

**3CHA LTD**  
**REPORT OF THE DIRECTORS AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2024**

Higginson & Co (UK) Ltd  
Statutory Auditors  
3 Kensworth Gate  
200 - 204 High Street South  
Dunstable  
Bedfordshire  
LU6 3HS

**3CHA LTD (REGISTERED NUMBER: 08604875)**

**CONTENTS OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2024**

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	<b>Page</b>
<b>Company Information</b>	1
<b>Report of the Directors</b>	2
<b>Report of the Independent Auditors</b>	8
<b>Statement of Income and Retained Earnings</b>	12
<b>Balance Sheet</b>	13
<b>Notes to the Financial Statements</b>	14

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# 3CHA LTD

## COMPANY INFORMATION FOR THE YEAR ENDED 31 JULY 2024

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**DIRECTORS:**

T C J Edwards  
R Khalid  
B G Stratford  
D C Taylor  
P Mawson  
Ms I Lo Bianco  
Ms A Mccann  
A S Folley  
H Western

**REGISTERED OFFICE:**

314 Midsummer Boulevard  
Milton Keynes  
Buckinghamshire  
MK9 2BU

**REGISTERED NUMBER:**

08604875 (England and Wales)

**AUDITORS:**

Higginson & Co (UK) Ltd  
Statutory Auditors  
3 Kensworth Gate  
200 - 204 High Street South  
Dunstable  
Bedfordshire  
LU6 3HS

# **3CHA LTD (REGISTERED NUMBER: 08604875)**

## **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 JULY 2024**

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The directors present their report with the financial statements of the company for the year ended 31 July 2024.

### **Overview and Background**

3CHA was established as a not-for-profit Registered Provider (RP) in 2013, regulated by the Regulator of Social Housing (RSH).

3CHA's mission is to provide high quality housing for those in housing need, whilst striving to operate in a distinctive but efficient and effective way, with a business model unlike most multi-regional RP's

3CHA is a RP with fewer than 1,000 supported tenancies (approx. 200 properties) in the form of rooms within HMO's (Houses in Multiple Occupation). Our stock is principally short-term lease based and is provided by managing agents. The majority of bedspaces are in Birmingham, with other properties in South Tyneside, Ipswich, Tendring, London and Milton Keynes. We directly employed 2 full time and 4 part time staff during the year

Most of our stock is "Exempt accommodation", a term used in Housing Benefit and Universal Credit to describe supported accommodation where the rules that normally limit the amount of rent covered by a benefit award do not apply due to the provision of ongoing support. Residents have a continuing need for support that is accommodated within the exempt model and are some of the most vulnerable in our society with few if any alternative housing options.

This provision is not regarded as housing regulated by the RSH; further legislative changes will impact the way this specialist work is regulated, something welcomed given the poor practice in part of the sector. The Board have confirmed that they wish to manage our exempt accommodation stock in line with regulatory standards

### **Business Model**

3CHA is a lease-based Provider except for the seven directly owned affordable rent (family) properties; for its other stock, 3CHA enters into an agreement with experienced and locally based managing agents who lease properties from private sector landlords. We have three properties where longer-term leases are in place with institutional funders.

The lease-based model has come under increased scrutiny by the Regulator for Social Housing (RSH) in recent years. Scrutiny across the portfolio of providers has identified difficulties implicit in the model related to long-term viability, inadequate oversight and risk management, and insufficient governance arrangements. In recent years several RPs (including 3CHA in October 2021) have received Regulatory Judgements and others have Grading Under Review status due to these common challenges.

Considering the significant compliance challenges that the organisation has been facing, as reported in previous years, the Board has continued to challenge the organisation on addressing these matters and its future strategy.

This change in focus has also required that the Board be enhanced with further appropriate skills and experience in finance, risk and compliance and a succession strategy pursued for the future. This work, whilst not fully complete, is progressing well with external advisers and other resources. It is hoped that further progress will be made in the next year to allow movement away from intensive regulatory engagement, and towards a sustained focus on embedding demonstrable good practice across our non-regulated work. This will continue to provide us resources to modestly expand our work in desperately needed affordable housing in future years with the valued support of our private funders, Unity Bank.

## **REVIEW OF BUSINESS**

### **The Board**

The Board meets at least every quarter, and meetings may also be called by notice as required.

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 JULY 2024**

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Much of the executive, Board's and risk committee's time has been taken up with implementing a compliance action plan with the RSH, including the adoption of the National Federation of Housing Code of Governance, business planning, risk analysis strategy and monitoring, introduction of new finance and housing management software and procedures, staff appointments and the programming, scrutiny and adoption of recommendations of internal and external audits and other improved governance procedures. The Board is committed to implementing audit and other external recommendations and carrying forward the internal and external audit programme for the future.

**Governance and Viability Standard**

In October 2021, the RSH issued a regulatory judgment finding us non-compliant. We are in the course of implementing an action plan with the Regulator to achieve compliance, with intensive engagement during the period under review with a view to conclusion in the next year.

**Review of the Year**

**External Environment**

Following the Grenfell Tower and recent other avoidable tragedies, continuing national publicity about serious and disturbing consumer and service failures on the part of many regulated housing bodies, changes in the regulatory environment set out in the government's 2021 Social Housing White paper with the following 7-point charter are likely to be further developed, including the establishment of a new regulatory body for exempt accommodation providers;

1. **To be safe in your home.** We will work with industry and landlords to ensure every home is safe and secure.
2. **To know how your landlord is performing,** including on repairs, complaints and safety, and how it spends its money, so you can hold it to account.
3. **To have your complaints dealt with promptly and fairly,** with access to a strong ombudsman who will give you swift and fair redress when needed.
4. **To be treated with respect,** backed by a strong consumer regulator and improved consumer standards for tenants.
5. **To have your voice heard by your landlord,** for example through regular meetings, scrutiny panels or being on its Board. The government will provide help, if you want it, to give you the tools to ensure your landlord listens.
6. **To have a good quality home and neighbourhood to live in,** with your landlord keeping your home in good repair.
7. **To be supported to take your first step to ownership,** so it is a ladder to other opportunities, should your circumstances allow.

And in guidance issued in March 2022 by the Housing Ombudsman.

Recommendations here include:

- a standalone regulator driving consistency and improvement, given the managing agent sector presents significant challenges and risks to social landlords.
- sector collaboration to increase their collective influence on rogue or poor performing managing agents.
- shared understanding of the challenges and risks associated with new homes between development and operational teams.
- reviewing agreements with managing agents to clarify roles and responsibilities and consistent approach to escalating issues.
- reviewing complaints and service and repair requests in buildings managed by third parties to ensure they are effective

Other continuing external influences included:

## **3CHA LTD (REGISTERED NUMBER: 08604875)**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 JULY 2024**

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-The country's targets for reducing carbon emissions and to become carbon neutral. This will require investment in both new 'greener' homes as well as improvements and retrofitting to existing stock.

- Brexit and the continuing impact on the economy and construction labour market
- A very rapid and significant growth in the exempt sector across the West Midlands and Birmingham specifically with an estimated 23,000 bedspaces in the city.
- A continuing focus on the sector from both the Regulator of Social Housing and Birmingham City Council, and a significant volume of enquiries from national local and specialist media outlets
- Further funding for local authorities the to improve quality of non-commissioned provision in priority areas. The measures will test different approaches to oversight carefully and proportionately, to raise the quality of service using recommended best practise from previous pilot schemes

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 August 2023 to the date of this report.

T C J Edwards  
R Khalid  
B G Stratford  
D C Taylor  
P Mawson  
Ms I Lo Bianco

Other changes in directors holding office are as follows:

J Callaghan - resigned 31 July 2024  
Ms E P Gallacher - resigned 29 August 2023  
Ms C P Mansfield - resigned 29 August 2023  
S Devitt - resigned 31 July 2024  
Ms A Mccann - appointed 29 August 2023  
A S Folley - appointed 1 October 2023

H Western was appointed as a director after 31 July 2024 but prior to the date of this report.

#### **IMPACT OF EXTERNAL FACTORS**

The management of the Covid 19 outbreak continued to influence the political and economic global landscape throughout the year; increased economic challenges for our business through low economic growth and the impact of cost rises for labour and construction work make existing management and potential new housing development risk mitigation even more central to the work we do.

As last year, we anticipate that demand for our accommodation and all social housing will only increase . due to the extraordinary cost of living crisis . the continuing Ukraine, and Middle East conflicts, rising international tensions and major political changes in leadership and housing and planning strategy at Westminster

To-date, and since its formation, 3CHA has continued to cope well with the financial and operational impacts of major changes in our environment, and the Board is confident, with external assurance, that our approach to the future is sustainable and desired outcomes achievable.

## **3CHA LTD (REGISTERED NUMBER: 08604875)**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 JULY 2024**

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#### **FUTURE PROGRESS**

##### **Progress in 2023-24**

Despite challenges already outlined in this report, 3CHA continued to make significant progress in identifying and addressing areas of improvement within the organisation throughout the financial year

- The further development of our finance systems including development of a finance module for our housing management software system and the adoption of commercial accounting software .
- Continuing to work towards becoming an accredited exempt accommodation provider under Birmingham City Council's accreditation scheme ..
- Appointment of further non-executive Board members to replace retiring members with significant social housing experience at senior level
- Further developing and implementing a succession strategy for executive and other staff roles., following the appointment of a new chief executive and the retirement of two founding executives, including future possible strategic change and development in the ever changing economic and regulatory context
- Substantial work in developing links with RP's and a wide range of others working in exempt accommodation and general needs housing to develop good practise and the foundations for future partnership work, including community- led development and regeneration.

## **3CHA LTD (REGISTERED NUMBER: 08604875)**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 JULY 2024**

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#### **VALUE FOR MONEY STATEMENT**

##### **Value for Money**

Value for money is important to 3CHA to minimise impact for its residents.

The VfM Standard introduced by the Regulator of Social Housing in April 2018 requires providers to publish performance against their own VfM targets and includes a series of common metrics set by the Regulator with which to measure economy, efficiency and effectiveness across the sector in a fair and comparable way.

A key requirement of the VfM Standard is that an organisation understands the costs and outcomes of delivering specific services, which underlying factors influence these costs, and how they do so.

3CHA metrics as defined by the regulator should be compared with:

- a) A selected Peer Group,
- b) All other Registered Providers with a similar number of units
- c) The Median across all Registered Providers.

However, as noted above these metrics have to be considered in the context of a lease-based provider of supported housing, that owns few properties, manages under 1000 units (in less than 200 individual properties) and delivers services across a managing agent operating model.

#### **Compliance with Regulatory Standards**

The board cannot confirm that it is currently meeting the standards of the Regulator of Social Housing but is confident that compliance will be achieved with their support and encouragement.

#### **and beyond**

At the time of writing, we are pleased with the progress we have made with the regulatory compliance including improved governance and risk management; our fourth year of internal and third external audit will be completed by December 2024 and programmes will be adopted, as in previous years, for the forthcoming financial year's accounting and reporting cycle.

Our succession planning proposals are developing with potential for a move towards more directly owned and managed general needs self-contained accommodation, with a major change in organisational management and structure therefore necessary in the medium term as our business model changes shape and focus.

There remains more to achieve but we are confident that with the support of future potential and existing partners we will be able to secure a long-term sustainable future for 3CHA, with a retained emphasis on providing well managed homes and secured community benefit for local people.



## **3CHA LTD (REGISTERED NUMBER: 08604875)**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 JULY 2024**

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#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **AUDITORS**

The auditors, Higginson & Co (UK) Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

#### **ON BEHALF OF THE BOARD:**

P Mawson - Director

21 January 2025

# REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF 3CHA LTD

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## **Opinion**

We have audited the financial statements of 3CHA Ltd (the 'company') for the year ended 31 July 2024 which comprise the Statement of Income and Retained Earnings, Balance Sheet and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 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 opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 opinion.

## **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' 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 financial statements are 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 in the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF 3CHA LTD**

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

In the light of the 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 Directors.

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page seven, 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 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.

# REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF 3CHA LTD

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## **Auditors' 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 a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

## **Identifying and assessing potential risks related to irregularities**

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

### **Audit response to risks identified**

- the nature of the industry and sector, control environment and business performance including the design of the remuneration policy;
- results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Company documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
  - the internal audit reports and assessment carried out by the Directors and the actions arising;
  - the matters discussed among the audit engagement team, including tax regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in relation to revenue deferrals. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK

Companies Act, UK Corporate Governance Code and local tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included compliance with Financial Conduct Authority regulation for the UK operating segment and compliance with local legislation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF 3CHA LTD**

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### **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. 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 a Report of the Auditors 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.

Donald M Brown FCA (Senior Statutory Auditor)

for and on behalf of Higginson & Co (UK) Ltd

Statutory Auditors

3 Kensworth Gate

200 - 204 High Street South

Dunstable

Bedfordshire

LU6 3HS

21 January 2025

**3CHA LTD (REGISTERED NUMBER: 08604875)****STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED 31 JULY 2024**

	Notes	31.7.24 £	31.7.23 £
<b>TURNOVER</b>		10,991,943	9,110,364
Cost of sales		<u>9,290,249</u>	<u>7,644,944</u>
<b>GROSS SURPLUS</b>		1,701,694	1,465,420
Administrative expenses		<u>1,094,639</u>	<u>792,769</u>
<b>OPERATING SURPLUS</b>	4	607,055	672,651
Interest receivable and similar income		<u>48,515</u>	<u>6,701</u>
		655,570	679,352
Interest payable and similar expenses		<u>71,788</u>	<u>64,082</u>
<b>SURPLUS BEFORE TAXATION</b>		583,782	615,270
Tax on surplus		<u>154,638</u>	<u>135,563</u>
<b>SURPLUS FOR THE FINANCIAL YEAR</b>		429,144	479,707
Retained earnings at beginning of year		2,402,657	1,922,950
<b>RETAINED EARNINGS AT END OF YEAR</b>		<u>2,831,801</u>	<u>2,402,657</u>

The notes form part of these financial statements

### 3CHA LTD (REGISTERED NUMBER: 08604875)

#### BALANCE SHEET 31 JULY 2024

	Notes	31.7.24 £	£	31.7.23 £	£
<b>FIXED ASSETS</b>					
Tangible assets	8		1,684,860		1,633,069
<b>CURRENT ASSETS</b>					
Debtors	9	524,525		370,267	
Cash at bank		<u>2,195,705</u>		<u>1,838,531</u>	
		2,720,230		2,208,798	
<b>CREDITORS</b>					
Amounts falling due within one year	10	<u>641,666</u>		<u>490,653</u>	
<b>NET CURRENT ASSETS</b>			<u>2,078,564</u>		<u>1,718,145</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			3,763,424		3,351,214
<b>CREDITORS</b>					
Amounts falling due after more than one year	11		<u>931,623</u>		<u>948,557</u>
<b>NET ASSETS</b>			<u>2,831,801</u>		<u>2,402,657</u>
<b>RESERVES</b>					
Income and expenditure account	13		<u>2,831,801</u>		<u>2,402,657</u>
			<u>2,831,801</u>		<u>2,402,657</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors and authorised for issue on 21 January 2025 and were signed on its behalf by:

H Western - Director

The notes form part of these financial statements

## 3CHA LTD (REGISTERED NUMBER: 08604875)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2024

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#### 1. STATUTORY INFORMATION

3CHA Ltd is a private company, limited by guarantee, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

#### 2. ACCOUNTING POLICIES

##### **Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

##### **Turnover**

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

##### **Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

##### **Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

##### **Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to surplus or deficit on a straight line basis over the period of the lease.

##### **Pension costs and other post-retirement benefits**

The company operates a defined contributions pension scheme.

Pensions payments are made in accordance with board instructions.



**3CHA LTD (REGISTERED NUMBER: 08604875)****NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2024****3. EMPLOYEES AND DIRECTORS**

	31.7.24	31.7.23
	£	£
Wages and salaries	445,890	315,481
Social security costs	36,858	32,238
Other pension costs	103,788	30,932
	<u>586,536</u>	<u>378,651</u>

The average number of employees during the year was as follows:

	31.7.24	31.7.23
Directors	2	2
Non executive directors	8	7
Administrative Staff	4	3
	<u>14</u>	<u>12</u>

	31.7.24	31.7.23
	£	£
Directors' remuneration	<u>306,526</u>	<u>252,127</u>

Information regarding the highest paid director is as follows:

	31.7.24	31.7.23
	£	£
Emoluments etc	<u>113,056</u>	<u>107,995</u>

**4. OPERATING SURPLUS**

The operating surplus is stated after charging:

	31.7.24	31.7.23
	£	£
Other operating leases	244,121	215,006
Depreciation - owned assets	36,053	34,177
Auditors remuneration	<u>12,000</u>	<u>9,500</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2024**

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**5. VALUE FOR MONEY SELF-ASSESSMENT AND KPI'S**

**1. Background**

In 2018, the Regulator for Social Housing (RSH) published a new Value for Money (VfM) Standard. Since then there have been various updates, the latest being a 'Value for Money metrics - technical note guidance May 2021' [www.gov.uk/government/publications/value-for-money-metrics-technical-note/value-for-money-metrics-technical-note-guidance-june-2020](http://www.gov.uk/government/publications/value-for-money-metrics-technical-note/value-for-money-metrics-technical-note-guidance-june-2020)) and

Research and analysis -Value for Money metrics report-annex to Global Accounts 2020 - Updated 13 May 2021 [www.gov.uk/government/publications/2020-global-accounts-of-private-registered-providers/value-for-money-metrics-report-annex-to-global-accounts-2020](http://www.gov.uk/government/publications/2020-global-accounts-of-private-registered-providers/value-for-money-metrics-report-annex-to-global-accounts-2020)

The reporting required in annual accounts of Registered Providers (RP) is focused on a minimum of seven VfM metrics, along with performance measured against their own VfM targets by which they demonstrate economy, efficiency and effectiveness. The metrics do not form part of the VfM Standard itself but provide a separate tool for RPs to demonstrate that they are making best use of their assets and resources to stakeholders, including tenants and the Regulator. Measurable plans to address any areas of underperformance must also be published which clearly state any areas where improvements would not be appropriate and the rationale for this.

Not all of the RSH defined metrics are relevant to the company's business model, e.g., EBITDA interest cover, gearing and return on capital employed. We have adapted the metrics in calculating our own performance KPI's, whilst still keeping to the 'spirit' of the RSH definitions. The RSH metrics report acknowledges this as acceptable practice.

**2. Current position and performance**

The company has reported in its financial statements that its turnover in the year 2023/24 has increased by 20% . Increased turnover reflects our development focus on a limited number of additional schemes outside the West Midlands with the objective of using surpluses to support new directly managed affordable housing projects in the future

The Board is aware that we do not yet meet all the requirements of the Value for Money Standard. To move towards full compliance, the company is attempting to work towards:

- a) Benchmarking its performance against peer group of similar providers to enable the company to demonstrate improvements in performance..
- b) Ensure that the VfM Strategy is communicated and embedded throughout the company and the Managing Agents providing the services on behalf of the company
- c) Demonstrate future savings through its Business Plan and how these link to the VfM strategy objectives.

The board and the committees have reviewed the Key Performance Indicators (KPI's) as appropriate. Work is continuing in relation to housing benefit claims performance and with Rent Standard reporting to allow the company to demonstrate compliance with the standards in each setting as required.

The company does not consider there to be a peer comparator to include in the table below.

### 3CHA LTD (REGISTERED NUMBER: 08604875)

#### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 JULY 2024

##### 6. 3.RSH VFW METRICS

<u>Measure</u>	<u>2023/24</u>	<u>2022/23</u>	<u>Movement</u>
Metric 1- Reinvestment %This metric looks at the investment in properties, existing stock as well as new supply, as a percentage of the value of total properties held.Comment - capital expenditure on existing properties	4.99%	0%	4.99%
Metric 2 - New supply deliveredThis metric sets out the number of new social housing and non-social housing units that have been acquired or developed in the year as a proportion of total social housing units and non-social housing units owned at period end.Comment- No new properties acquired this year	0%	0%	-0%
Metric 3 - Gearing%This metric assesses how much of the adjusted assets are made up of debt and the degree of dependence on debt finance. It is often a key Indicator of a registered provider's appetite for growth.Comment - This metric relates to properties only.	52.01%	55.63%	-3.64%
Metric 4 - Earnings Before Interest, Tax, Depreciation, Amortisation (Major Repairs Included) Interest Cover%This is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that a registered provider generates against Interest payments.Comment- there has been no additional borrowing in 2024.	10	11	-1
Metric 5. Headline social housing cost per unitThis metric assesses the headline social housing cost per unit as defined by the Regulator.	£10618	£9061	£1557
Metric 6 - Operating Margin%This metric demonstrates the profitability of operating assets before exceptional expenses are taken into account.	5.31%	6.76%	-1.45%
Metric 7 - Return on capital employed%This metric compares operating surplus to total assets less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources.	32.00%	35.45%	-3.45%
Metric 8. Occupancy ratesComment- The number of units owned as a % of the number of units available make this metric not relevant	N/A	N/A	N/A
Income through voids	11.00%	15.00%	-4.00%
Metric 9. Overheads as a percentage of turnover.	7.35%	6.09%	1.26%

**3CHA LTD (REGISTERED NUMBER: 08604875)****NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2024****7. SOCIAL HOUSING TURNOVER AND COSTS**

<b>Table A</b>	Turnover	Cost of Sales	Operating Expenditure	Operating Surplus
Social Housing Lettings	10925313	9290249	286908	1348156

**Table B**

	General Needs Housing	Supported Housing	Other categories	Total Year End 2024	Total Year End 2023
Income	66630	10925313		10991943	9110364
Rent, management and service costs	2950	9290249		9293199	7645573
Routine & planned maintenance	31316			79485	1354
Depreciation of housing properties	34970			34970	33244
Other costs	3137	244121		247258	236422
Operating expenditure on social housing lettings	77756	9434371		9606744	7916592
Operation surplus (deficit) on social housing lettings	-11216	1390942		1385199	1193722
Void losses	12064	272206		274228	274228

No other information is relevant to the tables above.

**3CHA LTD (REGISTERED NUMBER: 08604875)****NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2024****8. TANGIBLE FIXED ASSETS**

	Land and buildings £	Plant and machinery etc £	Totals £
<b>COST</b>			
At 1 August 2023	1,730,013	6,661	1,736,674
Additions	<u>86,309</u>	<u>1,535</u>	<u>87,844</u>
At 31 July 2024	<u>1,816,322</u>	<u>8,196</u>	<u>1,824,518</u>
<b>DEPRECIATION</b>			
At 1 August 2023	99,742	3,863	103,605
Charge for year	<u>34,970</u>	<u>1,083</u>	<u>36,053</u>
At 31 July 2024	<u>134,712</u>	<u>4,946</u>	<u>139,658</u>
<b>NET BOOK VALUE</b>			
At 31 July 2024	<u>1,681,610</u>	<u>3,250</u>	<u>1,684,860</u>
At 31 July 2023	<u>1,630,271</u>	<u>2,798</u>	<u>1,633,069</u>

Valuations were carried out on all of the properties in October 2024 by Jones Lang LaSalle Limited.

The valuations were carried out in accordance with the Royal Institution of Chartered Surveyors Valuation Standards.

The properties were inspected externally and a representative sample was inspected internally.

Three valuation models were used, Existing Use Value for Social Housing, Market Value subject to Tenancies and Market Value subject to vacant possession. The aggregate value of all of the properties is £1,583,330 with the full market Value subject to Vacant possession being £2,115,000..

**9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.7.24	31.7.23
	£	£
Trade debtors	523,324	370,267
Other debtors	<u>1,201</u>	<u>-</u>
	<u>524,525</u>	<u>370,267</u>

**3CHA LTD (REGISTERED NUMBER: 08604875)****NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2024**

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10.	<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	31.7.24	31.7.23
		£	£
	Bank loans less than 1 year	13,000	14,223
	Trade creditors	434,021	313,462
	Corporation tax	154,609	135,943
	Social security and other taxes	7,072	1,896
	Other creditors	270	-
	Directors' current accounts	7,649	6,529
	Accrued expenses	25,045	18,600
		<u>641,666</u>	<u>490,653</u>
11.	<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	31.7.24	31.7.23
		£	£
	Bank loans 2-5 years	93,765	87,496
	Bank loans more than 5 years	837,858	861,061
		<u>931,623</u>	<u>948,557</u>
	Amounts falling due in more than five years:		
	Repayable by instalments		
	Bank loans 2-5 years	93,765	87,496
	Bank loans more than 5 years	837,858	861,061
		<u>931,623</u>	<u>948,557</u>

## 3CHA LTD (REGISTERED NUMBER: 08604875)

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 JULY 2024

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#### 12. SECURED DEBTS

The following secured debts are included within creditors:

	31.7.24	31.7.23
	£	£
Bank loans	931,623	-
Bank loans less than 1 year	<u>13,000</u>	<u>14,223</u>
	<u>944,623</u>	<u>14,223</u>

Unity Trust Bank Plc (CRN: 01713124)

Legal Charge dated 18 March 2021 over the Freehold Property known as the land and buildings 504 Whaddon Way, Milton Keynes MK3 7LD, land registry number BM51078. The Freehold Property known as the land and buildings 16 Bridge Street, New Bradwell, MK13 0DP, land registry number BM1774030. The Freehold Property known as The land and buildings 18 Tranlands Brigg, Heelands, MK13 7NY land registry number BM21704.

Legal Charge dated 10 June 2021 over the Leasehold Property being Flat 95, Williams Close, Hanslope MK19 7PG, registered under title number BM161545.. The Freehold property known as the land and buildings 18 Timothys Close, Wolverton MK12 5GL, land registry number BM334411. The Freehold property known as the land and buildings 54 Queen Anne Street, New Bradwell, MK13 0DP, land registry number BM159735. The Freehold property known as the land and buildings 140 Stratford Road, Wolverton, MK12 5FD land registry number BM278492.

#### 13. RESERVES

	Income and expenditure account £
At 1 August 2023	2,402,657
Surplus for the year	429,144
At 31 July 2024	<u>2,831,801</u>

#### 14. CONTINGENT LIABILITIES

At the balance sheet date there were no contingent liabilities (2023: £Nil).

#### 15. CAPITAL COMMITMENTS

At the balance sheet date there were no capital commitments (2023: £Nil).

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.