

Registration number: 08385555

Homes England number: 4756

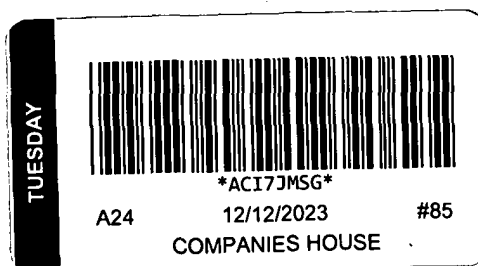
Charity Number: 1197888

TCUK HOMES LIMITED

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 March 2023



TCUK Homes Limited

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TCUK Homes Limited

Company Information

Directors	J N H Walder A T M Shiel S Bell M Smith G Kay
Registered office	H26 The Avenues Eleventh Avenue North Team Valley Trading Estate Gateshead Tyne and Wear NE11 0NJ
Solicitors	Sintons LLP The Cube Barrack Road Newcastle NE4 6DB
Auditor	Azets Audit Services Chartered Accountants & Statutory Auditor Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS

TCUK Homes Limited

Report of the Board (including Strategic Report) for the Year Ended 31 March 2023

The Board of TCUK Homes Limited present their report, including the strategic report and the audited financial statements for the year ended 31 March 2023.

Principal activity

The principal activity of the company is the provision of affordable rented accommodation for vulnerable people in housing need.

Members of the Board of Management

The Members of the Board of Management during the year ended 31 March 2023 were as follows:

Stephen Bell CEO, Changing Lives.

Zoey Hawthorne* Assistant Director, Development & Property, Karbon Homes

James Walder Board Treasurer, Executive Director of Finance & Business Support, North Star Housing Group

Alex Shiel Chair of Board, Partner, Head of IP/IT, Ward Hadaway

Mel Smith Senior Manager Housing Services, Your Homes Newcastle

Geraldine Kay Former CEO of Derwentside Homes & Changing Lives Board Member

*Zoey Hawthorne resigned on 18th September 2022.

Review of the business / business model

TCUK Homes is established for the following charitable purposes:

To provide for the benefit of the community the business of providing and managing social housing and any associated facilities, amenities, or services for persons in necessitous circumstances upon terms appropriate to their means.

TCUK is a wholly owned subsidiary of Changing Lives and a registered provider of social housing, operating under registration number 4756 with the Regulator of Social Housing.

TCUK aims to achieve its charitable purposes by:

1. Leasing and managing residential properties to social tenants in line with the Regulator of Social Housing's regulatory framework, working in partnership with Changing Lives to deliver on the Group's growth ambitions.
2. Using its status as a Homes England Investment Partner to access Affordable Housing Programme Grant funds to procure new properties and upgrade existing homes for use by vulnerable and homeless people.
3. Providing its housing management, asset management and repairs services in line with all relevant regulatory standards.

As of 31 March 2023, TCUK Homes has seventy-eight affordable rented homes in management: fifty-two non-social rental housing on behalf of Changing Lives and two hundred and seventy-nine supported housing units.

TCUK Homes operates in nine local authority areas in the North-East and Yorkshire: Northumberland, Newcastle, Gateshead, North Tyneside, South Tyneside, Sunderland, Durham, Middlesbrough, and York.

TCUK Homes Limited

Report of the Board (including Strategic Report) for the Year Ended 31 March 2023 (continued)

TCUK Homes is a registered housing provider and an investment partner with Homes England. Its strategy is to consolidate and expand the portfolio subject to the availability of funding to support investment.

Performance in the year, main influences and potential risks

An options appraisal has been undertaken of Changing Lives non-social housing and TCUK Homes social housing general needs accommodation. The strategy is to move away from general needs provision to focus on the core business of delivering supported housing. The Board approved a recommendation to sell a portfolio of forty-three non-social housing valued at £1.8M and commissioned a marketing campaign to identify potential interested buyers.

The Director of TCUK Homes has carried out options appraisals on general needs void properties and the Board has approved disposals for properties that are difficult to let, require major repairs investment and are not suitable for use as supported housing. As of 31st March 2023, four non-social properties were sold at auction along with three social housing properties. Homes England has been notified of these disposals and requests for grant repayment waivers have been submitted with a decision pending. A further three properties have been converted from affordable housing to supported housing with the consent of Homes England. This will enable TCUK Homes to expand its partnership working with Changing Lives and rehouse homeless people.

A decision to suspend normal lettings to facilitate these disposals has resulted in a deterioration in void performance. However, using an estate agent to facilitate online auctions has generated significant interest to achieve quicker sales. Also, selling properties 'as seen' has avoided the need for major repair investment costs while achieving and sometimes exceeding the reserve prices set at the valuations for each of the properties. In all cases, Section 119 valuations were undertaken by a qualified valuer to satisfy the requirements of The Charities Act.

TCUK Homes provides homes to people who might otherwise struggle to access private rented or social housing tenancies due to a lack of availability or affordability. Because of our key lettings criteria TCUK Homes is often the first port of call for referral agencies working with clients with specific needs and vulnerabilities.

In allocating tenancies, the following groups of people are prioritised:

- People who have been homeless or are at risk of being made homeless
- People who are in recovery from drug and alcohol addiction and those who have been abstinent for over 6 months and are at risk of homelessness
- Men and women fleeing domestic violence
- Veterans who are homeless

TCUK Homes Limited

Report of the Board (including Strategic Report) for the Year Ended 31 March 2023 (continued)

The recently refurbished 36 one-bedroom apartments at 1-4 Bentinck Terrace, Newcastle are fully occupied, and it is pleasing that the scheme was formally recognised at The Lord Mayor's awards ceremony, receiving The Lord Mayor's Special Design Award. The Homeless Support Services in Durham and Sunderland developed in partnership with Changing Lives and the two Local Authorities continues to grow. An assessment centre at The Fells is used for men and an existing Changing Lives scheme at Auckland House in Chester-Le-Street is used for women. Durham County Council procured a building in Spennymoor, which has been fully refurbished and commissioned as supported housing accommodation.

In Sunderland, the service operates out of an existing centre at Ashfield House, which has eight self-contained one-bedroom properties and support dispersed properties leased from Gentoo Housing Group.

In all cases, the model adopted is Changing Lives leading the contract, delivering the support element, and receiving the support income. TCUK Homes leases the properties and receives Housing Benefit income.

Expected Effects of Known Trends & Significant Future Risks

The Board conducts regular reviews of risks and controls within a comprehensive register. Significant risks include the following:

- Ineffective management of rent arrears case work; failure to manage the impact of Universal Credit; and poor management of void properties results in poor income management and increasing levels of bad debt.
- The re-commissioning of the contract at The Fells and 1-4 Bentinck Terrace results in a potential reduction in Housing Benefit levels and brings into question the viability of the projects.
- Failure to effectively manage the organisation's assets & liabilities resulting in loss of value, loss in revenue, a deterioration in the condition of assets, fines & prosecutions for non-compliance with statutory obligations.
- The rising cost of living impacts on customers, staff and strategic partners resulting in increasing labour, material and utility costs, cuts in local services and a budget deficit.

The Board has undertaken stress tests of the business. The Board discussed some scenarios relevant to the size and complexity of the business and assessed the robustness of the controls in place.

Risk of non-compliance with Health & Safety legislation is also a key risk to TCUK Homes Limited. The health and safety of our tenants, staff and partner organisations is extremely important to the organisation. There are complex legal requirements that TCUK Homes must always comply with, and our staff undertake regular checks to ensure full compliance. Datix is a reporting tool, which is used to record and analyse incidents within schemes. Annual gas servicing and boiler repairs in our general needs properties are undertaken by Karbon Solutions with gas servicing visits programmed for completion over an 11-month cycle and any delays caused by residents not allowing access results in prompt action by the Homelife Tenancy Management Team to enforce access. Changing Lives employs a full time Gas Safe Engineer to carry out gas servicing and boiler repairs in supported housing schemes.

TCUK Homes Limited

Report of the Board (including Strategic Report) for the Year Ended 31 March 2023 (continued)

Financial Review and Position at the year end

In the 2022/23 fiscal year, TCUK Homes Limited generated a surplus of £43,991. The balance sheet reserves position was £16,964 with total fixed assets of £8,871,407 offset with corresponding Homes England housing grants of £5,030,622.

Financial and Non-Financial measures used by the Board

The Board monitors a performance dashboard. It provides an overview of the number of properties in management; arrears and voids performance; the number of staff in post along with any vacant posts; Health & Safety incidents (including a summary of any outstanding CP12s) and an update of business development and future funding opportunities.

Capital Structure and Treasury Policy

TCUK Homes Board would manage any long-term investment plans through Changing Lives with appropriate scrutiny under the company's standard financial policies.

Value for Money

TCUK Homes is committed to delivering value for money to its residents and service users through the provision of good quality affordable homes and services.

An annual report is produced and issued to all residents. The report provides an overview of performance, finances, value for money and compliance against the regulatory standards.

Value for money means making the best use of resources and includes the following:

- Managing finances well, optimising costs to support business viability
- Efficiently managing performance through lean processes & systems
- Effectively delivering services to the satisfaction of our residents and service users
- Providing good quality affordable homes aligned to the needs of residents, service users and local communities in which we work
- Robust asset management processes to strengthen the value of our assets
- Contributing to the Changing Lives social return.

The focus of TCUK Homes value for money activities in 2022/23 was to complete options appraisals of the property portfolio and improve void performance through disposals of low demand/difficult to let properties.

There has been higher than expected void losses for supported housing particularly in our dispersed accommodation projects due to delays in receiving nominations and letting of properties. This has triggered a strategic review by Changing Lives of its growth strategy.

Following the publication of the Regulator of Social Housing's Decision Instrument Number 16 'Decision to revise the Value for Money Standard and issue an associated Code of Practice', metrics are produced for the consideration of TCUK Homes Board.

TCUK Homes Limited

Report of the Board (including Strategic Report) for the Year Ended 31 March 2023 (continued)

The metrics applied to TCUK Homes for the year are set out in the table below, which provides a comparison to the previous two fiscal years:

Metric No	Metric Title	TCUK Homes 2020/21	TCUK Homes 2021/22	TCUK Homes 2022/23
1	Reinvestment %	0%	0%	0%
2A	New supply delivered % Social Housing Units	25%	39%	-1%
2B	New supply delivered % Non-Social Housing Units	0%	2%	-7%
3	Gearing %	47%	42%	47%
4	Earnings pre interest, tax, depreciation, amortisation: major repairs included interest cover	133%	152%	166%
5	Headline Social Housing Cost per Unit	£8,043	£8,790	£8,857
6A	Operating Margin (social housing lettings) %	18%	6%	9%
6B	Operating Margin (overall) %	19%	10%	11%
7	Return on Capital Employed	6%	5%	5%

Please see additional commentary below in relation to the above metrics:

- 1- This metric looks at our investment in properties, both existing stock and new supply.
This metric sets out the number of new units in each category that have been acquired during the year as a proportion of the total social housing units and non-social housing units at the end of the fiscal year. Reduction with reduced growth in year for social housing, in year repurpose of some non-social housing to supported schemes.
- 2- This metric indicates how much of the adjusted assets are made up of debt and the degree of dependence on debt finance. The small increase due to disposals reducing property cost value.
- 3- This interest cover test acts as an indicator for liquidity and investment capacity. The measure increased because although the operating surplus increased this was more than offset by increased depreciation and reduced interest costs.
- 4- Increase in the cost per unit has been driven by the increase in the costs of employment, rents, repair costs, bad debts, rates, and utilities.
- 5- The margin is comparable with previous year, no significant changes to overall portfolio and therefore considered reasonable.
- 6- The metric assesses efficient investment of capital resources. The small decrease is due to a small reduction in the operating surplus for financial period.
- 7-

TCUK Homes Limited

Report of the Board (including Strategic Report) for the Year Ended 31 March 2023 (continued)

Corporate Governance

TCUK Homes Board of Management consider that the company is compliant with the Regulator of Social Housing Governance and Viability standards.

The Board has previously approved an Asset Management Strategy which includes an Asset & Liabilities Register and 30 Year Planned Maintenance Plan. An Asset & Liabilities Register is regularly updated and refreshed throughout the year to facilitate compliance with the regulatory requirements.

A Governance Handbook identifies the Changing Lives Group structure; defines TCUK Homes' terms of reference, powers and limits of authority, membership, chair, attendees, term of office, quorum, meetings & agenda, and attendance at meetings. A copy of the Regulator of Social Housing's Governance and Financial Viability Standard Code of Practice are included as an addendum to the Governance Handbook.

A new intergroup agreement was approved by the Board in November 2022 which clarifies its role and responsibilities. Annual Business Plans for TCUK Homes will be produced and presented to the Board for approval.

TCUK Homes is committed to working with and listening to its residents and at each of its meetings, the Board reviews any complaints or compliments received to consider any lessons learned.

Properties in management are dispersed over an exceptionally large geographical area and due to the sparsity of properties throughout these areas; there is little opportunity for social events or get-togethers. Instead, there are opportunities for residents to focus upon the work of the project.

Statement of Responsibilities of the Board

The Regulator of Social Housing requires the Board of Management to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Association and the surplus or deficit of the Association for that period. In preparing those financial statements, the Board of Management are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis where it is appropriate to do so.

The Board of Management are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the financial statements comply with Schedule 1 to the Housing and Regeneration Act 2008 and the Accounting Directions for Private Registered Providers of Social Housing April 2022.

The Board of Management acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:

TCUK Homes Limited

Report of the Board (including Strategic Report) for the Year Ended 31 March 2023 (continued)

- the reliability of financial information used within the company or for publication;
- the maintenance of proper accounting records, and
- the safeguarding of assets against unauthorised use or disposition and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

It is the responsibility of the Board of Management to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements include:

- formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the Board of Management to monitor the key business and financial objectives and risks and the progress towards financial objectives set for the year and the medium term; regular management accounts are prepared promptly providing relevant, reliable and up-to-date financial and other information; significant variances from budget are investigated as appropriate;
- all investment projects are subject to formal authorisation procedures by the Board of Management;
- the Board of Management reviews reports from the managing agents and from the external auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Association.
- Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Board of Management has reviewed the effectiveness of the system of internal financial control in existence in the company for the year ended 31 March 2023. No weaknesses in internal financial control resulted in material losses, contingencies, or uncertainties, which require disclosure in the financial statements or the auditors' report on the financial statements.

Registration

TCUK Homes Limited is registered with the Regulator of Social Housing as a Registered Social Housing Provider and at the Charity Commission as a registered Charity from 11 February 2022.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

TCUK Homes Limited

Report of the Board (including Strategic Report) for the Year Ended 31 March 2023 (continued)

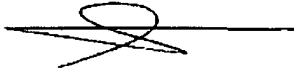
Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Azets Audit Services as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Statement of compliance

The Board confirms that this Report of the Board (including Strategic Report) has been prepared in accordance with the principles set out in Para 4.7 of the Housing SORP 2018 Update for Registered Social Housing Providers.

Approved by the Board on 28.09.23 and signed on its behalf by:



.....
S Bell
Director

TCUK Homes Limited

Independent Auditor's Report to the Members of TCUK Homes Limited

Qualified Opinion

We have audited the financial statements of TCUK Homes Limited (the 'company') for the year ended 31 March 2023, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Reserves and Equity, 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), the Housing and Regeneration Act 2008, the Statement of Recommended Practice (SORP) accounting by Registered Social Housing Providers 2018 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its surplus 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 qualified opinion on financial statements

As described in 'accounting policies: Leases' housing properties recognised in the financial statements as being held under leases have been recognised as an asset and the corresponding liability to the lessor has been recognised as a finance lease obligation. A significant proportion of the cost of the housing properties relates to Land which has an unlimited useful life. Therefore the lease term is not for the major part of the economic life which would indicate that all the risks and rewards incidental to the ownership have not transferred to TCUK. In our opinion, the lease should therefore be classified as an operating lease and rentals charged to the statement of comprehensive income on a straight line basis over the lease term.

As a result the company's records indicate that had the members recognised the lease as an operating lease, then: fixed assets would reduce by £8,624,588 consequently the depreciation charge would reduce by £210,544; the finance lease creditor would reduce by £4,256,079; the finance interest charge would reduce by £187,005; and, the company would have had an operating lease charge increase of £218,950.

Accordingly, the impact on the reported result would be an improvement of £178,599 to the reported surplus on the Statement of Comprehensive Income and a worsening of the reported net balance sheet position by £4,368,509.

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 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 qualified opinion.

TCUK Homes Limited

Independent Auditor's Report to the Members of TCUK Homes Limited (continued)

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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.

Opinion on other matter 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 report of the board for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the report of the board 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the report of the board.

We have nothing to report in respect of the following matters where 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

TCUK Homes Limited

Independent Auditor's Report to the Members of TCUK Homes Limited (continued)

Responsibilities of directors

As explained more fully in the (set out on page 7 and 8), the directors 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 directors 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 directors are responsible for assessing the 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 directors either intend to liquidate the 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 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:

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing board minutes;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to stock provisions; and
- Auditing the risk of management override

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: Health and Safety; Building and fire safety regulations including; the Housing Act 2004 and the Regulatory Reform (fire safety) order 2005; employment law (including the Working Time Directive); anti-bribery and corruption; and compliance with the UK Companies Act.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

TCUK Homes Limited

Independent Auditor's Report to the Members of TCUK Homes Limited (continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Brown BA ACA DChA (Senior Statutory Auditor)

For and on behalf of
Azets Audit Services
Chartered Accountants
Statutory Auditor
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Date: 28-9-2023

Azets Audit Services is a trading name of Azets Audit Services Limited

TCUK Homes Limited

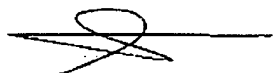
Statement of Comprehensive Income for the Year Ended 31 March 2023

	Note	2023 £	2022 £
Turnover	3	4,794,436	4,225,866
Operating expenses	4	(4,339,360)	(3,977,672)
Other operating income	5	<u>25,396</u>	<u>93,649</u>
Operating surplus	6	480,472	341,843
Interest payable and similar expenses	7	<u>(436,481)</u>	<u>(300,185)</u>
Surplus before tax		43,991	41,658
Taxation	10	<u>-</u>	<u>(24,000)</u>
Surplus for the financial year		<u><u>43,991</u></u>	<u><u>17,658</u></u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

Approved and authorised by the Board on 28.09.23 and signed on its behalf by:



.....
S Bell
Director

The notes on pages 18 to 31 form an integral part of these financial statements.

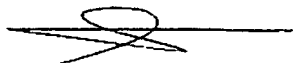
TCUK Homes Limited

(Registration number: 08385555)

Statement of Financial Position as at 31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	11	8,871,407	9,327,513
Current assets			
Debtors	12	835,327	577,023
Cash at bank and in hand		342,065	995,660
		1,177,392	1,572,683
Creditors: Amounts falling due within one year	14	(775,425)	(1,351,945)
Net current assets		401,967	220,738
Total assets less current liabilities		9,273,374	9,548,251
Creditors: Amounts falling due after more than one year	14	(9,256,410)	(9,575,278)
Net assets/(liabilities)		16,964	(27,027)
Capital and reserves			
Profit and loss account		16,964	(27,027)
Total equity		16,964	(27,027)

Approved and authorised by the Board on 28.09.23 and signed on its behalf by:



S Bell
Director

The notes on pages 18 to 31 form an integral part of these financial statements.

TCUK Homes Limited

Statement of Changes in Reserves and Equity for the Year Ended 31 March 2023

	Profit and loss account £	Total £
At 1 April 2021	(44,685)	(44,685)
Total comprehensive income	<u>17,658</u>	<u>17,658</u>
At 31 March 2022	<u>(27,027)</u>	<u>(27,027)</u>

	Profit and loss account £	Total £
At 1 April 2022	(27,027)	(27,027)
Total comprehensive income	<u>43,991</u>	<u>43,991</u>
At 31 March 2023	<u>16,964</u>	<u>16,964</u>

The notes on pages 18 to 31 form an integral part of these financial statements.

TCUK Homes Limited

Statement of Cash Flows for the Year Ended 31 March 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Surplus for the year		43,991	17,658
Adjustments to cash flows from non-cash items			
Social housing grant recognised in income		(113,179)	(156,734)
Depreciation and amortisation	6	355,298	329,642
Finance costs	7	436,481	300,185
Income tax expense	10	-	24,000
		<u>722,591</u>	<u>514,751</u>
Working capital adjustments			
(Increase)/decrease in debtors	12	(258,304)	228,990
(Decrease)/increase in creditors	14	(575,694)	539,848
Cash generated from operations		<u>(111,407)</u>	<u>1,283,589</u>
Income taxes paid	10	-	(57,109)
Net cash flow from operating activities		<u>(111,407)</u>	<u>1,226,480</u>
Cash flows from investing activities			
Acquisitions of tangible assets		(7,960)	(154,569)
Proceeds from sale of tangible assets		<u>108,768</u>	<u>-</u>
Net cash flows from investing activities		<u>100,808</u>	<u>(154,569)</u>
Cash flows from financing activities			
Interest paid	7	(436,481)	(300,185)
Payments to finance lease creditors		(142,515)	(31,117)
Proceeds/(repayments) from advance of government grants		<u>(64,000)</u>	<u>136,471</u>
Net cash flows from financing activities		<u>(642,996)</u>	<u>(194,831)</u>
Net (decrease)/increase in cash and cash equivalents		(653,595)	877,080
Cash and cash equivalents at 1 April		<u>995,660</u>	<u>118,580</u>
Cash and cash equivalents at 31 March		<u>342,065</u>	<u>995,660</u>

The notes on pages 18 to 31 form an integral part of these financial statements.

TCUK Homes Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

1 General information

The company is a company limited by guarantee, incorporated in England and Wales and registered with Homes England, and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

The address of its registered office is H26 The Avenues Eleventh Avenue North, Team Valley Trading Estate, Gateshead, Tyne and Wear, NE11 0NJ.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland,' the Accounting Directions for Private Registered Providers of Social Housing 2022 and the Statement of Recommended Practice Accounting by Registered Social Landlords, Update 2018 ('SORP2018'). The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Companies Act 2006.

In accordance with FRS102 PBE3.3A the directors confirm that this Registered Social Housing Provider is a Public Benefit Entity.

On the 11 February 2022, the entity obtained charitable status, with charity number 1197888. The accounts continue to be prepared under the Housing SORP, which takes priority over the Charity SORP.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

These financial statements are prepared in sterling which is the functional currency of the entity.

TCUK Homes Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

2 Accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis.

The company meets its day to day working capital requirements through cash generated from operations. At the year end the company had net current assets of £401,967 including cash of £342,065 and made a surplus before tax of £43,991. The company had no external borrowings and limited financial commitments.

The company's forecasts and projections for the next twelve months show that the company should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance. The entity also continues to receive support from Changing Lives as its parent company.

Based on the factors set out above the directors believe that there is no material uncertainty in relation to going concern and that the company has adequate financial resources to continue in operational existence for at least twelve months from the date of signing the financial statements and therefore the directors believe it remains appropriate to prepare the financial statements on a going concern basis.

TCUK Homes Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

2 Accounting policies (continued)

Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Assessing indicators of impairment - In assessing whether there have been indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability.

Assessing nature of lease - Determine whether leases entered into by TCUK Homes Limited either as a lessor or a lessee and are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis. Housing properties held under leases have been recognised as an asset however they include a significant proportion relating to land which has an unlimited useful life. As the lease term is not for the major part of the economic life of the asset, FRS102 would indicate that the lease should be classified as an operating lease however the directors consider it more appropriate to classify housing property leases as finance leases and recognise an asset and corresponding finance lease obligation.

Taxation - Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Useful economic lives of tangible assets - The annual depreciation charge is sensitive to changes in the estimated useful lives of the assets. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, future investments and economic utilisation.

Impairment of debtors - The company makes an estimate of the recoverable value of the trade and other debtors. When assessing impairment of trade and other debtor, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Revenue recognition

Turnover represents rental income and service charges receivable net of rent and service charge losses from voids as well as social housing grants released. Turnover is recognised as the period of rent is due.

Tax

The tax expense for the period comprises tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

TCUK Homes Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

2 Accounting policies (continued)

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

On the 11 February 2022 the entity obtained charitable status. From this point, the entity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore meets the definition of a charitable company for UK Corporation Tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Tangible assets

Tangible assets (including social housing properties) are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Expenditure on improvements will only be capitalised when it results in incremental future benefits such as increasing rental income, reducing maintenance costs or resulting in a significant extension of the useful economic life of the property.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold land	60 years
Structure	50 years
Roofing	30 years
Kitchen, bathroom and other	15 years
Furniture, Fittings and Equipment	3-4 years

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Rent arrears and advances

In accordance with the Accounting Direction for Private Registered Providers of Social Housing, rent arrears and advances are not netted-off and are presented as part of debtors and creditors respectively. Where a payment plan has been entered into for rent arrears, which is considered to be material, then the rent arrears debtor is adjusted to its net present value.

TCUK Homes Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

2 Accounting policies (continued)

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the statement of comprehensive income over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to TCUK Homes Limited. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using effective interest method so as to achieve a constant rate of interest on the remaining liability. Finance charges are deducted in the statement of comprehensive income. Assets held under finance leases are included in other tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Lease payments are apportioned between finance costs in the Statement of Comprehensive Income and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

TCUK Homes Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

2 Accounting policies (continued)

Social housing grant

Social Housing Grant received as a capital contribution, in line with SORP2018 and the 'accruals method', is held separately as a creditor due more than one year, unless part of the Social Housing Grant relates to a disposal of property and becomes recycled or repayable, in which case it is apportioned to creditors due less than one year accordingly. The 'accruals method' is applied as the RSHP holds all social housing properties at their historic cost.

The Social Housing Grant is then amortised in line with the depreciation of the 'structure' component of the housing properties and released over 50 years (2%). The amortisation released in respect of the Social Housing Grant is recognised in the Statement of Comprehensive Income as 'income'.

Social Housing Grant received towards revenue expenditure is matched against that expenditure by being included in turnover in the income and expenditure account. The related expenditure is included under operating costs. Social Housing Grant is recognised in the same period as the related expenditure provided the conditions for its receipt have been satisfied and there is reasonable assurance that the grant will be received.

Social Housing Grant received and not matched by development expenditure or relevant expenditure in the income and expenditure account is included in current liabilities. The amount of Social Housing Grant in advance is calculated by reference to the aggregate of all schemes in the Social Housing Grant funded development programme.

Recycled capital grant

Capital grants can be recycled under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the grant can be used for projects approved by the Homes England. Grant to be recycled is credited to the Recycled Capital Grant Fund/Disposal Proceeds Fund within creditors. When any grant is to be recycled or repaid is less than the grant relating to the disposal, the difference is treated as abated grant. Abated capital grants are treated as a component of the surplus or deficit on disposal.

In certain circumstances, such as the sale of housing properties, capital grants may be repayable and, in that event, is subordinated to the repayment of other loans by agreement with the Homes England. It is accounted for as soon as the liability arises within creditors: amounts falling due within one year.

Group status

The Registered Social Housing Provider is the subsidiary to Changing Lives (The Cyrenians Limited), a charity registered in England and Wales (company no. 08095264, charity no 500640).

3 Turnover, operating costs and operating surplus for the year

	Turnover	Operating costs	Operating surplus
	£	£	2023 £
Social housing lettings	4,794,436	(4,339,360)	455,076
Other	25,396	-	25,396
	<u>4,819,832</u>	<u>(4,339,360)</u>	<u>480,472</u>

TCUK Homes Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

3 Turnover, operating costs and operating surplus for the year (continued)

	Turnover £	Operating costs £	Operating surplus 2022 £
Social housing lettings	4,225,866	(3,977,672)	248,194
Other	93,649	-	93,649
	<u>4,319,515</u>	<u>(3,977,672)</u>	<u>341,843</u>

4 Analysis of Turnover, Operating Costs and Operating Surplus for the year

	General needs housing £	2023 £	2022 £
Turnover			
Rent receivable net of identifiable service charges	4,679,757	4,679,757	4,067,434
Amortised government grants	113,179	113,179	156,734
Other grants	1,500	1,500	1,698
Total turnover	<u>4,794,436</u>	<u>4,794,436</u>	<u>4,225,866</u>
Voids	<u>(708,553)</u>	<u>(708,553)</u>	<u>(741,903)</u>

TCUK Homes Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

4 Analysis of Turnover, Operating Costs and Operating Surplus for the year (continued)

	General needs housing £	2023 £	2022 £
Operating Expenditure			
Management charges payable	152,082	152,082	297,924
Routine maintenance	491,104	491,104	306,586
Bad debts	239,646	239,646	206,654
Depreciation of housing properties	355,298	355,298	331,561
Other staff costs	1,333,036	1,333,036	1,287,775
Other hire	-	-	3,139
Motor expenses	15,829	15,829	17,662
Travelling and subsistence	1,153	1,153	1,461
Rent and rates	1,235,965	1,235,965	1,164,936
Light, heat and power	325,244	325,244	159,994
Insurance	33,914	33,914	46,297
Telephone and fax	15,576	15,576	18,005
Office expenses	8,133	8,133	10,161
Other costs	9,869	9,869	8,145
Legal and professional fees	33,837	33,837	37,925
Computer software and maintenance costs	4,608	4,608	9,658
Cleaning	24,447	24,447	31,634
Auditor's remuneration	8,150	8,150	7,260
Food and welfare	51,469	51,469	30,895
Total operating expenditure	<u>4,339,360</u>	<u>4,339,360</u>	<u>3,977,672</u>
	General needs housing £	2023 £	2022 £
Operating surplus from social housing lettings	<u>455,076</u>	<u>455,076</u>	<u>248,194</u>

TCUK Homes Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

5 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2023	2022
	£	£
Other operating income	<u>25,396</u>	<u>93,649</u>

Other operating income includes The Fells crash pad income as well as other miscellaneous income.

6 Operating surplus

Arrived at after charging/(crediting)

	2023	2022
	£	£
Amortised government grants	(113,179)	(156,734)
Depreciation expense	<u>355,298</u>	<u>329,642</u>

7 Interest payable and similar expenses

	2023	2022
	£	£
Interest on obligations under finance leases and hire purchase contracts	187,005	187,833
Interest expense on other finance liabilities	<u>249,476</u>	<u>112,352</u>
	<u>436,481</u>	<u>300,185</u>

TCUK Homes Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

8 Staff costs

Total staff costs incurred in the year amounted to £1,334,552 (2022: £1,287,775).

Whilst the above charge relates to the employment costs of individuals engaged in activities in relation to the TCUK Homes Limited, all individuals are employed directly by Changing Lives, the parent charity, and recharged to TCUK Homes Limited. TCUK Homes Limited does not directly employ any staff.

Particulars of employees:

No employee earned more than £60,000. Key management personnel neither received nor waived any remuneration during the year. The Directors are defined as the Board of Management and therefore could be classed as Key Management Personnel. None of the Board of Management received any emoluments during 2023 (2022: £nil). The RSHP has no other paid Executive Officers.

The total expenses reimbursed to the Board of Management not chargeable for UK income tax during 2023 was £Nil (2022: £Nil).

9 Auditor's remuneration

	2023 £	2022 £
Audit of the financial statements	<u>8,150</u>	<u>7,260</u>

TCUK Homes Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

10 Taxation

Tax charged/(credited) in the income statement

	2023 £	2022 £
Current taxation		
UK corporation tax	-	24,000

11 Tangible assets

	Housing properties for let £	Furniture, fittings and equipment £	Total £
Cost or valuation			
At 1 April 2022	10,586,355	222,089	10,808,444
Additions	-	7,960	7,960
Disposals	(181,551)	-	(181,551)
At 31 March 2023	10,404,804	230,049	10,634,853
Depreciation			
At 1 April 2022	1,415,931	65,000	1,480,931
Charge for the year	286,789	68,509	355,298
Eliminated on disposal	(72,783)	-	(72,783)
At 31 March 2023	1,629,937	133,509	1,763,446
Carrying amount			
At 31 March 2023	8,774,867	96,540	8,871,407
At 31 March 2022	9,170,424	157,089	9,327,513

Included within the net book value of Housing Properties for let above is £8,774,867 (2022 - £9,170,424) in respect of long leasehold land and buildings.

TCUK Homes Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

12 Debtors

	2023 £	2022 £
Trade debtors (gross rent arrears)	830,521	668,629
Bad debt provision	(90,928)	(145,879)
Net rent arrears	739,593	522,750
Other debtors	12,283	3,262
Prepayments and accrued income	83,451	51,011
	<u>835,327</u>	<u>577,023</u>

13 Cash and cash equivalents

	2023 £	2022 £
Cash at bank	<u>342,065</u>	<u>995,660</u>

14 Creditors

	Note	2023 £	2022 £
Due within one year			
Loans and borrowings	15	30,291	31,117
Trade creditors		79,282	193,663
Amounts owed to group undertakings	18	391,204	995,257
Other creditors		6,259	1,786
Accrued expenses		181,697	107,430
Corporation tax liability		22,692	22,692
Deferred income - Recycled social housing grant		64,000	-
		<u>775,425</u>	<u>1,351,945</u>
Due after one year			
Loans and borrowings	15	4,225,788	4,367,477
Deferred income - Social housing grant	16	5,030,622	5,207,801
		<u>9,256,410</u>	<u>9,575,278</u>

Finance leases (included in loans and borrowings) are secured upon the assets to which they relate.

TCUK Homes Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

15 Loans and borrowings

	2023 £	2022 £
Current loans and borrowings		
Finance lease liabilities	<u>30,291</u>	<u>31,117</u>

	2023 £	2022 £
Non-current loans and borrowings		
Finance lease liabilities	<u>4,225,788</u>	<u>4,367,477</u>

16 Social housing grant

	Social housing grant £	Total £
Gross grant creditor		
At 1 April 2022	5,852,769	5,852,769
Disposals	<u>(64,000)</u>	<u>(64,000)</u>
At 31 March 2023	<u>5,788,769</u>	<u>5,788,769</u>
Amortisation		
At 1 April 2022	644,968	644,968
Grant release	<u>113,179</u>	<u>113,179</u>
At 31 March 2023	<u>758,147</u>	<u>758,147</u>
Carrying amount		
At 31 March 2023	<u>5,030,622</u>	<u>5,030,622</u>
At 31 March 2022	<u>5,207,801</u>	<u>5,207,801</u>

The RSHP considers that its financial instruments include the Social Housing Grant which is included as a liability within the financial statements. Where the RSHP has no intention to dispose of its housing properties, the Social Housing Grant will not become repayable.

The disposal of the grant in the year of £64,000 (and £10,399 reversal of amortisation) is in relation to the disposal of three properties in which Social Housing monies had been receipted. This £64,000 grant is now shown within creditors due within one year as Social Housing Recycled grant.

TCUK Homes Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

17 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2023	2022
	£	£
Not later than one year	315,924	153,236
Later than one year and not later than five years	198,284	598,073
	<u>514,208</u>	<u>751,309</u>

18 Related party transactions

Summary of transactions with entities with joint control or significant interest

The company is related to The Cyrenians Limited (operating as Changing Lives) as a result of the entity being the holding company. During the year the following transactions were undertaken:

TCUK Homes Limited incurred management fees, recharge of staff costs and support costs from Changing Lives amounting to £436,481 (2022: £314,363). An amount was received from Changing Lives of £14,475 (2022: £14,475) for the management of the Homelife properties and an amount of £Nil, (2022: £40,000) for Agency costs incurred on behalf of Changing Lives.

TCUK Home Limited made payments to Changing Lives in the year totalling £632,820 (2022: £549,289). Included in Creditors: amounts owed to group companies at the year end is an amount owed to Changing Lives of £391,204 (2022: £995,257).

19 Accommodation in management

	2023	2022
	No.	No.
General needs	78	84
Supported accommodation	331	331
	<u>409</u>	<u>415</u>

20 Parent and ultimate parent undertaking

The company's immediate parent and controlling party is The Cyrenians Limited, a charity and company limited by guarantee, trading as Changing Lives, incorporated in England and Wales.

These financial statements are available upon request from Unit D13, Marquis Court, Team Valley Trading Estate, Gateshead, NE11 0RU.