

**LONDON HOUSING FOUNDATION  
LIMITED**

**Financial Statements**

**Year ended  
31 March 2021**

**Company Number 1226903  
Registered Charity Number 270178**

# LONDON HOUSING FOUNDATION LIMITED

## Report of the Trustees and financial statements for the year ended 31 March 2021

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### Contents

#### Page:

1-9	Report of the Trustees
10-12	Report of the independent auditor
13	Statement of financial activities
14	Balance sheet
15	Cash Flow Statement
18-34	Notes to the financial statements

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#### Trustees

Mr Ian Brady (Chair)  
Mr Simon Dow  
Mr John Stebbing  
Ms Clare Miller  
Mr Jeremy Swain  
Ms Eleanor Stringer  
Mr Derek Joseph  
Mr Nick Hardwick  
Ms Elly Shepherd (appointed 8 July 2020)

#### Secretary and Registered Office

Mr D M Joseph  
Tempus Wharf  
29a Bermondsey Wall West  
London SE16 4SA

#### Company Number

1226903

#### Registered Charity Number

270178

#### Bankers

The Royal Bank of Scotland Plc  
London City Office  
62-63 Threadneedle Street  
London  
EC2R 8LA

#### Solicitors

Devonshires  
30 Finsbury Circus  
London  
EC2M 7DT

#### Statutory Auditor

Price Bailey LLP  
3<sup>rd</sup> Floor  
24 Old Bond Street  
Mayfair  
London W1S 4AP

# LONDON HOUSING FOUNDATION LIMITED

## REPORT OF THE TRUSTEES (INCLUDING THE DIRECTORS' REPORT)

Year ended 31 March 2021

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The Trustees submit their report and financial statements for the year ended 31 March 2021 for the London Housing Foundation Limited ("the Foundation").

The Trustees, who are also directors of the Foundation for the purposes of the Companies Act, submit their annual report and the audited financial statements for the year ended 31 March 2021. The Trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) (Charities SORP (FRS 102)) in preparing the annual report and financial statements of the Foundation.

### TRUSTEES

The Trustees who have served during the year, unless otherwise stated, together with their interests in the ordinary shares of the charitable company are as follows:

	£1 ordinary shares	
	At 31 March 2021	At 1 April 2020
Mr Ian Brady, Chair	1	1
Mr Simon Dow	1	1
Mr John Stebbing	1	1
Ms Clare Miller	1	1
Mr Jeremy Swain	1	1
Ms Eleanor Stringer	1	1
Mr Derek Joseph	1	1
Mr Nick Hardwick	1	1
Ms Elly Shepherd (appointed 8 July 2020)	<u>1</u>	<u>0</u>
	<u>9</u>	<u>8</u>

### Statement of Trustees' responsibilities

The Trustees (who are also directors for the purpose of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the results of the charitable company for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102 2019);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

## **LONDON HOUSING FOUNDATION LIMITED**

### **REPORT OF THE TRUSTEES (INCLUDING THE DIRECTORS' REPORT)**

**Year ended 31 March 2021**

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The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislations in other jurisdictions.

## **GOVERNANCE, OBJECTIVES AND MANAGEMENT**

### **Governing document**

The Foundation is a charitable company limited by shares, established in 1991 as a grant providing registered charity from the residual assets of the Central YMCA Housing Association Limited. It is governed by its Memorandum and Articles of Association which were amended and registered with both the Registrar of Companies and the Charity Commission in July 2008 and later in April 2017 and May 2018. These amendments enable the Chairman to receive limited remuneration for an executive role, and for the Secretary to be appointed as a Trustee. Only a minority of other trustees can be paid but only for professional services provided and no Trustee can derive benefit from their shareholding.

The amendments in 2017 also widened the objectives so agencies could be supported that provide wider support for communities.

On winding up or dissolution of the Foundation any assets remaining after satisfaction of debts and liabilities must be transferred to another charitable institution having similar objectives to those of the Foundation.

### **Principal objective**

The Foundation was set up to ease the plight of homeless single people in Greater London, although it is not limited to this geographical area. It achieves this through strengthening the capacity of the agencies who provide services to this client group. The available funds are used to provide grants, provision of consultancy and advisory services, assembling reference information, funding training and development work.

### **Risk management**

The Trustees have assessed the major risks to which the Foundation is exposed, in particular those related to the operations and finances of the Foundation, and are satisfied that systems are in place to manage our exposure to the major risks. There is an annual review of strategy and risk as well as an on-going review of economic and fiscal trends, which is delegated to the Investment Committee.

## **LONDON HOUSING FOUNDATION LIMITED**

### **REPORT OF THE TRUSTEES (INCLUDING THE DIRECTORS' REPORT) Year ended 31 March 2021**

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The key risks and mitigating actions identified by the Trustees are:

Reductions in investment returns and the capital values of these investments – investments are made on professional advice and spread over a number of sectors, governments and companies utilising different financial instruments including bonds, equities and deposits.

Poor governance – the Trustees regularly review their membership, skills and controls. Where found wanting, there are procedures in place to ensure improvement and performance monitoring.

Insufficient suitable grants or monies spent not properly monitored – the Foundation has systems to encourage new suitable applicants to come forward for a rigorous selection process followed by detailed and regular monitoring.

The Foundation maintains a risk register which the Trustees regularly review. The crisis created by the Covid-19 pandemic has tested the contingency procedures. These included IT systems that allowed executives and Trustees to work from home, more direct monitoring of investments and grants, as well as channels of communication for our clients and projects. All have continued functioning effectively including switching the Leadership Programme from face to face learning to online. Following the crisis, the Trustees will be assessing performance and future risk management in consultation with our clients.

#### **Recruitment and election of trustees**

One-third of the Trustees resign each year and are re-elected by the shareholders in general meeting. When a vacancy occurs, care is taken to ensure that new Trustees are able to contribute effectively alongside the existing board by providing complementary skills. Trustees are keen to ensure both continuity and renewal. Trustees who are long serving are encouraged to stand down when new potential Trustees are identified whilst ensuring that the Trustees retain the necessary skill base.

#### **Public benefit and governance**

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit and Code of Governance when reviewing our aims and objectives, governance arrangements and in planning our future activities, more details of which are described below.

#### **ACTIVITIES**

The principal objective of the LHF is to increase the capacity of the voluntary sector organisations that provide services principally to single people in London who are either homeless or vulnerable to homelessness.

The majority of our income is used to fund our core and committed projects such as the annual London Homelessness Awards and our Leadership and Management Programme with LSBU and our support of the Depaul International initiatives.

Every year we use part of our resources to allow us to be able to respond to grant requests that help us meet our objectives. Occasionally we commission our own research but we do not normally provide grants for research or campaigns.

Increasingly the Foundation is investing time and resources to preserve services for homeless people in London which are threatened because of the financial circumstances of the provider. During 2020/21 this role is ongoing with several service providers particularly with the financial concerns following the Covid-19 crisis.

## **LONDON HOUSING FOUNDATION LIMITED**

### **REPORT OF THE TRUSTEES (INCLUDING THE DIRECTORS' REPORT)**

**Year ended 31 March 2021**

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#### **Board and Staff**

The LHF has a part time Administrator and two 'on-call' consultants who handle the bulk of the day to day workload. They are supported by an Executive Chairman and a part time Company Secretary / Investment Advisor. As a small charity the LHF's expert board of directors are also involved in supporting the operations.

#### **Leadership and Management Programme with LSBU**

In 2014 LHF developed a Leadership and Management Programme with London South Bank University (LSBU) leading to a bespoke PG Certificate in Leadership and Management: Homelessness and Housing, aimed at attracting up-and-coming leaders in the homelessness and allied sectors. The first cohort commenced in January 2015 with 18 participants from 16 agencies and the second cohort commenced in January 2016 with 12 participants from 12 agencies. The third cohort started in January 2017 with 12 participants from 10 agencies and the fourth cohort started in January 2018 with 16 participants from 15 agencies. In January 2019 the fifth cohort of 18 students commence their course of studies. The sixth cohort started in October 2019 with 17 participants from agencies and the seventh cohort started in October 2020 with 16 students and an eighth cohort is being recruited with a start date in October 2021 and currently planning for further extensions.

#### **London Homelessness Awards**

LHF supports the London Homelessness Awards (until 2015 named The Andy Ludlow Awards) to showcase the best of innovative and unique work in the field of homelessness services. Recently the Foundation has taken a more prominent role in the promotion and administration of the Awards where we work alongside London Councils' Housing Directors Group, Shelter, Crisis and the GLA as co-sponsors of the Awards. Due to the Covid crisis the 2020 awards and related events were cancelled. Currently the aim is to reinstate later in 2021 with an increased level on awards and, if possible, to recognise contributions during the pandemic.

#### **Homelessness in other countries**

The LHF believes strongly that Homeless Agencies working in London and the UK can learn from other agencies carrying out similar work abroad. For many years the LHF has provided bursaries for individuals working in London who wish to visit agencies abroad and we have also organised reciprocal trips to allow foreign agencies to see the work carried out in London. Recently we have concentrated our funding of bursaries in support of our Leadership Programme and we have supported Depaul International in its humanitarian work with rough sleepers in Eastern Europe, particularly in Kharkov near Crimea in the Ukraine. Due to the Covid crisis only the work with Depaul continued during 2020 and it is planned to restart the other elements later in 2021 if suitable international travel arrangements can be made.

#### **Responsive Grants**

Besides our 'core' programmes outlined above the LHF does make grants directly to agencies. We have two current areas of interest where the Board wants to concentrate on making responsive grants.

## **LONDON HOUSING FOUNDATION LIMITED**

### **REPORT OF THE TRUSTEES (INCLUDING THE DIRECTORS' REPORT)**

**Year ended 31 March 2021**

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#### **Sector collaboration and consolidation**

There are a large number of agencies delivering services to homeless people in London and from time to time new service providers arrive. There can be advantages to this diversity but LHF believes there could be benefits to agencies exploring the added value that might be gained through collaboration and consolidation. It is expected that with the financial difficulties some agencies are finding from the Covid-19 crisis, this will be an important priority in the near future.

#### **Proof of concept and early stage development**

The second area of LHF grant making relates to assisting agencies to develop early 'proofs of concept' for innovative services or products that are new to the sector. We look for products or services that should, once demonstrated, have strong potential to be supported after a relatively short period of time by statutory or independent funders or be able to demonstrate that they can achieve break-even point.

### **SOCIAL INVESTMENT**

#### **Supportive Loan Finance**

Between November 2016 and June 2018 LHF utilised some of its investment funds to provide a loan to Depaul UK to fund the refurbishment of a building to provide offices and a service hub for its work. These works were completed in September 2017 and the loan balance crystallised in June 2018. Depaul UK is now repaying the loan over 15 years. In March 2017 LHF agreed to provide both support and a loan to Deptford Reach Charity to enable it to continue operating and for a possible relocation to a more suitable premises. This loan facility continues to be available to Thames Reach after its absorption of the Deptford Reach Centre in November 2018 to assist with the relocation objectives. The Foundation is open to assisting more agencies in this manner and expects that the Covid crisis will identify areas of reorganisation and consolidation of service providers that this loan finance can support.

#### **'Rescue' Services**

Some agencies providing services to vulnerable people have had to curtail their activities or consider closure because of financial problems. These services built on work in the previous year when LHF provided grants, consultants as well as temporary loans to assist in preserving essential services. In particular LHF supported the continuing operations of Deptford Reach Homelessness Centre which was in danger of closure. The LHF Company Secretary acted as Executive Chair with support from LHF Trustees and funding from LHF until the centre transferred to Thames Reach in November 2018. Following the transfer, LHF continued to support the project ensuring the mainstream services continued to operate. The Trustees believe that this will be a growing area of work in the foreseeable future. Currently LHF is supporting other agencies going through this transition and post-Covid longer term strategies can be developed to help protect service provision.

### **ACHIEVEMENTS AND PERFORMANCE**

#### **Direct Grants**

During the year grants were awarded to 7 agencies (2020: 11). Some agencies received more than one grant, particularly where there was follow-on work to help with guidance for other agencies or the expansion of a successful programme. Some grants include an element of professional or technical support from consultants and staff either commissioned or employed by the Foundation. These additional costs are recognised in the costs of internal resources allocated to the programme.

## LONDON HOUSING FOUNDATION LIMITED

### REPORT OF THE TRUSTEES (INCLUDING THE DIRECTORS' REPORT)

Year ended 31 March 2021

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Grants are loosely categorised under three key headings, examples of which are described below:

- Agency support – grants to initiate or increase the availability of services to young homeless people including 'quality of life', an example is a grant of £12,000 to Hope Worldwide to assist people gaining employment to access accommodation.
- Criminal Justice System interface – grants to agencies assisting young homeless people who are either due to be released from prison or in danger of being given custodial sentence, an example is a grant of £89,592 to PACT for arranging peer support to assist prisoners in the transition to a new life,
- Organisational Strengthening – these are grants and support available to agencies to provide training and leadership skills for key staff, as well as initiatives to make their operating more effective. An example is a grant of £15,000 to Cambridge House to improve services to private tenants under threat of eviction.

During the year a total of £253,049 (2020: £311,340) was paid as grants analysed as:

- Agency support – £148,520 (2020: £149,000)
- Criminal Justice System interface – £48,546 (2020: £41,046)
- Organisational strengthening - £65,500 (2020: £102,794)
- Research and specials – (£9,517) (2020: £18,500)

A note to the accounts lists each of the awards (Note 20). In addition £94,293 (2020: £96,990) of internal resources was allocated to the grants programme. Total value of the programme was £347,342 (2020: £408,330).

#### **Agencies Support (Projects)**

The projects involve a series of research, training and support activities that assist homelessness agencies to develop their capacity to deliver more effective results for their clients. These projects are sector-wide rather than concentrating on particular agencies. Much of the administrative work for these projects is managed by LHF's own resources. During the year the core elements of these programmes were:

- The Leadership Programme sponsored by LHF to provide skills training and wider experience to up and coming managers in the sector at a cost of around £60,000 per annum, some elements of this programme were cancelled during 2020 due to the Covid crisis but are planned to be reinstated later in 2021.
- The Homeless Awards which identify innovative projects in the sector at a net cost to LHF of around £50,000 per annum. Due to the Covid crisis the awards and the related events had to be cancelled in 2020. It is now planned to reinstate later in 2021 with an enhanced level of awards.
- The development of 'The Atlas' to provide an interactive database of available services throughout London for agencies working with homeless people at a cost of around £45,000 per annum.

During 2020/21 total spending on these programmes net of charitable contributions £16,830 (2020: £61,455) amounted to £67,547 (2020: £149,062) of external costs and £94,293 (2020: £96,990) of internal allocated resources making a total of £161,840 (2020: £246,052).



## **LONDON HOUSING FOUNDATION LIMITED**

### **REPORT OF THE TRUSTEES (INCLUDING THE DIRECTORS' REPORT)**

**Year ended 31 March 2021**

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#### **Total Charitable Expenditure**

Total charitable expenditure, net of charitable contributions, for the year was £509,182 (2020: £654,382) as detailed in the Statement of Financial Activities on Page 13.

#### **Plans for the Future**

The Foundation sets its grants and projects strategies on a three year moving cycle and the current strategy is in the third year of that cycle and the Trustees during the year reviewed the current strategy and intend to maintain that strategy for at least a further year. With a more difficult economic climate for both young homeless people and the agencies themselves, it is likely that the change of emphasis from grants to projects which is reflected in the recent accounts will continue as the Foundation seeks to assist agencies in becoming more sustainable in a difficult economic climate. The Trustees are also aware of the need to maintain support even though there is continuing pressure on the Foundation's investment income.

The medium term financial objectives for 2021/22 and the following financial years is to maintain a similar total of grants and project spend as for 2020/21 after reinstating the Covid-19 hit programmes. It is realised that with a less favourable economic climate after the Covid-19 crisis and many major quoted companies reducing dividend payments, the spend for at least the first six months of 2021/2 may need to be restricted after which the objectives may need to be reviewed to avoid material depletion of reserves.

#### **FINANCIAL REVIEW**

##### **Results for the Year**

Investment income was £548,110 (2020: £637,563). Net (loss)/gain on revaluation of tradable investments for the year was £1,242,125 (2020: (£1,634,326)) and net (loss)/gain on disposal of investments was £(4,202) (2020: £(16,672)).

Charitable expenditure during the year on grants was £253,049 (2020: £311,340) and on projects, net of charitable contributions £16,830 (2020: £61,455) was £67,547 (2020: £149,062). Support costs totalled £156,718 (2020: £145,485).

Contribution to the deficit of the defined benefit pension schemes is included in expenses. Changes to the valuation of the liability was (£58,744) (2020: gain of £83,783) and shown separately in the Statement of Financial Activities. Total fund balances at 31 March 2021 were £15,801,611 (2020: £14,598,752).

##### **Investment Policy**

The London Housing Foundation may only hold cash deposits with high rated credit institutions. At any one time at least £500k is held in cash deposits (max 95 days' notice). The amount of money that can be invested in equities or bonds is also restricted to a percentage of total funds available. The management of the investment is delegated to the Investment Committee which monitors performance on a regular basis. The portfolio is held principally through ungeared funds to spread and reduce risk. Funds are selected to those providing distributions in accordance with the grant policy with sufficient expectation of growth to meet a target of growing income, at least in line with price inflation. All investments other than deposits and loans to charitable partners are tradable on a recognised 'senior' market.

## **LONDON HOUSING FOUNDATION LIMITED**

### **REPORT OF THE TRUSTEES (INCLUDING THE DIRECTORS' REPORT)**

**Year ended 31 March 2021**

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Details of the spread of investments by instruments and category with movements of the portfolio during the year are given in note 11 to the accounts.

#### **Reserves Policy**

Since it was set up in 1991, most of the investment income available to the Foundation has been used to support and promote agencies and projects that improve the quality of life for single homeless people in London.

As at 31 March 2021 unrestricted general funds have amounted to £15,733,454 partly from retention of profits £10,143,825 and partly through the realised profits on the sale of commercial property £5,589,629. This has enabled the annual support programme to increase, at least, in line with inflation. With the sale in previous years of all the properties owned by Bramah House Limited assets are held either in cash and liquid investments of £15,337,381, or social investments £529,541 (Note 18).

It is the policy of the Trustees to spend or distribute all of the annual income subject to maintaining sufficient reserves and investments to enable likely cash flow calls to be met and an increasing annual programme. The Trustees have confirmed that should significant projects be identified which would make a material difference to achieving the Foundation's objectives, there would be no restriction on using accumulated reserves and to accept reductions in future support programmes.

Current policy is for at least £500k of reserves to be kept in a liquid deposit (max 95 days' notice). The balance is invested between term cash deposits, equities and bonds principally through ungeared funds. The investment objective, in the medium term, is to sufficiently grow the reserves so that grant giving can increase by at least the rate of price inflation.

The free reserves which are made up of unrestricted funds at 31 March 2021 are £15.7m (2020: £14.6m) which the Trustees regard as sufficient to support the planned future activities of the Foundation.

Following on from the Covid-19 pandemic and subsequent government action to restrict the spread of the disease the Board of LHF reviewed the likely effect on both the capital value and potential future income levels. Although LHF has reserves significantly higher than its committed expenditure – see note 16 and available fund balances described above – a revised budget was computed and approved which restricted operating deficit to that previously. A further review will be undertaken later this year when the economic and fiscal environment can be better reviewed.

#### **DESIGNATED FUNDS**

The Foundation holds £68,157 (2020: £68,157) in a designated fund on which an undertaking has been given that the monies should only be utilised on grants which would have been possible under the objectives of the Elmfield Charitable Trust (ECT). The monies arose from 50% of the net rents on properties gifted to a subsidiary of the Foundation and then later disposed of in 2009. It is expected that some of the monies still held will be spent by the end of the 2021/22 financial year. Note 19 provides further details.

#### **PENSION LIABILITY**

In compliance with FRS102 a long term liability of £88,000 (2020: £54,000) has been created to reflect the advice from the Social Housing Pension Scheme (SHPs) of the allocated plan deficit, see Note 21. During the current year £24,744 (2020: £26,262) was applied to reduce the deficit. An equivalent sum has been allocated from reserves to support this liability. Notes 19 and 21 provide further details. Prior to 1 April 2018 the allocated deficit was not available and an estimate of the deficit based on the 2013

**LONDON HOUSING FOUNDATION LIMITED**

**REPORT OF THE TRUSTEES (INCLUDING THE DIRECTORS' REPORT)**  
**Year ended 31 March 2021**

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triennial valuation had been applied. The estimate was adjusted on a prior year base in the 2016/17 accounts to reflect this information. If the Foundation was to cease to have any members of the scheme, a capital sum would be payable that could be significantly higher than the plan deficit, depending on circumstances at the time.


**AUDITORS**

Price Bailey LLP has expressed its willingness to continue in office and a resolution for their reappointment will be proposed at the Annual General Meeting.

**SMALL COMPANIES' EXEMPTION**

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

**By order of the Board**



**DEREK JOSEPH**

**Secretary**

**Date 13 July 2021**

# LONDON HOUSING FOUNDATION LIMITED

## REPORT OF INDEPENDENT AUDITOR

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON HOUSING FOUNDATION LIMITED

#### Opinion

We have audited the financial statements of London Housing Foundation Limited (the charitable company) for the year ended 31 March 2021 which comprise of the Statement of Financial Activities, the Charitable Company Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 charitable company's affairs as at 31 March 2021, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### 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 charitable company 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 trustees' 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 charitable company'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 trustees with respect to going concern are described in the relevant sections of this report.

#### Other information

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

## **LONDON HOUSING FOUNDATION LIMITED**

### **REPORT OF INDEPENDENT AUDITOR**

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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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements

#### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 trustees are responsible for assessing the charitable company'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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

# LONDON HOUSING FOUNDATION LIMITED

## REPORT OF INDEPENDENT AUDITOR

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### **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](http://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**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Charitable Company and the sector in which it operates and considered the risk of the Charitable Company not complying with the applicable laws and regulations including fraud in particular those that could have a material impact on the financial statements. This included those regulations directly related to the financial statements, including financial reporting which could have a material impact on the financial statements. In relation to the operations of the Charitable Company this included compliance with the Charities Act and SORP 2019, GDPR, employment law and health & safety.

The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified. These included the following:

Reviewing minutes of Trustee Board meetings, any correspondence with the Charity Commission, agreeing the financial statement disclosures to underlying supporting documentation, enquiries of management and officers of the Charitable Company and a review of the risk management processes and procedures in place including a review of the risk register maintained by the charitable company. We have also reviewed the procedures in place for the reporting of any incidents to the Trustee Board including serious incident reporting of these matters as necessary with the Charity Commission.

Management override: To address the risk of management override of controls, we carried out testing of journal entries and other adjustments for appropriateness. We reviewed systems and procedures to identify potential areas of management override risk. In particular, we carried out testing of journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions to identify large or unusual transactions. We reviewed key authorisation procedures and decision making processes for any unusual or one-off transactions. We also assessed management bias in relation to the accounting policies adopted and in determining significant accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud

## LONDON HOUSING FOUNDATION LIMITED

### REPORT OF INDEPENDENT AUDITOR

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rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

#### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with. Our audit work has been undertaken so that we might state to the charitable company's members and its trustees 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 charitable company and the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

***Helena Wilkinson BSc FCA DChA (Senior Statutory Auditor)***

For and on behalf of  
**Price Bailey LLP**  
Chartered Accountants  
Statutory Auditors

3rd Floor,  
24 Old Bond St,  
Mayfair,  
London  
W1S 4AP

Price Bailey LLP is a limited liability partnership registered in England and Wales (with registered number OC307551).

**LONDON HOUSING FOUNDATION LIMITED**

**STATEMENT OF FINANCIAL ACTIVITIES (incorporating an income and expenditure account)  
For the year ended 31 March 2021**

	Note	Total Unrestricted Funds	
		2021 £	2020 £
<b>INCOME:</b>			
Investments	2	<u>548,110</u>	<u>637,563</u>
<b>TOTAL INCOME</b>		<u>548,110</u>	<u>637,563</u>
<b>EXPENDITURE ON:</b>			
<b><i>Raising funds</i></b>			
Investment management fees		<u>15,248</u>	<u>15,248</u>
<b><i>Charitable expenditure</i></b>			
Organisational Strengthening		89,908	134,937
Criminal Justice System Interface		66,636	53,881
Research and Specials		(12,351)	24,285
Agencies Support		381,819	502,734
Charitable Contributions	8	<u>(16,830)</u>	<u>(61,455)</u>
		<u>509,182</u>	<u>654,382</u>
<b>TOTAL EXPENDITURE</b>	5	<u>524,430</u>	<u>669,630</u>
<b>NET INCOME/(EXPENDITURE) FOR THE YEAR PRIOR OTHER RECOGNISED GAINS OR (LOSSES)</b>	6	23,680	(32,067)
Gains/(losses) on investment assets	11	1,237,923	(1,650,998)
Actuarial (losses)/gains/on defined benefit pension scheme	19	<u>(58,744)</u>	<u>85,738</u>
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		1,202,859	(1,597,327)
Fund balances brought forward at 1 April 2020		<u>14,598,752</u>	<u>16,196,079</u>
<b>FUND BALANCES CARRIED FORWARD AT 31 MARCH 2021</b>		<u>15,801,611</u>	<u>14,598,752</u>

All amounts relate to continuing activities.

The notes on Pages 18-34 form part of these financial statements.





**LONDON HOUSING FOUNDATION LIMITED**

**BALANCE SHEET**  
**31 March 2021**

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**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	<b>Called up share capital £</b>	<b>Total Reserves £</b>	<b>Total £</b>
At 31 March 2020	<u>8</u>	<u>14,598,744</u>	<u>14,598,752</u>
Issue of new share capital	1	-	1
Profit for the year and total comprehensive	-	<u>1,202,858</u>	-
At 31 March 2018	<u>9</u>	<u>15,801,602</u>	<u>15,801,611</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

These financial statements were approved by the Trustees and authorised for issue on 13 July 2021 and signed on their behalf by:



Chair  
13 July 2021

Company Number 1226903

The notes on Pages 18-34 form part of these financial statements

**LONDON HOUSING FOUNDATION LIMITED**

**CASH FLOW STATEMENT**  
**31 March 2021**

		<b>2020</b>	<b>2021</b>
		<b>£</b>	<b>£</b>
<b>Cash flows from operating activities:</b>	<b>Note</b>		
Net cash (used in) / provided by operating activities	(a)	<u>(568,200)</u>	<u>(723,569)</u>
Long term assets			
Loan advances		53,008	53,407
Cash flows from investing activities:			
Dividends and interest from investments		548,110	637,563
Proceeds from sale of investments		94,900	246,260
Purchase of investments		<u>(101,398)</u>	<u>(403,070)</u>
Net cash (used in) / provided by investing activities		<u>594,620</u>	<u>534,160</u>
Change in cash and cash equivalents in the reporting period		<u>26,420</u>	<u>(189,409)</u>
Cash and cash equivalents at the beginning of the reporting period	(b)	<u>988,101</u>	<u>1,177,510</u>
Cash and cash equivalents at the end of the reporting period	(b)	<u>1,014,521</u>	<u>988,101</u>
a) Reconciliation of net income (expenditure) to net cash flow from operating activities			
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities for:		23,680	(32,067)
Dividends and interest from investments		(548,110)	(637,563)
(Increase)/decrease in debtors		(4,664)	5,413
(Decrease)/increase in creditors		(14,362)	(35,090)
FRS102 pension scheme costs		-	2,000
Contribution to pension scheme deficit		<u>(24,744)</u>	<u>(26,262)</u>
Net cash (used in) / provided by operating activities		<u>(568,200)</u>	<u>(723,569)</u>
b) Analysis of cash and cash equivalents			
Cash on fixed term deposit		-	-
Cash at bank and in hand		<u>1,014,521</u>	<u>988,101</u>
Total cash and cash equivalents		<u>1,014,521</u>	<u>988,101</u>
Analysis of changes in net debt			
Cash and cash equivalents at 1.4.20		988,101	1,177,510
Cash Flows		<u>26,420</u>	<u>(189,409)</u>
Cash and Cash Equivalents at 31.3.21		<u>1,014,521</u>	<u>988,101</u>

## **1 ACCOUNTING POLICIES**

### **Basis of accounting and assessment of going concern**

The Accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Charity constitutes a public benefit entity as defined by FRS 102.

The Trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern. The Charity at 31 March 2021 had total net assets of £15.9m of which £14.3m were investments quoted on a recognised exchange and £1.0m was cash and after paying all creditors, was a cash balance of £1.03m. The only significant liabilities were £29k of pension scheme deficit and £0.6m of grant liabilities. Since 1 April 2021 no new significant liabilities have been identified or entered into and cash balances at 24 June 2021 were similar to those at the start of the year. At the same date investment values have increased by around £0.34m. Trustees are concerned about any erosion of reserves and for the current year are putting a cap on new project and grant commitments.

There are no significant areas of judgement or key assumptions that affect items in the financial statements other than those included within the accounting policies described below. With respect to the next reporting period for the year ended 31 March 2022, the most significant areas of uncertainty that affect the carrying value of assets held by the charity are the level of investment return and the performance of the investment markets (see the investment policy and performance and risk management sections of the Trustees' Report for more information).

The following principal accounting policies have been applied:

### **Basis of consolidation**

No consolidated financial statements have been produced as the trading subsidiary was dormant for both the financial year and the preceding financial year.

### **Income recognition**

Investment income is recognised on a receivable basis. Interest is apportioned relating to the period and dividends on a received basis.

### **Charitable Contributions**

Where partners or agencies make contributions to LHF initiated agency support projects, these are requested from the partner or agency at commencement of the project or relevant phase of the project in which they are involved and recognised over the life of the project or the relevant phase (Note 8 provides further details).

### **Expenditure recognition**

All expenditure is accounted for on an accruals basis and is recognised where there is a legal and constructive obligation to pay for the expenditure.

The cost of raising funds includes all costs associated with the letting of office accommodation and internal investment management.

Charitable expenditure includes all costs relating to the furtherance of the charitable objectives.

Governance costs include those incurred in the governance of the Foundation and its assets and are primarily associated with constitutional and statutory requirements.

Support costs include central functions and have been allocated to activity cost categories on a basis of staff time spent on those activities.

### **Grants payable**

Grants payable are recognised in the Statement of Financial Activity ('SOFA') as charitable expenditure in the period in which the grant is authorised and any preconditions have been met. A list of grants payable can be found in Note 20.

### **Investments**

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing mid-market quoted market price. If the bid price was used the difference in total valuation would not be material. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The investment portfolio does not acquire put options, derivatives or other complex financial instruments.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

### **Designated funds**

The Trustees, at their discretion, may set aside funds to cover specific future costs. Such funds are shown as designated funds within unrestricted funds. Where the Trustees decide such funds are no longer required for the purposes intended, they may be released by transfer to general unrestricted funds.

# LONDON HOUSING FOUNDATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

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### Pension costs

The Charity makes contributions to The Social Housing Pension Scheme (SHPS), a multi-employer defined benefit scheme. Further details of this scheme is provided in note 21.

## 2 INVESTMENT INCOME

	2021	2020
	£	£
Income receivable from investments quoted on the UK Stock Exchange	523,928	609,424
Bank and loan interest receivable	<u>24,182</u>	<u>28,139</u>
	<u>548,110</u>	<u>637,563</u>

## 3 TRUSTEES' TRANSACTIONS

None of the Trustees received any emoluments for their duties as a Trustee and total expenses reimbursed during the year all costs relating to travel were £nil (2020: nil). Attention is drawn to the remuneration of Simon Dow, the Executive Chair, and Derek Joseph, the Company Secretary and Investment Manager, details of which are included in Note 17 'Related Party Transactions'.

## 4 EMPLOYEE INFORMATION

As at 31 March 2021 the Foundation had equivalent two (2020: 2) part-time employees being one and a third full-time employees (2020: 1.33). Total remuneration and benefits of £79,337 (2020: £74,401) were charged in the year. Otherwise the Foundation uses professional advisors for administration purposes. No employee has total reportable remuneration and benefits above £60,000 (2020: none).

### Staff Cost note

	2021	2020
	£	£
Wages and salaries	66,442	63,319
Social security	7,690	7,553
Pension (excluding deficit funding contributions)	<u>5,205</u>	<u>3,528</u>
	<u>79,337</u>	<u>74,400</u>

The Foundation considers its key management personnel to comprise the trustees including the Executive Chairman. On 1 December 2015, Simon Dow assumed the role of Executive Chairman and was remunerated for his executive role at the rate of £37,800 per annum. He received no other benefits having opted not to join the SHP's pension scheme. On 1 October 2021 Simon Dow stepped down from his role as Executive Chairman and Ian Brady was elected for the role. He receives remuneration at the rate of £37,500 per annum and also receives no other benefits having opted not to join the SHP pension scheme. These arrangements are governed by the Memorandum & Articles of Association of the Foundation.

**LONDON HOUSING FOUNDATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2021

**5 TOTAL EXPENDITURE**

	Grants (Note 20) £	Project costs £	Direct Costs £	Support costs £	Governance costs £	2021 Total £
<b>Costs of raising funds</b>						
Investment management	-	-	<u>15,248</u>	-	-	<u>15,248</u>
<b>Charitable expenditure</b>						
Grant making	253,049	-	-	70,735	23,558	347,342
Agencies support (Projects)	-	<u>67,547</u>	-	<u>70,735</u>	<u>23,558</u>	<u>161,840</u>
	<u>253,049</u>	<u>67,547</u>	<u>15,248</u>	<u>141,470</u>	<u>47,116</u>	<u>509,182</u>
<b>TOTAL EXPENDITURE</b>	<u>253,049</u>	<u>67,547</u>	<u>15,248</u>	<u>141,750</u>	<u>47,116</u>	<u>524,430</u>
<b>Comparative Expenditure For 2020</b>						
	Grants £	Project Costs £	Direct Costs £	Support Costs £	Governance Costs £	2020 Total £
<b>Cost of raising funds</b>						
Investment Management	-	-	<u>15,248</u>	-	-	<u>15,248</u>
<b>Charitable expenditure</b>						
Grant making	311,340	-	-	72,742	24,248	408,330
Agencies Support (Projects)	-	149,062	-	72,743	24,247	246,052
	<u>311,340</u>	<u>149,062</u>	<u>15,248</u>	<u>145,485</u>	<u>48,495</u>	<u>654,382</u>
<b>TOTAL EXPENDITURE</b>	<u>311,340</u>	<u>149,062</u>	<u>15,248</u>	<u>145,485</u>	<u>48,495</u>	<u>669,630</u>

Expenditure on agencies support (projects) is net of charitable contributions from partners or agencies involved in the projects, further details are shown in Note 8

# LONDON HOUSING FOUNDATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

	2021	2020
	£	£
Administration costs comprise:		
Overheads, secretarial and accounting services	76,625	83,287
Legal fees	786	33
Subscriptions	2,589	1,466
Bank charges	1,967	1,899
Interest costs (DB pension scheme)	750	3,000
Staff costs	<u>58,753</u>	<u>55,800</u>
	<u>141,470</u>	<u>145,485</u>
Governance costs comprise:		
Overheads, secretarial and accounting services	25,542	27,763
Legal fees	262	11
Subscriptions	823	488
Bank charges	655	633
Interest costs (DB pension scheme)	250	1,000
Staff costs	<u>19,584</u>	<u>18,600</u>
	<u>47,116</u>	<u>48,495</u>

Following the requirements of FRS102 and the Charities SORP governance costs for the year are allocated to the categories of charitable expenditure listed in the Statement of Financial Activities (SOFA) pro rata to the expenditure shown for each of the four headings.

## 6 NET EXPENDITURE

	2021	2020
	£	£
Is stated after charging:		
Auditor's remuneration - audit	8,850	9,888
- Additional work (Covid-19 Assurance)	<u>-</u>	<u>2,652</u>

## 7 TAXATION

London Housing Foundation is a registered charity and is therefore potentially exempt from taxation on its income and gains as the Foundation falls within the definition of a charitable company as defined in Part 1, Schedule 6 of the Finance Act 2010. No tax charge has arisen during the year.



# LONDON HOUSING FOUNDATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

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### 8 CHARITABLE CONTRIBUTIONS

Contributions by partners and agencies for LHF initiated projects to support and develop the work of agencies in supporting homeless persons:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Leadership Programme	11,830	18,055
Homelessness Awards	<u>5,000</u>	<u>43,400</u>
Totals	<u>16,830</u>	<u>61,455</u>

These amounts are deducted from the total spend on these projects to reflect the amount of LHF committed during the year. The net totals are shown in Note 5 for expenditure on these projects during the year.

### 9 TANGIBLE FIXED ASSETS

The Foundation has no tangible fixed assets.

### 10 INVESTMENT IN SUBSIDIARY UNDERTAKING

	<b>Charitable Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Shares in subsidiary undertaking	<u>100</u>	<u>100</u>

The Foundation owns the entire share capital of Bramah House Limited (company number 02805022), a company which was previously engaged in the letting of office accommodation including to charitable organisations and was contracted to manage part of a previous leadership programme. The company ceased trading prior to 31 March 2010 and has remained dormant throughout the subsequent period. The reserves at 31 March 2021 were £100 (2020: £100).

**LONDON HOUSING FOUNDATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2021

**11 QUOTED INVESTMENTS**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Market value at 1 April 2020	13,078,439	14,572,627
Disposal Proceeds	(94,900)	(246,260)
Purchases	101,398	403,070
Net (loss)/gain on investment assets	<u>1,237,923</u>	<u>(1,650,998)</u>
Market value at 31 March 2021	<u>14,322,860</u>	<u>13,078,439</u>
Historical cost at 31 March 2021	<u>12,895,550</u>	<u>12,893,253</u>
Historical cost at 31 March 2020	<u>12,953,114</u>	<u>12,753,114</u>
These investments comprise:		
Property Funds	472,796	483,293
UK government stock	1,929,977	2,097,569
Bond Funds	3,804,266	3,794,717
Direct Bond Investment	988,619	961,510
Equity Funds	6,351,300	5,158,150
Direct Equity Investment	<u>775,902</u>	<u>583,200</u>
	<u>14,322,860</u>	<u>13,078,439</u>

**12 DEBTORS**

**Amounts receivable within one year:**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Other debtors	37,653	33,241
Accrued income and prepayments	<u>40,704</u>	<u>40,452</u>
	<u>78,357</u>	<u>73,693</u>

**13 CREDITORS**

**Amounts falling due within one year:**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Due to subsidiary undertaking	100	100
Other creditors	46,244	57,490
Accruals	<u>9,424</u>	<u>12,540</u>
	<u>55,768</u>	<u>70,130</u>

## LONDON HOUSING FOUNDATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2021

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#### 14 SHARE CAPITAL

	2021	2020
	£	£
Allotted, called up and fully paid:		
At beginning of year	8	8
Shares cancelled during year	-	-
Shares issued during year	<u>1</u>	<u>-</u>
At end of year	<u>9</u>	<u>8</u>

The members of the charitable company have no interest in the unrestricted funds of the charitable company. If upon the winding up or dissolution of the charitable company there remains, after the satisfaction of all its debts and liabilities, any property whatsoever, it shall not be paid to or distributed among the members of the charitable company, but shall be given or transferred to some other charitable institutions having objects similar to the objects of the charity company.

#### 15 CAPITAL COMMITMENTS AND OPERATING LEASES

The group had £nil capital commitments at 31 March 2021 (2020: £nil). At 31 March 2021 the charity had total commitments under non-cancellable operating leases expiring on 28 September 2026 as follows:

	2021	2020
	£	£
<b>Amounts due:</b>		
Within one year	22,074	21,255
Within two to five years	91,560	89,108
Within six to ten years	<u>11,257</u>	<u>34,147</u>

#### 16 GRANT COMMITMENTS

At 31 March 2021, grants and projects where the Trustees have agreed an allocation of resources but where the preconditions have not been met amounted to £590,910 (2020: £464,415).

#### 17 RELATED PARTY TRANSACTIONS

Mr J Swain was previously Chief Executive of the housing charity Thames Reach until July 2018 when he accepted a government secondment) was a Trustee during the year. The Trustees are keen to appoint some members with current and continuing experience of working in a homelessness agency at a senior level. Both organisations have previously benefited from grant or received fees for work on projects from the Foundation. During the year Thames Reach received £nil (2020: £nil) in fees and grants from the Foundation. Along with many other agencies, Thames Reach and Depaul benefit from time to time by participating in training and development activities under the support programmes. On 1 January 2016 Ian Brady, a trustee of the Foundation, was appointed Chief Operating Officer of De Paul International. On 1 October 2021 after leaving Depaul International he was elected Executive Chair of the Foundation. During the year Depaul International received

## LONDON HOUSING FOUNDATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

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grants of £100,000 (2020: £104,000) from the Foundation. By an agreement dated 9 November 2016 the Foundation provided a loan to Depaul UK of up to £950,000 to assist in the refurbishment of a leasehold building as offices and a service hub, details are given in Note 18. These amounts are in respect of a continuing and on-going programmes.

During the year Derek Joseph, Clare Miller, Simon Dow and Jeremy Swain continued to serve as Trustees of Deptford Reach Charity with Derek Joseph, a Trustee and Company Secretary of LHF acting as Executive Chair. The Foundation has provided charitable support and a loan facility to the Charity, none of the facility was drawn down during the year. Further details are given in Note 18.

During the year, DMJ Consulting Services Ltd (DMJ) provides secretarial, accounting and investment management services to the Foundation totalling £51,597 (2020: £52,548) of which £nil (2020: £nil) was outstanding at the year end. Derek Joseph, the Secretary and a Trustee of the Foundation, is a Director and one-third shareholder, the other two shareholders are close family members, in DMJ Consulting and receives consultancy fees for services provided. DMJ Consulting also occasionally provides project assistance to the Foundation for particular projects requiring financial and governance support – see above. During the year £nil (2020: £nil) was billed of which £nil (2020: £nil) was outstanding at the end of the year.

The offices occupied by the Foundation are held on a joint and several lease with a commercial company, Altair Consultancy & Advisory Services Ltd. The lease ends on 28 September 2026. The Foundation meet 30% of the office cost and Altair 70%. Rent paid during the year £21,255 (2020: £19,841). Derek Joseph is a Director and significant shareholder in the parent of Altair, Aquila Services Group plc. There were no other related party transactions.

## 18 SOCIAL INVESTMENT

Starting in 2016, the Foundation provided a loan facility to Depaul UK of up to £950,000 to refurbish a leasehold building as offices and a service hub. The facility could be drawn down over 18 months ending 31 December 2017 after which it is repayable in instalments over 13.5 years ending 30 June 2030. The loan is secured, interest is charged at 4% on the outstanding balance and the loan can be repaid in whole or part at any time without penalty. At 31 December 2017 the loan was closed totalling £695,993 including any outstanding interest. The first interest and capital instalment was paid by the charity at 30 June 2018. At 31.3.21 the outstanding loan was £529,541 (2020: £582,549) plus £5,295 accrued interest (2020:£ 5,825) which is included in debtors.

On 2 March 2017 the Foundation entered into an agreement to provide a loan facility to the Deptford Reach Charity up to £500,000 secured on a site owned by the Charity in order that services could be maintained and the value of the site realised in an orderly manner. At a meeting of the Trustees of Deptford Reach on 2 March 2017 three Trustees of the Foundation, Derek Joseph, Clare Miller and Jeremy Swain, were elected to the Board of Deptford Reach. Since then Jeremy Swain stepped down on 4 December 2017 and was replaced by Simon Dow. Interest on the facility is charged at 4% per annum on the outstanding balance and it is repayable within 7 years. On the transfer to Thames Reach Charity of the Centre in November 2019 the facility was transferred to Thames Reach to assist with future relocation. At 31 March 2021 no drawdowns had been made for this loan.

## LONDON HOUSING FOUNDATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

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Currently LHF continues to provide some property based continuing support and arranged the winding up and striking off of the Deptford Reach (shell) charity as both a company and a registered charity. The Charity was removed from the register in February 2020.

#### 19 FUNDS

Net assets are represented by unrestricted funds, these included the following designated funds.

##### ***ELMFIELD CHARITABLE TRUST ('ECT')***

The Trust was a registered charity which is entitled to 50% of the net rent receivable on two properties which were previously owned and managed by the Foundation's wholly owned subsidiary, Bramah House Limited. The properties were disposed of in April 2009 to the occupying charitable agency. Since the transfer of the assets of ECT to the Foundation in 2005, the net rents have been held in a designated account to be spent on suitable grants.

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Balance at start of year	68,157	68,157
Less: Spend during year	<u>-</u>	<u>-</u>
Balance at end of year	<u>68,157</u>	<u>68,157</u>

The designated account reflects the funds available and appropriate grants will be separately accounted for within this account.

In April 2009 the two buildings were sold to Thames Reach, the principal tenants. After consultation with the Charity Commission, the entitlement was determined at the point of sale as the purchaser was a suitable beneficiary of Elmfield.

##### ***PENSION RESERVE***

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Balance at start of year	54,000	164,000
Less: Contributions to past deficit	24,744	26,262
Add: Increase/(Decrease) in deficit valuation	<u>58,744</u>	<u>(83,738)</u>
Balance at end of year	<u>88,000</u>	<u>54,000</u>

For details of the deficit calculation and contributions see Notes 21 and 22.

# LONDON HOUSING FOUNDATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2021

### 20 GRANTS PROVIDED DURING 12 MONTHS ENDED 31 MARCH 2021

	2021	2020
	£	£
LBI (Homeless Reduction Unit)	-	10,000
PACT	48,546	41,046
LNNM	-	17,000
Hope Worldwide	43,520	10,000
Depaul International	100,000	104,000
Individuals – Education Grants	-	1,500
Union Chapel	-	7,500
Cambridge House	15,500	15,800
The Passage	35,000	40,000
WHAT	-	29,494
SLAM	-	20,000
Depaul UK	20,000	15,000
Real (grant recovery)	<u>(9,517)</u>	<u>-</u>
	<u>253,049</u>	<u>311,340</u>
<b>Analysis</b>	<b>£</b>	<b>£</b>
Agency Support	148,000	149,000
Criminal Justice System Interface	48,546	41,046
Organisational Strengthening	65,500	102,794
Research and Specials	<u>(9,517)</u>	<u>18,500</u>
	<u>253,049</u>	<u>311,340</u>

### 21 PENSION NOTE

One employee is an active member of the defined contribution SHPS (Social Housing Pension Scheme) currently under one of the options for scheme members known as the CARE scheme. The defined benefit scheme of which the Foundation is a member has a significant capital shortfall based on the most recent actuarial valuation and proposals are currently under discussion to increase future employer and employee contributions or agreement to reduce future benefits to pensioners to meet the shortfall. If at any time the Foundation ceases to have a member of the scheme, then there is a potential capital contribution – this is a last man standing scheme. The amount of such capital contribution will depend on the financial position of the scheme at the time but is likely to be significantly higher than the present value of the defined benefit obligation less fair value of the assets described below.

The scheme is part of a multi-employer scheme, the assets of which are held in independently administered funds. The scheme is a defined benefit scheme and London Housing's share of the underlying assets and liabilities cannot be separately identified but are allocated on a reasonable basis hence contributions to the scheme are accounted for as if it were a defined contribution scheme. Contributions payable to the scheme for the year were £3,009 (2020: £3,529). Included within other creditors at 31 March 2021 was £nil (2020: £nil) relating to outstanding pension payments.

## LONDON HOUSING FOUNDATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

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The scheme is part of a multi-employer scheme, the assets of which are held in independently administered funds. The scheme is a defined benefit scheme and London Housing's share of the underlying assets and liabilities cannot be separately identified but are allocated on a reasonable basis hence contributions to the scheme are accounted for as if it were a defined contribution scheme. Contributions payable to the scheme for the year were £3,009 (2020: £3,529). Included within other creditors at 31 March 2021 was £nil (2020: £nil) relating to outstanding pension payments.

The contribution is determined by a qualified actuary on the basis of a triennial valuation the most recent of which is dated 30 September 2017. This valuation report was published in October 2018. Key elements of the valuation are:

- The scheme Assets at 30 September 2017 are £4,553m, with liabilities of £6,075m and an overall deficit position of £(1,522)m.
- The past service deficit has increased to £1,522m (from £1,323m at 30 September 2014);
- Key assumptions used for the valuation are: Price inflation of RPI curve less 0.9%. Discount rate of gilt curve plus 2.4% for pre-retirement and gilt curve plus 0.45% for post-retirement. Pensionable earnings growth of CPI plus 1%.
- Increased deficit contributions will be payable from 1 April 2019, and will increase at 2% per annum. At the moment deficit contributions are payable based on a combination of pensionable salaries as at September 2008 (Tiers 1 and 2) and a share of liabilities as at September 2011 (Tier 3) and September 2014 (Tier 4). At the recommendation of the Employers Committee, and following its consultation with employers on their preferred approach, the deficit contributions will now be allocated to each employer based on their own 'full' share of the liabilities as at 30 September 2017 and the previous tiers will fall away from 31 March 2019;
- Increased future service contribution rates will be payable. Given the level of increases, and following a request from the EC, the revised rates will be introduced from 1 July 2019 rather than 1 April 2019 as originally envisaged; and
- Revised expenses, based on membership as at 30 September 2017, will be payable from 1 April 2019 and will be fixed for a period of three years.

As stated above, the actuarial report recommended increased deficit contributions to be paid from 1 April 2019. As a result of this, London Housing Foundation entered into a deficit contribution arrangement with the Pension scheme. The repayment plan will require annual instalments of £25,242 per annum in the year beginning 1 April 2021 and increasing annually by 2% until a review reflecting the most recent triennial valuation. During the year the Foundation paid £24,744 (2020: £26,262) to SHPs as a contribution towards the past deficit of the defined benefits scheme. Additional contributions will be payable in future years towards the deficit and the current proposal is for these to escalate at 3% per annum until the deficit is cleared. The amount of contribution will be reviewed depending on the annual computation of the net liability.

# LONDON HOUSING FOUNDATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

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### FRS 102 – Section 28 Accounting Disclosures for the period ended 31 March 2021

#### Present values of defined benefit obligation, fair value of assets and defined benefit asset (liability)

	31 March 2021 (£000s)	31 March 2020 (£000s)
Fair Value of plan assets	762	697
Present value of defined benefit obligation	850	751
Surplus (deficit) in plan	(88)	(54)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(88)	(54)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	(88)	(54)

#### Reconciliation of Opening and Closing Balances of the Defined Benefit Obligation

	Period ended 31 March 2021 (£000s)	Period ended 31 March 2020 (£000s)
Defined benefit obligation at start of period	751	845
Current service cost	-	-
Expenses	2	2
Interest expense	18	18
Member contribution	-	-
Actuarial losses (gains) due to scheme experience	(3)	4
Actuarial losses (gains) due to change in demographic assumptions	4	(10)
Actuarial losses (gains) due to changes in financial assumptions	119	(68)
Benefits paid and expenses	(41)	(40)
Liabilities acquired in a business combination	-	-
Liabilities extinguished on settlements	-	-
Losses (gains) on curtailments	-	-
Losses (gains) due to benefit changes	-	-
Exchange rate charges	-	-
Defined benefit obligations at end of period	<u>850</u>	<u>751</u>



# LONDON HOUSING FOUNDATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

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### Reconciliation of Opening and Closing Balances of the Fair Value of Plan Assets

	Period ended 31 March 2021 (£000s)	Period ended 31 March 2020 (£000s)
Fair value of plan assets at start of period	697	681
Interest income	17	14
Experience on plan assets (excluding amounts included in interest income) – gain(loss)	62	16
Employer contributions	27	26
Member contributions	-	-
Benefits paid and expenses	(41)	(40)
Assets acquired in a business combination	-	-
Assets distributed on settlements	-	-
Exchange rate changes	-	-
Fair value of plan assets at end of period	<u>762</u>	<u>697</u>

The actual return on the plan assets (including any changes in share of assets) over the period from 31 March 2020 to 31 March 2021 was £79,000

**LONDON HOUSING FOUNDATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2021

**Defined Benefit Costs Recognised in Statement of Comprehensive Income (SOCl)**

	Period from 31 March 2021 (£000s)	Period from 31 March 2020 (£000s)
Current service cost	-	-
Expenses	2	2
Net interest expense	1	4
Losses (gains) on business combinations	-	-
Losses (gains) on settlements	-	-
Losses (gains) on curtailments	-	-
Losses (gains) due to benefit changes	-	-
Defined benefit costs recognised in statement of comprehensive income (SoCl)	<u>3</u>	<u>6</u>

**Defined Benefit Costs Recognised in Other Comprehensive Income**

	Period ended 31 March 2021 (£000s)	Period ended 31 March 2020 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) – gain(loss)	62	16
Experience gains and losses arising on the plan liabilities – gain(loss)	3	(4)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations – gain(loss)	(4)	10
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain(loss)	<u>(119)</u>	<u>68</u>
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain(loss)	(58)	90
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) – gain (loss)	<u>-</u>	<u>-</u>
Total amount recognised in other comprehensive income – gain(loss)	<u>(58)</u>	<u>90</u>

**LONDON HOUSING FOUNDATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2021**

<b>Assets</b>	<b>31 March 2021 (£000s)</b>	<b>31 March 2020 (£000s)</b>
Global Equity	121	102
Absolute Return	42	36
Distressed Opportunities	22	13
Credit Relative Value	24	19
Alternative Risk Premia	29	49
Fund of Hedge Funds	-	-
Emerging Markets Debt	31	21
Risk Sharing	28	24
Insurance-Linked Securities	18	21
Property	16	15
Infrastructure	51	52
Private Debt	18	14
Opportunistic Illiquid Credit	19	17
Corporate Bond Fund	45	40
High Yield	23	-
Opportunistic Credit	21	-
Cash	-	-
Liquid Credit	9	-
Long Lease Property	15	12
Secured Income	32	27
Over 15 Year Gilts	-	-
Index Linked All Stock Gilts	-	-
Liability Driven Investment	193	232
Net Current Assets	<u>5</u>	<u>3</u>
Total Assets	<u>762</u>	<u>697</u>

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

**Key Assumptions**

	<b>31 March 2021 % per annum</b>	<b>31 March 2020 % per annum</b>
Discount Rate	1.95	2.45
Inflation (RPI)	3.38	2.75
Inflation (CPI)	2.78	1.75
Salary Growth	3.78	2.75
Allowance for commutation of pension for cash at retirement	<b>75% of maximum allowance</b>	<b>75% of maximum allowance</b>

# LONDON HOUSING FOUNDATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2021

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The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

	<b>Life expectancy at age 65 (Years)</b>
Male retiring in 2021	21.6
Female retiring in 2021	23.5
Male retiring in 2041	22.9
Female retiring in 2041	25.1