

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

(REGISTERED SOCIETY NO: 14888R)

FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2021

**FINANCIAL STATEMENTS OF
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**EXECUTIVE OFFICERS AND ADVISORS OF
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

BOARD OF MANAGEMENT

The Board Members who served from 1 October 2020 up to the date of approval of these financial statements were as follows:

Howard Webber	(Chair to 14 April 2021)
Hilary Barber	(Vice Chair)
Delia Beddis	(Chair since 14 April 2021)
Danny Friedman	
Sandra Ferguson	
Alicia Azucena	
James Cross	
Veronica Lindsay	(Co-optee)
Rachel Askew	(Co-optee)
Nicolas Arthur	(Co-optee)

EXECUTIVE MANAGEMENT TEAM

Mark Johnson	(Chief Executive)
Rocky Charles	(Finance Manager)
Angela Bailey	(Operations Manager)

REGISTERED OFFICE 21 Claylands Place
London
SW8 1NL

AUDITORS Beever and Struthers
15 Bunhill Row
London
EC1Y 8LP

SOLICITORS Batchelors
Charles House
35 Widmore Road
Bromley
BR1 1RW

BANKERS Barclays Bank plc
50 Pall Mall
London
SW1A 1QD

**PRINCIPAL
LENDERS** Santander Corporate Banking
17 Ulster Terrace
London
NW1 4JP

Dexia
Shackleton House
4 Battle Bridge Lane
London SE1

**Registered under the Co-operative and Community Benefit Societies Act 2014 – No. 14888R
Regulator of Social Housing Registration Number - L0927**

REPORT OF THE BOARD
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2021

Governing document

Lambeth and Southwark Housing Association (LSHA) is registered under the Co-operative and Community Benefit Societies Act 2014.

Principal activities

LSHA provides a variety of good, well managed housing within the London Boroughs of Lambeth, Southwark and Lewisham at affordable rents for those with low incomes.

Review of the year

The financial statements show that rental income exceeded budget and a financial surplus was made. Rent increases were within the Regulator of Social Housing's parameters. The Association's asset management programme to keep its housing stock in good order was impacted by the COVID-19 pandemic, this affected contractor supply changes as well as the Association's ability to let contracts. Consequently, some works are having to be carried forward into 2021/22.

LSHA did not acquire any new property within the year.

Risks

The potential uncertainty around the COVID-19 pandemic, and its impact on the economy is the most serious risk. In addition, the latest review of the risk map identified:

- Risk that tightening of national housing policy causes permanent loss of income (e.g., universal credit, or benefit reduction).
- Risk of the pandemic having an impact on our ability to deliver services, particularly to more vulnerable or isolated groups.
- Risk of the pandemic having an impact on our ability to maintain levels of income.
- Risk of an error in project appraisal and misspecification of developments.
- Risk of health & safety law breach. Impact of pandemic on ability to maintain mitigation measures.

Potential developments

The Association has an option agreement to purchase thirty new build modular airspace flats at our Antony and Roderick House site at Nelldale Road SE16. Works are due to be completed in June 2022 when we expect to take ownership.

Compliance with Governance and Financial Viability Standard

The Board confirms that the Association has met the Regulator of Social Housing's regulatory expectations in the governance and financial viability standard. The Association continues to adopt the National Housing Federation's Code of Governance 2015 and expects to adopt the 2020 NHF Code of Governance by April 2022. The Association complies with the current 2015 Code of Governance in all respects other than:

D6 Where the board members are elected by a wider shareholding membership, the organisation must support its shareholders so they can play an informed role in the election of board members. Not compliant and no plans to address this. LSHA does not actively seek non-Board members as shareholders. Shareholders receive copies of the annual report and are invited to comment on the annual accounts, but no additional support is provided.

E4 All boards and committees must consider annually their effectiveness and how they conduct their business. The Board has agreed, that due to LSHA's size, it is not appropriate to review this annually and have agreed on three yearly reviews. Board members appraisal exercise is undertaken every two years.

Public Benefit Entity

As a public benefit entity, LSHA has applied the public benefit entity 'PBE' prefixed paragraphs of FRS 102.

REPORT OF THE BOARD
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2021

VALUE FOR MONEY

The arrival of COVID-19 impacted LSHA, along with all housing associations and the wider economy, in ways we had not foreseen. LSHA regularly undertakes Business Continuity Planning exercises, but nothing could quite plan for the impact of the pandemic over the last 20 months.

As LSHA operates a September year end this VFM is the first self-assessment to reflect a full twelve months of operating through the pandemic.

Any reflection on VFM at LSHA cannot start without reference to the impact that recladding costs have had on our accounts. The challenges we have had to manage have been compounded by the fact that LSHA is only a leaseholder and does not have a final say on the scope of works and programming thereof.

What VFM means to LSHA

‘Value for Money’ is a term used to assess whether or not an organisation has obtained the maximum benefit from the goods and services it acquires and provides, within the resources available to it. In achieving VFM LSHA is looking to consider:

1. Equity – ensuring services are delivered fairly to a wide range of customers;
2. Economy – careful use of resources to save expense, time or effort;
3. Efficiency – delivering the same level of service for less cost, time or effort;
4. Effectiveness – the degree to which something is successful in producing a desired result.

We are open about how we meet our targets and manage our finances. Each year we publish our annual report so that residents can see how we are performing against agreed standards. Our financial statements explain how we have managed our money.

Significance

Maximising the value for money derived from scarce resources is always important for any housing association; never more so than at the present time of severe financial restraint and hardship as a result of the COVID-19 pandemic. As a small housing association with limited levels of activity we are constrained in the ways in which we can easily make savings without impacting the quality of our service.

The Regulator for Social Housing’s regulatory framework for social housing requires, under the Value for Money Standard, that:

“On an annual basis, RPs will publish a robust self-assessment which sets out in a way that is transparent and accessible to stakeholders how they are achieving value for money in delivering their purpose and objectives.”

The assessment shall:

- enable stakeholders to understand the return on assets measured against the organisation’s objectives;
- set out the absolute and comparative costs of delivering specific services;
- evidence the value for money gains that have been and will be made.

REPORT OF THE BOARD
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2021

VALUE FOR MONEY (CONTINUED)

Strategic Approach

A key objective of LSHA's Business Plan is to deliver affordable quality in homes and services. Through VFM LSHA aims to ensure:

- that resources are available to achieve the association's Business Plan objectives and key priorities;
- a balance between cost, quality and performance;
- a good level of customer satisfaction.

It is generally accepted that VFM is about:

- ✓ doing the right things (what customers want and what the business needs)
- ✓ doing things right first time
- ✓ at the right price (not necessarily the cheapest)
- ✓ and in the right way (the most streamlined way that meets requirements).

Maximising the value for money derived from scarce resources is always important for any housing association; never more so than at the present time of severe financial restraint and hardship as a result of the COVID-19 pandemic. As a small housing association with limited levels of activity we are constrained in the ways in which we can easily make savings without impacting the quality of our service. Over 2020/21 LSHA has been severely adversely impacted by the need to accrue for recladding costs on a block where we own 13 flats. As LSHA is not the building's owner we have been limited in our ability to influence the process through which the recladding works are undertaken.

The impact on our finances has been significant but through sound treasury management and with the support of Optivo housing, the building's freeholder, the understanding of our main lender, Santander and our accountants we have successfully mitigated the cost impact.

Despite indicating that LSHA's costs as a leaseholder would be treated equally alongside shared ownership leaseholders the MHCLG notified us in September 2021 that a decision had been made, in July 2021, that whereas shared ownership leaseholders would qualify for the BSF, LSHA would not. The rationale being that LSHA has let its property on a 'social rented basis'. An appeal has been submitted which the DLUHC (formerly known as MHCLG) acknowledges has "merit" and is currently being considered.

Because of the serious potential financial impact, we have kept the RSH fully informed throughout the process.

Areas for Investment

Development, community investment and staffing have continued to receive particular attention by the Board during the year, with a focus on making the best use of resources to enable further investment, particularly in developing new homes. We also operate in an environment where staff are encouraged to take ownership of opportunities that could be used to achieve VFM and for business improvement.

There is no doubt that the impact of the COVID-19 pandemic has continued to have very significant consequences on the way we have been able to deliver services throughout the year. We have been very mindful of the mental health impact that events have had on both residents and staff.

REPORT OF THE BOARD
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2021

VALUE FOR MONEY (CONTINUED)

We were pleased and grateful to receive a very positive assessment of LSHA's response to the pandemic by our business continuity support advisors:

"Lambeth and Southwark Housing Association have made an excellent recovery after four major business interruptions in the last 12 months, the pandemic itself, the Chief Executive having COVID, financial issues regarding flammable panels, and an office move (though planned)." Executive Summary. COVID Incident (Interim) Review Report, Commercial Initiatives, February 2021

During 2021 the Board agreed its commitment to achieve a minimum of EPC level C by 2030 and zero carbon by 2050. A comprehensive stock condition survey to be undertaken in 2022 will be used to inform LSHA's business plan to ensure we are able to understand the costs on our business plan and what grant funding might be required.

A major refinancing exercise was undertaken which has resulted in a seventeen year £6.7m bond at a very favourable rate enabling the repayment of a higher interest rate loan. An additional £500,000 loan was also repaid.

The VFM savings we made in 2020/21

Practical examples of the ways in which VFM savings have been made include:

- A major refinancing exercise was undertaken.
- Recruited to new role of full-time surveyor
- Recruited to new role of team administrator and maintenance officer
- Developing Acuity Benchmarking Group (Chaired by LSHA CEO) into a pandemic support group sharing good practice and policy.
- Working with residents to agree a new set of service standards and contractor code of conduct.
- Implementation of a paperless invoicing system.
- Digitising all tenancy files.
- Not accepting cheques or cash as payment method.
- Introduced collecting payment by debit / credit card.
- Starting on site with a fixed price commissioning of thirty new, affordable airspace homes at Antony and Roderick House.
- Relocated to a new, level access office able to support an increasing staffing level and host Board meetings.

Projected value for money activities in 2021/22

- Remittance advises by email
- Stock condition survey to include costs to achieve zero carbon.
- Zero based reinstatement insurance survey
- Further implementation of community investment strategy
- In improvement in getting things right first time through additional investment in repairs management.
- Investment in staffing resource to ensure improvements in the repairs service and repairs satisfaction amongst residents.

REPORT OF THE BOARD

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

FOR THE YEAR ENDED 30 SEPTEMBER 2021

VALUE FOR MONEY (CONTINUED)
SECTOR SCORE CARD AND KPIs

Measure (All measures are based on annual accounts unless otherwise stated)	LSHA 2018-19	LSHA 2019-20	LSHA 2020-21	Peer Group Median 2020- 21 (Acuity Benchmarking Group)	Peer Group Quartile 2020- 21*	LSHA Target 2020- 21	Regulator of Social Housing Metric (see below for definitions)
Business Health							
Operating margin (social housing) %	16.7	17.1	-7.7 (12.1**)	17.0			Metric 6
Operating margin (overall) %	13.4	30.6	-0.5 (17.6**)	16.5			Metric 6
EBITDA MRI Interest Cover	245	485	104		N/A*	>110	Metric 4
Headline social cost/unit £	2,937	4,376	5,953	6,022	N/A*	<4000	Metric 5
Business Process							
Occupancy GN %	99.6	98	99.6	99.5 ¹			
Current arrears as % of rent due	4.0	3.9	3.7	4.3 ⁶		4.3	
% of repairs completed within target time. repairs %	90	93	92	96		97	
Cost per property p.a. Housing Management ² £	454	426	389	483			
Cost per property p.a. Responsive repairs & voids ³ £	565	658	821	893			

¹ Peer group metrics are overwhelmingly from March year end accounts and do not reflect Covid-19 impact

² Based on management accounts

³ Based on management accounts

REPORT OF THE BOARD

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

FOR THE YEAR ENDED 30 SEPTEMBER 2021

**VALUE FOR MONEY (CONTINUED)
SECTOR SCORE CARD AND KPIs**

Measure (All measures are based on annual accounts unless otherwise stated)	LSHA 2018-19	LSHA 2019-20	LSHA 2020-21	Peer Group Median 2020- 21 (Acuity Benchmarking Group)	Peer Group Quartile 2020- 21*	LSHA Target 2020- 21	Regulator of Social Housing Metric (see below for definitions)
Cost per property p.a. Major & cyclical works ⁴ £	1,377	1,216	921	756			
Homes							
Return on capital employed %	1.6	2.2	-0.1 (2.0**)	2.5			Metric 7
Services							
Satisfaction with overall services GN %		76 ⁵	76 ⁶	79.5		80	
Satisfaction with responsive repairs %	84	88	79	82		85	
Growth & Capacity							
New supply % social units	0	0	0	0	N/A*		Metric 2
New supply delivered (non-social housing) %	3.6	0	0	0	N/A*		Metric 2
Reinvestment in supply of properties %	3.1	0.2	1.9	1.6	N/A*		Metric 1

⁴ Based on management accounts

⁵ This is an adjusted figure to reflect satisfaction across stock in Lambeth & Southwark. Figure including Lewisham stock, where building is managed by Clarion Housing, is 73%

⁶ This is an adjusted figure to reflect satisfaction across stock in Lambeth S Southwark. Figure including Lewisham stock, where building is managed by Clarion Housing, is 74%

REPORT OF THE BOARD

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

FOR THE YEAR ENDED 30 SEPTEMBER 2021

VALUE FOR MONEY (CONTINUED) SECTOR SCORE CARD AND KPIS

Measure (All measures are based on annual accounts unless otherwise stated)	LSHA 2018-19	LSHA 2019-20	LSHA 2020-21	Peer Group Median 2020-21 (Acuity Benchmarking Group)	Peer Group Quartile 2020-21*	LSHA Target 2020-21	Regulator of Social Housing Metric (see below for definitions)
Gearing %	23	24.5	22.2	12.1	N/A*	<45%	Metric 3
People							
Staff turnover %	15	0	25	N/A		<15	
Average days lost to sickness	9	2.2	2.3	N/A		<6	

*N/A indicates the fact the RSH does not benchmark these indicator

** Figure in brackets is the outcome figure net of cladding replacement costs

Metric 1: This metric looks at the investment in properties (existing stock as well as New Supply) as a percentage of the value of total properties held.

Metric 2: The new supply metric sets out the number of new social housing and non-social housing units that have been acquired or developed in the year as a proportion of total social housing units and non-social housing units owned at period end.

Registered providers will report on two new supply delivered ratios:

A) New supply delivered (social housing units)

B) New supply delivered (non-social housing units)

Metric 3: This metric assesses how much of the adjusted assets are made up of debt and the degree of dependence on debt finance. It is often a key indicator of a registered provider's appetite for growth.

Metric 4: The EBITDA MRI interest cover measure is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that a registered provider generates compared to interest payable; the measure avoids any distortions stemming from the depreciation charge.

Metric 5: The unit cost metric assesses the headline social housing cost per unit as defined by the regulator. The cost measures set out in the metric are unchanged from the metric used in the regulator's publication. Delivering better value for money. However, the denominator has been changed from units managed to units owned and/or managed.

Metric 6: The Operating Margin demonstrates the profitability of operating assets before exceptional expenses are taken into account. Increasing margins are one way to improve the financial efficiency of a business. In assessing this ratio, it is important that consideration is given to registered providers' purpose and objectives (including their social objectives). Further consideration should also be given to specialist providers who tend to have lower margins than average.

REPORT OF THE BOARD
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2021

VALUE FOR MONEY (CONTINUED)

Metric 7: This metric compares the operating surplus to total assets less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources. The ROCE metric would support registered providers with a wide range of capital investment programmes.

Progress 2020/21 over 2019/20

No reflection on performance for 2020/21 could start without reference to the very significant impact that recladding costs at Steedman Street have had on the organisation. The need to accrue for a figure in excess of 50% of our turnover to meet the cost of wakening watch and recladding costs has been extremely challenging. We are extremely grateful to the help and support from the various stakeholders; including the building freeholder, Optivo; our accountants Beever & Struthers; and our main lender, Santander along with a great deal of forethought and diligence on the part of staff have helped guide us to a position where we are confident we will see LSHA come through this most challenging episode in our recent history. It further underlies the fact that despite our commitment to develop new homes we remain a financially sound and well managed business.

With the table of metrics, it is not always easy to draw direct comparisons between our performance and sector benchmarks. As a small organisation there will always be a tendency to greater extremes in variation than would be the case for larger organisations. The entire 2020/21 year has continued to cause unprecedented disruption for everyone. It has impacted on our staff, our residents and our contractors. As the pandemic has continued, we have been more acutely aware of the potential mental health impacts it has had. This manifests in the impact that increased levels of anti-social behaviour have impacted some residents. We have also sought to work with staff who may have struggled with working in isolation.

Considering the challenging year we have experienced it is particularly encouraging that performance has either remained broadly similar or has improved in a number of areas (other than those directly impacted by the recladding works). The fact that rent arrears have decreased to a record year end low for the second successive year is testament to the work that the housing management team undertaken and the positive relationships that have been established during a year when it was not possible to refer cases to court.

Void turnaround times have been poor and this is due entirely to challenges faced with undertaking void work and letting property during the year. Both staff turnover and sickness have remained broadly consistent. With such a low complement of permanent staff anyone leaving does tend to skew the figures. We did have two members of staff leave during the year but have been successful in making three recruitments.

Areas that we performed well in.

- Staff sickness continues to remain very stable.
- Rent arrears. Despite the impact of covid-19 on the economy we have been successful in reducing rent arrears to 3.7%. This is an historic year end low.
- Staff satisfaction. Our 2021 staff satisfaction survey evidenced a staff team happy with the work environment and feeling supported.

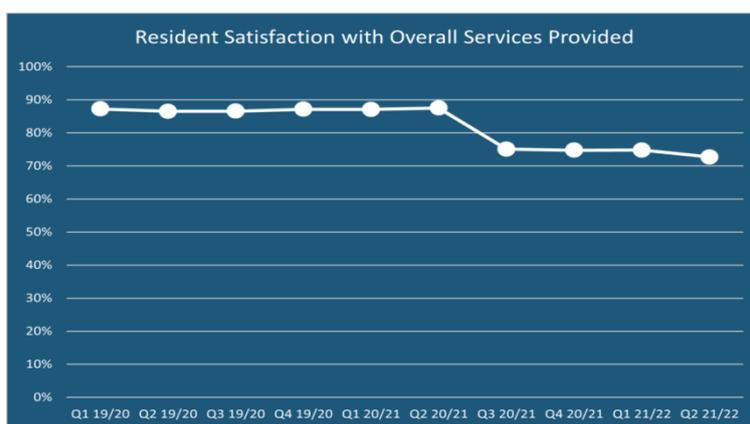
REPORT OF THE BOARD
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2021

VALUE FOR MONEY (CONTINUED)

Alongside this we are continuing to work with tenants on our Community Investment Strategy to identify local priorities and to better understand tenant perception of repair challenges. Working with our tenants group we have updated both our Service Standards and the Contractor Code of Conduct. All of which has been undertaken remotely to ensure social distancing.

Areas that require attention

The area that has let us down the most in recent years has been the management of the day-to-day repairs service. We have invested into this service area with the creation of an administrative support role and a full-time surveyor role. Anecdotally, we are getting some very encouraging feedback on the repairs work. Averaged out over the year we have definitely seen a fall in overall satisfaction. Given the challenges of providing a repair service during the pandemic this is probably not surprising and is borne out by research undertaken by Acuity which shows a very real decline in tenant satisfaction in the period up to September 2021:



Satisfaction Surveys: the impact of the pandemic' Acuity Nov 2021

A number of our sector score card indicators have this year been negatively skewed as a result of the recladding works including:

- Metric 5 - Headline Social Housing Cost Per Unit where we have a cost of £5,953 up from a sector average of £4,377
- Metric 6 - Operating Margin which is showing as a negative 8.1 due to an operating deficit.
- Metric 7 - Return on Capital Employed (ROCE) %

Summary

In summary, this section of the financial statements has outlined:

- How important VFM is in achieving LSHA's strategic objectives.
- The VFM savings we made in 2020/21 and areas that require attention.
- How our operating costs compare with others.
- Our performance in relation to the VFM metrics and what we expect the projected figures to be.
- Our sector score card indicators have been adversely impacted by the recladding costs at Steedman Street.

REPORT OF THE BOARD
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2021

Internal Controls

The Board acknowledges its ultimate responsibility for the Association's system of internal control, and for ensuring that the Association has in place systems of internal control where the extent and formality of individual controls should relate to the risks incurred, whilst recognising that such systems can only provide reasonable and not absolute assurance against material misstatement or loss. Key elements of fulfilment of this responsibility include:

- The establishment of formal policies and procedures including delegated authorities covering the prime processes of the Association. These include a formal fraud policy.
- The appointment of an internal auditor to review processes and systems, whose reports are reviewed by the Board.
- The production and review of appropriate and reliable financial management information for use within the Association or for publication, covering the monitoring of the Association's financial performance and cash flows against approved short- and long-term plans, with analysis of material variances.

These processes of internal control are reviewed on an ongoing basis.

The Board has reviewed the effectiveness of the systems of internal control in existence in the Association for the year ended 30 September 2021 and until the date of approval of these financial statements.

Statement of the Board's Responsibilities in Respect of the Financial Statements

The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulation.

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of its income and expenditure for that period.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It has general responsibility for taking reasonable steps to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

Information for Auditors

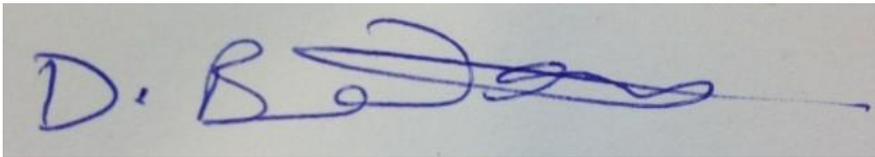
We the members of the Board who held office at the date of approval of these Financial Statements as set out above confirm, so far as we are aware, that there is no relevant audit information of which the Association's auditors are unaware; and we have taken all the steps that we ought to have taken as Board members to make ourselves aware of any relevant audit information and to establish that the auditors are aware of that information.

REPORT OF THE BOARD
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2021

Auditors

Beever and Struthers have expressed their willingness to continue in office. A resolution regarding their reappointment will be proposed at the forthcoming annual general meeting.

The Report of the Board was approved on 26 January 2022 and signed on its behalf by:

A handwritten signature in blue ink, appearing to read 'D. Beddis', is shown on a light-colored background. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Delia Beddis, Chair

**REPORT OF THE INDEPENDENT AUDITORS TO
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

Opinion

We have audited the financial statements of Lambeth and Southwark Housing Association Limited for the year ended 30 September 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies in Note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the Association’s affairs as at 30 September 2021 and of 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 Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Association’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

**REPORT OF THE INDEPENDENT AUDITORS TO
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

Other information

The other information comprises the information included in the Report of the Board of Management, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- the Association has not maintained a satisfactory system of control over transactions; or
- the Association has not kept adequate accounting records; or
- the Association's financial statements are not in agreement with books of account; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Statement of Responsibilities of the Board set out on page 13, the Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

REPORT OF THE INDEPENDENT AUDITORS TO
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2021

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act 2014, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the nature of the Association's activities and the regulated nature of the Association's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

**REPORT OF THE INDEPENDENT AUDITORS TO
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

**Extent to which the audit was considered capable of detecting irregularities, including fraud
(continued)**

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of our report

This report is made solely to the Association, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association 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 Association for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers

**Beever and Struthers
Chartered Accountants
Statutory Auditor**

15 Bunhill Row
London
EC1Y 8LP

Date: 11 February 2022

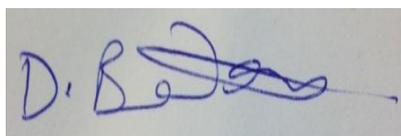
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	2021 £	2020 £
Turnover	2	2,186,815	2,189,409
Operating expenditure	2	(2,197,160)	(1,746,703)
Gain/(loss) on sale of fixed assets	2	-	113,368
		(10,345)	556,074
Operating (deficit) / surplus		(10,345)	556,074
Interest receivable		316	6,672
Interest payable	5	(99,810)	(131,421)
(Decrease)/increase in valuation of investment properties	11	-	(35,000)
Increase in valuation of fixed asset investments	13	84,739	20,451
		(25,100)	416,776
(Deficit) / (surplus) for the year		(25,100)	416,776
Total comprehensive (loss)/income for the year		(25,100)	416,776

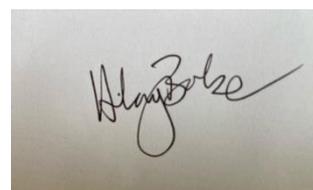
The financial statements on pages 19 to 39 were approved and authorised for issue by the Board on 26 January 2022 and were signed on its behalf by:



Delia Beddis
Chair



Mark Jackson
Secretary



Hilary Barber
Vice Chair

The Statement of Comprehensive Income relates wholly to continuing activities and the notes on pages 23 to 39 form an integral part of these financial statements.

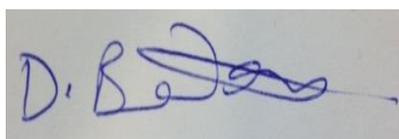
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2021

	Notes	2021 £	2020 £
Fixed assets			
Housing Properties	10	22,664,446	22,610,309
Investment properties	11	275,000	275,000
Other tangible assets	12	128,622	26,169
Fixed asset investments	13	770,071	685,332
		23,838,139	23,596,810
Current assets			
Trade and other debtors	14	72,510	45,984
Investments	15	1,405,475	1,915,225
Cash and cash equivalents		31,330	55,447
		1,509,315	2,016,656
Less: Creditors: amounts falling due within one year	16	(6,115,012)	(760,944)
Net current assets/(liabilities)		(4,605,697)	1,255,712
Total assets less current liabilities		19,232,442	24,852,522
Creditors: amounts falling due after more than one year	17	(10,546,746)	(16,141,725)
Net assets		8,685,696	8,710,797
Non-equity share capital	18	20	21
Income and expenditure reserve		7,740,605	7,850,444
Revaluation reserve		945,071	860,332
Total reserves		8,685,696	8,710,797

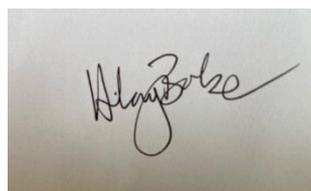
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Delia Beddis
Chair



Mark Jackson
Secretary



Hilary Barber
Vice Chair

The notes on pages 23 to 39 form an integral part of these financial statements.

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED
STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Income and expenditure reserve £	Revaluation reserve £	Total £
Balance as at 30 September 2019	7,419,119	874,881	8,294,000
Surplus / (deficit) from Statement of Comprehensive Income	431,325	(14,549)	416,776
Balance as at 30 September 2020	7,850,444	860,332	8,710,776
Surplus / (deficit) from Statement of Comprehensive Income	(109,839)	84,739	(25,100)
Balance as at 30 September 2021	7,740,605	945,071	8,685,676

The notes on pages 23 to 39 form an integral part of these financial statements.

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	2021 £	2020 £
Net cash generated from operating activities	(i)	5,594,058	699,528
Cash flow from investing activities			
Purchase of tangible fixed assets		(573,776)	(47,688)
Proceeds from sale of fixed assets		-	113,368
Interest received		316	6,672
		(573,460)	72,352
Cash flow from financing activities			
Interest paid		(99,810)	(131,421)
Movement in borrowings		(5,454,654)	(95,912)
Movement in share capital		(1)	-
		(5,554,465)	(227,333)
Net change in cash and cash equivalents		(533,867)	544,547
Cash and cash equivalents at beginning of the year		1,970,672	1,426,125
Cash and cash equivalents at end of the year		1,436,805	1,970,672
Cash and cash equivalents comprise of:			
Cash at bank		31,330	55,447
Investments		1,405,475	1,915,225
Total cash and cash equivalents		1,436,805	1,970,672
Note i			
	Notes	2021 £	2020 £
Cash flow from operating activities			
Surplus / (deficit) for the year		(25,100)	416,776
Adjustments for non-cash items:			
Depreciation of tangible fixed assets		376,836	372,312
Decrease / (increase) in trade and other debtors		(26,526)	6,425
(Decrease) / increase in trade and other creditors		5,354,072	4,897
Carrying amount of tangible fixed asset disposals		40,348	13,515
(Profit) / loss on disposal of tangible fixed assets		-	(113,368)
Revaluation of investment properties		-	35,000
Revaluation of fixed asset investments		(84,739)	(20,451)
Amortisation of Social Housing Grant		(140,327)	(140,327)
Adjustments for investing or financing activities:			
Interest payable		99,810	131,421
Interest receivable		(316)	(6,672)
Net cash generated from operating activities		5,594,058	699,528

The notes on pages 23 to 39 form an integral part of these financial statements.

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

Legal Status

Lambeth and Southwark Housing Association Limited is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a Private Registered Provider of Social Housing. The registered office is 21 Claylands Place, London, SW8 1NL.

1. Principal Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention, modified where appropriate, to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with the Statement of Recommended Practice for registered social housing providers 2018 (SORP), the Housing and Regeneration Act 2008, the Accounting Direction for private registered providers of social housing 2019 and the requirements of the Co-operative and Community Benefit Societies Act 2014. The financial statements are presented in sterling £. As a public benefit entity, the Association has applied the public benefit entity 'PBE' prefixed paragraphs of FRS 102.

Going concern

The Association's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future and has taken into consideration the contingent liability disclosed in note 25 and the impact of COVID-19 pandemic. We consider it appropriate to continue to prepare the financial statements on a going concern basis.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

- a. **Categorisation of housing properties.** The Association has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Association has considered if the asset is held for social benefit or to earn commercial rentals.
- b. **Impairment.** The Association has identified a cash generating unit for impairment assessment purposes at a property scheme level.

Other key sources of estimation and assumptions:

- a. **Tangible fixed assets.** Other than investment properties, tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1. Principal Accounting Policies (continued)

Turnover and revenue recognition

Turnover represents rental income receivable, service charge income, amortised capital grant, revenue grants from local authorities, Homes England, Greater London Authority and other income and are recognised in relation to the period when the goods or services have been supplied.

Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion.

Loan interest costs

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and amount of maturity of the related loan.

Loan finance issue costs

These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised. Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income account in the year in which the redemption took place.

Taxation

The Association has charitable status and is exempt from any liability to corporation tax.

Value Added Tax

The Association is not registered for VAT and therefore all costs incurred where applicable are inclusive of VAT.

Valuation of investments

Investments in unlisted company shares, which have been classified as fixed asset investments as the Association intends to hold them on a continuing basis, are re-measured to fair value at each balance sheet date. Gains and losses on re-measurement are recognised in profit or loss for the period.

Investments in listed company shares, which have been classified as current asset investments, are re-measured to fair value at each balance sheet date. Gains and losses on re-measurement are recognised in profit or loss for the period.

Current asset investments

Current asset investments include cash and cash equivalents invested for periods of more than 24 hours. They are recognised initially at cost and subsequently at fair value at the reporting date. Any change in valuation between reporting dates is recognised in the statement of comprehensive income.

Investment property

Investment property includes commercial properties not held for the social benefit of the Association. Investment property is measured at cost on initial recognition, which includes purchase cost and any directly attributable expenditure, and subsequently at fair value at the reporting date. Fair value is determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive income. There are no restrictions on realisation or remittance of income or disposal proceeds.

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1. Principal Accounting Policies (continued)

Tangible fixed assets and depreciation

Housing properties

Tangible fixed assets are stated at cost, less accumulated depreciation.

Housing properties under construction are stated at cost and are not depreciated. These are reclassified as housing properties on practical completion of construction.

Freehold land is not depreciated.

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

The Association depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

UELs for identified components are as follows:

	Years
Structure	100
Kitchen	25
Bathroom	20
Heating	15
Wiring and electrics	30

The Association depreciates housing properties held on long term leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

Depreciation is charged on other tangible fixed assets on a straight-line basis over the expected economic useful lives at the following annual rates:

Furniture and equipment	20%
Computer	33%
Electrical items	20%
Office refurbishment	5%

Capitalisation of interest and administration costs

Interest on loans financing development is capitalised up to the date of the completion of the scheme and only when development activity is in progress.

Administration costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into their intended use.

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1. Principal Accounting Policies (continued)

Leasing and hire purchase

Where assets are financed by hire purchase contracts and leasing agreements that give rights approximating to ownership (finance leases), they are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as obligations to the lessor in creditors. They are depreciated over the shorter of the lease term and their economic useful lives.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit and loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

Other leases are treated as operating leases and payments are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives received on leases to enter into operating lease agreements are released to Statement of Comprehensive Income over the term of the lease.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Contingent Liabilities

A contingent liability is recognised for a) a possible obligation, for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources; or b) for a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation; or c) when a sufficiently reliable estimate of the amount cannot be made.

Social Housing and other government grants

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in Turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. SHG received for items of cost written off in the Statement of Comprehensive Income Account is included as part of Turnover.

When Social Housing Grant (SHG) in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

SHG must be recycled by the Association under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by Homes England and Greater London Authority. However, SHG may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as Turnover. In certain circumstances, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt.

Recycling of Capital Grant

Where Social Housing Grant is recycled the SHG is credited to a fund which appears as a creditor until used to fund the acquisition of new properties, where recycled grant is known to be repayable it is shown as a creditor within one year.

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1. Principal Accounting Policies (continued)

Impairment of Financial Assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

The following financial instruments are assessed individually for impairment:

- a. All equity instruments regardless of significance; and
- b. Other financial assets that are individually significant.

Other financial instruments are assessed for impairment either individually or grouped on the basis of similar credit risk characteristics.

An impairment loss is measured as follows on the following instruments measured at cost or amortised cost:

- a. For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.
- b. For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. The reversal cannot result in a carrying amount (net of any allowance account) which exceeds what the carrying amount would have been had the impairment not previously been recognised. The amount of the reversal is recognised in profit or loss immediately.

Revaluation Reserve

The revaluation reserve represents the difference between the cost and the fair value as at the reporting date of the fixed asset investments and the investment property.

Financial instruments

Financial instruments such as loans, accounts payables, accounts receivables and cash are classified either as basic or complex. All financial instruments are initially measured at their fair values at the time the transactions occur. Subsequently all basic instruments are measured at amortised cost and all complex financial instruments are measured at a fair value through the comprehensive income.

Financial instruments held by the Association are classified as follows:

- Cash and current asset investments are held at cost;
- Fixed asset investments are held at fair value through profit and loss;
- Receivables are classified as loans and receivables and held at amortised cost using the effective interest method;
- Financial liabilities such as bonds and loans are held at amortised cost using the effective interest method.

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

2. Turnover, cost of sales, operating expenditure and operating surplus

	Turnover £	2021 Operating expenditure £	Operating surplus/(deficit) £
Social housing lettings (note 3)	1,993,580	(2,147,926)	(154,346)
Activities other than social housing			
Managed associations	17,641	(15,652)	1,988
Commercial rents	13,000	-	13,000
Key worker scheme	155,595	(29,165)	126,430
Development	-	(4,417)	(4,417)
Other	6,999	-	6,999
Total	2,186,815	2,197,160	(10,345)
Gain/(loss) on sale of fixed assets	-	-	-
Total	2,186,815	2,197,160	(10,345)
	Turnover £	2020 Operating expenditure £	Operating surplus/(deficit) £
Social housing lettings (note 3)	2,000,830	(1,658,925)	341,905
Activities other than social housing			
Managed associations	17,281	(11,347)	5,934
Commercial rents	13,000	-	13,000
Key worker scheme	153,804	(34,476)	119,328
Development	-	(41,955)	(41,955)
Other	4,494	-	4,494
Total	2,189,409	(1,746,703)	442,706
Gain/(loss) on sale of fixed assets	-	-	113,368
Total	2,189,409	(1,746,703)	556,074

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

3. Turnover and operating expenditure

	Total 2021	Total 2020
	£	£
Income		
Rent receivable net of identifiable service charge	1,719,627	1,702,385
Service charge income	133,626	158,118
Amortised government grants	140,327	140,327
Turnover from Social Housing Lettings	1,993,580	2,000,830
Operating expenditure		
Management	389,921	283,229
Services	514,831	170,420
Routine maintenance	407,736	375,535
Planned maintenance	271,862	313,471
Major repairs expenditure	186,100	133,307
Rent losses from bad debts	(323)	10,185
Depreciation of housing properties	377,799	372,778
Operating expenditure on Social Housing Lettings	2,147,926	1,658,925
Operating (Deficit) / Surplus on Social Housing Lettings	(154,346)	341,905
Void losses (being rental income lost as a result of property not being let, although it is available for letting)	33,569	16,313

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

4. Accommodation owned, managed and in development

	2021 No of properties owned & managed	2020 No of properties owned & managed
Social Housing		
Under management at end of year:		
Social housing (owned)	292	292
Key worker scheme (owned)	11	11
Commercial properties (owned)	1	1
Social housing (managed)	19	19
	<u>323</u>	<u>323</u>
	<u><u>323</u></u>	<u><u>323</u></u>

5. Interest and financing costs

	2021 £	2020 £
On housing loans	99,810	131,421
	<u>99,810</u>	<u>131,421</u>
	<u><u>99,810</u></u>	<u><u>131,421</u></u>

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

6. Surplus/ (deficit) on ordinary activities

	2021	2020
	£	£
The operating surplus is stated after charging / (crediting):		
Auditors' remuneration (excluding VAT)		
In their capacity as auditors	9,590	9,590
In respect of other services	-	-
Depreciation of housing properties	362,031	361,098
Depreciation of other fixed assets	14,805	11,214
	<u> </u>	<u> </u>

7. Tax on Surplus/(deficit) on ordinary activities

By virtue of s.478 Corporation Tax Act 2010 the Association is exempt from corporation tax.

8. Directors' remuneration

	2021	2020
	£	£
The aggregate emoluments paid to or receivable by non-executive Directors and former non-executive directors	5,000	5,000
The aggregate emoluments paid to or receivable by executive Directors and former executive directors	213,774	207,010
The aggregate compensation paid to or receivable by Key Management Personnel	218,774	212,010
The emoluments paid to the highest paid Director excluding pension contributions	81,600	71,113
The aggregate number of Directors or past Directors pensions, excluding amounts payable under a properly funded pension scheme	-	-
The aggregate amount of any consideration payable to or receivable by third parties for making available the services of a Director	81,600	73,800
The aggregate amount of any consideration payable to Directors for loss of office	-	-

The Association contributes to the Chief Executive's pension which is a defined contribution scheme on the same terms as all other employees. A contribution of £7,093 was made in the year (2020: £7,111).

Directors (key management personnel) are defined as members of the Board, the Chief Executive and any other person who is a member of the Senior Management Team or its equivalent.

The Chair is the only Board member to be remunerated in both 2021 and 2020.

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

9. Employee information

	2021	2020
The average number of persons employed during the year expressed in full time equivalents (35 hours per week) was:		
Office staff	7	7
Wardens, caretakers and cleaners	2	2
	<u>9</u>	<u>9</u>

	2021	2020
	£	£
Staff costs		
Wages and salaries	369,670	321,107
Social security costs	30,228	27,344
Pension costs	26,636	21,293
	<u>426,534</u>	<u>369,744</u>
Agency staff costs	-	26,289
Total staff costs	<u>426,534</u>	<u>396,033</u>

	2021	2020
Aggregate number of full-time equivalent staff whose remuneration exceeded £60,000 in the year:		
£60,000 - £69,999	-	-
£70,000 - £79,999	1	1
£80,000 - £89,999	1	-

No employees received more than £90,000 in the year (2020: none)

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

10. Tangible fixed assets

	Completed Housing Properties £	Housing Properties Under Construction £	Total £
Cost			
At 1 October 2020	26,802,415	-	26,802,415
Additions	-	101,451	101,451
Works to existing properties	330,485	-	330,485
Schemes completed	-	-	-
Disposals	(38,855)	-	(38,855)
At 30 September 2021	<u>27,094,045</u>	<u>101,451</u>	<u>27,195,496</u>
Depreciation and impairment			
At 1 October 2020	4,192,106	-	4,192,106
Charge for the year	362,031	-	362,031
Disposals	(23,087)	-	(23,087)
At 30 September 2021	<u>4,531,050</u>	<u>-</u>	<u>4,531,050</u>
Net book value at 30 September 2021	<u>22,562,995</u>	<u>101,451</u>	<u>22,664,446</u>
Net book value at 1 October 2020	<u>22,610,309</u>	<u>-</u>	<u>22,610,309</u>

2021
£

2020
£

Housing Properties comprise:

Freeholds	13,147,236	13,315,889
Leaseholds	9,161,804	9,294,420
	<u>22,309,040</u>	<u>22,610,309</u>

Works to existing properties in the year:

Improvement works capitalised	-	-
Component replacements	330,485	43,174
Amounts charged to expenditure	-	-

The aggregate amount of interest and finance costs included in the cost of housing properties is £0 (2020: £0). The net book value of other fixed assets includes £0 (2020: £0) in respect of assets held under finance leases.

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

11. Investment properties

	2021	2020
	£	£
At start of year	275,000	310,000
Additions	-	-
(Loss)/gain from adjustment in fair value	-	(35,000)
	275,000	275,000
At end of year	275,000	275,000

Investment properties were valued at fair value at 30 September 2021 and 30 September 2020 by JLL professional qualified external valuers. The valuation of properties was undertaken in accordance with the Royal Institute of Chartered Surveyors (Valuation Standards).

12. Other fixed assets

	Furniture and Equipment	Computer	Office & Fittings	Total
	£	£	£	£
Cost				
At 1 October 2020	19,127	74,731	48,963	142,821
Additions	29,384	11,375	101,080	141,839
Disposals	(19,127)	(25,344)	(48,963)	(93,434)
At 30 September 2021	29,384	60,762	101,080	191,226
Depreciation and impairment				
At 1 October 2020	16,579	73,144	26,929	116,652
Charge for the year	5,877	3,874	5,054	14,805
Disposals	(16,579)	(25,344)	(26,930)	(68,853)
At 30 September 2021	5,877	51,674	5,053	62,604
Net book value at 30 September 2021	23,507	9,088	96,027	128,622
Net book value at 1 October 2020	2,548	1,588	22,034	26,169

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

13. Fixed Asset Investments

	2021	2020
	£	£
Fair value as at 1 October	685,332	664,881
Gain/(loss) from adjustment in fair value	84,739	20,451
	<u>770,071</u>	<u>685,332</u>
Fair value as at 30 September	770,071	685,332
	<u>100,000</u>	<u>100,000</u>

Fixed asset investments relate to unlisted investments held in unit trusts.

14. Trade and other debtors

	2021	2020
	£	£
Rent arrears	84,266	83,778
Less: provision for bad debts	(59,974)	(62,353)
Prepayments and other debtors	48,218	24,559
	<u>72,510</u>	<u>45,984</u>

Debtors are all due within one year

15. Current Asset Investments

	2021	2020
	£	£
Building society and bank deposits	1,405,475	1,915,225

16. Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors and accruals	831,243	338,758
Loans due within one year	5,019,797	102,853
Taxation and social security payable	8,305	8,912
Rents paid in advance	92,530	96,894
Deferred income	15,519	20,495
Deferred capital grant (Note 21)	140,327	140,327
Managed associations	7,291	52,705
	<u>6,115,012</u>	<u>760,944</u>

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

17(a). Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Loans (Note 17b)	43,818	5,498,470
Deferred capital grant (Note 21)	10,502,928	10,643,255
	<u>10,546,746</u>	<u>16,141,725</u>

17(b). Loan analysis

	2021	2020
	£	£
Loans repayable by instalments:		
In one year or more but less than two years	7,285	113,277
In two years or more and less than five years	1,197	348,409
In five years or more	28,276	29,724
Not by instalments:		
In five years or more	7,060	5,007,060
Total loans	<u>43,818</u>	<u>5,498,470</u>

Loans are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest.

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

18. Non-equity share capital

	2021	2020
	£	£
Allotted Issued and Fully Paid		
At the start of the year	21	21
Issued during the year	3	1
Surrendered during the year	(4)	(1)
At the end of the year	20	21

The par value of each share is £1. The shares do not have a right to any dividend or distribution in a winding-up and are not redeemable. Each share has full voting rights. All shares are fully paid.

19. Capital commitments

	2021	2020
	£	£
Capital expenditure that has been contracted for but has not been provided for in the financial statements	-	-
Capital expenditure that has been authorised by the Board but has not yet been contracted for	9,487,916	8,131,400
The Association expects these commitments to be contracted within the next year and financed with:		
Social Housing Grant	3,000,000	3,000,000
Loans to be negotiated	5,799,328	5,131,400
Cash	688,588	-

There is a plan for a developer to undertake a development to deliver 30 units on one of LSHA's sites. This has been authorised but not formally contracted by the Board at the year end.

20. Operating leases

The Association holds no equipment under operating leases (2020: none).

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

21. Deferred Capital Grant and financial assistance

	2021	2020
	£	£
At 1 October 2020	10,783,582	10,923,909
Grant received in the year	-	-
Released to income in the year	(140,327)	(140,327)
	<u>10,643,255</u>	<u>10,783,582</u>
At 30 September 2021	<u>10,643,255</u>	<u>10,783,582</u>
Amount due to be released < 1 year (Note 16)	140,327	140,327
Amount due to be released > 1 year (Note 17(a))	10,502,928	10,643,254
The total accumulated government grant and financial assistance received or receivable at 30 September	<u>14,032,766</u>	<u>14,032,766</u>

22. Analysis of changes in net debt

	2020	Cashflows	2021
	£	£	£
Short term liability	102,853	4,916,944	5,019,797
Long term liability	5,498,472	(5,454,654)	43,818
Total liabilities	<u>5,601,325</u>	<u>(537,710)</u>	5,063,615
Cash and cash equivalents	(1,970,672)	533,867	(1,436,805)
Total net debt	3,630,653	(3,843)	3,626,810

23. Related parties

The following are related parties:

The Board has tenant members who hold tenancy agreements on normal terms and cannot use their position to their advantage. Rent charged to the tenant Board member during the year was £5,269 (2020: £5,249). Arrears on their tenancy at the reporting period end was £0 (2020: £0). Related party balances are not secured.

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

24. Financial Instruments

The Association's financial instruments may be analysed as follows:

	2021	2020
	£	£
Financial assets		
Financial assets measured at cost		
Cash and cash equivalents	31,330	55,447
Current asset investments	1,405,475	1,915,225
Financial assets measured at fair value through profit or loss		
Fixed asset Investments	770,071	685,332
Financial assets measured at amortised cost		
Rental debtors	80,482	83,778
Other debtors and accrued income	42,705	21,215
Total financial assets	2,330,063	2,760,997
Financial liabilities		
Financial liabilities measured at amortised cost		
Rents paid in advance	92,530	96,894
Trade creditors	58,827	126,193
Other creditors	22,810	73,200
Housing loans	5,063,614	5,601,324
Total financial liabilities	5,237,781	5,897,611

25. Contingent Liability

There are no contingent liabilities for the year ended 30 September 2021. In the year ended 30 September 2020, one contingent liability was disclosed as a result of potential cladding works to remove the external wall system and balconies of one property the Association leases. In the current year, £253,955 has been accrued for with the remaining £688,588 included as a capital commitment.

26. Events After the End of the Reporting Period

An agreement was made with Santander to repay the £5m loan during the financial year 21-22 therefore this loan is showing within creditors amounts falling due within one year. The loan was repaid on 20 December 2021. A new loan of £5m has been received from GB Social Housing plc (GBSH) on 3 December 2021 and no loan capital repayment is due within 12 months of the date of these financial statements.