630</u>	<u>19,065</u>

**6 Staff costs**

	2014 £	2013 £
Wages and salaries	1,636,452	1,539,091
Social security costs	148,093	140,305
Other pension costs	606,675	587,908
	<u>2,391,220</u>	<u>2,267,304</u>

**Average number of employees during the year**

Head office staff	13	11
Direct maintenance staff	5	6
Hostel staff	55	55
	<u>73</u>	<u>72</u>

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

£80,000 - £90,000	1	1
£90,000 - £100,000	1	1
	<u>2</u>	<u>2</u>

2 employees (2013: 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 2014**  
**Notes to the financial statements (continued)**

**7 Intangible fixed assets – Group & Charity**

	<b>Website</b>
<b>Cost</b>	
At 1 October 2013	-
Additions	<u>56,358</u>
At 30 September 2014	<u>56,358</u>
<b>Amortisation</b>	
At 1 October 2013	-
Charge for the year	<u>11,272</u>
At 30 September 2014	<u>11,272</u>
<b>Net book value</b>	
At 30 September 2014	<u>45,086</u>
At 30 September 2013	<u>-</u>

**8 Tangible fixed assets - Group**

	Assets in the course of construction	Freehold land and buildings £	Leasehold land and buildings £	Plant and machinery £	Total £
<b>Cost</b>					
At 1 October 2013	9,490,193	151,050,571	9,523,534	9,050,473	179,114,771
Additions	9,387,100	-	-	938,080	10,325,180
Revaluation	-	-	-	-	-
Disposals	-	-	-	(222,036)	(222,036)
At 30 September 2014	18,877,293	151,050,571	9,523,534	9,766,517	189,217,915
<b>Depreciation</b>					
At 1 October 2013	-	-	-	6,708,347	6,708,347
Charge for the year	-	-	-	737,564	737,564
On disposals	-	-	-	(222,036)	(222,036)
At 30 September 2014	-	-	-	7,223,875	7,223,875
<b>Net book value</b>					
At 30 September 2014	18,877,293	151,050,571	9,523,534	2,542,642	181,994,040
At 30 September 2013	9,490,193	151,050,571	9,523,534	2,342,126	172,406,424

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 2014**  
**Notes to the financial statements (continued)**

**8 Tangible fixed assets - Charity (continued)**

	<b>Assets in the course of construction</b>	<b>Freehold land and buildings £</b>	<b>Leasehold land and buildings £</b>	<b>Plant and machinery £</b>	<b>Total £</b>
<b>Cost</b>					
At 1 October 2013	9,490,193	151,050,571	9,523,534	8,943,272	179,007,570
Additions	9,387,100	-	-	877,040	10,264,140
Revaluation	-	-	-	-	-
Disposals	-	-	-	(157,173)	(157,173)
At 30 September 2014	18,877,293	151,050,571	9,523,534	9,663,139	189,114,537
<b>Depreciation</b>					
At 1 October 2013	-	-	-	6,615,217	6,615,217
Charge for the year	-	-	-	725,045	725,045
On disposals	-	-	-	(157,173)	(157,173)
At 30 September 2014	-	-	-	7,183,089	7,183,089
<b>Net book value</b>					
At 30 September 2014	18,877,293	151,050,571	9,523,534	2,480,050	181,931,448
At 30 September 2013	9,490,193	151,050,571	9,523,534	2,328,055	172,392,353
<b>Analysis of leasehold land and buildings (company and group)</b>				<b>2014 £</b>	<b>2013 £</b>
Long leasehold				9,450,000	9,450,000
Short leasehold				73,534	73,534
				<u>9,523,534</u>	<u>9,523,534</u>

**LHA London Limited**  
**Financial statements for the year ended 30 September 2014**  
**Notes to the financial statements (continued)**

<b>9 Investments</b>	<b>Investments in subsidiary undertakings £</b>	<b>Other investments £</b>	<b>Total £</b>
<b>Market value</b>			
At 1 October 2013	150,000	5,513,362	5,663,362
Additions	-	622,515	622,515
Disposals	-	(586,831)	(586,831)
Net gains for the year	-	214,831	214,831
At 30 September 2013	150,000	5,763,877	5,913,877
Historic cost at 30 September 2014	150,000	5,285,531	5,435,531
Other investments comprise:			
Equities		5,720,390	
Cash for re-investment		43,487	
		<u>5,763,877</u>	

At 30 September 2014 the following investments represented more than 5% of the quoted investments portfolio by market value:

	<b>%</b>	<b>£</b>
Barclays Individual Funds Global - Beta Portfolio 3Z	21%	1,226,328
Barclays Individual Funds Global - Beta Portfolio 2Z	20%	1,166,083

<b>10 Stocks</b>	<b>----- Group -----</b>		<b>----- Charity -----</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Household equipment and food	28,290	30,425	27,976	29,740

<b>11 Debtors</b>	<b>----- Group -----</b>		<b>----- Charity -----</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	187,618	78,896	186,189	77,617
Other debtors	367,455	192,035	367,455	192,035
Amount owed by trading subsidiary	-	-	39,091	-
Prepayments and accrued income	566,311	547,682	560,324	540,299
	<u>1,121,384</u>	<u>818,613</u>	<u>1,153,059</u>	<u>809,951</u>

**LHA London Limited**  
**Financial statements for the year ended 30 September 2014**  
**Notes to the financial statements (continued)**

**12 Creditors: amounts falling due within one year**

	----- Group -----		----- Charity -----	
	2014	2013	2014	2013
	£	£	£	£
Bank loans	2,127,829	1,310,565	2,127,829	1,310,565
Trade creditors	657,409	368,012	657,099	366,330
Amount owed to trading subsidiary	-	-	-	149,496
Other taxes and social security costs	63,426	36,674	63,426	36,674
Fees and deposits in advance	455,655	480,941	450,855	480,941
Government loan	-	-	-	-
Accruals	493,834	596,508	491,785	594,824
	<u>3,798,153</u>	<u>2,792,700</u>	<u>3,790,994</u>	<u>2,938,830</u>

**13 Creditors: amounts falling due after one year**

	2014	2013
(Charity and Group)	£	£
Bank loans	14,682,643	14,512,617
	<u>14,682,643</u>	<u>14,512,617</u>

**14 Borrowings**

(Charity and Group)

	2014	2013
	£	£
Bank loans		
Loan over ten years with an interest rate of Base rate + 1.65%	2,122,972	2,450,682
Loan over ten years with an interest rate of LIBOR + 2.45%	7,387,500	8,372,500
Loan over five years with an interest rate of LIBOR + 3%	7,300,000	5,000,000
	<u>16,810,472</u>	<u>15,823,182</u>
Analysis of maturity of debt:		
Within one year	2,127,829	1,310,565
Between one and five years	12,003,124	10,242,260
After five years	2,679,519	4,270,357
	<u>16,810,472</u>	<u>15,823,182</u>

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

	<u>16,810,472</u>	<u>15,823,182</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 House, East India Docks Road, London and Friendship Court. The third bank loan is secured against the charity's freehold properties known as Sandeman Allen and Newington Court.

## **15 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)**

	<b>At 30/9/14</b>	<b>At 30/9/13</b>	<b>At 30/9/12</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Fair value of scheme assets	6,750	5,927	5,346
Present value of scheme liabilities	(6,366)	(5,234)	5,672
Surplus/ (deficit) recognised in scheme	384	693	(326)

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

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Scheme liabilities at start of period	5,234	5,672
Current service cost	186	214
Interest cost	241	246
Contributions by scheme participants	23	24
Actuarial losses (gains)		
- recognised in the financial statements	551	(97)
- not recognised in the financial statements	309	(693)
Benefits paid & death in service insurance premiums	(178)	(132)
Scheme liabilities at end of period	6,366	5,234

**LHA London Limited**  
**Financial statements for the year ended 30 September 2014**  
**Notes to the financial statements (continued)**

**15 Pension commitments (continued)**

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

Fair value of scheme assets at start of period	5,927	5,346
Expected return on scheme assets	323	333
Actuarial losses / (gains)	148	(157)
Contributions by employer	507	513
Contributions by scheme participants	23	24
Benefits paid	(178)	(132)
Fair value of scheme assets at end of period	6,750	5,927

The actual return on the scheme assets over the year ending 30 September 2014 was £471,000 (2013: £-9,000).

**Total expense recognised in the statement of financial activities**

Current service cost	186	214
Interest cost	241	246
Expected return on scheme assets	(323)	(333)
Total expense recognised in the statement of financial activities	104	127

**Statement of total recognised gains and losses**

Difference between expected & actual return on assets:	147	(157)
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities:	(860)	790
Total amount recognised in the financial statements:	(713)	633

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since the adoption of FRS17 is a loss of £2,088,000.

<b>Assets</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Insurance policy	6,750	5,927	5,346
Total assets	6,750	5,927	5,346

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.



## **15 Pension commitments (continued)**

### **Assumptions**

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

	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>% per annum</b>	<b>% per annum</b>	<b>% per annum</b>
Rate of discount	4.05	4.60	4.30
Inflation (RPI)	3.30	3.40	2.50
Salary increases	4.30	4.40	3.40
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 2014 imply the following life expectancies:

Male retiring at age 65 in 2013	22.2	22.1
Female retiring at age 65 in 2013	24.6	24.5
Male retiring at age 65 in 2033	23.5	23.4
Female retiring at age 65 in 2033	26.2	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 4.85% per annum (2013: 5.3%).

	<b>2014</b>	<b>2013</b>
Insurance policy	4.85	5.30%
Overall for scheme	4.85	5.30%

### **Amounts for the current and previous three periods**

	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Fair value of assets	6,750	5,927	5,346	5,270
Present value of scheme liabilities	6,366	5,234	5,672	4,686
Surplus (deficit) in scheme	384	693	(326)	584
Experience adjustment on scheme assets	148	(157)	(342)	61
Experience adjustment on scheme liabilities	471	(9)	-	(74)

The best estimate of contributions to be paid by the employer to the scheme for the period beginning 1 October 2014 is £242,000.

**LHA London Limited**  
**Financial statements for the year ended 30 September 2014**  
**Notes to the financial statements (continued)**

**16 Designated funds**

	Balance at 1.10.2013	Income	Expenditure	Transfers	Balance at 30.9.2014
	£	£	£	£	£
Fixed asset reserve	156,583,242	-	-	8,645,412	165,228,654
	156,583,242	-	-	8,645,412	165,228,654

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

**17 Analysis of group net assets between funds**

	General Funds	Designated Funds	Total Funds
	£	£	£
Intangible fixed assets	-	45,086	45,086
Tangible fixed assets	-	181,994,040	181,994,040
Investments	5,763,877	-	5,763,877
Cash at bank and in hand	3,184,598	-	3,184,598
Other net current liabilities	(520,650)	(2,127,829)	(2,648,479)
Long term liabilities	-	(14,682,643)	(14,682,643)
	8,427,825	165,228,654	173,656,479

**18 Limited liability**

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

**19 Related Party Transactions**

The Trustees receive no remuneration. Travel expenses of £2,302 (2013: £2,519) were reimbursed to 11 (2013: 11) Trustees during the year.

**20 Future Capital Commitment**

Torquay street, Paddington, has been demolished and Galliford Try Plc have been awarded the construction work. The total contract value was £13.687 million. At 30 September the remaining amount outstanding on this contract was £1.51m.

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.