

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

(REGISTERED SOCIETY NO: 14888R)

FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2023

**FINANCIAL STATEMENTS OF
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

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**EXECUTIVE OFFICERS AND ADVISORS OF
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

BOARD OF MANAGEMENT

The Board Members who served from 1 October 2022 up to the date of approval of these financial statements were as follows:

| | |
|--------------------|--|
| Delia Beddis | Chair |
| Danny Friedman | Vice Chair and Development Committee Chair |
| Howard Webber | |
| Sandra Ferguson | |
| James Cross | |
| Veronica Lindsay | Chair of Audit and Risk Committee |
| Rachel Askew | |
| Nicolas Arthur | |
| Sinead McQuillan | Chair of Governance and Remuneration Committee |
| David Longbottom | Co-optee from 24 January 2024 |
| Nichola Harrison | Co-optee from 24 January 2024 |
| Ernie Gray | Co-optee from 24 January 2024 |
| Patricia Yusuff | Co-optee from 24 January 2024 |
| Ola Okuwobi-Dabiri | Co-optee from 24 January 2024 |

EXECUTIVE MANAGEMENT TEAM

| | |
|---------------|--|
| Emma Keegan | Chief Executive |
| Angela Bailey | Head of Operations |
| Rocky Charles | Finance Manager (until 31 March 2023) |
| Ruby Judt | Interim Head of Finance (from 8 February 2023) |

REGISTERED OFFICE 21 Claylands Place
London
SW8 1NL

| | | | |
|-----------------|--|-------------------|---|
| AUDITORS | Beever and Struthers 150 Minories London EC3N 1LS | SOLICITORS | Birketts One London Wall London EC2Y 5EA |
|-----------------|--|-------------------|---|

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 135 Bishopgate London EC2M 3UR |
|------------------------------|---|--|

**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 2023

The Board is pleased to present their annual report together with the audited Financial Statements for the year ending 30 September 2023.

LEGAL STATUS

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

PRINCIPAL ACTIVITIES

During the year, LSHA provided 324 good quality, well managed homes within the London Boroughs of Lambeth, Southwark and Lewisham at social and affordable rents for those in housing need and key workers.

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 work collaboratively with our residents and partners to provide homes and services we can be proud of and create 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.

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 residents 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 residents, staff and other stakeholders.

The financial statements show that a financial surplus of £1,286,087 (2022: £4,086) was made on a turnover of £3,165,814 (2022: £2,234,677). The significant surplus was due to a donation from Optivo for fire work costs of £845,784. Rent increases were within the Regulator of Social Housing’s parameters. LSHA commenced its programme of stock condition surveys, with a 10% pilot project. Post year end, in December 2023, the Association purchased thirty new social and affordable rented homes as part of a rooftop and infill development at Antony and Roderick House, Bermondsey.

REPORT OF THE BOARD
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2023

Development

The Association had an option agreement to purchase thirty new build modular airspace flats at our Antony and Roderick House site in Bermondsey. Due to delays in construction, these homes did not complete as expected during the financial year and were purchased in December 2023, with the first residents moving in before Christmas.

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 high inflation and interest rates impacting the Association's ability to achieve its business plan
- of the impact of the delayed completion of Antony and Roderick House on existing and incoming tenants, the Association's income stream, project costs and reputation
- of the cost-of-living impact on tenants' income streams and their ability to pay rent
- of the need to improve the quality of our compliance data and upskill staff in this area, partly due to staff turnover
- of the risk of loss of skills and experience on the board due to the terms of three longstanding members ending in March 2024

Towards the end of the financial year, inflation began to fall and interest rates stabilised. A successful recruitment campaign post year end resulted in the co-option of five new members to the board on 24 January 2024, including identifying a new Chair from March 2024.

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 adopted the National Housing Federation's (NHF) Code of Governance 2020 in April 2022 with a view to achieving full compliance by September 2023. The Association complies with the Code in all respects other than:

1.6 (7) Organisations with open shareholding publish their policy for admission of shareholders. Due to a review of our approach to shareholding, this is temporarily unavailable on our website but is available upon request.

Committee Structure

LSHA operates a Development Committee, an Audit and Risk Committee and a Governance and Remuneration Committee, which are chaired by Danny Friedman, 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 2023

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 30-year long-term plan and approved budgets which are reviewed annually and monitored. Forecasts, a treasury strategy and covenant reporting.
- Board schedule of actions and management team annual workplan
- Monitoring of the Association's financial performance and cash flows against approved short- and long-term plans, with analysis of material variances and confirmation of loan compliance.
- Monitoring of operational performance against approved targets, at least quarterly.
- Role profiles for staff and board members, terms of reference for committees, employment contracts, deeds of agreement for services for board members and board appraisals.
- A risk management framework.

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

- Quarterly management reports to the Board
- Board monitoring of financial and operational performance and key activities
- A programme of independent internal audit
- External audit

These processes of internal control are reviewed on an ongoing basis. Recommendations arising from the internal audits are presented to the Audit and Risk Committee and progress against them is monitored. The Board has reviewed the effectiveness of the systems of internal control in existence in the Association for the year ended 30 September 2023 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 (VFM)

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

LSHA is not necessarily aiming to achieve the lowest cost for its operations but to deliver quality services and homes that meet tenants' needs, are affordable and deliver satisfaction whilst protecting the association's viability. There is a 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 effectively.

LSHA is open about how it meets its targets and manages its finances. Each year an annual report is published so that residents and stakeholders can measure LSHA's performance against its agreed standards.

REPORT OF THE BOARD
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2023

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 targets and the RSH's metrics, including how we compare to our peers; and
- measurable plans to address any areas of underperformance.

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, there are constraints in the ways in which savings can be made 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 in our homes and services. Role profiles and employment contracts were reviewed to ensure they align with the Association's values, legal requirements and best practice, and salaries were benchmarked to support recruitment and retention. The Association's Tenants Group met monthly throughout the year.

During 2021 the Board agreed its commitment to achieve a minimum of Energy Performance Certificate (EPC) level C by 2030 and zero carbon by 2050. LSHA holds EPC ratings for approximately 56% of its stock, including the new homes at Antony and Roderick House. 28 properties have a current or expired rating below C. A pilot stock condition survey of 10% of stock was undertaken in 2022/23, which will be rolled out further in 2023/24.

The information from the stock condition survey and EPCs will be used to inform our long-term plan, so we fully understand the impact of this investment on our business plan and how improved energy efficiency will benefit our tenants. Where feasible, grant funding will be sought.

Projected strategic value for money activities in 2023/24 include:

- Commissioning a condition survey across our remaining properties, to include costs to achieve EPC level C on underperforming properties
- Updating our Asset Management Strategy
- Refreshing our approach to VFM by updating our strategy and reviewing the way that we measure and report VFM to our stakeholders
- Conducting a review of our repairs and maintenance service in conjunction with residents and contractors
- Carrying out a comprehensive review of our approved suppliers and current procurement arrangements

REPORT OF THE BOARD
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2023

Regulatory Metrics and KPIs

| Measure (All measures are based on annual accounts unless otherwise stated) | LSHA 2020-21 | LSHA 2021-22 | LSHA 2022-23 | Peer Group Median 2022-23¹ | SPBM Median² | LSHA Target 2022-23 |
|--|-------------------------------|-------------------------------|-------------------------------|--|--|--------------------------------------|
| Business Health | | | | | | |
| Metric 6 Operating margin (social housing) % | -7.7 (12.1*) | 8.1 | 20.1 (2.8**) | 8.1 | 13.5 | - |
| Metric 6 Operating margin (overall) % | -0.5 (17.7*) | 13.9 | 45.5 (10.0**) | 9.6 | 13.2 | - |
| Metric 4 EBITDA MRI Interest Cover | 104 | 82.3 | 606.9 (143.3**) | 167 | 177 | >110 |
| Metric 5 Headline social cost/unit £ | 5,953 | 6,905 | 4,658 (5,856**) | 7,166 | 5,495 | <4,000 |
| Growth and Capacity | | | | | | |
| Metric 2a New supply delivered % (social units) | 0 | 0.3 | 0 | 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) % | 1.9 | 3.8 | 1.2 | 2.85 | 3.8 | - |
| Metric 3 Gearing % | 22.2 | 20.8 | 23.5 (24.2**) | 20.8 | 14.19 | <45 |
| Business Process | | | | | | |
| Average re-let time in days ((GN) | NEW | NEW | 80 | 28.2 | 28.10 | 20 |
| Current arrears as % of rent due (GN) | 3.7 | 2.64 | 4.55 | 4.82 | 2.6 | 4.1 |
| % of emergency repairs completed within target | NEW | NEW | 100% | 98% | 100% | 100% |
| % of non-emergency repairs completed within timescale | NEW | NEW | 85% | 85% | 95% | 95% |

* The figures in brackets are the outcome figures net of cladding replacement costs.

** The figure in brackets assumes that the cladding replacement work at Steedman Street was never required.

¹ Acuity benchmarking group: London Housing Associations with fewer than 400 properties

² Acuity Benchmarking 2023 Report (National Smaller Providers)

REPORT OF THE BOARD
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2023

| Measure (All measures are based on annual accounts unless otherwise stated) | LSHA 2020-21 | LSHA 2021-22 | LSHA 2022-23 | Peer Group Median 2022-23³ | SPBM Median⁴ | LSHA Target 2022-23 |
|--|-------------------------|-------------------------|-------------------------|--|------------------------------------|--------------------------------|
| Cost per property p.a. Housing Management £ | 389 | 373 | 520 | 388 | 448 | - |
| Cost per property p.a. Responsive repairs & voids £ | 821 | 888 | 837 | 1,042 | 821 | - |
| Cost per property p.a. Major & cyclical works £ | 921 | 863 | 489 | 1,599 | 1,288 | - |
| Homes | | | | | | |
| Metric 7 Return on capital employed % | -0.1 (2.0*) | 1.2 | 4.8 (0.8**) | 2.0 | 2.0 | - |
| Services | | | | | | |
| Satisfaction with overall services GN % | 76 ⁵ | 76 ⁶ | 76 | N/A ⁷ | 89 | - |
| People | | | | | | |
| Average working days lost to sickness | 2.3 | 1.4 | 8.05 | N/A ⁸ | 5.71 | <6 |

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

** The figure in brackets assumes that the cladding replacement work at Steedman Street was never required.

³ Acuity benchmarking group: London Housing Associations with fewer than 400 properties

⁴ Acuity Benchmarking 2023 Report (National Smaller Providers)

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

⁶ This is an adjusted figure to reflect satisfaction across stock in Lambeth & Southwark. Figure including Lewisham stock, where building is managed by Clarion Housing, is 73%

⁷ Insufficient comparative data available

⁸ Insufficient comparative date available

REPORT OF THE BOARD
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2023

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 fewer than 400 homes and the other national small associations (fewer than 1,000 units). Comparative data is at 31 March 2023 which does not align with LSHA's financial year end of 30 September 2023. Where appropriate and meaningful, internal targets are set.

LSHA's operating margin compares well with benchmarked providers, even when adjusted to take account of the donation from Optivo for fire work costs at Steedman Street. Interest cover is excellent, reflecting the low levels of borrowing and gearing within the association. These metrics all demonstrate a solid base for future growth once the new homes at Antony and Roderick House have been fully consolidated into the association.

The social housing cost per unit compares well with our comparators, as does the cost per property for responsive repairs and voids. Investment in our properties was under budget in 2022/23, resulting in a cost per property for major and cyclical works below benchmark. There were a number of factors at play, including difficulty in sourcing contractors for some of our planned works, a delay in tendering works due to the surveyor post being vacant for six months and internal resources being diverted due to the overrunning construction works at Antony and Roderick House. With a full time, surveyor in place post year end, and the completion of the Antony and Roderick House development in December 2023, two of these factors have been addressed and full budget spend is anticipated in 2023/24.

Current arrears as a percentage of rent increased in 2022/23, reversing a three-year downward trend. Although above target, performance was better than our peer group and was impacted by staff changes within the housing and finance teams during the year and the wider cost of living crises facing tenants.

Relet times were above target and the benchmark comparisons. A review of our voids and lettings policies and procedures is planned for 2023/24, along with staff training and improved performance reporting.

It is recognised that our overall tenant satisfaction figure is more than 3 years old. Launched in November 2023, our latest tenant survey has been designed to collect the tenant perception information required by the Regulator of Social Housing, plus feedback on other aspects of our service. The results will be available in January 2024.

Staff sickness rose in 2022/23. As a small team, the absence of two members of staff for more than five weeks each impacted this figure. Post year end, an employee assistance programme has been introduced to support staff, with plans to introduce other wellbeing policies and initiatives during 2023/24.

REPORT OF THE BOARD
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2023

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 2022. 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. The external audit service is due to be re-tendered for financial year 2023/24.

The Report of the Board was approved on 7 March 2024 and signed on its behalf by:



Delia Beddis, Chair

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

Opinion

We have audited the financial statements of Lambeth and Southwark Housing Association Limited for the year ended 30 September 2023 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 2023 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 2022.

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 THE MEMBERS OF
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

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. 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 THE MEMBERS OF
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

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 2022, 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 THE MEMBERS OF
LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

Use of our report

This report is made solely to the Association's members as a body, 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'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 for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers

**Beever and Struthers
Chartered Accountants
Statutory Auditor**

150 Minories
London
EC3N 1LS

Date: 11 March 2024

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

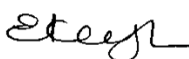
FOR THE YEAR ENDED 30 SEPTEMBER 2023

| | Notes | 2023 £ | 2022 £ |
|---|-------|------------------|----------------|
| Turnover | 2 | 3,165,814 | 2,234,677 |
| Operating expenditure | 2 | (1,725,456) | (1,924,377) |
| Gain/(loss) on sale of fixed assets | 2 | - | - |
| | | <hr/> | <hr/> |
| Operating surplus / (deficit) | | 1,440,358 | 310,300 |
| Interest receivable | | 56,070 | 5,486 |
| Interest payable | 5 | (263,138) | (264,603) |
| Increase/(decrease) in valuation of investment properties | 11 | - | 20,000 |
| Increase/(decrease) in valuation of fixed asset investments | 13 | 52,797 | (67,097) |
| | | <hr/> | <hr/> |
| Surplus / (deficit) for the year | | 1,286,087 | 4,086 |
| | | <hr/> | <hr/> |
| Total comprehensive income/(loss) for the year | | 1,286,087 | 4,086 |
| | | <hr/> <hr/> | <hr/> <hr/> |

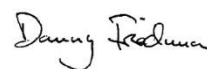
The financial statements on pages 17 to 37 were approved and authorised for issue by the Board on 7 March 2024 and were signed on its behalf by:



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 37 form an integral part of these financial statements.

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION

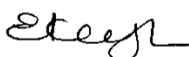
AS AT 30 SEPTEMBER 2023

| | Notes | 2023 £ | 2022 £ |
|--|-------|-------------------|-------------------|
| Fixed assets | | | |
| Housing properties | 10 | 22,918,686 | 23,036,729 |
| Investment properties | 11 | 295,000 | 295,000 |
| Other tangible assets | 12 | 93,868 | 117,224 |
| Fixed asset investments | 13 | 755,771 | 702,974 |
| | | <u>24,063,325</u> | <u>24,151,927</u> |
| Current assets | | | |
| Trade and other debtors | 14 | 79,614 | 12,330 |
| Investments | 15 | 7,310,079 | 2,997,450 |
| Cash and cash equivalents | | - | 80,061 |
| | | <u>7,389,693</u> | <u>3,089,841</u> |
| Less: Creditors: amounts falling due within one year | 16 | (691,314) | (1,809,143) |
| Net current assets/(liabilities) | | <u>6,698,379</u> | <u>1,280,698</u> |
| Total assets less current liabilities | | <u>30,761,704</u> | <u>25,432,625</u> |
| Less: Creditors: amounts falling due after more than one year | 17 | (20,785,839) | (16,742,846) |
| Net assets | | <u>9,975,865</u> | <u>8,689,779</u> |
| Non-equity share capital | 18 | 16 | 17 |
| Income and expenditure reserve | | 9,025,078 | 7,791,788 |
| Revaluation reserve | | 950,771 | 897,974 |
| Total reserves | | <u>9,975,865</u> | <u>8,689,779</u> |

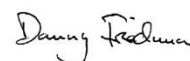
The financial statements on pages 17 to 37 were approved and authorised for issue by the Board on 7 March 2024 were signed on its behalf by:



Delia Beddis
Chair



Emma Keegan
Secretary



Danny Friedman
Vice Chair

The notes on pages 20 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 2023

| | Income and expenditure reserve £ | Revaluation reserve £ | Total £ |
|--|---|-----------------------------|-------------------|
| 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 |
| Surplus / (deficit) from Statement of Comprehensive Income | 1,233,290 | 52,797 | 1,286,087 |
| Balance as at 30 September 2023 | 9,025,078 | 950,771 | 9,975,849 |

The notes on pages 20 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 2023

| | Notes | 2023 | 2022 |
|---|-------|------------------|------------------|
| | | £ | £ |
| Net cash generated from operating activities | (i) | 481,233 | 1,146,869 |
| Cash flow from investing activities | | | |
| Grants received | | 3,750,000 | - |
| Purchase of tangible fixed assets | | (277,251) | (892,547) |
| Interest received | | 56,070 | 5,486 |
| | | 3,528,819 | (887,061) |
| Cash flow from financing activities | | | |
| Interest paid | | (263,138) | (264,603) |
| Loans received | | 500,000 | - |
| Movement in borrowings | | (14,345) | 1,645,504 |
| Movement in share capital | | (1) | (3) |
| | | 222,516 | 1,380,898 |
| Net change in cash and cash equivalents | | 4,232,568 | 1,640,706 |
| Cash and cash equivalents at beginning of the year | | 3,077,511 | 1,436,805 |
| Cash and cash equivalents at end of the year | | 7,310,079 | 3,077,511 |
| Cash and cash equivalents comprise of: | | | |
| Cash at bank | | - | 80,061 |
| Investments | | 7,310,079 | 2,997,450 |
| Total cash and cash equivalents | | 7,310,079 | 3,077,511 |
| Note i | | | |
| | Notes | 2023 | 2022 |
| | | £ | £ |
| Cash flow from operating activities | | | |
| Surplus / (deficit) for the year | | 1,286,087 | 4,086 |
| Adjustments for non-cash items: | | | |
| Depreciation of tangible fixed assets | | 397,711 | 382,096 |
| Decrease / (increase) in trade and other debtors | | (67,284) | 60,180 |
| (Decrease) / increase in trade and other creditors | | (1,170,164) | 389,778 |
| Carrying amount of tangible fixed asset disposals | | 20,939 | 144,842 |
| Revaluation of investment properties | | - | (20,000) |
| Revaluation of fixed asset investments | | (52,797) | 67,097 |
| Amortisation of Social Housing Grant | | (140,327) | (140,327) |
| Adjustments for investing or financing activities: | | | |
| Interest payable | | 263,138 | 264,603 |
| Interest receivable | | (56,070) | (5,486) |
| Net cash generated from operating activities | | 481,233 | 1,146,869 |

The notes on pages 20 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 2023

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 2022 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. 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 Statement of Financial Position 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 2023

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 Statement of Financial Position 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 Statement of Financial Position 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 2023

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 2023

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 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 2023

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 2023

2. Turnover, operating expenditure and operating surplus

| | Turnover £ | 2023 Operating expenditure £ | Operating surplus/(deficit) £ |
|---|-------------------------|--|-------------------------------------|
| Social housing lettings (note 3) | 2,104,878 | (1,682,430) | 422,448 |
| Activities other than social housing | | | |
| Managed associations | 18,000 | (20,455) | (2,455) |
| Commercial rents | 13,000 | - | 13,000 |
| Donation Received* | 845,784 | - | 845,784 |
| Key worker scheme | 179,194 | (22,571) | 156,623 |
| Other | 4,958 | - | 4,958 |
| Total | <u>3,165,814</u> | <u>(1,725,456)</u> | <u>1,440,358</u> |
| Gain/(loss) on sale of fixed assets | - | - | - |
| Total | <u><u>3,165,814</u></u> | <u><u>(1,725,456)</u></u> | <u><u>1,440,358</u></u> |

* The donation relates to the amount that the freeholder has waived on the remedial fire works costs on the leasehold property.

| | 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 | <u>2,234,677</u> | <u>(1,924,377)</u> | <u>310,300</u> |
| Gain/(loss) on sale of fixed assets | - | - | - |
| Total | <u><u>2,234,677</u></u> | <u><u>(1,924,377)</u></u> | <u><u>310,300</u></u> |

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

3. Turnover and operating expenditure

| | 2023 £ | 2022 £ |
|---|------------------|------------------|
| Income | | |
| Rent receivable net of identifiable service charges | 1,844,126 | 1,769,388 |
| Service charge income | 120,425 | 132,037 |
| Amortised government grants | 140,327 | 140,327 |
| Turnover from Social Housing Lettings | 2,104,878 | 2,041,752 |
| Operating expenditure | | |
| Management | 530,980 | 361,928 |
| Services | (111,341) | 139,189 |
| Routine maintenance | 479,708 | 446,604 |
| Planned maintenance | 222,526 | 307,689 |
| Major repairs expenditure | 174,384 | 104,715 |
| Rent losses from bad debts | - | 8,920 |
| Depreciation of housing properties | 386,173 | 506,473 |
| Operating expenditure on Social Housing Lettings | 1,682,430 | 1,875,518 |
| Operating Surplus / (Deficit) on Social Housing Lettings | 422,448 | 166,234 |
| Void losses (being rental income lost as a result of property not being let, although it is available for letting) | 21,069 | 15,342 |

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

4. Accommodation owned, managed and in development

| | 2022 No of properties owned & managed | Additions No of properties owned & managed | Disposals No of properties owned & managed | 2023 No of properties owned & managed |
|----------------------------------|--|---|---|--|
| Social Housing | | | | |
| Under management at end of year: | | | | |
| Social housing (owned) | 293 | - | - | 293 |
| Key worker scheme (owned) | 11 | - | - | 11 |
| Commercial properties (owned) | 1 | - | - | 1 |
| Social housing (managed) | 19 | - | - | 19 |
| Social housing (in development) | | 30 | - | 30 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 324 | 30 | - | 354 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

5. Interest and financing costs

| | 2023 £ | 2022 £ |
|----------------------------|------------------|------------------|
| Interest on loans | 317,684 | 288,124 |
| Loan premium released | (88,893) | (76,588) |
| Arrangement and other fees | - | 26,363 |
| Loan expenses amortised | 34,347 | 26,704 |
| | <hr/> | <hr/> |
| | 263,138 | 264,603 |
| | <hr/> <hr/> | <hr/> <hr/> |

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

6. Surplus/ (deficit) on ordinary activities

| | 2023 | 2022 |
|---|-------------|-------------|
| | £ | £ |
| The operating surplus is stated after charging / (crediting): | | |
| Auditors' remuneration (excluding VAT) | | |
| In their capacity as auditors | 11,076 | 10,060 |
| In respect of other services | - | - |
| Depreciation of housing properties | 376,214 | 361,632 |
| Depreciation of other fixed assets | 21,497 | 19,464 |
| 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

| | 2023 | 2022 |
|---|-------------|-------------|
| | £ | £ |
| 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 | 146,490 | 206,847 |
| The aggregate compensation paid to or receivable by Key Management Personnel | - | - |
| The emoluments paid to the highest paid Director excluding pension contributions | 89,640 | 69,659 |
| 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 | 89,640 | 62,940 |
| 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 £4,403 was made in the year (2022: £7,140).

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 2023 and 2022.

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

9. Employee information

| | 2023 | 2022 |
|--|-------------|-------------|
| The average number of persons employed during the year expressed in full time equivalents (35 hours per week) was: | | |
| Office staff | 8.0 | 8.0 |
| Wardens, caretakers and cleaners | 1.5 | 2.0 |
| | 9.5 | 10.0 |
| | 9.5 | 10.0 |

| | 2023 | 2022 |
|--------------------------|----------------|----------------|
| | £ | £ |
| Staff costs | | |
| Wages and salaries | 293,152 | 326,276 |
| Social security costs | 31,300 | 36,087 |
| Pension costs | 18,423 | 27,636 |
| | 342,875 | 389,999 |
| Consultant costs | 123,180 | 62,940 |
| | 432,515 | 452,939 |
| Agency staff costs | 101,097 | 15,211 |
| Total staff costs | 567,152 | 468,150 |
| | 567,152 | 468,150 |

| | 2023 | 2022 |
|---|-------------|-------------|
| Aggregate number of full-time equivalent staff whose remuneration exceeded £60,000 in the year: | | |
| £60,000 - £69,999 | 1 | 1 |
| £70,000 - £79,999 | - | 1 |
| £80,000 - £89,999 | 2 | - |

No employees received more than £90,000 in the year (2022: none)

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

10. Tangible fixed assets

| | Completed Housing Properties | Housing Properties Under Construction | Total |
|--|---|--|--------------------------|
| | £ | £ | £ |
| Cost | | | |
| At 1 October 2022 | 27,686,762 | 185,990 | 27,872,752 |
| Additions | - | 111,210 | 111,210 |
| Component replacements | 156,920 | - | 156,920 |
| Disposals | (75,787) | - | (75,787) |
| At 30 September 2023 | <u>27,767,895</u> | <u>297,200</u> | <u>28,065,095</u> |
| Depreciation and impairment | | | |
| At 1 October 2022 | 4,836,023 | - | 4,836,023 |
| Charge for the year | 376,214 | - | 376,214 |
| Disposals | (65,828) | - | (65,828) |
| At 30 September 2023 | <u>5,146,409</u> | <u>-</u> | <u>5,146,409</u> |
| Net book value at 30 September 2023 | <u>22,621,486</u> | <u>297,200</u> | <u>22,918,686</u> |
| Net book value at 1 October 2022 | <u>22,850,739</u> | <u>185,990</u> | <u>23,036,729</u> |
| | | 2023 | 2022 |
| | | £ | £ |
| Housing Properties comprise: | | | |
| Freeholds | | 18,924,296 | 13,824,693 |
| Leaseholds | | 3,697,190 | 9,212,035 |
| | | <u>22,621,486</u> | <u>23,036,728</u> |
| Works to existing properties in the year: | | | |
| Improvement works capitalised | | - | 591,829 |
| Component replacements | | 156,920 | 89,115 |
| Amounts charged to expenditure | | 396,910 | 412,404 |

The aggregate amount of interest and finance costs included in the cost of housing properties is £0 (2022: £0).

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

11. Investment properties

| | 2023 | 2022 |
|---|----------------|----------------|
| | £ | £ |
| At start of year | 295,000 | 275,000 |
| Gain / (loss) from adjustment in fair value | - | 20,000 |
| | 295,000 | 295,000 |
| At end of year | 295,000 | 295,000 |

The valuation of properties has been considered as at 30 September 2023 and the Board have determined that there is no material difference between the value as at 30 September 2023 and that valued at 30 September 2022 having considered relevant market information.

12. Other fixed assets

| | Furniture and Equipment £ | Computer Equipment £ | Office & Fittings £ | Total £ |
|--|---------------------------------|----------------------------|---------------------------|----------------|
| Cost | | | | |
| At 1 October 2022 | 29,384 | 70,758 | 99,150 | 199,292 |
| Additions | - | - | 9,121 | 9,121 |
| Disposals | (12,757) | - | - | (12,757) |
| At 30 September 2023 | 16,627 | 70,758 | 108,271 | 195,656 |
| Depreciation and impairment | | | | |
| At 1 October 2022 | 11,754 | 60,303 | 10,011 | 82,068 |
| Charge for the year | 5,877 | 10,207 | 5,413 | 21,497 |
| Disposals | (1,777) | - | - | (1,777) |
| At 30 September 2023 | 15,854 | 70,510 | 15,424 | 101,788 |
| Net book value at 30 September 2023 | 773 | 248 | 92,847 | 93,868 |
| Net book value at 1 October 2022 | 17,630 | 10,455 | 89,139 | 117,224 |

The net book value of other fixed assets includes £0 (2022: £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 2023

13. Fixed Asset Investments

| | 2023 | 2022 |
|---|----------------|----------------|
| | £ | £ |
| Fair value as at 1 October | 702,974 | 770,071 |
| Gain / (Loss) from adjustment in fair value | 52,797 | (67,097) |
| | <hr/> | <hr/> |
| Fair value as at 30 September | 755,771 | 702,974 |
| | <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

| | 2023 | 2022 |
|-------------------------------|---------------|---------------|
| | £ | £ |
| Rent arrears | 124,159 | 70,401 |
| Less: provision for bad debts | (61,519) | (67,874) |
| Prepayments and other debtors | 16,974 | 9,803 |
| | <hr/> | <hr/> |
| | 79,614 | 12,330 |
| | <hr/> | <hr/> |

Debtors are all due within one year.

15. Current Asset Investments

| | 2023 | 2022 |
|------------------------------------|-------------|-------------|
| | £ | £ |
| Building society and bank deposits | 7,310,079 | 2,997,450 |
| | <hr/> | <hr/> |

16. Creditors: amounts falling due within one year

| | 2023 | 2022 |
|--------------------------------------|----------------|------------------|
| | £ | £ |
| Trade creditors and accruals | 317,740 | 1,459,429 |
| Loans due within one year | 362 | 7,285 |
| Taxation and social security payable | 4,179 | 10,070 |
| Rents paid in advance | 89,999 | 89,769 |
| Deferred income | 1,252 | 10,551 |
| Deferred capital grant (Note 21) | 140,327 | 140,327 |
| Managed associations | 35,428 | 5,771 |
| Bond premium | 88,893 | 85,941 |
| Bank overdraft | 13,134 | - |
| | <hr/> | <hr/> |
| | 691,314 | 1,809,143 |
| | <hr/> | <hr/> |

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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

| | 2023 | 2022 |
|----------------------------------|--------------------------|--------------------------|
| | £ | £ |
| Bond premium | 1,428,426 | 1,520,721 |
| Loans (Note 17b) | 5,385,139 | 4,859,974 |
| Deferred capital grant (Note 21) | 13,972,274 | 10,362,601 |
| | <u>20,785,839</u> | <u>16,742,846</u> |

17(b). Loan analysis

| | 2023 | 2022 |
|---|-------------------------|-------------------------|
| | £ | £ |
| Loans repayable by instalments: | | |
| In one year or more but less than two years | 362 | 362 |
| In two years or more and less than five years | 1,317 | 1,317 |
| In five years or more | 5,532,895 | 32,794 |
| Not by instalments: | | |
| In five years or more | 6,960 | 5,007,060 |
| Less arrangement fees | (156,395) | (181,557) |
| | | |
| Total loans | <u>5,385,139</u> | <u>4,859,974</u> |

Loans are secured by specific charges on the Association's housing properties. Loans are repayable at varying rates of fixed interest between 5.2 – 10.5%.

At 30 September, the Association had undrawn loan facilities with Natwest Bank plc of £7.5m (2022: £8.0m).

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

18. Non-equity share capital

| | 2023 | 2022 |
|--------------------------------|-------------|-------------|
| | £ | £ |
| Allotted Issued and Fully Paid | | |
| At the start of the year | 17 | 20 |
| Issued during the year | - | 1 |
| Surrendered during the year | (1) | (4) |
| At the end of the year | 16 | 17 |

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

| | 2023 | 2022 |
|--|-------------|-------------|
| | £ | £ |
| 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 | 8,988,923 | 8,131,400 |
| The Association expects these commitments to be contracted within the next year and financed with: | | |
| Social Housing Grant | 3,750,000 | 3,000,000 |
| Loans | 5,238,923 | 5,131,400 |
| Cash | - | - |

Apex AR House Limited developers were appointed to deliver 30 new homes at one of LSHA's existing purpose-built blocks in Southwark. This development was authorised by the Board in May 2019, and the scheme completed in November 2023 and handed over on 15 December 2023. Funds have been secured to finance the purchase of this development.

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

20. Operating leases

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

Land and Buildings

| | 2023 | 2022 |
|---------------------------------------|---------------|---------------|
| | £ | £ |
| Within 1 year | 48,125 | 48,125 |
| Between 1 and 5 years | - | 48,125 |
| Total operating lease payments | 48,125 | 96,250 |

The above lease payments relate to the office lease.

21. Deferred Capital Grant and financial assistance

| | 2023 | 2022 |
|--|-------------------|-------------------|
| | £ | £ |
| At 1 October 2022 | 10,502,928 | 10,643,255 |
| Grant received in the year | 3,750,000 | - |
| Released to income in the year | (140,327) | (140,327) |
| At 30 September 2023 | 14,112,601 | 10,502,928 |
| | | |
| Amount due to be released < 1 year (Note 16) | 140,327 | 140,327 |
| Amount due to be released > 1 year (Note 17(a)) | 13,972,274 | 10,362,601 |
| | | |
| The total accumulated government grant and financial assistance received or receivable at 30 September | 17,782,891 | 14,032,766 |

22. Analysis of changes in net debt/(funds)

| | 2022 | Cashflows | 2023 |
|-------------------------------|------------------|--------------------|--------------------|
| | £ | £ | £ |
| Short term liability | 7,285 | (6,923) | 362 |
| Long term liability | 4,859,974 | 525,165 | 5,385,139 |
| Total liabilities | 4,867,259 | 518,242 | 5,385,501 |
| Cash and cash equivalents | (3,077,512) | (4,232,567) | (7,310,079) |
| Total net debt/(funds) | 1,789,747 | (3,714,325) | (1,924,578) |

LAMBETH AND SOUTHWARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

23. Related parties

The following are related parties:

There are currently no related parties or related party transactions. In the prior year there was one tenant board member. The rent charged to the tenant board member (who resigned in March 2022) during the year was £2,728. The arrears on the tenancy at the reporting period was £0. Related party balances are not secured.

24. Financial Instruments

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

| | 2023 | 2022 |
|---|------------------|------------------|
| | £ | £ |
| Financial assets | | |
| Financial assets measured at cost | | |
| Cash and cash equivalents | - | 80,061 |
| Current asset investments | 7,310,079 | 2,997,450 |
| Financial assets measured at fair value through profit or loss | | |
| Fixed asset Investments | 755,771 | 702,974 |
| Financial assets measured at amortised cost | | |
| Rental debtors | 124,159 | 70,401 |
| Other debtors and accrued income | 16,974 | 9,264 |
| Total financial assets | 8,206,983 | 3,860,150 |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | | |
| Rents paid in advance | 89,999 | 89,769 |
| Trade creditors and accruals | 317,740 | 1,459,426 |
| Other creditors | 36,680 | 5,771 |
| Housing loans | 5,385,501 | 4,867,259 |
| Total financial liabilities | 5,829,920 | 6,422,225 |

25. Contingent Liability

There was no contingent liability for the year ended 30 September 2023 (2022: Nil).

26. Contingent Asset

No contingent asset has been recognised for the year ended 30 September 2023. A contingent asset was recognised for the year ended 30 September 2022. This was because works had been capitalised for which LSHA would have been due to meet. Grant was potentially available through the Building Safety Fund via the landlord which was considered a contingent asset. However in the year the landlord agreed to meet those costs due to LSHA therefore no grant is due to LSHA and the contingent asset is no longer required.

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27. Events After the End of the Reporting Period

The new development of Anthony and Roderick was handed over in December 2023 after the drawdown of the loan in early December 2023 to finance the acquisition.