

**LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED**

**(REGISTERED SOCIETY NO: 14888R)**

**FINANCIAL STATEMENTS**

**YEAR ENDED 30 SEPTEMBER 2020**

**FINANCIAL STATEMENTS OF  
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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**EXECUTIVE OFFICERS AND ADVISORS OF  
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**BOARD OF MANAGEMENT**

The Board Members who served from 1 October 2019 up to the date of approval of these financial statements were as follows:

Howard Webber	(Chair)
Hilary Barber	(Vice Chair)
Delia Beddis	
Danny Friedman	
Sandra Ferguson	
Tim Collins	(Resigned 18 March 2020)
Alicia Azucena	
Cleo Daley-Ranger	(Resigned 18 March 2020)
James Cross	
Veronica Lindsay	(Co-opted 23 September 2020)
Rachel Askew	(Co-opted 23 September 2020)
Nicolas Arthur	(Co-opted 23 September 2020)

**EXECUTIVE MANAGEMENT TEAM**

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

**REGISTERED OFFICE**

Up to 20/11/2020                      7a St Agnes Place  
London  
SE11 4AU

From 20/11/2020                      21 Claylands Place  
London  
SW8 1NL

<b>AUDITORS</b>	Beever and Struthers 15 Bunhill Row London EC1Y 8LP	<b>SOLICITORS</b>	Batchelors Charles House 35 Widmore Road Bromley BR1 1RW
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**BANKERS**                      Barclays Bank plc  
50 Pall Mall  
London  
SW1A 1QD

<b>PRINCIPAL LENDERS</b>	Santander Corporate Banking 17 Ulster Terrace London NW1 4JP	Dexia Shackleton House 4 Battle Bridge Lane London SE1
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**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 2020**

**Governing document**

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 2020/21.

LSHA did not acquire any new property within the year. It did dispose of a small garage site where it had been unsuccessful at a planning appeal to redevelop as social housing.

**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 (eg 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 mis-specification of developments.
- Risk of health & safety law breach. Impact of pandemic on ability to maintain mitigation measures.

**Potential developments**

The Association is expecting to start on site by November 2020 on the addition of thirty, modular construction, airspace flats at an existing site in Bermondsey, SE16. Talks are also ongoing for the provision of 11 flats at Bush Road, SE8. Both schemes are based on affordable rents viability models.

**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. This code was updated in 2017. The Association complies with the 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 annually and have agreed on three yearly reviews. Board members appraisal exercise is undertaken every two years.

**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.

**REPORT OF THE BOARD**  
**LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**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 2020 and until the date of approval of these financial statements.

**Public Benefit Entity**

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

**VALUE FOR MONEY**

The arrival of COVID 19 has 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. Unlike most housing associations LSHA operates a September year end. One material and unplanned outcome of the pandemic has been the impact on our level of surplus. The difference in the high level of surplus (over previous years) is almost entirely down to the impact of the pandemic on our ability to complete our planned works programme. Works that are being carried over into 2020/21.

**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.

**REPORT OF THE BOARD**  
**LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**VALUE FOR MONEY (CONTINUED)**

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.

**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).

Three significant areas of investment: development, community investment and staffing have received 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 had very significant consequences on the way we operate in the second half of the year. On the positive side the investment we have made in the last few years on technology including in a cloud based server; remote work capability for all staff; and a new phone system have allowed us to migrate to a remote working environment with relative ease. It has not been a perfect process and we have invested in an upgraded phone system as part of our transfer to a new office in December 2020 to provide us with a more robust and flexible remote working functionality.

**REPORT OF THE BOARD**  
**LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**VALUE FOR MONEY (CONTINUED)**

**The VFM savings we made in 2019/20**

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

- Fixed price commissioning of thirty new, affordable airspace homes at Antony and Roderick House.
- Review of Treasury Management policy.
- Procure a new level access office able to support an increasing staffing level and host Board meetings.
- Implementation of a paperless invoicing system.
- LSHA recognises that tenants have an important role in helping improve VFM We are creating a community investment resident group to help identify areas for internal improvement and external investment.

**Projected value for money activities in 2020/21**

- Joint commissioning of new online tenant portal.
- Further implementation of community investment strategy.
- In improvement in getting things right first time through additional investment in repairs management.
- Additional remote working functionality with upgraded phone system as part of office relocation.
- Investment in staffing resource to ensure improvements in the repairs service and repairs satisfaction amongst residents. A new maintenance and administrator post and extending surveyor role to full time.

## REPORT OF THE BOARD

### LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

FOR THE YEAR ENDED 30 SEPTEMBER 2020

#### VALUE FOR MONEY (CONTINUED)

Measure (All measures are based on annual accounts unless otherwise stated)	LSHA 2017 - 18	LSHA 2018- 19	LSHA 2019- 20	Peer Group Median 2019-20 (Acuity Benchmarking Group)	Peer Group Quartile 2019-20	Change from last year	LSHA Target 2020-21	Regulator of Social Housing Metric (see below for definitions)
<b>Business Health</b>								
Operating margin (social housing) %	11.8	16.7	17.1	17.5	3			Metric 6
Operating margin (overall) %	12.9	13.4	30.6	17.5	1			Metric 6
EBITDA MRI Interest Cover	253	245	485		N/A		>110	Metric 4
Headline social cost/unit	£5,009	£2,937	£4,376	£4,577	N/A		<£4,000	Metric 5
<b>Business Process</b>								
Occupancy GN %	99.6	99.6	98	99.5 <sup>1</sup>	4			
Current arrears as % of rent due	4.4	4.0	3.7	4.3 <sup>6</sup>	2		4.3	
% of repairs completed within target time. repairs %	90	90	93	96	3		97	
Cost per property p.a. Housing Management <sup>2</sup>	£434	£454	£426	£467	1			
Cost per property p.a. Responsive repairs & voids <sup>3</sup>	£590	£565	£658	£977	1			

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

<sup>2</sup> Based on management accounts

<sup>3</sup> Based on management accounts

**REPORT OF THE BOARD**  
**LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**VALUE FOR MONEY (CONTINUED)**

<b>Measure (All measures are based on annual accounts unless otherwise stated)</b>	<b>LSHA 2017 - 18</b>	<b>LSHA 2018- 19</b>	<b>LSHA 2019-20</b>	<b>Peer Group Median 2019-20 (Acuity Benchm arking Group)</b>	<b>Peer Group Quartile 2019- 20*</b>	<b>Change from last year</b>	<b>LSHA Target 2020-21</b>	<b>Regulator of Social Housing Metric (see below for definitions)</b>
Cost per property p.a. Major & cyclical works <sup>4</sup>	£1,618	£1,377	£1,216	£1,167	3	↑		
<b>Homes</b>								
Return on Cost per property %	1.2	1.6	2.2	2.4	3	↑		Metric 7
<b>Services</b>								
Satisfaction with overall services GN %	76		76 <sup>5</sup>	74.5 <sup>6</sup>	2	↔	80	
Satisfaction with responsive repairs %	97	84	88	76 <sup>6</sup>	2	↑	95	
<b>Growth &amp; Capacity</b>								
New supply % social units	0	0	0	0	N/A	↔		Metric 2
New supply % delivered (non social housing)	0	3.6	0	0	N/A	↔		Metric 2
Reinvestment in supply of properties %	1.2	3.1	0.2	3.6	N/A	↓		Metric 1
Gearing %	18	23	24.5	16.7	N/A	↑	<45%	Metric 3
<b>People</b>								
Staff turnover %	0	15	0	N/A		↑	<15	
Average days lost to sickness	3	9	2.2	N/A		↑	<6	

<sup>4</sup> Based on management accounts

<sup>5</sup> 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%

<sup>6</sup> Based on Acuity London Peer Group

**REPORT OF THE BOARD**  
**LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**VALUE FOR MONEY (CONTINUED)**

1	LSHA's performance is within the first/top quartile compared to the benchmark data available
2	LSHA's performance is within the second quartile compared to the benchmark data available
3	LSHA's performance is within the third quartile compared to the benchmark data available
4	LSHA's performance is within the fourth/bottom quartile compared to the benchmark data available

 = No change     
  = Improvement     
  = Worse

**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 2016 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 2020**

**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 2019/20 over 2018/19**

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 second half of 2020 has been a time of unprecedented disruption for everyone. It is worth noting that the benchmarking metrics are, on the whole, based on accounts for organisations with March year ends. That makes it arguably even more difficult to draw too many comparisons between our out turn performance and that of peer organisations.

Considering the challenging second half of the year it is particularly encouraging that performance has either remained broadly similar or has improved in more areas than it has declined. The occupancy level has dropped and is due entirely to challenges faced with undertaking void work and letting property for the period from late March onwards.

Both staff turnover and sickness have reduced. With such a low complement of permanent staff anyone leaving does tend to skew the figures. We have been fortunate in not having any permanent member of staff leave during 2019/20. We did unfortunately have to let a temporary finance officer go when lockdown 1 was introduced with knock on consequences for remaining staff who have had to divide responsibilities. This post has been recruited to, albeit after the year end.

**Areas that we performed well in.**

- Staff turnover continues to remain very stable. We have lost only one member of staff in the last three years and this was a colleague returning home to Holland in advance of Brexit.
- 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.
- Although our cost per property for repairs and voids has increased on the year we are still significantly below our peer group median.
- Our cost per property on housing management remains strong although this is likely to worsen next year as we have created one and a half new posts. We expect this to pay off in terms of improvement in repairs performance and satisfaction.
- Our most recent STAR tenant survey presented a mixed picture (see below) we were however pleased to note that performed above average in the Net Promotor Score compared to peer organisations.

**Net Promotor Score:**

	<i>Net promoter</i>	<i>All residents</i>
<b>LSHA</b>	4	
<b>Upper quartile</b>		10
<b>Median</b>		3
<b>Lower Quartile</b>		-11
<b>No. of Orgs</b>		14

**REPORT OF THE BOARD**  
**LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**VALUE FOR MONEY (CONTINUED)**

**Causes for concern: areas that require attention**

The area that has let us down the most and which happens to be of most importance to tenants is in repair satisfaction and completion times. This applies not just to day to day repairs but our perceived performance in programmed works. This was a clear outcome of the 2019/20 STAR survey. We have invested significantly in our relationship and contract management of contractors which has borne some success, especially in the management of gas safety work. Nevertheless there is still work to be done.

This has been considered by the Board who have agreed to an increase in staffing levels to help manage the peaks and troughs which exist when providing services in a small organisation. A housing officer on leave for two weeks is essentially half our housing management team absent. To address this the Board have approved the creation of a full-time team administrator and increase from part to full time the Surveyor role.

Alongside this we are working with tenants on our Community Investment Strategy to identify local priorities and to better understand tenant perception of repair challenges.

**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 2019/20 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.
- LSHA operates an October to September financial year. Most registered providers operate to March to April financial year. The impact of the COVID-19 pandemic has impacted our metrics for the second half of our financial year which needs to be considered when benchmarking year end outcomes.

**REPORT OF THE BOARD**  
**LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**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.

On behalf of the Board



Howard Webber

Date: 18/2/2021

**REPORT OF THE INDEPENDENT AUDITORS TO  
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**Opinion**

We have audited the financial statements of Lambeth and Southwark Housing Association Limited for the year ended 30 September 2020 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 2020 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 the Provisions Available for Audits of Small Entities, in the circumstances set out in note 6 to the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report to you in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board’s use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Association’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**REPORT OF THE INDEPENDENT AUDITORS TO  
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**Other information**

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

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

We have nothing to report in this regard.

**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 kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation; or
- the revenue account, any other accounts to which our report relates, and the balance sheet are not in agreement with the association's books of account; or
- we have not obtained all the information and explanations necessary for the purposes of 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 2020**

**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 web-site at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the Association's members, as a body, in accordance with section 87(2) of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association'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 Association and the Association's members as a body for our audit work, for this report, or for the opinions we have formed.



**Beever and Struthers  
Chartered Accountants  
Statutory Auditor**

15 Bunhill Row  
London  
EC1Y 8LP

**Date:** 16 March 2021

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	2020 £	2019 £
Turnover	2	2,189,409	2,160,898
Operating expenditure	2	(1,746,703)	(1,756,434)
Gain/(loss) on sale of fixed assets	2	113,368	-
<b>Operating surplus / (deficit)</b>		<b>556,074</b>	<b>404,464</b>
Interest receivable		6,672	8,449
Interest payable	5	(131,421)	(124,306)
Increase/(decrease) in valuation of investment properties	11	(35,000)	(10,000)
Increase in valuation of fixed asset investments	13	20,451	50,883
<b>Surplus for the year</b>		<b>416,776</b>	<b>329,490</b>
<b>Total comprehensive income for the year</b>		<b>416,776</b>	<b>329,490</b>

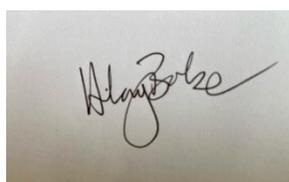
The financial statements on pages 17 to 37 were approved and authorised for issue by the Board on 18 February 2021 and were signed on its behalf by:



**Howard Webber**  
Chair



**Mark Jackson**  
Secretary



**Hilary Barber**  
Vice Chair

The Statement of Comprehensive Income relates wholly to continuing activities and the notes on pages 21 to 37 form an integral part of these financial statements.

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION

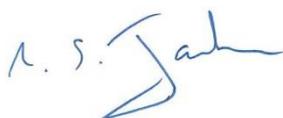
AS AT 30 SEPTEMBER 2020

	Notes	2020 £	2019 £
<b>Fixed assets</b>			
Housing Properties	10	22,610,309	22,941,745
Investment properties	11	275,000	310,000
Other Tangible Assets	12	26,169	32,869
Fixed asset investments	13	685,332	664,881
		<b>23,596,810</b>	<b>23,949,495</b>
<b>Current assets</b>			
Trade and other debtors	14	45,984	52,409
Investments	15	1,915,225	1,382,318
Cash and cash equivalents		55,447	43,807
		<b>2,016,656</b>	<b>1,478,534</b>
<b>Less: Creditors:</b> amounts falling due within one year	16	(760,944)	(756,042)
<b>Net current assets/ (liabilities)</b>		<b>1,255,712</b>	<b>722,492</b>
<b>Total assets less current liabilities</b>		<b>24,852,522</b>	<b>24,671,987</b>
<b>Creditors:</b> amounts falling due after more than one year	17	(16,141,725)	(16,377,966)
<b>Total assets less liabilities</b>		<b>8,710,797</b>	<b>8,294,021</b>
Non-equity share capital	18	21	21
Income and expenditure reserve		7,850,444	7,419,119
Revaluation reserve		860,332	874,881
<b>Total reserves</b>		<b>8,710,797</b>	<b>8,294,021</b>

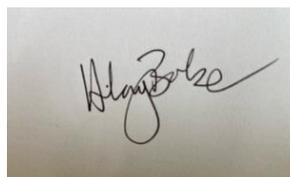
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Secretary



**Hilary Barber**  
Vice Chair

The notes on pages 21 to 37 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 2020**

	Income and expenditure reserve £	Revaluation reserve £	<b>Total £</b>
<b>Balance as at 30 September 2018</b>	7,130,512	833,998	7,964,510
Surplus / (deficit) from Statement of Comprehensive Income	288,607	40,883	329,490
	-----	-----	-----
<b>Balance as at 30 September 2019</b>	7,419,119	874,881	8,294,000
Surplus / (deficit) from Statement of Comprehensive Income	431,325	(14,549)	416,776
	-----	-----	-----
<b>Balance as at 30 September 2020</b>	<b>7,850,444</b>	<b>860,332</b>	<b>8,710,776</b>
	=====	=====	=====

The notes on pages 21 to 37 form an integral part of these financial statements.

**LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Notes	2020 £	2019 £
<b>Net cash generated from operating activities</b>	(i)	<b>699,528</b>	<b>393,557</b>
<b>Cash flow from investing activities</b>			
Purchase of tangible fixed assets		(47,688)	(223,503)
Completion of new scheme		-	(2,614,304)
Proceeds from sale of fixed assets		113,368	-
Interest received		6,672	8,449
		<b>72,352</b>	<b>(2,829,358)</b>
<b>Cash flow from financing activities</b>			
Interest paid		(131,421)	(124,306)
Movement in borrowings		(95,912)	1,909,538
Movement in share capital		-	-
		<b>(227,333)</b>	<b>1,785,232</b>
<b>Net change in cash and cash equivalents</b>		<b>544,547</b>	<b>(650,569)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>1,426,125</b>	<b>2,076,694</b>
<b>Cash and cash equivalents at end of the year</b>		<b>1,970,672</b>	<b>1,426,125</b>
Cash and cash equivalents comprise of:			
Cash at bank		55,447	43,807
Investments		1,915,225	1,382,318
<b>Total cash and cash equivalents</b>		<b>1,970,672</b>	<b>1,426,125</b>
<b>Note i</b>			
	Notes	2020 £	2019 £
<b>Cash flow from operating activities</b>			
Surplus / (deficit) for the year		416,776	329,490
<b>Adjustments for non-cash items:</b>			
Depreciation of tangible fixed assets		372,312	440,931
Decrease / (increase) in trade and other debtors		6,425	3,407
(Decrease) / increase in trade and other creditors		4,897	(314,918)
Carrying amount of tangible fixed asset disposals		13,515	-
(Profit) / loss on disposal of tangible fixed assets		(113,368)	-
Revaluation of investment properties		35,000	10,000
Revaluation of fixed asset investments		(20,451)	(50,883)
Amortisation of Social Housing Grant		(140,327)	(140,327)
<b>Adjustments for investing or financing activities:</b>			
Interest payable		131,421	124,306
Interest receivable		(6,672)	(8,449)
<b>Net cash generated from operating activities</b>		<b>699,528</b>	<b>393,557</b>

The notes on pages 21 to 37 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 2020

#### 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 Association's financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2018.

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. The accounts are prepared on the historical cost basis of accounting and are presented in sterling £.

The Association's financial statements have been prepared in compliance with FRS 102. The Association transitioned from previous UK GAAP to FRS 102 as at 1 October 2014 and subsequently adopted the Housing SORP: 2018 update – Statement of Recommended Practice for registered social housing providers as at 1 January 2019. 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 20 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.
- b. **Contingent liabilities.** The Association leases a number of units within a lease block of flats that has potential cladding issues. The cost to the Association and the timing of these costs remain uncertain.

# LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

#### 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 and Homes England 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 Group intends to hold them on a continuing basis, are re-measured to market 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 market 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.

**LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**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	4-15%
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 2020

#### 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 2020

#### 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 on transition between the fair value of social housing properties and other assets and the historical cost carrying value, where deemed cost transitional relief was taken.

##### 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 2020

3. Turnover and operating expenditure

	Total 2020 £	Total 2019 £
<b>Income</b>		
Rent receivable net of identifiable service charge	1,702,385	1,722,444
Service charge income	158,118	160,737
Amortised government grants	140,327	140,327
<b>Turnover from Social Housing Lettings</b>	<b>2,000,830</b>	<b>2,023,508</b>
<b>Operating expenditure</b>		
Management	283,229	285,377
Services	170,420	94,525
Routine maintenance	375,535	311,428
Planned maintenance	356,645	456,892
Major repairs expenditure	133,307	305,051
Abortive costs	-	-
Rent losses from bad debts	10,185	18,532
Depreciation of housing properties	372,778	431,568
Capitalised – component accounting	(43,174)	(216,873)
<b>Operating expenditure on Social Housing Lettings</b>	<b>1,658,925</b>	<b>1,686,500</b>
<b>Operating Surplus / (Deficit) on Social Housing Lettings</b>	<b>341,905</b>	<b>337,008</b>
<b>Void losses</b> (being rental income lost as a result of property not being let, although it is available for letting)	16,313	8,190

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

4. Accommodation owned, managed and in development

	<b>2020</b>	<b>2019</b>
	No of properties owned & managed	No of properties owned & managed
<b>Social Housing</b>		
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

	<b>2020</b>	<b>2019</b>
	£	£
On housing loans	131,421	124,306
	<u>131,421</u>	<u>124,306</u>
	<u><u>131,421</u></u>	<u><u>124,306</u></u>

**LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**6. Surplus/ (deficit) on ordinary activities**

	<b>2020</b>	<b>2019</b>
	£	£
The operating surplus is stated after charging / (crediting):		
Auditors' remuneration (excluding VAT)		
In their capacity as auditors	6,490	6,335
In respect of other services	100	100
Depreciation of housing properties	361,098	431,568
Depreciation of other fixed assets	11,214	9,363
	<u>                    </u>	<u>                    </u>

In common with many organisations of our size and nature we use our auditors to assist with the preparation of the statement of cash flows, as permitted under the FRC's Ethical Standard 2016 Section 6: Provisions Available for Audits of Small Audits.

**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**

	<b>2020</b>	<b>2019</b>
	£	£
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	133,210	130,474
The aggregate compensation paid to or receivable by Key Management Personnel	-	-
The emoluments paid to the highest paid Director excluding pension contributions	71,113	67,214
The aggregate amount 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	73,800	76,800
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 £7,111 was made in the year (2019: £6,721).

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 2020 and 2019.

**LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**9. Employee information**

	<b>2020</b>	<b>2019</b>
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
	<b>9</b>	<b>9</b>
	<b>9</b>	<b>9</b>

	<b>2020</b>	<b>2019</b>
	£	£
<b>Staff costs</b>		
Wages and salaries	321,107	320,786
Social Security costs	27,344	25,633
Pension costs	21,293	18,613
	<b>369,744</b>	<b>365,032</b>
Agency staff Costs	26,289	33,487
Total staff costs	<b>396,033</b>	<b>398,519</b>
	<b>396,033</b>	<b>398,519</b>

	<b>2020</b>	<b>2019</b>
Aggregate number of full time equivalent staff whose remuneration exceeded £60,000 in the year:		
£60,000 - £70,000	-	-
£70,000 - £80,000	1	1

No employees received more than £80,000 in the year (2019: 0).

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

10. Tangible fixed assets

	Housing Properties £	Housing Properties Under Construction £	Total £
<b>Cost</b>			
At 1 October 2019	26,787,472	-	26,787,472
Additions to properties acquired	-	-	-
Component replacements	43,174	-	43,174
Schemes completed	-	-	-
Disposals	(28,231)	-	(28,231)
At 30 September 2020	<u>26,802,415</u>	<u>-</u>	<u>26,802,415</u>
<b>Depreciation and impairment</b>			
At 1 October 2019	3,845,727	-	3,845,727
Charge for the year	361,098	-	361,098
Disposals	(14,719)	-	(14,719)
At 30 September 2020	<u>4,192,106</u>	<u>-</u>	<u>4,192,106</u>
<b>Net book value at 30 September 2020</b>	<b><u>22,610,309</u></b>	<b><u>-</u></b>	<b><u>22,610,309</u></b>
Net book value at 1 October 2019	<u>22,941,745</u>	<u>-</u>	<u>22,941,745</u>
		<b>2020</b>	<b>2019</b>
		£	£
<b>Housing Properties comprise:</b>			
Freeholds		13,315,889	13,514,248
Leaseholds		9,294,419	9,427,497
		<b><u>22,610,308</u></b>	<b><u>22,941,745</u></b>
Works to existing properties in the year:			
Improvement works capitalised		-	-
Component replacements		43,174	216,873
Amounts charged to expenditure		-	10,496

The aggregate amount of interest and finance costs included in the cost of housing properties is £0 (2019: £0). The net book value of other fixed assets includes £0 (2019: £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 2020**

**11. Investment properties**

	<b>2020</b>	<b>2019</b>
	£	£
At start of year	310,000	320,000
Additions	-	-
Gain/(loss) from adjustment in value	(35,000)	(10,000)
At end of year	<b>275,000</b>	<b>310,000</b>

Investment properties were valued at 30 September 2020 and 30 September 2019 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**

	<b>Furniture and Equipment</b>	<b>Computer</b>	<b>Office &amp; Fittings</b>	<b>Total</b>
	£	£	£	£
<b>Cost</b>				
At 1 October 2019	19,127	70,217	48,963	138,307
Additions	-	4,514	-	4,514
Disposals	-	-	-	-
At 30 September 2020	<u>19,127</u>	<u>74,731</u>	<u>48,963</u>	<u>142,821</u>
<b>Depreciation and impairment</b>				
At 1 October 2019	15,305	65,652	24,481	105,438
Charge for the year	1,274	7,492	2,448	11,214
Disposals				
At 30 September 2020	<u>16,579</u>	<u>73,144</u>	<u>26,929</u>	<u>116,652</u>
<b>Net book value at 30 September 2020</b>	<b><u>2,548</u></b>	<b><u>1,587</u></b>	<b><u>22,034</u></b>	<b><u>26,169</u></b>
Net book value at 1 October 2019	<u>3,822</u>	<u>4,565</u>	<u>24,482</u>	<u>32,869</u>

**LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**13. Fixed Asset Investments**

	<b>2020</b>	<b>2019</b>
	£	£
Listed investments, at cost	-	-
Other investments, at cost	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
<b>Market value as at 30 September</b>	<u>685,332</u>	<u>664,881</u>

**14. Trade and other debtors**

	<b>2020</b>	<b>2019</b>
	£	£
Rent arrears	83,778	84,574
Less: provision for bad debts	(62,353)	(61,160)
Prepayments and other debtors	24,559	28,995
	<u>45,984</u>	<u>52,409</u>

Debtors are all due within one year

**15. Current Asset Investments**

	<b>2020</b>	<b>2019</b>
	£	£
Building society and bank deposits	1,915,225	1,382,318

**16. Creditors: amounts falling due within one year**

	<b>2020</b>	<b>2019</b>
	£	£
Trade creditors	338,758	402,347
Loans due within one year	102,853	97,842
Taxation and social security payable	8,912	7,836
Rents paid in advance	96,894	89,389
Deferred Income	20,495	-
Grants amortised (Note 21)	140,327	140,327
Managed associations	52,705	18,301
	<u>760,944</u>	<u>756,042</u>

**LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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

	<b>2020</b>	<b>2019</b>
	£	£
Loans (Note 17b)	5,498,470	5,594,384
Deferred Grant (Note 22)	10,643,255	10,783,582
	<u><b>16,141,725</b></u>	<u><b>16,377,966</b></u>

**17(b). Loan analysis**

	<b>2020</b>	<b>2019</b>
	£	£
<b>Loans repayable by instalments:</b>		
In one year or more but less than two years	113,277	97,842
In two years or more and less than five years	348,409	326,242
In five years or more	29,724	163,240
<b>Not by instalments:</b>		
In five years or more	5,007,060	5,007,060
Total loans	<u><b>5,498,470</b></u>	<u><b>5,594,384</b></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 2020**

**18. Non-equity share capital**

	<b>2020</b>	<b>2019</b>
	£	£
Allotted Issued and Fully Paid		
At the start of the year	21	21
Issued during the year	1	1
Surrendered during the year	(1)	(1)
At the end of the year	<b>21</b>	<b>21</b>

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**

	<b>2020</b>	<b>2019</b>
	£	£
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	8,131,400	8,380,000
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	5,131,400	5,380,000

There is a plan for Apex 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. Contingent liability**

The Association leases several units within a block of leasehold flats with potential cladding issues. Early estimations of the costs to the Association of the required refurbishment of the external wall system and balconies are between £524,000- £1,300,000 however the costs remain unconfirmed and it is still unknown when this amount will be invoiced. The Association may be able to claim a reimbursement of some of the amounts indirectly from the freeholder via the contractor, insurance provider or Government schemes. Given the certainties involved, no provision has been made in the accounts.

**LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**21. Operating leases**

The Association holds no equipment under operating leases (2019: £0).

**22. Deferred Capital Grant and financial assistance**

	<b>2020</b>	<b>2019</b>
	£	£
At 1 October 2019	10,923,909	11,064,236
Grant received in the year	-	-
Released to income in the year	(140,327)	(140,327)
	<b>10,783,582</b>	<b>10,923,909</b>
	<b>10,783,582</b>	<b>10,923,909</b>
Amount due to be released < 1 year (Note 16)	140,327	140,327
Amount due to be released > 1 year (Note 17(a))	10,643,255	10,783,582
The total accumulated government grant and financial assistance received or receivable at 30 September	14,032,766	14,032,766
	<b>14,032,766</b>	<b>14,032,766</b>

**23. Analysis of changes in net debt**

	<b>2019</b>	<b>Cashflows</b>	<b>2020</b>
	£	£	£
Short term liability	97,842	5,011	102,853
Long term liability	5,594,384	(95,912)	5,498,472
<b>Total liabilities</b>	<b>5,692,226</b>	<b>(90,901)</b>	<b>5,601,325</b>
Cash and cash equivalents	(1,426,125)	(544,547)	(1,970,672)
<b>Total net debt</b>	<b>4,266,101</b>	<b>(635,448)</b>	<b>3,630,653</b>

**24. 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 £2,374 (2019: £5,197). Arrears on their tenancy at the reporting period end was £0 (2019: £0). Related party balances are not secured.

**LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**25. Financial Instruments**

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

	<b>2020</b>	<b>2019</b>
	£	£
<b>Financial assets</b>		
<b>Financial assets measured at cost</b>		
Cash and cash equivalents	55,447	43,807
Current asset investments	1,915,225	1,382,318
<b>Financial assets measured at fair value through profit or loss</b>		
Fixed asset Investments	685,332	664,881
<b>Financial assets measured at amortised cost</b>		
Rental debtors	83,778	84,574
Other debtors and accrued income	21,215	8,471
<b>Total financial assets</b>	<b>2,760,997</b>	<b>2,184,051</b>
<b>Financial liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Rents paid in advance	96,894	89,387
Trade creditors	126,193	46,167
Other creditors	73,200	18,301
Housing loans	5,601,324	5,692,226
<b>Total financial liabilities</b>	<b>5,897,611</b>	<b>5,846,081</b>

**26. Transition to Housing SORP: 2018 Update**

There has been no effect on reserves following the adoption of the Housing SORP: 2018 from the Housing 2014 for the comparative year to 30 September 2019.