

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

(REGISTERED SOCIETY NO: 14888R)

FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2022

**FINANCIAL STATEMENTS OF
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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**EXECUTIVE OFFICERS AND ADVISORS OF
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

BOARD OF MANAGEMENT

The Board Members who served from 1 October 2021 up to the date of approval of these financial statements were as follows:

Delia Beddis	Chair
Danny Friedman	Vice Chair (since 22 September 2022) and Development Committee Chair
Howard Webber	
Sandra Ferguson	
James Cross	
Veronica Lindsay	Chair of Audit and Risk Committee
Rachel Askew	
Nicolas Arthur	
Hilary Barber	(Resigned April 2022)
Alicia Azucena	(Resigned 9 March 2022)
Sinead McQuillan	Co-optee and Chair of Governance and Remuneration Committee (since 13 July 2022)

EXECUTIVE MANAGEMENT TEAM

Mark Jackson	Chief Executive (Resigned 30 September 2022)
Emma Keegan	Chief Executive (Appointed 15 August 2022)
Rocky Charles	Finance Manager
Angela Bailey	Operations Manager

REGISTERED OFFICE 21 Claylands Place
London
SW8 1NL

AUDITORS	Beever and Struthers 4 th Floor 150 Minories London EC3N 1LS	SOLICITORS	Batchelors Charles House 35 Widmore Road Bromley BR1 1RW
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BANKERS Barclays Bank plc
50 Pall Mall
London
SW1A 1QD

PRINCIPAL LENDERS	GB Social Housing c/o Watermill Accounting Future Business Centre King Hedges Road Cambridge CM4 2HY	Natwest Bank Plc 9 th floor, 250 Bishopgate London EC2M 4AA
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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 2022

The Board is pleased to present their annual report together with the audited Financial Statements for the year ending 30 September 2022.

LEGAL STATUS

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

PRINCIPAL ACTIVITIES

LSHA provides 323 good quality, well managed homes within the London Boroughs of Lambeth, Southwark and Lewisham at affordable rents for those in housing need and keyworkers.

REVIEW OF THE YEAR

LSHA is an ambitious community-based housing association which is proud of its heritage and guided by its values. During the year the Board reviewed the vision, mission and values of LSHA determining that it aspires to be a provider of great homes and support vibrant communities.

LSHA's mission is:

“to do everything we can to work collaboratively with our residents and partners to provide homes and services we can be proud of and create vibrant communities where people feel safe and happy to live”.

Our values are:

Accountability

- We are open and transparent and work collaboratively taking both personal and collective ownership for delivering actions and results.

Creativity

- We embrace innovation and new ideas to help us achieve excellence. We are ambitious for our association; we do things differently and are brave enough to be the first.

Customer-driven

- We know our residents and we listen, consult and engage with them to ensure they are at the heart of everything we do and feel empowered to lead the best lives they can.

Ownership

- We ‘do the right thing’ for our customers and colleagues. When taking difficult actions, we are balanced, thoughtful and compassionate.

Inclusive

- We celebrate and draw strength from our differences. We build mutually beneficial long-term relationships and respect with our customers, staff and other stakeholders.

The financial statements show that rental income exceeded budget and a financial surplus of £4,086 (2021: - £25,101) 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 chains as well as the Association's ability to let contracts. Delays will be caught up during 2022/23. During the year, LSHA converted its former office into a lettable home but did not acquire or build any new properties.

REPORT OF THE BOARD
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2022

Potential developments

The Association has an option agreement to purchase thirty new build modular airspace flats at our Antony and Roderick House site at Bermondsey. Due to delays in construction, these affordable rented homes did not complete as expected during the financial year and are now due in March 2023.

Risks

LSHA has a risk management policy and framework which was reviewed during the year. The risk map identified the following key risks during the year:

- of increased regulation or the burden of increased regulation on small associations
- of the tightening of national housing policy causing permanent loss of income (e.g. rent cap and Right to Buy for housing association tenants)
- of the pandemic having an impact on our ability to maintain levels of income
- of an error in project appraisal and misspecification of developments
- of our airspace development failing to complete

The emerging risks towards the end of the financial year were around economic and political uncertainty and the impact of the cost-of-living crisis on affordability for tenants and LSHA's business plan assumptions.

CORPORATE GOVERNANCE

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.

Code of Governance

The Association continues to work to the National Housing Federation's (NHF) Code of Governance 2015. 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. Shareholders receive copies of the annual report and are invited to comment on the annual accounts, but no additional support is currently provided other than to those who are also board members.

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 appraisals are undertaken every two years, most recently in March 2022.

The Board adopted the 2020 NHF Code of Governance in April 2022 and is working towards full compliance by September 2023.

Committee Structure

LSHA operates an Audit and Risk Committee and a Governance and Remuneration Committee, chaired by Veronica Lindsay and Sinead McQuillan respectively.

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.

REPORT OF THE BOARD
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2022

The key elements of control include:

- Formal policies and procedures covering the prime processes of the Association, which set out control activities, designated authorities and financial limits.
- A long-term plan and approved budgets which are reviewed annually and monitored.
- Monitoring of the Association's financial performance and cash flows against approved short- and long-term plans, with analysis of material variances.
- Monitoring of operational performance against approved targets at least quarterly.

The process of gaining assurance on the effectiveness of these controls include:

- A programme of internal audit
- Board monitoring of review of controls
- External audit
- Reports from management

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 2022 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

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 not necessarily aiming to achieve the lowest cost for our operations but to deliver quality services and homes that meet our tenants' needs, are affordable and deliver satisfaction for tenants whilst protecting our viability. We will focus on having staff who are well supported and trained to do their work and who have the right tools to allow them to carry out their role affectively.

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

In accordance with the Regulator for Social Housing's (RSH) Value for Money (VFM) Standard 2018, this statement will provide the following evidence:

- performance against our own value for money targets and the RSH's metrics, and how we compare to our peers; and
- measurable plans to address any areas of underperformance.

REPORT OF THE BOARD
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2022

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; and
- a good level of customer satisfaction.

Maximising the value for money derived from scarce resources is always important for any housing association; never more so than at the present time with economic uncertainty and the cost-of-living crisis following on the heels of the 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.

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

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 2022/23 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.

Projected strategic value for money activities in 2022/23

- Commission a stock condition survey to include costs to achieve zero carbon.
- Develop a resilience policy, to consider our approach to alternative ways of working including partnerships, collaboration, stock acquisitions and mergers.
- Refresh our approach to VFM by updating our strategy and reviewing the way that we measure and report VFM to our stakeholders.
- Conduct a review of our repairs and maintenance service in conjunction with residents and contractors.

REPORT OF THE BOARD
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2022

Regulatory Metrics and KPIs

Measure (All measures are based on annual accounts unless otherwise stated)	LSHA 2019-20	LSHA 2020-21	LSHA 2021-22	Peer Group Median 2021-22¹	SPBM Median²	LSHA Target 2021-22
Business Health						
Metric 6 Operating margin (social housing) %	17.1	-7.7 (12.1**)	8.1	12.9	20.51	
Metric 6 Operating margin (overall) %	30.6	-0.5 (17.7**)	13.9	14.3	22.42	
Metric 4 EBITDA MRI Interest Cover	485	104	82.3	238	305.50	>110
Metric 5 Headline social cost/unit £	4,376	5,953	6,905	6,046	3,867	<4,000
Growth and Capacity						
Metric 2a New supply delivered % (social units)	0	0	0.3	0	0	9.9
Metric 2b New supply delivered % (non social housing)	0	0	0	0	0	0
Metric 1 Reinvestment in properties (existing stock and new supply) %	0.2	1.9	3.8	1.3	2.46	
Metric 3 Gearing %	24.5	22.2	20.8	14.71	18.9	<45
Business Process						
Occupancy GN %	98	99.6	97	97.84	99.56	
Current arrears as % of rent due	3.9	3.7	2.64	3.86	2.59	4.3
% of repairs completed within target timescale	93	92	90	95.67	95.55	97

¹ Acuity benchmarking group: London Housing Associations with between 200 – 400 properties

² Acuity: National Housing Associations with between 200 – 400 properties

REPORT OF THE BOARD
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2022

Regulatory Metrics and KPIs (continued)

Measure (All measures are based on annual accounts unless otherwise stated)	LSHA 2019- 20	LSHA 2020-21	LSHA 2021-22	Peer Group Median 2021- 22³	SPBM Median⁴	LSHA Target 2021-22
Cost per property p.a. Housing Management ⁵ £	426	389	373	484	477	
Cost per property p.a. Responsive repairs & voids £	658	821	888	1,076	873	
Cost per property p.a. Major & cyclical works £	1,216	921	863	1,053	1,089	
Homes						
Metric 7 Return on capital employed %	2.2	-0.1 (2.0 ^{**})	1.2	2.1	2.5	
Services						
Satisfaction with overall services GN %	76 ⁶	76 ⁷	76	85	86	80
People						
Average days lost to sickness	2.2	2.3	1.4	N/A*		<6

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

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

³ Acuity benchmarking group: London Housing Associations with between 200 – 400 properties

⁴ Acuity: National Housing Associations with between 200 – 400 properties

⁵ Costs per unit are based on management accounts

⁶ 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%

⁷ 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%

REPORT OF THE BOARD
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2022

Performance against our own targets and the Regulator's Metrics

LSHA analyses its costs and performance against a range of measures, complementing those determined by the Regulator. LSHA compares its performance with the previous two years to identify trends and benchmarks against two groups, one being small London based associations with between 200 and 400 homes and the other national associations of a similar size. It should be noted that comparative data is at 31 March 2022 which does not align with LSHA's financial year end. This may, in the current economic climate, make financial comparisons less meaningful due to the rapid increase in inflation between April and September 2022. Where appropriate and meaningful, internal targets are set.

Areas that we performed well in:

Current rent arrears as a percentage of rent due have reduced to a record year end low for the third successive year.

The cost of delivering landlord services compares well with peers and with the previous year's performance, with an expected increase in cost for responsive repairs and voids due to the high inflationary costs experienced in the second half of the year.

Reinvestment in our properties was high during the year reflecting the re-cladding costs at Steedman Street but also the conversion of our former office into a residential unit and works associated with the Antony and Roderick House development.

Staff sickness continues to be low.

Areas that require attention:

The headline social housing cost per unit is high in 2021/22 compared with previous years and comparative organisations. This is due to accruals for the cladding work at Steedman Street, where we are a leaseholder within an Optivo Housing Association owned block, which were not included in the previous year. The re-cladding works are now complete. The social housing cost per unit, excluding the works to Steedman Street, is £5,008 (2021: £4,595) and this metric is therefore not an area of ongoing concern.

The percentage of repairs completed within target timescale has decreased for the third year in a row to 90, comparing poorly with our peers. As a key driver of resident satisfaction, this is a priority area on which to focus in 2022/23. Occupancy has also fallen and is below both of the peer groups medians, due to our poor void turnaround time and long relet times within Lambeth borough, where the verification process undertaken by the council can take several weeks.

REPORT OF THE BOARD
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2022

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.

The Board are responsible for the maintenance and integrity of the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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.

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 25 January 2023 and signed on its behalf by:



Delia Beddis, Chair

**REPORT OF THE INDEPENDENT AUDITORS TO
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

Opinion

We have audited the financial statements of Lambeth and Southwark Housing Association Limited for the year ended 30 September 2022 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 2022 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 2022**

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 11, 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 2022

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 Committee 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 2022**

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**

4th Floor
150 Minories
London
EC3N 1LS

Date: 9 February 2023

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

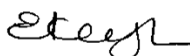
FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Notes	2022 £	2021 £
Turnover	2	2,234,677	2,186,815
Operating expenditure	2	(1,924,377)	(2,197,160)
Gain/(loss) on sale of fixed assets	2	-	-
		<hr/>	<hr/>
Operating surplus / (deficit)		310,300	(10,345)
Interest receivable		5,486	316
Interest payable	5	(264,603)	(99,810)
Increase in valuation of investment properties	11	20,000	-
(Decrease)/increase in valuation of fixed asset investments	13	(67,097)	84,739
		<hr/>	<hr/>
Surplus / (deficit) for the year		4,086	(25,100)
		<hr/>	<hr/>
Total comprehensive income/(loss) for the year		4,086	(25,100)
		<hr/> <hr/>	<hr/> <hr/>

The financial statements on pages 16 to 36 were approved and authorised for issue by the Board on 25 January 2023 and were signed on its behalf by:



Delia Beddis
Chair



Emma Keegan
Secretary



Danny Friedman
Vice Chair

The Statement of Comprehensive Income relates wholly to continuing activities and the notes on pages 20 to 36 form an integral part of these financial statements.

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION

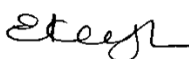
AS AT 30 SEPTEMBER 2022

	Notes	2022 £	2021 £
Fixed assets			
Housing properties	10	23,036,729	22,664,446
Investment properties	11	295,000	275,000
Other tangible assets	12	117,224	128,622
Fixed asset investments	13	702,974	770,071
		24,151,927	23,838,139
Current assets			
Trade and other debtors	14	12,330	72,510
Investments	15	2,997,450	1,405,475
Cash and cash equivalents		80,061	31,330
		3,089,841	1,509,315
Less: Creditors: amounts falling due within one year	16	(1,809,143)	(6,115,012)
Net current assets/(liabilities)		1,280,698	(4,605,697)
Total assets less current liabilities		25,432,625	19,232,442
Less: Creditors: amounts falling due after more than one year	17	(16,742,846)	(10,546,746)
Net assets		8,689,779	8,685,696
Non-equity share capital	18	17	20
Income and expenditure reserve		7,791,788	7,740,605
Revaluation reserve		897,974	945,071
Total reserves		8,689,779	8,685,696

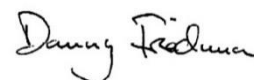
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Delia Beddis
Chair



Emma Keegan
Secretary



Danny Friedman
Vice Chair

The notes on pages 20 to 36 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 2022

	Income and expenditure reserve £	Revaluation reserve £	Total £
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
Surplus / (deficit) from Statement of Comprehensive Income	51,183	(47,097)	4,086
Balance as at 30 September 2022	7,791,788	897,974	8,689,762

The notes on pages 20 to 36 form an integral part of these financial statements.

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Notes	2022 £	2021 £
Net cash generated from operating activities	(i)	1,146,869	5,594,058
Cash flow from investing activities			
Purchase of tangible fixed assets		(892,547)	(573,776)
Interest received		5,486	316
		(887,061)	(573,460)
Cash flow from financing activities			
Interest paid		(264,603)	(99,810)
Movement in borrowings		1,645,504	(5,454,654)
Movement in share capital		(3)	(1)
		1,380,898	(5,554,465)
Net change in cash and cash equivalents		1,640,706	(533,867)
Cash and cash equivalents at beginning of the year		1,436,805	1,970,672
Cash and cash equivalents at end of the year		3,077,511	1,436,805
Cash and cash equivalents comprise of:			
Cash at bank		80,061	31,330
Investments		2,997,450	1,405,475
Total cash and cash equivalents		3,077,511	1,436,805
Note i			
	Notes	2022 £	2021 £
Cash flow from operating activities			
Surplus / (deficit) for the year		4,086	(25,100)
Adjustments for non-cash items:			
Depreciation of tangible fixed assets		382,096	376,836
Decrease / (increase) in trade and other debtors		60,180	(26,526)
(Decrease) / increase in trade and other creditors		389,778	5,354,072
Carrying amount of tangible fixed asset disposals		144,842	40,348
(Profit) / loss on disposal of tangible fixed assets		-	-
Revaluation of investment properties		(20,000)	-
Revaluation of fixed asset investments		67,097	(84,739)
Amortisation of Social Housing Grant		(140,327)	(140,327)
Adjustments for investing or financing activities:			
Interest payable		264,603	99,810
Interest receivable		(5,486)	(316)
Net cash generated from operating activities		1,146,869	5,594,058

The notes on pages 20 to 36 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 2022

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 cost of living crisis 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 2022

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 2022

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 2022

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.

Contingent Assets

A contingent asset is recognised when an inflow of economic benefits is probable (more likely than not) but not virtually certain.

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 2022

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 2022

2. Turnover, operating expenditure and operating surplus

	Turnover £	2022 Operating expenditure £	Operating surplus/(deficit) £
Social housing lettings (note 3)	2,041,752	(1,875,518)	166,234
Activities other than social housing			
Managed associations	18,001	(14,960)	3,041
Commercial rents	13,000	-	13,000
Key worker scheme	160,539	(33,899)	126,640
Other	1,385	-	1,385
Total	2,234,677	(1,924,377)	310,300
Gain/(loss) on sale of fixed assets	-	-	-
Total	2,234,677	(1,924,377)	310,300

	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)

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

3. Turnover and operating expenditure

	2022	2021
	£	£
Income		
Rent receivable net of identifiable service charges	1,769,388	1,719,627
Service charge income	132,037	133,626
Amortised government grants	140,327	140,327
Turnover from Social Housing Lettings	2,041,752	1,993,580
Operating expenditure		
Management	361,928	389,921
Services	139,189	514,831
Routine maintenance	446,604	407,736
Planned maintenance	307,689	271,862
Major repairs expenditure	104,715	186,100
Rent losses from bad debts	8,920	(323)
Depreciation of housing properties	506,473	377,799
Operating expenditure on Social Housing Lettings	1,875,518	2,147,926
Operating Surplus / (Deficit) on Social Housing Lettings	166,234	(154,346)
Void losses (being rental income lost as a result of property not being let, although it is available for letting)	15,342	33,569

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

4. Accommodation owned, managed and in development

	2021 No of properties owned & managed	Additions No of properties owned & managed	Disposals No of properties owned & managed	2022 No of properties owned & managed
Social Housing				
Under management at end of year:				
Social housing (owned)	292	1	-	293
Key worker scheme (owned)	11	-	-	11
Commercial properties (owned)	1	-	-	1
Social housing (managed)	19	-	-	19
	<u>323</u>	<u>1</u>	<u>-</u>	<u>324</u>
	<u><u>323</u></u>	<u><u>1</u></u>	<u><u>-</u></u>	<u><u>324</u></u>

5. Interest and financing costs

	2022 £	2021 £
Interest on loans	288,124	99,810
Loan premium released	(76,588)	-
Arrangement and other fees	26,363	-
Loan expenses amortised	26,704	-
	<u>264,603</u>	<u>99,810</u>
	<u><u>264,603</u></u>	<u><u>99,810</u></u>

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

6. Surplus/ (deficit) on ordinary activities

	2022	Restated 2021
	£	£
The operating surplus is stated after charging / (crediting):		
Auditors' remuneration (excluding VAT)		
In their capacity as auditors	10,060	9,590
In respect of other services	-	-
Depreciation of housing properties	361,632	362,031
Depreciation of other fixed assets	19,464,	14,805
Operating lease expense	48,125	48,125
	_____	_____

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

	2022	2021
	£	£
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	206,847	213,774
The aggregate compensation paid to or receivable by Key Management Personnel	-	-
The emoluments paid to the highest paid Director excluding pension contributions	69,659	81,600
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	62,940	81,600
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 £5,999 was made in the year (2021: £7,093).

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 2022 and 2021.

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

9. Employee information

	2022	2021
The average number of persons employed during the year expressed in full time equivalents (35 hours per week) was:		
Office staff	8	7
Wardens, caretakers and cleaners	2	2
	10	9
	10	9

	2022	2021
	£	£
Staff costs		
Wages and salaries	389,216	369,670
Social security costs	36,087	30,228
Pension costs	27,636	26,636
	452,939	426,534
Agency staff costs	15,211	-
Total staff costs	468,150	426,533
	468,150	426,533

	2022	2021
Aggregate number of full-time equivalent staff whose remuneration exceeded £60,000 in the year:		
£60,000 - £69,999	1	-
£70,000 - £79,999	1	1
£80,000 - £89,999	-	1

No employees received more than £90,000 in the year (2021: none)

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

10. Tangible fixed assets

	Completed Housing Properties	Housing Properties Under Construction	Total
	£	£	£
Cost			
At 1 October 2021	27,094,045	101,451	27,195,496
Additions	113,275	84,539	197,814
Works to existing properties	680,943	-	680,943
Disposals	(201,501)	-	(201,501)
At 30 September 2022	<u>27,686,762</u>	<u>185,990</u>	<u>27,872,752</u>
Depreciation and impairment			
At 1 October 2021	4,531,050	-	4,531,050
Charge for the year	361,632	-	361,632
Disposals	(56,659)	-	(56,659)
At 30 September 2021	<u>4,836,023</u>	<u>-</u>	<u>4,836,023</u>
Net book value at 30 September 2022	<u>22,850,739</u>	<u>185,990</u>	<u>23,036,729</u>
Net book value at 1 October 2021	<u>22,562,995</u>	<u>101,451</u>	<u>22,664,446</u>
		2022	2021
		£	£
Housing Properties comprise:			
Freeholds		13,824,693	13,147,236
Leaseholds		9,212,035	9,161,804
		<u>23,036,729</u>	<u>22,309,040</u>
Works to existing properties in the year:			
Improvement works capitalised		591,829	355,406
Component replacements		89,115	76,530
Amounts charged to expenditure		-	-

The aggregate amount of interest and finance costs included in the cost of housing properties is £0 (2021: £0). The net book value of other fixed assets includes £0 (2021: £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 2022

11. Investment properties

	2022	2021
	£	£
At start of year	275,000	275,000
(Loss)/gain from adjustment in fair value	20,000	-
	295,000	275,000
At end of year	295,000	275,000

Investment properties were valued at fair value at 30 September 2021 and 30 September 2022 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 Equipment £	Office & Fittings £	Total £
Cost				
At 1 October 2021	29,384	60,762	101,080	191,226
Additions	-	9,996	3,794	13,790
Disposals	-	-	(5,724)	(5,724)
	29,384	70,758	99,150	199,292
At 30 September 2022	29,384	70,758	99,150	199,292
				=
Depreciation and impairment				
At 1 October 2021	5,877	51,674	5,053	62,604
Charge for the year	5,877	8,629	4,958	19,464
	11,754	60,303	10,011	82,068
At 30 September 2022	11,754	60,303	10,011	82,068
				=
Net book value at 30 September 2022	17,630	10,455	89,139	117,224
				=
Net book value at 1 October 2021	23,507	9,088	96,027	128,622
				=

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

13. Fixed Asset Investments

	2022	2021
	£	£
Fair value as at 1 October	770,071	685,332
(Loss)/gain from adjustment in fair value	(67,097)	84,739
	<hr/>	<hr/>
Fair value as at 30 September	702,974	770,071
	<hr/>	<hr/>
Historic cost of investments	100,000	100,000
	<hr/>	<hr/>

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

14. Trade and other debtors

	2022	2021
	£	£
Rent arrears	70,401	84,266
Less: provision for bad debts	(67,874)	(59,974)
Prepayments and other debtors	9,803	48,218
	<hr/>	<hr/>
	12,330	72,510
	<hr/>	<hr/>

Debtors are all due within one year

15. Current Asset Investments

	2022	2021
	£	£
Building society and bank deposits	2,997,450	1,405,475
	<hr/>	<hr/>

16. Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors and accruals	1,459,429	831,243
Loans due within one year	7,285	5,019,797
Taxation and social security payable	10,070	8,305
Rents paid in advance	89,769	92,530
Deferred income	10,551	15,519
Deferred capital grant (Note 21)	140,327	140,327
Managed associations	5,771	7,291
Bond premium	85,941	-
	<hr/>	<hr/>
	1,809,143	6,115,012
	<hr/>	<hr/>

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

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

	2022	2021
	£	£
Bond premium	1,520,721	-
Loans (Note 17b)	4,859,974	43,818
Deferred capital grant (Note 21)	10,362,601	10,502,928
	<u>16,742,846</u>	<u>10,546,746</u>

17(b). Loan analysis

	2022	2021
	£	£
Loans repayable by instalments:		
In one year or more but less than two years	362	7,285
In two years or more and less than five years	1,317	1,197
In five years or more	32,794	28,276
Not by instalments:		
In five years or more	5,007,060	7,060
Less arrangement fees	(181,557)	-
 Total loans	 <u>4,859,974</u>	 <u>43,818</u>

Loans are secured by specific charges on the Association's housing properties. Loans are repayable at varying rates of fixed interest between 4.0 – 10.5%.

At 30 September, the Association had undrawn loan facilities with Natwest Bank plc of £8m (2021: £nil).

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

18. Non-equity share capital

	2022	2021
	£	£
Allotted Issued and Fully Paid		
At the start of the year	20	21
Issued during the year	1	3
Surrendered during the year	(4)	(4)
At the end of the year	17	20

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

	2022	2021
	£	£
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	9,487,916
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	5,131,400	5,799,328
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.

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

20. Operating leases

The association holds the following items under non-cancellable operating leases.

Land and Buildings	2022	Restated
	£	2021
		£
Within 1 year	48,125	48,125
Between 1 and 5 years	48,125	96,250
Total operating lease payments	96,250	144,375

The above lease payments relate to the office lease.

21. Deferred Capital Grant and financial assistance

	2022	2021
	£	£
At 1 October 2021	10,643,255	10,783,582
Grant received in the year	-	-
Released to income in the year	(140,327)	(140,327)
At 30 September 2022	10,502,928	10,643,255
Amount due to be released < 1 year (Note 16)	140,327	140,327
Amount due to be released > 1 year (Note 17(a))	10,362,601	10,502,928
The total accumulated government grant and financial assistance received or receivable at 30 September	14,032,766	14,032,766

22. Analysis of changes in net debt

	2021	Cashflows	2022
	£	£	£
Short term liability	5,019,797	(5,012,512)	7,285
Long term liability	43,818	4,816,369	4,859,974
Total liabilities	5,063,615	1,409,857	4,867,259
Cash and cash equivalents	(1,436,805)	(1,640,707)	(3,077,512)
Total net debt	3,626,810	(230,850)	3,395,960

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

23. Related parties

The following are related parties:

The Board had a tenant member who held their tenancy agreement on normal terms and who couldn't use their position to their advantage. Rent charged to the tenant Board member (who resigned in March 2022) during the year was £2,728 (2021: £5,249). Arrears on their tenancy at the reporting period end was £0 (2021: £0). Related party balances are not secured.

24. Financial Instruments

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

	2022	2021
	£	£
Financial assets		
Financial assets measured at cost		
Cash and cash equivalents	80,061	31,330
Current asset investments	2,997,450	1,405,475
Financial assets measured at fair value through profit or loss		
Fixed asset Investments	702,974	770,071
Financial assets measured at amortised cost		
Rental debtors	70,401	80,482
Other debtors and accrued income	9,264	42,705
Total financial assets	3,860,150	2,330,063
Financial liabilities		
Financial liabilities measured at amortised cost		
Rents paid in advance	89,769	92,530
Trade creditors and accruals	1,459,426	831,243
Other creditors	5,771	22,810
Housing loans	4,867,259	5,063,614
Total financial liabilities	6,422,228	6,010,197

25. Contingent Liability

There are no contingent liabilities for the year ended 30 September 2022 (2021: Nil).

26. Contingent Asset

The Association has been notified that the bid for the grant under the Building Safety Fund from the Department of Levelling Up, Housing and Communities, submitted by the landlord of one of the properties the Association leases, has been successful to cover the costs of the external wall system and balconies. The expected grant value receivable by LSHA is £668,369 but given the amount and timing of the receipt of the grant is not confirmed this has not been recognised within the financial statements. There were no contingent assets for the year ended 30 September 2021.