

# TCUK HOMES LIMITED

England & Wales · Charity number 1197888

## Details

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Other names	Changing Lives Homes
Status	Registered
Legal form	Charitable company
Company number	<a href="#">08385555</a>
Registered	2022-02-11
Register	<a href="#">View on the Charity Commission register</a>

## Contact

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Address	Changing Lives Unit H26 The Avenues Eleventh Avenue North Team Valley GATESHEA
Phone	01912738891
Email	<a href="mailto:tcukhomes@changing-lives.org.uk">tcukhomes@changing-lives.org.uk</a>
Website	<a href="http://www.changing_lives.org.uk/tcuk_homes/">www.changing_lives.org.uk/tcuk_homes/</a>

## Activities

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**Objects:** THE CHARITY'S OBJECTS SHALL BE 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.

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

## Classification

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- **How:** Provides Services
- **What:** Accommodation/housing
- **Who:** Other Defined Groups

## Geography

- Throughout England And Wales

## Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£6,388,546	£6,279,695	£542,008	0
2024-03-31	£5,307,719	£4,904,570	£433,427	0
2023-03-31	£4,819,832	£4,775,841	£16,964	66

## Trustees

Name	Role	Appointed
ALEXANDER THOMAS MICHAEL SHIEL	Chair	2017-02-08
Anne-Marie Pearce		2024-11-27
Anthony May		2026-02-19
GERALDINE KAY BA HONS		2021-02-02
Melanie Smith		2019-10-01
Stephen Bell OBE		2013-02-01

**TCUK HOMES LIMITED**

England & Wales - Charity number 1197888

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# Accounts

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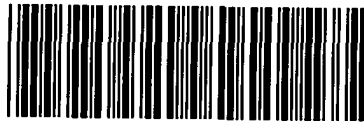
Registration number: 08385555

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 2025

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COMPANIES HOUSE

# **TCUK Homes Limited**

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## **TCUK Homes Limited**

### **Company Information**

<b>Directors</b>	A T M Shiel S Bell M Smith G Kay A Pearce
<b>Registered office</b>	H26 The Avenues Eleventh Avenue North Team Valley Trading Estate Gateshead Tyne and Wear NE11 0NJ
<b>Solicitors</b>	Sintons LLP The Cube Barrack Road Newcastle NE4 6DB
<b>Auditor</b>	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 2025**

The Board of TCUK Homes Limited present their report, including the strategic report and the audited financial statements for the year ended 31 March 2025.

#### **Principal activity**

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

#### **Members of the Board of Management**

The Members of the Board of Management during the year ended 31 March 2025 were as follows:

Stephen Bell	CEO, Changing Lives.
Anne-Marie Pearce*	Managing Director, Keelman Homes
Alex Shiel	Chair of Board, Partner, retired Head of IP/IT, Ward Hadaway
Mel Smith	National Housing Manager, SJOG Hospitaller Services
Geraldine Kay	Former CEO of Derwentside Homes & former Changing Lives Board Member
Lesley Telford**	Investment Executive, FW Capital & Changing Lives Board Member / Treasurer

\*Anne-Marie Pearce was appointed 27 November 2024

\*\*Lesley Telford was appointed on 29 May 2024 and resigned 11 March 2025.

#### **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 2025, TCUK Homes has 61 affordable rented homes in management: 10 non-social rental housing on behalf of Changing Lives and 384 supported housing units.

## **TCUK Homes Limited**

### **Report of the Board (including Strategic Report) for the Year Ended 31 March 2025 (continued)**

TCUK Homes operates in eleven local authority areas continuing to operate in the North-East and Yorkshire: Northumberland, Newcastle, Gateshead, North Tyneside, South Tyneside, Sunderland, Durham, Middlesbrough, and York. During the year TCUK Homes began operating in two new areas, Doncaster and Barking & Dagenham.

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**

The 2024/25 year reports a period of relative stability following the previous two years in which the property appraisals had been conducted and number of units reduced as a result of agreed sales. In contrast to previous years the number of units has increased, with significant growth in supported accommodation services within TCUK Homes. This was predominantly due to the successful tendering of two Homelessness contracts in Doncaster and Barking and Dagenham which added 89 units to the portfolio.

#### **Governance Reporting Improvement Plan (GRIP)**

A key focus for the year has been compliance and regulatory standards. During 2024/25 TCUK Homes board commissioned an assessment of compliance with the Regulator for Social Housing Economic Standards as well as the Charity Code of Governance.

This review provided an initial set of recommendations and clarifications which has been revised and split into the following categories;

- Compliance
- Asset Management
- Finance and Rents
- Policy and Operations

Some of the key actions as a result of the review include;

- Development of a reporting requirements calendar including any known policy changes which reduces the risk of any non compliance within the organisation.
- A skills matrix has been completed which ensures board membership reflects new regulations especially Consumer Standards.
- A full and compliant induction pack for new board members.
- Mandatory training implemented and timetabled for future years
- TCUK Homes has also become a full member of *Supported Housing in Partnership (SHIP)*, benefiting from industry focussed training.
- Updated and enhanced internal policies relating to arrears and void management.

## **TCUK Homes Limited**

### **Report of the Board (including Strategic Report) for the Year Ended 31 March 2025 (continued)**

The review ensured any remedial actions could be carried out to ensure continued compliance with the standards.

TCUK Homes is satisfied that as a result of the work within the GRIP plan, the trustees can make continued assurances that it complies for both the standards set by the Regulator for Social Housing as well as the Charity Commission.

#### **Operations**

In the previous year's report, we noted that grant waivers had been submitted to Homes England and a decision was pending. TCUK Homes has engaged with Homes England in discussing its plan for recycling of the current capital grant balances held by TCUK Homes as a result of the sale. The business case has been submitted and approved for funding due to reach its time limit for being recycled and the investment will be concluded in 2025/26 with Homes England approval.

TCUK is continuing with its strategy of core business relating to supported housing schemes. In April 2025 the Newcastle accommodation services which has in excess of 200 units will transfer from the parent into TCUK Homes.

During 2024/25 a further five 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.

During the year further development work has taken place relating to arrears with additional training and software development to improve the visibility and accuracy of reporting.

TCUK Homes conducted a tenant satisfaction at the end of the financial year, results were positive with the majority of tenants responding that they are 'very satisfied' with the overall service provided by TCUK Homes. Also it was pleasing to note that the majority of tenants felt satisfied that their home was safe and they were respected and informed by TCUK.

TCUK Homes continues to provide 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 2025 (continued)**

At this time the strategic review of Homelife properties is considered complete, locally based management have supported the tenants and been able to provide and enhanced support service to general needs tenants whilst also providing guidance from a supported housing perspective. Although all properties will be taken on a case by case basis at this moment there are no plans to dispose of any further units.

Looking ahead to 2025/26 stock condition surveys are being commissioned on owned assets and the outcome of those surveys will be incorporated into the longer term asset management plan including an updated maintenance plan.

#### **Rebranding to CL Homes**

As of 1st April 2025, TCUK Homes will be operating as Changing Lives Homes.

While the name is changing, there will be no disruption to services, tenancies, or support for current residents. The renaming brings a clearer identity to our work under the Changing Lives name. While the name is changing, there will be no disruption to services, tenancies, or support for current residents. The renaming brings a clearer identity to our work under the Changing Lives name.

#### **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:

- New Consumer Standards; The Regulator of Social Housing (RSH) published guidelines on the new Consumer Standards regulations on the 29th of February 2024. The board has actively reviewed its compliance these standards (as detailed in the GRIP plan above, with significant work in 2024/25), any areas of risk have been mitigated with an action plan in place to ensure ongoing compliance.
- Impact of the renters right bill including section 21 no fault evictions as well as the changes to rent control mechanisms and how this could set precedents for future regulation of social housing tenancies.
- 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. Asset management is a dedicated focus for 2024/25 and work has commenced with external surveys on owned assets to develop the longer term maintenance plan.
- 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.

## **TCUK Homes Limited**

### **Report of the Board (including Strategic Report) for the Year Ended 31 March 2025 (continued)**

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.*

#### **Financial Review and Position at the year end**

In the 2024/25 fiscal year, TCUK Homes Limited generated a surplus of **£108,581**. The balance sheet reserves position was **£542,008** surplus with total fixed assets of **£7,952,655** offset with corresponding Homes England housing grants of **£4,649,281** and a further **£234,000** currently held as recycled Social Housing Grant.

The board recognises the reduced reporting surplus however it notes that the comparative 23/24 period included **£254,717** profit on disposal of assets.

## **TCUK Homes Limited**

### **Report of the Board (including Strategic Report) for the Year Ended 31 March 2025 (continued)**

#### **Financial and Non-Financial measures used by the Board.**

The Board monitors a performance dashboard for both general needs and supported housing. It provides an overview of the number of properties in management; arrears and voids performance; 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 2024/25 was to ensure that performance was as expected post options appraisals which were carried out in 2022/23.

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.

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:

## TCUK Homes Limited

### Report of the Board (including Strategic Report) for the Year Ended 31 March 2025 (continued)

Metric No	Metric Title	TCUK Homes 2022/23	TCUK Homes 2023/24	TCUK Homes 2024/25
1	Reinvestment %	0%	0%	0%
2A	New supply delivered % Social Housing Units	-1%	-4%	33%
2B	New supply delivered % Non-Social Housing Units	-7%	-73%	-29%
3	Gearing %	41%	28%	23%
4	Earnings pre interest, tax, depreciation, amortisation: major repairs included interest cover	166%	377%	273%
5	Headline Social Housing Cost per Unit	£9,741	£12,355	£12,592
6A	Operating Margin (social housing lettings) %	9%	6%	4%
6B	Operating Margin (overall) %	10%	12%	4%
7	Return on Capital Employed	5%	7%	3%
8	Management costs per unit	£426	£638	£1,556
9	Rent arrears expressed as a % of rent debit.	699%	377%	122%
10a	Void loss rent (£) %	15.1%	12.3%	11.4%
10b	Out of management voids	2.4%	1.7%	2.6%
12	Bad debt	5.1%	11.5%	4.2%

## **TCUK Homes Limited**

### **Report of the Board (including Strategic Report) for the Year Ended 31 March 2025 (continued)**

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.
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 reduction in ratio value from prior year is a result of increased cash held at period end.
3. This interest cover test acts as an indicator for liquidity and investment capacity. The measure increased because the reduced operating surplus 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 change in margin is attributable to a reduced surplus due to the increased costs per unit and we have incurred an increased level of voids in the reporting period.
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. This metric looks at the average cost of management activity per housing property to deliver social housing activity, defined by management expenditure per the social housing unit.
8. This measure assesses the level of arrears in total vs the annual gross rent debit for all charges.
9. A) This assesses the percentage of potential rental income that is lost due to a property being void – social housing properties, including shared ownership & shared equity.  
B) This is the total count of units that are removed from management and unavailable for letting. Properties are taken out of management when void and awaiting a disposal decision or similar.
- 10.
12. This gives the total value of bad debt as charged in the year vs gross rent in the year.

#### **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.

## **TCUK Homes Limited**

### **Report of the Board (including Strategic Report) for the Year Ended 31 March 2025 (continued)**

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 fiscal 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 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:

- 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:

## **TCUK Homes Limited**

### **Report of the Board (including Strategic Report) for the Year Ended 31 March 2025 (continued)**

- 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 2025. 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.

#### **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.

#### **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 2022.

## **TCUK Homes Limited**

### **Report of the Board (including Strategic Report) for the Year Ended 31 March 2025 (continued)**

22 September 2025  
Approved by the Board on ..... and signed on its behalf by:

  
Stephen Bell 22 Sep 2025 15:57:11 BST (UTC +1) ...  
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 2025, 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 2022.

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 2025 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 £5,699,231 consequently the depreciation charge would reduce by £188,384; the finance lease creditor would reduce by £3,844,689; the finance interest charge would reduce by £151,957; and, the company would have had an operating lease charge increase of £201,363.

Accordingly, the impact on the reported result would be an improvement of £138,978 to the reported surplus on the Statement of Comprehensive Income and a worsening of the reported balance sheet position by £1,854,542.

## **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 10 and 11), 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 and compliance with both the UK Companies Act and the Charities 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](http://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 23 Sep 2025 07:43:40 BST (UTC +1)

.....  
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:..... 23 September 2025

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 2025


	Note	2025 £	2024 £
Turnover	3	6,311,585	4,982,454
Operating expenses	4	(6,127,738)	(4,752,594)
Other operating income	5	<u>76,691</u>	<u>325,265</u>
Operating surplus	6	260,538	555,125
Interest payable and similar expenses	7	<u>(151,957)</u>	<u>(151,976)</u>
Surplus before tax		108,581	403,149
Taxation		-	<u>13,314</u>
Surplus for the financial year		<u>108,581</u>	<u>416,463</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.

22 September 2025

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

  
Stephen Bell 22 Sep 2025 15:57:11 BST (UTC +1)  
 .....  
**S Bell**  
 Director

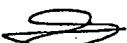
The notes on pages 21 to 34 form an integral part of these financial statements.

**TCUK Homes Limited****(Registration number: 08385555)****Statement of Financial Position as at 31 March 2025**

	Note	2025 £	2024 £
<b>Fixed assets</b>			
Tangible assets	10	7,952,655	8,195,666
<b>Current assets</b>			
Debtors	11	273,618	394,786
Cash at bank and in hand		<u>1,441,960</u>	<u>1,431,150</u>
		1,715,578	1,825,936
<b>Creditors: Amounts falling due within one year</b>	13	<u>(662,546)</u>	<u>(980,565)</u>
<b>Net current assets</b>		<u>1,053,032</u>	<u>845,371</u>
<b>Total assets less current liabilities</b>		9,005,687	9,041,037
<b>Creditors: Amounts falling due after more than one year</b>	13	<u>(8,463,679)</u>	<u>(8,607,610)</u>
<b>Net assets</b>		<u>542,008</u>	<u>433,427</u>
<b>Capital and reserves</b>			
Profit and loss account		<u>542,008</u>	<u>433,427</u>
<b>Total equity</b>		<u>542,008</u>	<u>433,427</u>

22 September 2025

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



Stephen Bell 22 Sep 2025 18:57:11 BST (UTC +1)  
.....  
S Bell  
Director

The notes on pages 21 to 34 form an integral part of these financial statements.

## TCUK Homes Limited

### Statement of Changes in Reserves and Equity for the Year Ended 31 March 2025

	<b>Profit and loss account £</b>	<b>Total £</b>
At 1 April 2023	16,964	16,964
Total comprehensive income	<u>416,463</u>	<u>416,463</u>
At 31 March 2024	<u>433,427</u>	<u>433,427</u>
	<b>Profit and loss account £</b>	<b>Total £</b>
At 1 April 2024	433,427	433,427
Total comprehensive income	<u>108,581</u>	<u>108,581</u>
At 31 March 2025	<u>542,008</u>	<u>542,008</u>

The notes on pages 21 to 34 form an integral part of these financial statements.

## TCUK Homes Limited

### Statement of Cash Flows for the Year Ended 31 March 2025

	Note	2025 £	2024 £
<b>Cash flows from operating activities</b>			
Surplus for the year		108,581	416,463
Adjustments to cash flows from non-cash items			
Social housing grant recognised in income		(117,229)	(94,112)
Depreciation and amortisation	6	272,263	294,940
Finance costs	7	151,957	151,976
Income tax expense		-	(13,314)
		<u>415,572</u>	<u>755,953</u>
Working capital adjustments			
Decrease in debtors	11	121,168	440,541
(Decrease)/increase in creditors	13	<u>(318,019)</u>	<u>227,832</u>
Cash generated from operations		218,721	1,424,326
Income taxes paid		-	<u>(9,378)</u>
Net cash flow from operating activities		<u>218,721</u>	<u>1,414,948</u>
<b>Cash flows from investing activities</b>			
Acquisitions of tangible assets		(29,252)	(10,000)
Proceeds from sale of tangible assets		-	<u>390,803</u>
Net cash flows from investing activities		<u>(29,252)</u>	<u>380,803</u>
<b>Cash flows from financing activities</b>			
Interest paid	7	(151,957)	(151,976)
Payments to finance lease creditors		(26,702)	(384,690)
Proceeds/(repayments) from advance of government grants		-	<u>(170,000)</u>
Net cash flows from financing activities		<u>(178,659)</u>	<u>(706,666)</u>
Net increase in cash and cash equivalents		10,810	1,089,085
Cash and cash equivalents at 1 April		<u>1,431,150</u>	<u>342,065</u>
Cash and cash equivalents at 31 March		<u>1,441,960</u>	<u>1,431,150</u>

The notes on pages 21 to 34 form an integral part of these financial statements.

## **TCUK Homes Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2025**

#### **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, the Companies Act 2006 and the Charities Act 2011.

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 2025 (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 £1,053,032 including cash of £1,441,960 and made a surplus of £108,581. 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 2025 (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.

##### **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.

## TCUK Homes Limited

### Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)

#### 2 Accounting policies (continued)

##### Tax

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 2025 (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 2025 (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 relevant component of the housing properties and released over the same term. 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).

## TCUK Homes Limited

### Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)

#### 3 Turnover, operating costs and operating surplus for the year

	Turnover £	Operating costs £	Operating surplus 2025 £
Social housing lettings	6,311,585	(6,127,738)	183,847
Other	76,691	-	76,691
	<u>6,388,276</u>	<u>(6,127,738)</u>	<u>260,538</u>

	Turnover £	Operating costs £	Operating surplus 2024 £
Social housing lettings	4,982,454	(4,752,594)	229,860
Other	325,265	-	325,265
	<u>5,307,719</u>	<u>(4,752,594)</u>	<u>555,125</u>

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

	General needs housing £	2025 £	2024 £
<b>Turnover</b>			
Rent receivable net of identifiable service charges	6,194,356	6,194,356	4,888,342
Amortised government grants	117,229	117,229	94,112
Total turnover	<u>6,311,585</u>	<u>6,311,585</u>	<u>4,982,454</u>
Voids	<u>(800,887)</u>	<u>(800,887)</u>	<u>(599,302)</u>

## TCUK Homes Limited

### Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)

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

	General needs housing £	2025 £	2024 £
<b>Operating Expenditure</b>			
Management charges payable	708,068	708,068	218,241
Routine maintenance	614,864	614,864	543,850
Bad debts	264,080	264,080	560,995
Depreciation of housing properties and equipment	272,263	272,263	294,940
Staff costs	1,875,149	1,875,149	1,251,705
Motor expenses	16,141	16,141	20,909
Travelling and subsistence	7,167	7,167	652
Rent and rates	1,718,742	1,718,742	1,332,807
Light, heat and power	501,691	501,691	371,556
Insurance	9,872	9,872	22,331
Telephone and fax	9,485	9,485	12,675
Office expenses	12,170	12,170	12,839
Other costs	11,765	11,765	3,473
Legal and professional fees	33,740	33,740	33,813
Computer software and maintenance costs	2,727	2,727	4,706
Cleaning	23,511	23,511	20,079
Auditor's remuneration	19,800	19,800	18,000
Food and welfare	26,503	26,503	29,023
<b>Total operating expenditure</b>	<b>6,127,738</b>	<b>6,127,738</b>	<b>4,752,594</b>
	<b>General needs housing £</b>	<b>2025 £</b>	<b>2024 £</b>
<b>Operating surplus from social housing lettings</b>	<b>183,847</b>	<b>183,847</b>	<b>229,860</b>

#### 5 Other operating income

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

	2025 £	2024 £
Other operating income	76,691	325,265

Other operating income includes donations, management charges receivable, as well as other miscellaneous income.

## TCUK Homes Limited

### Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)

#### 6 Operating surplus

Arrived at after charging/(crediting)

	2025	2024
	£	£
Amortised government grants	(117,229)	(94,112)
Depreciation expense	<u>272,263</u>	<u>294,940</u>

#### 7 Interest payable and similar expenses

	2025	2024
	£	£
Interest on obligations under finance leases and hire purchase contracts	<u>151,957</u>	<u>151,976</u>

#### 8 Staff costs

Total staff costs incurred in the year amounted to £1,875,149 (2024: £1,251,705).

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 2025 (2024: £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 2025 was £Nil (2024: £Nil).

## TCUK Homes Limited

### Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)

#### 9 Auditor's remuneration

	2025 £	2024 £
Audit of the financial statements	<u>17,400</u>	<u>16,000</u>
<b>Other fees to auditors</b>		
Financial statement preparation	<u>2,400</u>	<u>2,000</u>

#### 10 Tangible assets

	Housing properties for let £	Furniture, fittings and equipment £	Total £
<b>Cost or valuation</b>			
At 1 April 2024	9,872,395	230,050	10,102,445
Additions	-	29,252	29,252
Disposals	-	(2,379)	(2,379)
At 31 March 2025	<u>9,872,395</u>	<u>256,923</u>	<u>10,129,318</u>
<b>Depreciation</b>			
At 1 April 2024	1,711,080	195,699	1,906,779
Charge for the year	232,320	39,943	272,263
Eliminated on disposal	-	(2,379)	(2,379)
At 31 March 2025	<u>1,943,400</u>	<u>233,263</u>	<u>2,176,663</u>
<b>Carrying amount</b>			
At 31 March 2025	<u>7,928,995</u>	<u>23,660</u>	<u>7,952,655</u>
At 31 March 2024	<u>8,161,315</u>	<u>34,351</u>	<u>8,195,666</u>

Included within the net book value of Housing Properties for let above is £7,928,995 (2024 - £8,161,315) in respect of long leasehold land and buildings.

## TCUK Homes Limited

### Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)

#### 11 Debtors

	2025 £	2024 £
Trade debtors (gross rent arrears)	1,133,562	930,720
Bad debt provision	<u>(955,187)</u>	<u>(541,178)</u>
Net rent arrears	178,375	389,542
Amounts owed by group undertakings	64,123	-
Prepayments and accrued income	<u>31,120</u>	<u>5,244</u>
	<u>273,618</u>	<u>394,786</u>

#### 12 Cash and cash equivalents

	2025 £	2024 £
Cash at bank	<u>1,441,960</u>	<u>1,431,150</u>

#### 13 Creditors

	Note	2025 £	2024 £
<b>Due within one year</b>			
Loans and borrowings	14	30,291	30,291
Trade creditors		43,856	229,316
Amounts owed to group undertakings	17	-	324,323
Other creditors		5,765	5,681
Accrued expenses		348,634	156,954
Deferred income - Recycled social housing grant		<u>234,000</u>	<u>234,000</u>
		<u>662,546</u>	<u>980,565</u>
<b>Due after one year</b>			
Loans and borrowings	14	3,814,398	3,841,100
Deferred income - Social housing grant	15	<u>4,649,281</u>	<u>4,766,510</u>
		<u>8,463,679</u>	<u>8,607,610</u>

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

The deferred income balance in amounts due less than one year is in relation to the disposal of properties in prior years in which Social Housing monies had been received.

## TCUK Homes Limited

### Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)

#### 14 Loans and borrowings

	2025 £	2024 £
<b>Current loans and borrowings</b>		
Finance lease liabilities	<u>30,291</u>	<u>30,291</u>
<b>Non-current loans and borrowings</b>		
Finance lease liabilities	<u>3,814,398</u>	<u>3,841,100</u>

Amounts due more than 5 years is £3,662,943 (2024: £3,689,645)

#### 15 Social housing grant

	Social housing grant £	Total £
<b>Gross grant creditor</b>		
At 1 April 2024	<u>5,618,769</u>	<u>5,618,769</u>
At 31 March 2025	<u>5,618,769</u>	<u>5,618,769</u>
<b>Amortisation</b>		
At 1 April 2024	852,259	852,259
Grant release	<u>117,229</u>	<u>117,229</u>
At 31 March 2025	<u>969,488</u>	<u>969,488</u>
<b>Carrying amount</b>		
At 31 March 2025	<u>4,649,281</u>	<u>4,649,281</u>
At 31 March 2024	<u>4,766,510</u>	<u>4,766,510</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.

## TCUK Homes Limited

### Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)

#### 16 Obligations under leases and hire purchase contracts

##### Operating leases

The total of future minimum lease payments is as follows:

	2025	2024
	£	£
Not later than one year	516,413	322,951
Later than one year and not later than five years	533,575	445,391
Later than five years	174,754	3,497
	<u>1,224,742</u>	<u>771,839</u>

#### 17 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 £860,025 (2024: £218,241). An amount was received from Changing Lives of £70,476 (2024: £14,475) for the management of the Homelife properties.

Included in Creditors: amounts owed to group companies at the year end is an amount owed to Changing Lives of £nil (2024: £324,323).

Included in Debtors amounts owed from group companies at the year end is an amount owed from Changing Lives of £64,123 (2024: £nil).

#### 18 Accommodation in management

	2025	2024
	No.	No.
General needs	71	75
Supported accommodation	384	281
	<u>455</u>	<u>356</u>

## **TCUK Homes Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)**

#### **19 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 H26 The Avenues Eleventh Avenue North, Team Valley Trading Estate, Gateshead, NE11 0NJ.

#### **20 Non adjusting events after the financial period**

In April 2025 the Newcastle accommodation services which has in excess of 200 units will transfer from the parent, The Cyrenians Limited, into TCUK Homes.

**TCUK HOMES LIMITED**

England & Wales - Charity number 1197888

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# Accounts

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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 2024

# TCUK Homes Limited

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# TCUK Homes Limited

## Company Information

<b>Directors</b>	A T M Shiel L Telford S Bell M Smith G Kay
<b>Registered office</b>	H26 The Avenues Eleventh Avenue North Team Valley Trading Estate Gateshead Tyne and Wear NE11 0NJ
<b>Solicitors</b>	Sintons LLP The Cube Barrack Road Newcastle NE4 6DB
<b>Auditor</b>	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 2024

The Board of TCUK Homes Limited present their report, including the strategic report and the audited financial statements for the year ended 31 March 2024.

#### 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 2024 were as follows:

Stephen Bell	CEO, Changing Lives.
James Walder*	Board Treasurer, Executive Director of Finance & Business Support, North Star Housing Group
Alex Shiel	Chair of Board, Partner, retired Head of IP/IT, Ward Hadaway
Mel Smith	National Housing Manager, SJOG Hospitaller Services
Geraldine Kay	Former CEO of Derwentside Homes & former Changing Lives Board Member
Lesley Telford	Director / Trustee, Derwentside Hospice Care Foundation

\*James Walder resigned on 28th November 2023.

#### 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 2024, TCUK Homes has sixty-one affordable rented homes in management: fourteen non-social rental housing on behalf of Changing Lives and two hundred and eighty-one 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 2024 (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**

In 2022/23 the Board had approved the sale of a portfolio of non-social housing units. During 2023/24 the focus was on ensuring that this strategy was delivered with the bulk sale of 31 units being completed on the 31st August 2023. A further 11 units had completed sales in 2023/24. There are no further plans to reduce the number of units within the general needs provision.

In the previous year's report we noted that grant waivers had been submitted to Homes England and a decision was pending. TCUK Homes has engaged with Homes England in discussing its plan for recycling of the current capital grant balances held by TCUK Homes as a result of the sale. The waivers have therefore been withdrawn and TCUK Homes board will be looking to recycle this funding as part of its supported housing growth strategy.

In addition to the options appraisal on Homelife schemes, a review was also undertaken on supported housing schemes. As part of this review the number of units held within the Young Person's dispersed accommodation service in Middlesbrough was reduced. This had been a project with higher voids in previous year and so action was taken to reduce the financial risk of a larger portfolio.

TCUK is continuing with its strategy of core business relating to supported housing schemes. Looking ahead into 2024/25 a further 89 units have already received board approval to be added to the TCUK Homes portfolio.

During 2023/24 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.

During the year a comprehensive review of arrears has been undertaken, with a dedicated role created to provide support in managing this critical area of performance.

TCUK Homes conducted a tenant satisfaction at the end of the financial year, results were positive with the majority of tenants responding that they are 'very satisfied' with the overall service provided by TCUK Homes. Also it was pleasing to note that the majority of tenants felt satisfied that their home was safe and they were respected and informed by TCUK.

TCUK Homes continues to provide 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 2024 (continued)

There has been a further strategic review of our Homelife properties conducted which concluded that the homelife properties would be better supported being managed by the local teams across the North East. This strategy is to ensure TCUK Homes can offer more enhanced support service to our general needs tenants and be able to carry out more timely inspections, reducing financial risk and improving standards and experience.

During the year renovation works were completed on some units at the Fells Project in Durham, these units have been brought back into the portfolio and will be used within the Alder Project which has been commissioned by Durham County Council. This will provide emergency beds for those discharged from hospital who would otherwise find themselves homeless.

As with other projects, 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:

- New Consumer Standards; The Regulator of Social Housing (RSH) published guidelines on the new Consumer Standards regulations on the 29th February 2024. The board has actively reviewed its compliance these standards, any areas of risk have been mitigated with an action plan in place to ensure ongoing compliance.
- 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 2024 (continued)**

#### **Financial Review and Position at the year end**

In the 2023/24 fiscal year, TCUK Homes Limited generated a surplus of £416,463. The balance sheet reserves position was £433,427 with total fixed assets of £8,195,666 offset with corresponding Homes England housing grants of £4,766,510.

#### **Financial and Non-Financial measures used by the Board**

The Board monitors a performance dashboard for both general needs and supported housing. It provides an overview of the number of properties in management; arrears and voids performance; Health and 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 2023/24 was to ensure that performance was as expected post options appraisals which were carried out in 2022/23.

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.

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:

## TCUK Homes Limited

### Report of the Board (including Strategic Report) for the Year Ended 31 March 2024 (continued)

Metric No	Metric Title	TCUK Homes 2021/22	TCUK Homes 2022/23	TCUK Homes 2023/24
1	Reinvestment %	0%	0%	0%
2A	New supply delivered % Social Housing Units	39%	-1%	-4%
2B	New supply delivered % Non-Social Housing Units	2%	-7%	-73%
3	Gearing %	42%	41%	28%
4	Earnings pre interest, tax, depreciation, amortisation: major repairs included interest cover	152%	166%	377%
5	Headline Social Housing Cost per Unit	£8,790	£9,741	£12,335
6A	Operating Margin (social housing lettings) %	6%	9%	6%
6B	Operating Margin (overall) %	10%	10%	12%
7	Return on Capital Employed	5%	5%	7%
8	Management costs per unit	£829	£426	£444
9	Rent arrears expressed as a % of rent debit.	514%	699%	377%
10a	Void loss rent (£) %	18.2%	15.1%	12.3%
10b	Out of management voids	1.9%	2.4%	1.7%
11	Bad debt	5.1%	5.1%	11.5%

## TCUK Homes Limited

### Report of the Board (including Strategic Report) for the Year Ended 31 March 2024 (continued)

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.
- 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 reduction in ratio value from prior year is a result of increased cash held at period end.
- 3- This interest cover test acts as an indicator for liquidity and investment capacity. The measure increased because the reduced operating surplus 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 change in margin is attributable to a reduced surplus due to the increased costs per unit and we have incurred an increased level of voids in the reporting period.
- 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- This metric looks at the average cost of management activity per housing property to deliver social housing activity, defined by management expenditure per the social housing unit.
- 8- This measure assesses the level of arrears in total vs the annual gross rent debit for all charges.
- 9- This assesses the percentage of potential rental income that is lost due to a property being void – social housing properties, including shared ownership and shared equity.
- 10A- This is the total count of units that are removed from management and unavailable for letting. Properties are taken out of management when void and awaiting a disposal decision or similar.
- 10B- This gives the total value of bad debt as charged in the year vs gross rent in the year.
- 11-

## **TCUK Homes Limited**

### **Report of the Board (including Strategic Report) for the Year Ended 31 March 2024 (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 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 2024 (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 2024. 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.

#### **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 2024 (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 2022.

Approved by the Board on 26/09/2024... and signed on its behalf by:



Stephen Bell 26 Sep 2024 16:49:30 BST (UTC +1)

.....  
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 2024, 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 2022.

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 2024 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 £8,043,890 consequently the depreciation charge would reduce by £229,287; the finance lease creditor would reduce by £3,871,390; the finance interest charge would reduce by £171,323; and, the company would have had an operating lease charge increase of £201,363.

Accordingly, the impact on the reported result would be an improvement of £199,247 to the reported surplus on the Statement of Comprehensive Income and a worsening of the reported balance sheet position by £4,172,500.

## **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 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](http://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 27 Sep 2024 07:27:56 BST (UTC +1)

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: 27/09/2024

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 2024

	Note	2024 £	2023 £
Turnover	3	4,982,454	4,794,436
Operating expenses	4	(4,686,329)	(4,339,360)
Other operating income	5	<u>325,265</u>	<u>25,396</u>
Operating surplus	6	621,390	480,472
Interest payable and similar expenses	7	<u>(218,241)</u>	<u>(436,481)</u>
Surplus before tax		403,149	43,991
Taxation		<u>13,314</u>	-
Surplus for the financial year		<u><u>416,463</u></u>	<u><u>43,991</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 ~~26/09/2024~~... and signed on its behalf by:

  
Stephen Bell 26 Sep 2024 16:49:30 BST (UTC +1)  
 .....  
**S Bell**  
 Director

The notes on pages 19 to 31 form an integral part of these financial statements.


# TCUK Homes Limited

(Registration number: 08385555)

## Statement of Financial Position as at 31 March 2024

	Note	2024 £	2023 £
<b>Fixed assets</b>			
Tangible assets	10	8,195,666	8,871,407
<b>Current assets</b>			
Debtors	11	394,786	835,327
Cash at bank and in hand		<u>1,431,150</u>	<u>342,065</u>
		1,825,936	1,177,392
<b>Creditors: Amounts falling due within one year</b>	13	<u>(980,565)</u>	<u>(775,425)</u>
<b>Net current assets</b>		<u>845,371</u>	<u>401,967</u>
<b>Total assets less current liabilities</b>		9,041,037	9,273,374
<b>Creditors: Amounts falling due after more than one year</b>	13	<u>(8,607,610)</u>	<u>(9,256,410)</u>
<b>Net assets</b>		<u>433,427</u>	<u>16,964</u>
<b>Capital and reserves</b>			
Profit and loss account		<u>433,427</u>	<u>16,964</u>
<b>Total equity</b>		<u>433,427</u>	<u>16,964</u>

Approved and authorised by the Board on 26/09/2024.. and signed on its behalf by:

  
Stephen Bell 26 Sep 2024 16:49:30 BST (UTC +1)

.....  
S Bell  
Director

The notes on pages 19 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 2024

	<b>Profit and loss account £</b>	<b>Total £</b>
At 1 April 2022	(27,027)	(27,027)
Total comprehensive income	<u>43,991</u>	<u>43,991</u>
At 31 March 2023	<u><u>16,964</u></u>	<u><u>16,964</u></u>
	<b>Profit and loss account £</b>	<b>Total £</b>
At 1 April 2023	16,964	16,964
Total comprehensive income	<u>416,463</u>	<u>416,463</u>
At 31 March 2024	<u><u>433,427</u></u>	<u><u>433,427</u></u>

The notes on pages 19 to 31 form an integral part of these financial statements.

# TCUK Homes Limited

## Statement of Cash Flows for the Year Ended 31 March 2024

	Note	2024 £	2023 £
<b>Cash flows from operating activities</b>			
Surplus for the year		416,463	43,991
Adjustments to cash flows from non-cash items			
Social housing grant recognised in income		(94,112)	(113,179)
Depreciation and amortisation	6	294,940	355,298
Finance costs	7	218,241	436,481
Income tax expense		(13,314)	-
		<u>822,218</u>	<u>722,591</u>
Working capital adjustments			
Decrease/(increase) in debtors	11	440,541	(258,304)
Increase/(decrease) in creditors	13	227,832	(575,694)
Cash generated from operations		<u>1,490,591</u>	<u>(111,407)</u>
Income taxes paid		<u>(9,378)</u>	<u>-</u>
Net cash flow from operating activities		<u>1,481,213</u>	<u>(111,407)</u>
<b>Cash flows from investing activities</b>			
Acquisitions of tangible assets		(10,000)	(7,960)
Proceeds from sale of tangible assets		<u>390,803</u>	<u>108,768</u>
Net cash flows from investing activities		<u>380,803</u>	<u>100,808</u>
<b>Cash flows from financing activities</b>			
Interest paid	7	(218,241)	(436,481)
Payments to finance lease creditors		(384,690)	(142,515)
Proceeds/(repayments) from advance of government grants		<u>(170,000)</u>	<u>(64,000)</u>
Net cash flows from financing activities		<u>(772,931)</u>	<u>(642,996)</u>
Net increase/(decrease) in cash and cash equivalents		1,089,085	(653,595)
Cash and cash equivalents at 1 April		<u>342,065</u>	<u>995,660</u>
Cash and cash equivalents at 31 March		<u>1,431,150</u>	<u>342,065</u>

The notes on pages 19 to 31 form an integral part of these financial statements.

# TCUK Homes Limited

## Notes to the Financial Statements for the Year Ended 31 March 2024

### 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 2024 (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 £845,372 including cash of £1,431,150 and made a surplus before tax of £403,149. 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 2024 (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.

#### 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 current 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 2024 (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:

<b>Asset class</b>	<b>Depreciation method and rate</b>
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 2024 (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 2024 (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 2024 £
Social housing lettings	4,982,454	(4,686,329)	296,125
Other	325,265	-	325,265
	<u>5,307,719</u>	<u>(4,686,329)</u>	<u>621,390</u>

## TCUK Homes Limited

### Notes to the Financial Statements for the Year Ended 31 March 2024 (continued)

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

	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>

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

	General needs housing £	2024 £	2023 £
<b>Turnover</b>			
Rent receivable net of identifiable service charges	4,888,342	4,888,342	4,679,757
Amortised government grants	94,112	94,112	113,179
Other grants	-	-	1,500
Total turnover	<u>4,982,454</u>	<u>4,982,454</u>	<u>4,794,436</u>
Voids	<u>(599,302)</u>	<u>(599,302)</u>	<u>(708,553)</u>

	General needs housing £	2024 £	2023 £
<b>Operating Expenditure</b>			
Management charges payable	151,977	151,977	152,082
Routine maintenance	543,850	543,850	491,104
Bad debts	560,995	560,995	239,646
Depreciation of housing properties	294,940	294,940	355,298
Other staff costs	1,251,705	1,251,705	1,333,036
Motor expenses	20,909	20,909	15,829
Travelling and subsistence	652	652	1,153
Rent and rates	1,332,807	1,332,807	1,235,965
Light, heat and power	371,556	371,556	325,244
Insurance	22,331	22,331	33,914
Telephone and fax	12,675	12,675	15,576
Office expenses	12,839	12,839	8,133
Other costs	3,472	3,472	9,869
Legal and professional fees	33,813	33,813	28,427
Computer software and maintenance costs	4,706	4,706	4,608
Cleaning	20,079	20,079	24,447
Auditor's remuneration	18,000	18,000	13,560
Food and welfare	29,023	29,023	51,469
Total operating expenditure	<u>4,686,329</u>	<u>4,686,329</u>	<u>4,339,360</u>

## TCUK Homes Limited

### Notes to the Financial Statements for the Year Ended 31 March 2024 (continued)

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

	General needs housing £	2024 £	2023 £
Operating surplus from social housing lettings	296,125	296,125	455,076

#### 5 Other operating income

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

	2024 £	2023 £
Other operating income	324,922	25,396
Management charges receivable	343	-
	<u>325,265</u>	<u>25,396</u>

Other operating income includes the sales of a number of properties as well as other miscellaneous income.

#### 6 Operating surplus

Arrived at after charging/(crediting)

	2024 £	2023 £
Amortised government grants	(94,112)	(113,179)
Depreciation expense	294,940	355,298

#### 7 Interest payable and similar expenses

	2024 £	2023 £
Interest on obligations under finance leases and hire purchase contracts	171,323	187,005
Interest expense on other finance liabilities	46,918	249,476
	<u>218,241</u>	<u>436,481</u>

## TCUK Homes Limited

### Notes to the Financial Statements for the Year Ended 31 March 2024 (continued)

#### 8 Staff costs

Total staff costs incurred in the year amounted to £1,251,705 (2023: £1,334,552).

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 2024 (2023: £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 2024 was £Nil (2023: £Nil).

#### 9 Auditor's remuneration

	2024 £	2023 £
Audit of the financial statements	<u>18,000</u>	<u>13,560</u>

## TCUK Homes Limited

### Notes to the Financial Statements for the Year Ended 31 March 2024 (continued)

#### 10 Tangible assets

	Housing properties for let £	Furniture, fittings and equipment £	Total £
<b>Cost or valuation</b>			
At 1 April 2023	10,404,804	230,050	10,634,854
Additions	10,000	-	10,000
Disposals	<u>(542,409)</u>	<u>-</u>	<u>(542,409)</u>
At 31 March 2024	<u>9,872,395</u>	<u>230,050</u>	<u>10,102,445</u>
<b>Depreciation</b>			
At 1 April 2023	1,629,937	133,508	1,763,445
Charge for the year	232,749	62,191	294,940
Eliminated on disposal	<u>(151,606)</u>	<u>-</u>	<u>(151,606)</u>
At 31 March 2024	<u>1,711,080</u>	<u>195,699</u>	<u>1,906,779</u>
<b>Carrying amount</b>			
At 31 March 2024	<u>8,161,315</u>	<u>34,351</u>	<u>8,195,666</u>
At 31 March 2023	<u>8,774,867</u>	<u>96,540</u>	<u>8,871,407</u>

Included within the net book value of Housing Properties for let above is £8,161,315 (2023 - £8,774,867) in respect of long leasehold land and buildings.

#### 11 Debtors

	2024 £	2023 £
Trade debtors (gross rent arrears)	930,720	830,521
Bad debt provision	<u>(541,178)</u>	<u>(90,928)</u>
Net rent arrears	389,542	739,593
Other debtors	-	12,283
Prepayments and accrued income	<u>5,244</u>	<u>83,451</u>
	<u>394,786</u>	<u>835,327</u>

## TCUK Homes Limited

### Notes to the Financial Statements for the Year Ended 31 March 2024 (continued)

#### 12 Cash and cash equivalents

	2024 £	2023 £
Cash at bank	<u>1,431,150</u>	<u>342,065</u>

#### 13 Creditors

	Note	2024 £	2023 £
<b>Due within one year</b>			
Loans and borrowings	14	30,291	30,291
Trade creditors		229,316	79,282
Amounts owed to group undertakings	17	324,323	391,204
Other creditors		5,681	6,259
Accrued expenses		156,954	181,697
Corporation tax liability		-	22,692
Deferred income - Recycled social housing grant		<u>234,000</u>	<u>64,000</u>
		<u>980,565</u>	<u>775,425</u>
<b>Due after one year</b>			
Loans and borrowings	14	3,841,100	4,225,788
Deferred income - Social housing grant	15	<u>4,766,510</u>	<u>5,030,622</u>
		<u>8,607,610</u>	<u>9,256,410</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 2024 (continued)

#### 14 Loans and borrowings

	2024 £	2023 £
<b>Current loans and borrowings</b>		
Finance lease liabilities	<u>30,291</u>	<u>30,291</u>

	2024 £	2023 £
<b>Non-current loans and borrowings</b>		
Finance lease liabilities	<u>3,841,100</u>	<u>4,225,788</u>

#### 15 Social housing grant

	Social housing grant £	Total £
<b>Gross grant creditor</b>		
At 1 April 2023	5,788,769	5,788,769
Disposals	<u>(170,000)</u>	<u>(170,000)</u>
At 31 March 2024	<u>5,618,769</u>	<u>5,618,769</u>
<b>Amortisation</b>		
At 1 April 2023	758,147	758,147
Grant release	123,578	123,578
Disposals	<u>(29,466)</u>	<u>(29,466)</u>
At 31 March 2024	<u>852,259</u>	<u>852,259</u>
<b>Carrying amount</b>		
At 31 March 2024	<u>4,766,510</u>	<u>4,766,510</u>
At 31 March 2023	<u>5,030,622</u>	<u>5,030,622</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 £170,000 (and £29,466 reversal of amortisation) is in relation to the disposal of three properties in which Social Housing monies had been receipted. This £170,000 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 2024 (continued)

#### 16 Obligations under leases and hire purchase contracts

##### Operating leases

The total of future minimum lease payments is as follows:

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Not later than one year	322,951	315,924
Later than one year and not later than five years	445,391	198,284
Later than five years	3,497	-
	<u>771,839</u>	<u>514,208</u>

#### 17 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 £218,241 (2023: £436,481). An amount was received from Changing Lives of £14,475 (2023: £14,475) for the management of the Homelife properties.

Included in Creditors: amounts owed to group companies at the year end is an amount owed to Changing Lives of £324,323 (2023: £391,204).

#### 18 Accommodation in management

	<b>2024</b>	<b>2023</b>
	<b>No.</b>	<b>No.</b>
General needs	75	78
Supported accommodation	281	331
	<u>356</u>	<u>409</u>

#### 19 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 H26 The Avenues Eleventh Avenue North, Team Valley Trading Estate, Gateshead, NE11 0NJ.

**TCUK HOMES LIMITED**

England & Wales - Charity number 1197888

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# Accounts

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Registration number: 08385555

Homes England number: 4756

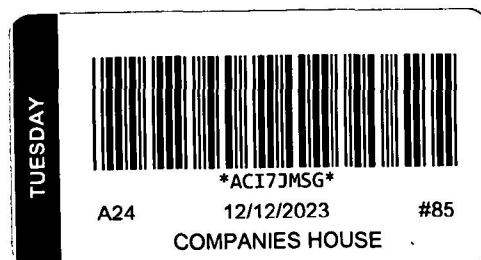
Charity Number: 1197888

# 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

<b>Directors</b>	J N H Walder A T M Shiel S Bell M Smith G Kay
<b>Registered office</b>	H26 The Avenues Eleventh Avenue North Team Valley Trading Estate Gateshead Tyne and Wear NE11 0NJ
<b>Solicitors</b>	Sintons LLP The Cube Barrack Road Newcastle NE4 6DB
<b>Auditor</b>	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.
- 2- 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.
- 3- 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.
- 4- 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.
- 5- 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.
- 6- The margin is comparable with previous year, no significant changes to overall portfolio and therefore considered reasonable.
- 7- The metric assesses efficient investment of capital resources. The small decrease is due to a small reduction in the operating surplus for financial period.

## **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](http://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.

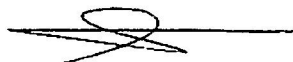
# TCUK Homes Limited

(Registration number: 08385555)

## Statement of Financial Position as at 31 March 2023

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

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

	<b>Profit and loss account £</b>	<b>Total £</b>
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>

	<b>Profit and loss account £</b>	<b>Total £</b>
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 £
<b>Cash flows from operating activities</b>			
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	<u>(575,694)</u>	<u>539,848</u>
Cash generated from operations		(111,407)	1,283,589
Income taxes paid	10	-	(57,109)
Net cash flow from operating activities		<u>(111,407)</u>	<u>1,226,480</u>
<b>Cash flows from investing activities</b>			
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>
<b>Cash flows from financing activities</b>			
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><u>342,065</u></u>	<u><u>995,660</u></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 £
<b>Turnover</b>			
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 £
<b>Operating Expenditure</b>			
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>
	<b>General needs housing £</b>	<b>2023 £</b>	<b>2022 £</b>
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 £
<b>Current taxation</b>		
UK corporation tax	-	24,000

#### 11 Tangible assets

	Housing properties for let £	Furniture, fittings and equipment £	Total £
<b>Cost or valuation</b>			
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	<u>10,404,804</u>	<u>230,049</u>	<u>10,634,853</u>
<b>Depreciation</b>			
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	<u>1,629,937</u>	<u>133,509</u>	<u>1,763,446</u>
<b>Carrying amount</b>			
At 31 March 2023	<u>8,774,867</u>	<u>96,540</u>	<u>8,871,407</u>
At 31 March 2022	<u>9,170,424</u>	<u>157,089</u>	<u>9,327,513</u>

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	<u>(90,928)</u>	<u>(145,879)</u>
Net rent arrears	739,593	522,750
Other debtors	12,283	3,262
Prepayments and accrued income	<u>83,451</u>	<u>51,011</u>
	<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
		£	£
<b>Due within one year</b>			
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		<u>64,000</u>	<u>-</u>
		<u>775,425</u>	<u>1,351,945</u>
<b>Due after one year</b>			
Loans and borrowings	15	4,225,788	4,367,477
Deferred income - Social housing grant	16	<u>5,030,622</u>	<u>5,207,801</u>
		<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 £
<b>Current loans and borrowings</b>		
Finance lease liabilities	<u>30,291</u>	<u>31,117</u>

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

#### 16 Social housing grant

	Social housing grant £	Total £
<b>Gross grant creditor</b>		
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>
<b>Amortisation</b>		
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>
<b>Carrying amount</b>		
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 received. 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.