

**LONDON HOUSING FOUNDATION
LIMITED**

Financial Statements

**Year ended
31 March 2022**

**Company Number 1226903
Registered Charity Number 270178**

LONDON HOUSING FOUNDATION LIMITED

Report of the Trustees and financial statements for the year ended 31 March 2022

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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

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
3rd 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 2022

The Trustees submit their report and financial statements for the year ended 31 March 2022 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 2022. 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 2022	At 1 April 2021
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	<u>1</u>	<u>1</u>
	<u>9</u>	<u>9</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.

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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 2022

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 stand for re-election each year 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 2021/22 this role is ongoing with several service providers particularly with the financial concerns following the Covid-19 crisis.

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Year ended 31 March 2022

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 commenced the course in September 2021 with 16 students, with the most recent ninth cohort starting in January 2022 with 15 students. Currently recruitment is in progress for the tenth cohort.

Each course is substantially oversubscribed with priority given to those who have had reduced educational opportunity, those with a commitment to the sector and those where their employer sees prospects for the future.

Two members of the LHF Board were students on the first ever course (prior to LSBU involvement) and later went on to be CEO of one of the largest homelessness agencies and both have served in senior positions in the government departments dealing with homelessness policy.

The Atlas

An interactive website providing a unique overview of London's rough sleeping services. Commissioned to Homeless Link, involves collecting and triangulating data and creating user-friendly visualisation. The audience is those working in homelessness including policy research and service development. On average the site attracts 178 visitors each month. The structure of the website includes a facility for updating the base information annually.

The Atlas juxtaposes exclusive information on responses to rough sleeping (hostels, hotels, outreach services), alongside data on scale of the problem (rough sleeping figures); information not found elsewhere including number of social rented homes designated for former rough sleepers boroughs; and provides data in visual, downloadable format.

Post-Programme Skills Development

For students graduating from the Leadership Programme plus others already in senior positions in the sector, LHF runs targeted short courses to develop skills such as interaction with media, grant applications and similar. During the year around 60 students have attended and comparative cost analysis shows this is significantly cheaper than commercial courses with an average cost of less than £250 per delegate. Due to Covid restrictions, three of the courses were online and two were held in person but meeting Covid protocols.

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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. The awards were reinstated in 2021 with an increased level of awards and with a wider brief to recognise services that were particularly innovative during the pandemic.

The 2021 prize money of £80,000 was shared between four projects selected from 28 submitted. As part of the awards, a film is made about each project to encourage innovation and shared working. The 2021 winner was My Bank that assists people experiencing homelessness to better manage their finances and both secure their housing and assist others.

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 2021/22 and restrictive international travel arrangements have delayed restarting this part of our work. With the ongoing conflict in Ukraine, an additional £55k was provided to Depaul International to further support their work in Ukraine.

International Work

Ukraine

LHF's grant to Depaul Ukraine helps to support the running costs of a homelessness day centre in Odessa. This is the primary access point for around 2,000 homeless people each year helping them with food, medical care, social support and legal advice.

Since the start of the war in March 2022, the team have managed to do remarkable work in the most difficult circumstances. The centre continues to operate and distributes food to over 250 people each day.

Slovakia

Following the outbreak of war in the Ukraine, LHF was able to move swiftly with our partners at Depaul International and Depaul Slovakia to get humanitarian support into Ukraine and help to refugees fleeing through the border to Slovakia. Having a delivery arm on the ground that LHF has worked with for a number of years allowed the Foundation to move swiftly with an initial £20k injected as soon as the war broke out, while we establish the most effective way to provide continuing assistance.

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.

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Year ended 31 March 2022

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 continue to be an important priority.

During the year LHF provided a grant of £15,000 to the Westminster Housing partnership (WHP). This group brought together voluntary agencies in Westminster with senior officials in Westminster City Council (WCC) to explore working more closely to reduce the numbers rough sleeping in the borough. The grant allowed further funding to be levered in from WCC and World Habitat. Through improved coordination and innovative working, the group has managed to reduce rough sleeping in Westminster to a low of 189 by November 2021.

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. An example is given below.

Like many church groups, C4WS has to rapidly adjust its communal night shelter model of working following Covid. With help from Housing Justice the team took on the management of a floor of a hotel in central London to help people off the streets. LHF provided a grant of £17.5k to help broker a partnership with a housing association to offer supported accommodation in their Launchpad to prevent people moving back to the street. If successful, C4WS want to replicate the model. In its first year the project housed 90 homeless people

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 September 2021 the board of LHF approved a secured loan of £2m so that works could be undertaken by The Passage to develop unutilised floors in a building it owns and manages in Westminster. The loan is part of a £9m project to provide at least 20 units of 'move on' accommodation. Currently the legal arrangements for this facility are being finalised and the first drawdown of funds is expected later in 2022.

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

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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 9 agencies (2021: 7). 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.

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 Single Homeless Project Sport and Health Initiative. Funded by a grant of £30k during the year which will be repeated for a further year, it encourages homeless people in hostels and temporary accommodation to participate in sport and health initiatives. Originally targeted at the over 55's, the programme has now been expanded to include those over 21 and the highlight is an annual sports day. The success of the project has helped leverage in other funding.
- 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 to PACT of approximately £52k during the year under their Journey to Freedom programme which supports women in prison before they are released and later after release in order for them to reconnect with their families to ensure that they have both housing and long term support and reduce the risk of future homelessness or reoffending.
- 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. A key programme in this work is the Leadership Programme described above.

During the year a total of £344,202 (2021: £253,049) was paid as grants analysed as:

- Agency support – £205,000 (2021: £148,520)
- Criminal Justice System interface – £52,202 (2021: £48,546)
- Organisational strengthening - £65,000 (2021: £65,500)
- Research and specials – £22,000 (2021: (£9,517))

A note to the accounts lists each of the awards (Note 20). In addition £96,937 (2021: £94,293) of internal resources was allocated to the grants programme. Total value of the programme was £441,139 (2021: £347,342).

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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 being reinstated in 2021 with a mixture of virtual and face-to-face programmes.
- 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 were cancelled in 2020 but were reinstated 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 2021/22 total spending on these programmes net of charitable contributions £76,914 (2021: £16,830) amounted to £318,047 (2021: £67,547) of external costs and £96,937 (2021: £94,293) of internal allocated resources making a total of £414,984 (2021: £161,840).

Total Charitable Expenditure

Total charitable expenditure, net of charitable contributions, for the year was £779,209 (2021: £509,182) as detailed in the Statement of Financial Activities on Page 16.

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 2022/23 and the following financial years is to maintain a similar total of grants and project spend as for 2021/22 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 with the spend for at least the first six months of 2022/23 expected to be ahead of that for the similar period in 2021/22 after which the objectives may need to be reviewed to avoid material depletion of reserves.

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FINANCIAL REVIEW

Results for the Year

Investment income was £585,908 (2021: £548,110). Net (loss)/gain on revaluation of tradable investments for the year was £306,141 (2021: £1,242,125) and net (loss)/gain on disposal of investments was £(11,227) (2021: £(4,202)).

Charitable expenditure during the year on grants was £344,202 (2021: £253,049) and on projects £318,047 (2021: £67,547) with charitable contributions to offset some of the cost of £76,914 (2021: £16,830). Support costs totalled £193,874 (2021: £188,586).

Contribution to the deficit of the defined benefit pension schemes is included in expenses. Changes to the valuation of the liability was a deficit of £66,242 (2021: deficit of £58,744) and shown separately in the Statement of Financial Activities. Total fund balances at 31 March 2022 were £15,821,734 (2021: £15,801,611).

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.

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 2022 unrestricted general funds have amounted to £15,753,577 (2021: £15,733,454) partly from retention of profits £10,163,948 (2021: £10,143,825) and partly through the realised profits on the sale of commercial property for £5,589,629 (2021: £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 £15,474,451 (2021: £15,359,970), or social investments £476,533 (2021: £529,541) (Note 18).

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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 including designated funds at 31 March 2022 are £15.7m (2021: £15.7m) 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 (2021: £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 was expected that some of the monies still held would be spent by the end of the 2021/22 financial year. This has been delayed to 2022/23. Note 19 provides further details.

PENSION LIABILITY

In compliance with FRS102 a long term liability of £129,000 (2021: £88,000) 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 £25,242 (2021: £24,744) 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 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.

LONDON HOUSING FOUNDATION LIMITED

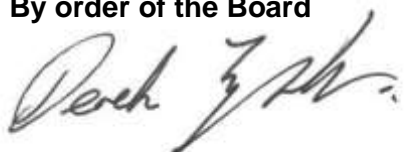
REPORT OF THE TRUSTEES (INCLUDING THE DIRECTORS' REPORT)

Year ended 31 March 2022

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 6th July 2022

LONDON HOUSING FOUNDATION LIMITED

REPORT OF INDEPENDENT AUDITOR

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 2022 which comprise the Statement of Financial Activities incorporating the Income and Expenditure account, the Charitable Company Balance Sheet, the Statement of changes in equity, the statement of cash flows and the related notes to the financial statements, including 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 2022, 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

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 (incorporating the directors' 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 the 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 accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the trustees' report and from the requirements to prepare a strategic report.

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.

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

LONDON HOUSING FOUNDATION LIMITED

REPORT OF INDEPENDENT AUDITOR

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.

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 regulations directly related to the financial statements, including financial reporting, and tax legislation. In relation to the operations of the Charitable Company this included compliance with the Companies Act 2006, and the Charities Act 2011.

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 Board meetings, reviewing any correspondence with the Charity Commission, agreeing the financial statement disclosures to underlying supporting documentation, and made enquiries of management and officers of the Charitable Company and a review of the risk register maintained by the Charitable Company and legal fees during the period.

Management override: To address the risk of management override of controls, we carried out testing of journal entries and other adjustment for appropriateness. 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 the 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 rather than error, as fraud involved intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

<https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>.

This description forms part of our auditor's report.

LONDON HOUSING FOUNDATION LIMITED

REPORT OF INDEPENDENT AUDITOR

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. Our audit work has been undertaken so that we might state to the charitable company'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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Cooper-Davis FCCA ACA (Senior
Statutory Auditor)
for and on behalf of
Price Bailey LLP
Chartered Accountants
Statutory Auditors

24 Old Bond Street
London
W1S 4AP

Date: 18 July 2022

LONDON HOUSING FOUNDATION LIMITED

**STATEMENT OF FINANCIAL ACTIVITIES (incorporating an income and expenditure account)
For the year ended 31 March 2022**

	Note	Total Unrestricted Funds	
		2022 £	2021 £
INCOME:			
Investments	2	<u>585,908</u>	<u>548,110</u>
TOTAL INCOME		<u>585,908</u>	<u>548,110</u>
EXPENDITURE ON:			
<i>Raising funds</i>			
Investment management fees		<u>15,248</u>	<u>15,248</u>
<i>Charitable expenditure</i>			
Organisational Strengthening		83,282	89,908
Criminal Justice System Interface		66,884	66,636
Research and Specials		28,222	(12,351)
Agencies Support		677,485	381,819
Charitable Contributions	8	<u>(76,914)</u>	<u>(16,830)</u>
		<u>779,209</u>	<u>509,182</u>
TOTAL EXPENDITURE	5	<u>794,457</u>	<u>524,430</u>
NET INCOME/(EXPENDITURE) FOR THE YEAR BEFORE OTHER RECOGNISED GAINS OR (LOSSES)	6	(208,049)	23,680
Gains/(losses) on investment assets	11	294,914	1,237,923
Actuarial (losses)/gains/on defined benefit pension scheme	19	<u>(66,242)</u>	<u>(58,744)</u>
NET MOVEMENT IN FUNDS FOR THE YEAR		20,123	1,202,859
Fund balances brought forward		<u>15,801,611</u>	<u>14,598,752</u>
FUND BALANCES CARRIED FORWARD		<u>15,821,734</u>	<u>15,801,611</u>

All amounts relate to continuing activities.
The notes on Pages 20-36 form part of these financial statements.

LONDON HOUSING FOUNDATION LIMITED

BALANCE SHEET

31 March 2022

	Note	2022		2021	
		£	£	£	£
FIXED ASSETS					
Investment in subsidiary undertaking	10		100		100
Quoted investments	11		<u>14,516,290</u>		<u>14,322,860</u>
			14,516,390		14,322,960
SOCIAL INVESTMENTS					
Depaul UK	18		476,533		529,541
CURRENT ASSETS					
Debtors	12	87,984		78,357	
Cash at bank and in hand		<u>951,307</u>		<u>1,014,521</u>	
			1,039,291		1,092,878
CREDITORS: amounts falling due within one year	13		<u>(81,480)</u>		<u>(55,768)</u>
NET CURRENT ASSETS			958,061		1,037,110
LONG TERM LIABILITIES					
Pension scheme deficit	21		<u>(129,000)</u>		<u>(88,000)</u>
NET ASSETS			<u>15,821,734</u>		<u>15,801,611</u>
CAPITAL AND RESERVES					
Called up share capital	14		9		9
Unrestricted funds General			15,624,568		15,645,445
Designated	19		68,157		68,157
Pension Reserve	19		<u>129,000</u>		<u>88,000</u>
			<u>15,821,734</u>		<u>15,801,611</u>

LONDON HOUSING FOUNDATION LIMITED

BALANCE SHEET
31 March 2022

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Called up share capital £	Total Reserves £	Total £
At 31 March 2021	<u>9</u>	<u>15,801,602</u>	<u>15,801,611</u>
Issue of new share capital	-	-	-
Profit for the year and total comprehensive	-	<u>20,123</u>	<u>20,123</u>
At 31 March 2022	<u>9</u>	<u>15,821,725</u>	<u>15,821,734</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 6 July 2022 and signed on their behalf by:



Ian Brady - Chair
6th July 2022

Company Number 1226903

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

LONDON HOUSING FOUNDATION LIMITED

CASH FLOW STATEMENT

31 March 2022

		2022	2021
	Note	£	£
Cash flows from operating activities:			
Net cash (used in) / provided by operating activities	(a)	<u>(803,614)</u>	<u>(568,200)</u>
Long term assets			
Loan advances		53,008	53,008
Cash flows from investing activities:			
Dividends and interest from investments		585,908	548,110
Proceeds from sale of investments		100,984	94,900
Purchase of investments		<u>-</u>	<u>(101,398)</u>
Net cash (used in) / provided by investing activities		<u>739,900</u>	<u>594,620</u>
Change in cash and cash equivalents in the reporting period		<u>(63,214)</u>	<u>26,420</u>
Cash and cash equivalents at the beginning of the reporting period	(b)	<u>1,014,521</u>	<u>988,101</u>
Cash and cash equivalents at the end of the reporting period	(b)	<u>951,307</u>	<u>1,014,521</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:		(208,049)	23,680
Dividends and interest from investments		(585,908)	(548,110)
(Increase)/decrease in debtors		(9,627)	(4,664)
(Decrease)/increase in creditors		25,712	(14,362)
FRS102 pension scheme costs		-	-
Contribution to pension scheme deficit		<u>(25,242)</u>	<u>(24,744)</u>
Net cash (used in) / provided by operating activities		<u>(803,114)</u>	<u>(568,200)</u>
b) Analysis of cash and cash equivalents			
Cash on fixed term deposit		-	-
Cash at bank and in hand		<u>951,307</u>	<u>1,014,521</u>
Total cash and cash equivalents		<u>951,307</u>	<u>1,014,521</u>
Analysis of changes in net debt			
Cash and cash equivalents at 1.4.21		1,014,521	988,101
Cash Flows		<u>(63,214)</u>	<u>26,420</u>
Cash and Cash Equivalents at 31.3.22		<u>951,307</u>	<u>1,014,521</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 2022 had total net assets of £15.8m of which £14.5m were investments quoted on a recognised exchange and £0.95m was cash and after paying all creditors, was a cash balance of £0.96m. The only significant liabilities were £0.13m of pension scheme deficit and £0.736m of grant liabilities. Since 1 April 2022 no new significant liabilities have been identified other than the commitment to provide a social loan to The Passage (Note 18) and cash balances at 30 June 2022 were similar to those at the start of the year. At the same date investment values have reduced by around £0.5m. Trustees are concerned about any erosion of reserves and continue to review new projects and grant commitments to maintain levels of reserves.

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 2023, 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 bid quoted market price. In previous years the quoted mid-market 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

LONDON HOUSING FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

such funds are no longer required for the purposes intended, they may be released by transfer to general unrestricted funds.

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

	2022	2021
	£	£
Income receivable from investments quoted on the UK Stock Exchange	561,648	523,928
Bank and loan interest receivable	<u>24,260</u>	<u>24,182</u>
	<u>585,908</u>	<u>548,110</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 £80 (2021: 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 2022 the Foundation had equivalent two (2021: 2) part-time employees being one and a third full-time employees (2021: 1.33). Total remuneration and benefits of £76,894 (2021: £79,337) 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 (2021: none).

Staff Cost note

	2022	2021
	£	£
Wages and salaries	64,866	66,442
Social security	6,395	7,690
Pension (excluding deficit funding contributions)	<u>5,633</u>	<u>5,205</u>
	<u>76,894</u>	<u>79,337</u>

The Foundation considers its key management personnel to comprise the trustees including the Executive Chairman. On 1 October 2021 Simon Dow stepped down from his role as Executive Chairman but remained as an unremunerated Trustee, and Ian Brady was elected for the role. He receives remuneration at the rate of £37,500 per annum and 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 2022

5 TOTAL EXPENDITURE

	Grants (Note 20) £	Project costs £	Direct Costs £	Support costs £	Governance costs £	2022 Total £
Costs of raising funds						
Investment management	-	-	15,248	-	-	15,248
	-	-	15,248	-	-	15,248
Charitable expenditure						
Grant making	344,202	-	-	72,703	24,234	441,139
Agencies support (Projects)	-	241,133	-	72,703	24,234	338,070
	344,202	241,133	-	145,406	48,468	779,209
TOTAL EXPENDITURE	<u>344,202</u>	<u>241,133</u>	<u>15,248</u>	<u>145,406</u>	<u>48,468</u>	<u>794,457</u>
Comparative Expenditure For 2021						
	Grants £	Project Costs £	Direct Costs £	Support Costs £	Governance Costs £	2021 Total £
Cost of raising funds						
Investment Management	-	-	15,248	-	-	15,248
	-	-	15,248	-	-	15,248
Charitable expenditure						
Grant making	253,049	-	-	70,735	23,558	347,342
Agencies Support (Projects)	-	67,547	-	70,735	23,558	161,840
	253,049	67,547	15,248	141,470	47,116	509,182
TOTAL EXPENDITURE	<u>253,049</u>	<u>67,547</u>	<u>15,248</u>	<u>141,470</u>	<u>47,116</u>	<u>524,430</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 2022

	2022	2021
	£	£
Support costs comprise:		
Overheads, secretarial and accounting services	83,038	76,625
Legal fees	48	786
Subscriptions	893	2,589
Bank charges	3,756	1,967
Interest costs (DB pension scheme)	750	750
Staff costs	<u>56,921</u>	<u>58,753</u>
	<u>145,406</u>	<u>141,470</u>
Governance costs comprise:		
Overheads, secretarial and accounting services	27,679	25,542
Legal fees	16	262
Subscriptions	298	823
Bank charges	1,252	655
Interest costs (DB pension scheme)	250	250
Staff costs	<u>18,973</u>	<u>19,584</u>
	<u>48,468</u>	<u>47,116</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

Is stated after charging:	2022	2021
	£	£
Auditor's remuneration - audit	<u>9,738</u>	<u>8,850</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 2022

8 CHARITABLE CONTRIBUTIONS

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

	2022	2021
	£	£
Leadership Programme	27,514	11,830
Homelessness Awards	<u>49,400</u>	<u>5,000</u>
Totals	<u>76,914</u>	<u>16,830</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

	Charitable Company	
	2022	2021
	£	£
Shares in subsidiary undertaking	<u>100</u>	<u>100</u>

The Foundation holds 99 of the 100 issued shares, the other 1 share is held by a Trustee of the Foundation on its behalf, 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 2022 were £100 (2021: £100).

LONDON HOUSING FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

11 QUOTED INVESTMENTS

	2022	2021
	£	£
Market value at 1 April 2021	14,322,860	13,078,439
Disposal Proceeds	(112,711)	(94,900)
Purchases	-	101,398
Net (loss)/gain on investment assets	<u>1,733,452</u>	<u>1,237,923</u>
Market value at 31 March 2022	<u>14,516,290</u>	<u>14,322,860</u>
Historical cost at 31 March 2022	<u>12,782,839</u>	<u>12,895,550</u>
Historical cost at 31 March 2021	<u>12,895,550</u>	<u>12,953,114</u>
These investments comprise:		
Property Funds	533,796	472,796
UK government stock	1,777,683	1,929,977
Bond Funds	3,635,769	3,804,266
Direct Bond Investment	860,810	988,619
Equity Funds	6,816,180	6,351,300
Direct Equity Investment	<u>892,052</u>	<u>775,902</u>
	<u>14,516,290</u>	<u>14,322,860</u>

12 DEBTORS

Amounts receivable within one year:

	2022	2021
	£	£
Other debtors	53,209	37,653
Accrued income and prepayments	<u>34,775</u>	<u>40,704</u>
	<u>87,984</u>	<u>78,357</u>

13 CREDITORS

Amounts falling due within one year:

	2022	2021
	£	£
Due to subsidiary undertaking	100	100
Other creditors	36,379	46,244
Accruals	<u>45,101</u>	<u>9,424</u>
	<u>81,480</u>	<u>55,768</u>

LONDON HOUSING FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2022

14 SHARE CAPITAL

	2022	2021
	£	£
Allotted, called up and fully paid:		
At beginning of year	9	8
Shares cancelled during year	-	-
Shares issued during year	<u>-</u>	<u>1</u>
At end of year	<u>9</u>	<u>9</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 2022 (2021: £nil). At 31 March 2022 the charity had total commitments under non-cancellable operating leases expiring on 28 September 2026 as follows:

	2022	2021
	£	£
Amounts due:		
Within one year	22,074	22,074
Within two to five years	80,743	91,560
Within six to ten years	<u>0</u>	<u>11,257</u>

16 GRANT COMMITMENTS

At 31 March 2022, grants and projects where the Trustees have agreed an allocation of resources but where the preconditions have not been met amounted to £735,710 (2021: £590,910).

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) and remains a director of [Thames Reach Housing Association] 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 (2021: £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

LONDON HOUSING FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

Foundation. During the year Depaul International received grants of £155,000 (2021: £100,000) from the Foundation. £100,000 (2021: £100,000) is in respect of continuing projects including a hostel and supporting work in Ukraine. The increase reflects additional support for this project due to the conflict. 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, DMJ Consulting Services Ltd (DMJ) provides secretarial, accounting and investment management services to the Foundation totalling £52,142 (2021: £51,597) of which £nil (2021: £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 (2021: £nil) was billed of which £nil (2021: £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 was £21,255 (2021: £21,255). 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 31.3.22 the outstanding loan was £476,533 (2021: £529,541) plus £4,765 accrued interest (2021:£ 5,295) which is included in debtors.

At a meeting of the Board of the Foundation in September 2021, a secured loan facility of up to £2m was agreed in principle to assist The Passage in bringing in to use 20 studio apartments as move-on accommodation in an existing building in their ownership. The funding was part of a £9m project for which £5m had already been fund raised and the balance after the LHF contribution would be met from existing reserves. The loan would be repayable over 15 years and with an annual fixed interest rate of 3%. Currently the details of the loan are in negotiation whilst existing 'spent' charges are removed from the title of the security.

LONDON HOUSING FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2022

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 was entitled to 50% of the rent receivable after deducting management costs 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.

	2022	2021
	£	£
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

	2022	2021
	£	£
Balance at start of year	88,000	54,000
Less: Contributions to past deficit	25,242	24,744
Add: Increase/(Decrease) in deficit valuation	<u>(66,242)</u>	<u>58,744</u>
Balance at end of year	<u>129,000</u>	<u>88,000</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 2022

20 GRANTS PROVIDED TO INSTITUTIONS DURING 12 MONTHS ENDED 31 MARCH 2022

	2022	2021
	£	£
PACT	52,202	48,546
LNNM	17,000	-
Hope Worldwide	25,000	43,520
Depaul International	155,000	100,000
Union Chapel	7,500	-
Cambridge House	20,000	15,500
The Passage	20,000	35,000
C4WS	17,500	-
SHP	30,000	-
Depaul UK	-	20,000
Real (grant recovery)	-	(9,517)
	<u>344,202</u>	<u>253,049</u>
Analysis	£	£
Agency Support	205,000	148,000
Criminal Justice System Interface	52,202	48,546
Organisational Strengthening	65,000	65,500
Research and Specials	<u>22,000</u>	<u>(9,517)</u>
	<u>344,202</u>	<u>253,049</u>

21 PENSION NOTE

One employee is an active member of SHPS (Social Housing Pension Scheme) under an option for a defined contribution pension known as the CARE scheme. The Foundation also has historic liabilities being a past member of the defined benefit scheme which has a significant capital 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 £3,830 (2021: £3,009). Included within other creditors at 31 March 2022 was £nil (2021: £nil) relating to outstanding pension payments.

LONDON HOUSING FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

The contribution to both schemes are determined by a qualified actuary on the basis of a triennial valuation the most recent of which is dated 30 September 2021. This valuation report including updated information was published on 20 April 2022. Key elements of the valuation are:

- The scheme Assets at 31 March 2022 are £4,778m, with liabilities of £6,338m and an overall deficit position of £(1,560m).
- The past service deficit has increased to £1,560m (from £1,522m at 30 September 2017);
- Key assumptions used for the valuation at 31 March 2022 are: Price inflation of 3.94% (CPI 3.36%). Discount rate of 2.75%. Pensionable earnings growth of 4.36%.
- Increased future service contribution rates are payable.
- Revised expenses, based on membership as at 30 September 2017, were payable from 1 April 2019 and are fixed for a period of three years.

As stated above, the actuarial report recommended increased deficit contributions to be paid from 1 April 2021. As a result of this, London Housing Foundation entered into a deficit contribution arrangement with the Pension scheme. The repayment plan required 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 £25,242 (2021: £24,744) 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 2022

FRS 102 – Section 28 Accounting Disclosures for the period ended 31 March 2022

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

	31 March 2022	31 March 2021
	(£000s)	(£000s)
Fair Value of plan assets	647	762
Present value of defined benefit obligation	776	850
Surplus (deficit) in plan	(129)	(88)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(129)	(88)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	(129)	(88)

Reconciliation of Opening and Closing Balances of the Defined Benefit Obligation

	Period ended	Period ended
	31 March 2022	31 March 2021
	(£000s)	(£000s)
Defined benefit obligation at start of period	850	751
Current service cost	-	-
Expenses	2	2
Interest expense	16	18
Member contribution	-	-
Actuarial losses (gains) due to scheme experience	(4)	(3)
Actuarial losses (gains) due to change in demographic assumptions	(16)	4
Actuarial losses (gains) due to changes in financial assumptions	(31)	119
Benefits paid and expenses	(41)	(41)
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>776</u>	<u>850</u>

LONDON HOUSING FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

	Period ended 31 March 2022 (£000s)	Period ended 31 March 2021 (£000s)
Fair value of plan assets at start of period	762	697
Interest income	15	17
Experience on plan assets (excluding amounts included in interest income) – gain(loss)	(116)	62
Employer contributions	27	27
Member contributions	-	-
Benefits paid and expenses	(41)	(41)
Assets acquired in a business combination	-	-
Assets distributed on settlements	-	-
Exchange rate changes	-	-
Fair value of plan assets at end of period	<u>647</u>	<u>762</u>

The actual return on the plan assets (including any changes in share of assets) over the period from 31 March 2021 to 31 March 2022 was (£101,000)

LONDON HOUSING FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

	Period from 31 March 2022 (£000s)	Period from 31 March 2021 (£000s)
Current service cost	-	-
Expenses	2	2
Net interest expense	1	1
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 (SoCI)	<u>3</u>	<u>3</u>

Defined Benefit Costs Recognised in Other Comprehensive Income

	Period ended 31 March 2022 (£000s)	Period ended 31 March 2021 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) – gain(loss)	(116)	62
Experience gains and losses arising on the plan liabilities – gain(loss)	4	3
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations – gain(loss)	16	(4)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain(loss)	<u>31</u>	<u>(119)</u>
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain(loss)	(65)	(58)
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>(65)</u>	<u>(58)</u>

LONDON HOUSING FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

Assets	31 March 2022 (£000s)	31 March 2021 (£000s)
Global Equity	124	121
Absolute Return	26	42
Distressed Opportunities	23	22
Credit Relative Value	22	24
Alternative Risk Premia	21	29
Fund of Hedge Funds	-	-
Emerging Markets Debt	19	31
Risk Sharing	21	28
Insurance-Linked Securities	15	18
Property	17	16
Infrastructure	46	51
Private Debt	17	18
Opportunistic Illiquid Credit	22	19
Corporate Bond Fund	43	45
High Yield	6	23
Opportunistic Credit	2	21
Cash	2	-
Liquid Credit	-	9
Long Lease Property	17	15
Secured Income	24	32
Over 15 Year Gilts	-	-
Index Linked All Stock Gilts	-	-
Liability Driven Investment	181	193
Currency Hedging	(3)	-
Net Current Assets	<u>2</u>	<u>5</u>
Total Assets	<u>647</u>	<u>762</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

	31 March 2022 % per annum	31 March 2021 % per annum
Discount Rate	2.75	1.95
Inflation (RPI)	3.94	3.38
Inflation (CPI)	3.36	2.78
Salary Growth	4.36	3.78
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

LONDON HOUSING FOUNDATION LIMITED

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For the year ended 31 March 2022

The mortality assumptions adopted at 31 March 2022 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2022	21.1
Female retiring in 2022	23.7
Male retiring in 2042	22.4
Female retiring in 2042	25.2