

Tower Hamlets Homes Limited

**Annual report and financial statements
for the year
ended 31 March 2023**

Company Limited By Guarantee

Registered in England: 06249790

TOWER HAMLETS HOMES LIMITED
Year ended 31 March 2023

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TOWER HAMLETS HOMES LIMITED

Year ended 31 March 2023

Company Information**Company Registration No** 06249790 Registered in England**Registered office:** Tower Hamlets Town Hall
160 Whitechapel Road
London, England, E1 1BJ**Banker:** **National Westminster Bank plc**
Unit CR36, Level Minus One
Crossrail Station and Retail Mall
1 Crossrail Pl
London
E14 5AR**Solicitor:** **Trowers and Hamlins LLP**
3 Bunhill Row
London
EC1Y 8YZ**Auditor:** **Kirk Rice LLP**
Zeeta House,
200 Upper Richmond Road
Putney
London
SW15 2SH**Board of Directors:**

Name	Type	Appointed	Resigned
Ann Lucas (Chair)	Independent	10-Dec-12	-
Claire Tuffin	Resident	06-Mar-13	-
Safia Jama	Independent	06-May-16	-
Cllr Sabina Akhtar	Council	14-Jul-15	05-May-22
Cllr Asma Islam	Council	01-Oct-18	05-May-22
Cllr Tarik Khan	Council	29-Oct-18	05-May-22
Mahbub Anam	Resident	10-Feb-20	-
Nikesh Shah	Independent	10-Feb-20	-
Simon Hart	Independent	10-Sep-20	-
Vai Whitehead	Council	22-Jun-21	05-May-22
John Wu	Independent	08-Apr-22	-
Cllr Shafi Ahmed	Council	05-Aug-22	-
Cllr Maium Talukdar	Council	05-Aug-22	-
Cllr Abdul Wahid	Council	05-Aug-22	-
Cllr A Chowdhury	Council	05-Aug-22	-

TOWER HAMLETS HOMES LIMITED
Year ended 31 March 2023

Company information continued

Company Secretary
Neil Isaac

Executive Management Team

The members of the Executive Management Team who held office in the year are listed below with their current Directorate responsibilities.

Name	Role	From	To
Susmita Sen	Chief Executive	15-Sep-15	17-May-22
Ann Otesanya	Interim Chief Executive	17-May-22	31-October-23
Ann Otesanya	Director of Neighbourhood Services	15-Feb-16	16-May-22
Paul Davey	Director of Business Transformation	13-Jun-16	31-October-23
Neil Isaac	Director of Finance	16-Sep-16	31-October-23
Will Manning	Director of Asset Management	16 Jan-18	27-May-22
Beverley Greenidge	Interim Director of Neighbourhood Services	16-May-22	-
Michael Killeen	Director of Asset Management	18-Jul-22	-

TOWER HAMLETS HOMES LIMITED

Year ended 31 March 2023

Directors' report

The Directors present their report and the audited financial statements for the year ended 31 March 2023.

Legal Status

Tower Hamlets Homes Limited (THH) is a company limited by guarantee, incorporated on 16 May 2007 under the registration number 06249790.

The Company is a controlled Company (by the London Borough of Tower Hamlets "LBTH"), limited by guarantee without any share capital. The Council undertakes, in the event of the Company being wound up, to contribute such amount as may be required for the payment of the debts and liabilities of the Company providing this amount does not exceed £1.

The Company was overseen by a Board which met regularly throughout the year. The composition of the Board reflects the range and mix of skills and experience required for the effective management of the Company.

The day-to-day running of the Company's business has been delegated by the Board to the Executive Management Team.

Parent Organisation Address:

Tower Hamlets Town Hall,

160 Whitechapel Road,

London, England, E1 1BJ

Directors' interests

The directors who held office during the year are detailed on page 3.

London Borough of Tower Hamlets is the sole member (owner) of the company. No director was a member of the company between 1 April 2022 and 31 March 2023 inclusive.

Political and charitable contributions

The Company made no contributions to political or charitable organisations.

TOWER HAMLETS HOMES LIMITED

Year ended 31 March 2023

Directors' report (continued)

Employment of Disabled Persons

THH promotes equality of opportunity in its recruitment, selection, training and development policies and practice.

We welcome applications from applicants with disabilities and evaluate solely on their ability to carry out the duties of the job, taking into account any reasonable adjustments required.

Qualifying third-party indemnity provision

The directors and the Executive Management team benefit from a qualifying third-party indemnity provision which has been in place throughout the financial year and up to and including the date that this report is signed.

Communications Policy

The Company communicates all matters of financial or other interest to staff through its monthly electronic in-house newsletter, through team meetings or through other media as appropriate.

Engagement with Employees

THH has a formal staff engagement process with recognised Trade Unions known as the Trade Union Forum. For Health and Safety matters there is a Health and Safety Forum. Each of these forums is chaired by a member of the Executive Management Team. These Forums are used to consult and engage with staff on policy changes and current issues as well as provide an escalation point for Trade Unions should the need arise for example where local resolution has not proved possible.

THH is committed to the development of staff through an annual appraisal process and has a learning and development advisor who coordinates the necessary training from the appraisals. In addition, there are dedicated trainee, apprenticeship and kick-start roles across the organisation ranging from entry-level to professional qualification.

THH is an equal opportunities employer with appointment made on merit selecting the best person for the job against objective job-related criteria, irrespective of race, religion, ethnic or natural origin, gender, sexual orientation, disability, domestic circumstances or social and employment status, HIV status, age, political affiliation or trade union membership. We are also a two-tick employer that guarantees an interview to an applicant with a disability who meets essential criteria.

THH has also recently retained its accreditation from the Housing Diversity network, with 11 areas of distinction.

TOWER HAMLETS HOMES LIMITED

Year ended 31 March 2023

Directors' report (continued)

Going Concern

The company has disclosed its business activities, principal risks and uncertainties in the strategic report on pages 9 to 14. THH has significant cash reserves, the decision of the Council to undertake the management and maintenance of the housing stock directly from 1 November 2023 will result in THH ceasing operations and the TUPE transfer of staff to the Council. These financial statements are therefore not prepared on a going concern basis.

Taxation status

The company is a local authority-controlled company within the meaning of Part V of the Local Government and Housing Act 1989, being a company under the control of the London Borough of Tower Hamlets, 160 Whitechapel Road, London, England, E1 1BJ.

TOWER HAMLETS HOMES LIMITED

Year ended 31 March 2023

Directors' report (continued)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland 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 profit or loss 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 estimates that are reasonable and prudent.
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

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.

The directors are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

TOWER HAMLETS HOMES LIMITED**Year ended 31 March 2023****Directors' report** (continued)**Statement of disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm so far as they are each aware there is no relevant audit information of which the company's auditor is unaware, and they have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Strategic report

The company has chosen in accordance with the Companies Act 2006 S.414(c) to set out in the company's strategic report information required by Schedule 7. It was done so in accordance with future developments.

Independent auditors

Kirk Rice LLP were appointed as the company's auditors at the annual general meeting held on 9th April 2021.

By order of the Board

The Directors' Report was approved by the Board on 26/10/2023 and signed on its behalf by:

Neil Isaac

Company Secretary
Tower Hamlets Town Hall,
160 Whitechapel Road,
London, England, E1 1BJ

TOWER HAMLETS HOMES LIMITED
Year ended 31 March 2023

Strategic Report

The Directors present their strategic report for the year ended 31 March 2023.

Business Review

Tower Hamlets Homes Ltd (THH) is an Arm's Length Management Organisation (ALMO) set up by the London Borough of Tower Hamlets (LBTH) to provide housing management services, including income collection, tenancy management, estate services, day-to-day repairs, major works, planned maintenance, leaseholder services, resident participation, customer services, service development and training to residents of the borough's housing.

The ALMO started on 7th July 2008 under a ten-year term contract with a five-year break clause. The Council has twice extended the contract, recognising the quality of service provided by THH to its residents.

The Mayor of Tower Hamlets was elected in 2022. One of his manifesto pledges was to consult on bringing THH back in-house. This consultation took place in late 2022, following that consultation the Council took the decision in early 2023 to bring THH back in-house in this calendar year. The date of transfer is projected to be 1 November 2023.

The Mayor and Council have emphasised that the decision to bring THH in-house does not reflect concerns about THH's performance. Rather it is based on the belief that the Council will be able to provide better services to its residents if those services are provided directly. THH is part of a programme of insourcing that includes Leisure Services and an expanded youth service offering.

THH Officers have been working closely with Council colleagues to ensure a smooth transition of services back to the Council. During the last year we have been focussing on building safety and incremental service improvements rather than embarking on transformation change projects in order to hand back the service in a steady state and with good performance.

Strategic Report (continued)

Section 172 Statement

Section 172 of the Companies Act 2006 (CA 2006) provides that boards must take consideration of stakeholder interests. The section 172 statement requires directors to explain how they considered these interests when performing their duty to promote the success of the company having regard to:

- a) The long-term consequences of decisions
- b) The interests of our employees
- c) Fostering relationships with suppliers, customers, and others
- d) The impact of the company's operations on the community and the environment
- e) Maintaining a reputation for high standards of business
- f) Acting fairly

The preceding pages of the annual report set out in some detail the performance of the Company over the last financial year. This statement draws from that detail to demonstrate how Tower Hamlets Homes complies with the requirements of Section 172.

The London Borough of Tower Hamlets (LBTH) is both the sole member of the Company and the main stakeholder by dint of being the main customer. Other stakeholders include the tenants and leaseholders of the Borough to whom THH provides services. The Council has the right to appoint and remove directors. Four of the Board positions are reserved for tenants and leaseholders.

The THH Business Plan is the key strategic document for THH. We consult residents in the preparation and is considered by the Board prior to submission to the Council. The Board consider the Council's comments prior to its formal sign off. Key (Business Critical) performance indicators are monitored by the Board at every meeting and any necessary action taken. The Council also receives performance monitoring information, and it is scrutinised at various levels within the Council, including by the Executive Mayor of Tower Hamlets.

Residents are at the heart of what we do. We work with residents and their representative associations on key issues such as building safety and compliance as well as on service delivery issues. We also work with the Resident Scrutiny Panel which operates independently with its reports being considered by the Board. Tenant and leasehold satisfaction measures are included in the suite of Business-Critical indicators.

TOWER HAMLETS HOMES LIMITED

Year ended 31 March 2023

Strategic Report (continued)

Section 172 Statement (continued)

Staff engagement continues to be important for THH, especially in the run-up to the TUPE transfer to Tower Hamlets Council. The Executive Directors hold regular meetings with staff, both providing information and also receiving feedback. The frequency of these meetings has been increased in preparation for the TUPE. All staff will receive individual correspondence on this issue with information available on the intranet with advice and support available from managers and via the EAP.

Working with the Council we are also subject to the oversight of the Social Housing Regulator and the Housing Ombudsman. We have a good working relationship with both organisations. This relationship will continue to evolve as the Social Housing Regulation Act has received Royal assent and the Housing Ombudsman continues to take an increasingly active role in both investigations and publications of spotlight reports.

Payments are made to suppliers when they fall due.

Results & Performance

The Company's principal activity during the year is the provision of housing management services to residents of LBTH. The Company also manages the delivery of the planned and responsive repairs and maintenance programme and manages the delivery of the housing investment programme for LBTH. In the last 24 months before the pandemic the performance of THH had been recognised by the housing profession by a range of awards and accreditations won by Tower Hamlets Homes. The performance of THH has been recognised over the years with THH receiving a number of awards include being declared landlord of the year at the UK Housing Awards and the Caretaking Service winning the front-line team of the year at the Housing Heroes Awards. That recognition continued in 2022 with the ASB team winning Team of the Year at the Housing Heroes Awards. In addition, the British Safety Council awarded THH a Distinction in the International Safety Awards, this is the top ranking and was achieved by just 20% of all applications.

The sad case in Rochdale and the subsequent passing of "Awab's Law" has significantly increased the focus on damp and mould in the housing stock nationally. In Tower Hamlets this was evident in a significant increase in the reporting of such cases. The new repairs contract has a price per property code for damp and mould treatment. This has enabled us to monitor the caseload in a systematic manner and identify and address any underlying issues with buildings that have a high incidence of such repairs.

TOWER HAMLETS HOMES LIMITED**Year ended 31 March 2023****Strategic Report** (continued)**Results & Performance**(continued)

Tower Hamlets Homes' performance against the Business Critical Performance Indicators for 2022/23 and the outturn for 2021/22 is shown in the table below.

Indicator	Target 2022/23	Outturn 2022/23	Outturn 2021/22
Stage 1 complaints responded to in time	95%	99.6%	99.9%
% complaints upheld at Stage 2	9%	8.2%	7%
% of properties with a valid gas certificate	100%	100%	100%
% repairs right first time	85%	84.3%	88.8%
% tenants rating the repairs service excellent good or fair	83%	86.7%	79.4%
Void relet times short term	28 days	20 days	42 days
Void relet times long term	40 days	35 days	55 days
Rent Collected	99%	99.2%	100.4%
Service Charge collected	100%	96.3%	97.2%
Major works charge collected	100%	59.2%	87.0%
Residents rating HSC excellent good or fair	90%	90.8%	86.7%
Residents agree that THH does what it says	70%	67.6%	64%
Overall satisfaction tenants	85%	79.5%	79.5%
Overall satisfaction leaseholders	75%	65.8%	71.7%
Satisfaction with Caretaking	87%	83.5%	84.2%
Satisfaction with handling of ASB	58%	49.5%	45.7%
Residents rating capital works excellent good or fair	87%	94.5%	88.9%
Blocks with a fire risk assessment in place	100%	99.5%	100%
Void rent loss	1.4%	1.28%	1.24%

TOWER HAMLETS HOMES LIMITED

Year ended 31 March 2023

Strategic Report (continued)

As we anticipated, the impact of the cost-of-living crisis is being seen in the income collection indicators. This impact has not been as severe as for some, this is a testament to the work of our staff and partner agencies. THH's Financial Health Centre provides residents with advice and support to maximise their income to help sustain their tenancies. This support includes working with other agencies as an advocate, this approach has been successful with the award of backdated benefits in some cases. Performance against other Key Performance Indicators was generally robust on complaints and repairs with significant improvements in void turnaround times. Satisfaction indicators dipped slightly as they have across London.

Events after the reporting period

The consultation with staff on the TUPE transfer to the Council is under way. The Council has undergone a reorganisation in part to ensure that its "receiving structure" is fit for purpose. A new corporate Director will be appointed, with the service directors in THH transferring to become divisional directors in the Council. Three members of staff will not transfer to the Council, they will leave THH at the point of transfer.

We continue to work on Fire and Building safety and to address the issues arising from the Social Housing (Regulation) Act 2023 to ensure that momentum is maintained in these crucial areas during the transfer to LBTH.

We continue to work with Council colleagues on updating the Housing Revenue Account Business Plan. This will incorporate the impact of the new Building Safety regime and the government's carbon reduction plans alongside the existing priorities for new homes and investment in the existing stock.

Financial Summary

The Company received management fees and other fees from LBTH of £43.5m (2022: £38.4m) to manage and maintain LBTH's HRA stock. Although managed by the Company, the cost of repairs and maintenance and investment programmes are shown in LBTH's financial statements.

The Management fee we receive from LBTH covers all our operational costs. For 2022/23 we realised a total comprehensive profit of (£.2m) (2022: Loss of £0.6m) after pension adjustment.

Before taking into account pension adjustments, which relevant organisations are required to make under accounting regulations, our position was an operating loss of £3.8m (2022: loss of £6.0m).

We are recognising a pension fund surplus of £39.64m (2022: £8.39m) as an asset on our balance sheet together with a corresponding liability. As any surplus is due to LBTH (As per the management agreement).

TOWER HAMLETS HOMES LIMITED

Year ended 31 March 2023

Strategic Report (continued)

Going Concern

The Company is limited by guarantee with the Council as its sole Member. It was established to manage and maintain the Council's Housing stock on its behalf as an Arm's Length Management Organisation.

The decision of the Council to undertake the management and maintenance of the housing stock directly from 1 November 2023 will result in THH ceasing operations and the TUPE transfer of staff to the Council. The financial statements have been prepared on a basis other than that of the going concern basis. This basis includes writing the company's assets down to net realisable value. Provisions have also been made in respect of contracts which have become onerous at the reporting date. No provision has been made for the future costs of terminating the business unless such costs were committed at the reporting date.

A termination agreement will be put in place with the Council to ensure a smooth transition. A new set of articles will be considered by the Board and the Council to allow the company to function until it is formally closed.

There are adequate reserves to meet potential liabilities over and above the management fee during 2023/24.

Engagement with Employees, Suppliers, Customers and Others

SI 2008/410 sch7 requires the directors report to include engagement with Employees, Suppliers, Customers and Others. The engagement with the Council as key stakeholder is included in the going concern section above, in the context of the SI the Council is also the only customer of THH.

THH has a formal staff engagement process with recognised Trade Unions known as the Trade Union Forum, for Health and Safety matters there is a Health and Safety Forum. Each Forum is chaired by a member of the Executive Management Team. These Forums are used to consult and engage with staff on policy changes and current issues as well as providing an escalation point for Trade Unions should the need arise, for example where local resolution has not proved possible. During the pandemic recovery period, there has been much greater engagement as THH, and staff had to adjust to the ever-changing rules and regulations.

TOWER HAMLETS HOMES LIMITED

Year ended 31 March 2023

Strategic Report (continued)

Engagement with Employees, Suppliers, Customers and Others (continued)

THH is committed to the development of staff through an annual appraisal process and has a learning and development advisor who coordinates the necessary training from the appraisals. In addition, there are dedicated trainee, apprenticeship and kick start roles across the organisation ranging from entry level to professional qualification.

THH is an equal opportunities employer with appointment made on merit selecting the best person for the job against objective job-related criteria, irrespective of race, religion, ethnic or natural origin, gender, sexual orientation, disability, domestic circumstances or social and employments status, HIV status, age, political affiliation, or trade union membership. We are also a two ticks employer that guarantees an interview to an applicant with a disability who meets essential criteria.

Principal Risks and Uncertainties

The Board has overall responsibility for identifying and mitigating the principal risks it is willing to take to achieve the Company's strategic objectives. This is done within the Company's system of internal control including effective risk management and internal audit. The decision taken by the Council to bring Tower Hamlets Homes in-house has changed the outlook for the Company. The risks associated with the transfer have been actively managed throughout the year and will continue to be a key focus up to the planned transfer date of 1 November 2023.

Strategic risks are considered by their potential to impact on the delivery of the aims, objectives, and the provision of services together with the predicted likelihood of the actual event or occurrence and the score registered on a risk matrix. A member of EMT is assigned as being the risk owner and assumes the responsibility of ensuring effective mitigation actions are in place.

The key risks faced by the business in addition to the forthcoming transfer to the Council include a serious breach of Health & Safety compliance, and a breach of Data protection.

The business has set aside appropriate provisions to meet its liabilities and has accumulated reserves to facilitate service delivery and protect the business against uncertain risk.

TOWER HAMLETS HOMES LIMITED

Year ended 31 March 2023

Strategic Report (continued)

Principal Risks and Uncertainties (continued)

The building and fire safety duties that are placed upon THH and the Council have been highlighted elsewhere in this report as has the enhanced role of the Social Housing Regulator and the Housing Ombudsman. The governance structure of THH has been enhanced by the scrutiny of two Committees of the Board to ensure the necessary Board oversight that were established in 2022.

- The Asset Management and Building Safety Committee has the responsibility to report to the Board on such issues. A compliance dashboard has been created to enhance the scrutiny of the organisation's building safety processes.
- Standards and Customer Experience Committee has the responsibility to report to the Board on performance against the Regulatory Standards and the good practice guidance issued by the Housing Ombudsman. A self-assessment framework has been produced to enhance the scrutiny in these areas of THH's performance and to assess the organisation's readiness for the new regime. Action plans have been put in place where necessary.

Neil Isaac

Company Secretary
Tower Hamlets Town Hall,
160 Whitechapel Road,
London, England, E1 1BJ

TOWER HAMLETS HOMES LIMITED

Year ended 31 March 2023

Statement of Internal Control

The Board of Directors acknowledges its ultimate responsibility for ensuring that the Company has in place a system of controls that are appropriate to the various business environments 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 disposal.

It is the Board of Directors' responsibility 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. The system of financial control includes the following key elements:

- 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 Company's assets. Within the Company's Financial Regulations & Standing Orders authority levels are specified for all authorised signatories and delegated authorities documented.
- experienced and suitably qualified staff to take responsibility for important business functions. Annual employee development review procedures have been established to maintain standards of performance.
- regular internal audit to undertake reviews on the effectiveness of internal controls.
- the establishment of written policies and procedures and a scheme of delegated authorities designed to ensure that proper accounting records are maintained.
- a risk management framework in which priority risks are reviewed by the Chief Executive and senior managers.
- forecasts and budgets are prepared which allow the Board of Directors and management to monitor the key business risks and financial objectives and progress towards financial plans set for the period and the medium term. Regular management accounts are prepared promptly, providing relevant, reliable, and up-to-date financial and other information and significant variances from budgets are investigated as appropriate.
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board of Directors and officers of the Company.
- The Board of Directors review reports from management, from internal auditors and from the external auditors to provide reasonable assurance that control procedures are in place and are being followed. The Head of Internal Audit reports to the Finance and Audit Committee on a regular basis and has given the internal control environment "substantial assurance".
- The report by management includes a general view of the major risks facing the Company and the Risk Management department monitors these risks and provides countermeasures to the risks where necessary.

TOWER HAMLETS HOMES LIMITED

Year ended 31 March 2023

Statement of Internal Control (continued)

- Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

During the period management have received regular reports from the internal auditors covering the effectiveness of the systems of operational and financial controls. On behalf of the Board, management has reviewed the effectiveness of systems of internal financial control in existence for the year ended 31 March 2023. No weaknesses were found in the internal controls which could result in material losses, contingencies or uncertainties which require disclosure in the financial statements. The Board of Directors is satisfied that this remains the case up to the signing of these documents.

Neil Isaac
Company Secretary

Tower Hamlets Town Hall,
160 Whitechapel Road,
London, England, E1 1BJ

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF TOWER HAMLETS HOMES LIMITED

Opinion

We have audited the financial statements of Tower Hamlets Homes Limited (the 'company') for the year ended 31 March 2023 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the 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.

Emphasis of matter - financial statements prepared on a basis other than going concern

We draw attention to Note 1 to the financial statements (subsection "Going concern") which explains that the directors intend to liquidate the company and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly the financial statements have been prepared on a basis other than going concern as described in Note 1 (subsection "Going concern"). Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF TOWER HAMLETS HOMES LIMITED (continued)

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF TOWER HAMLETS HOMES LIMITED (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

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

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 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.

Kalbinder Sanghera (Statutory Auditor) 29/11/2023
For and on behalf of Kirk Rice LLP

Statutory Auditor Zeeta House

200 Upper Richmond Road
Putney
London
SW15 2SH

TOWER HAMLETS HOMES LIMITED
Year ended 31 March 2023

Statement of Comprehensive Income
for the year ended 31 March 2023

Company No: 06249790

	Notes	2023	2022
		£	£
Turnover	2	43,544,369	38,355,097
Operating Costs		(47,607,430)	(44,289,642)
Other income		-	10,360
		<hr/>	<hr/>
Operating Loss		(4,063,061)	(5,924,185)
Net interest on pension scheme assets	13	170,000	(56,000)
Interest receivable & similar income	5	76,823	9,443
		<hr/>	<hr/>
Loss on ordinary activities before Tax		(3,816,238)	(5,970,742)
Tax	6	(14,596)	(1,794)
		<hr/>	<hr/>
Loss for the Financial Year		(3,830,834)	(5,972,536)
Actuarial Gain on Pension Scheme	12	35,280,000	13,770,000
Related Movement in Reimbursement Right Asset	12	(31,249,000)	(8,389,000)
		<hr/>	<hr/>
Total comprehensive Gain/(Loss) for the year		200,166	(591,536)
Retained earnings at the start of the year	11	3,983,310	4,574,846
		<hr/>	<hr/>
Retained earnings at the end of the year		4,183,476	3,983,310
		<hr/>	<hr/>

All amounts relate to continuing operations (please refer to Note 1).

The notes on pages 27 to 47 form part of these financial statements.

TOWER HAMLETS HOMES LIMITED
Year ended 31 March 2023

Statement of Financial Position
At 31 March 2023

Company No: 06249790

	Notes	2023	2022
		£	£
Fixed Assets			
Tangible Assets	7	87,705	385,540
Pension surplus	13	39,638,000	8,389,000
Current Assets			
Debtors	8	340,318	361,339
Cash and cash equivalents	15	7,545,946	8,175,322
		7,886,264	8,536,661
Liabilities			
Creditors: Amounts falling due within one year	9	(3,276,175)	(4,487,393)
Provision for liabilities and charges	11	(514,318)	(451,498)
		(3,790,493)	(4,938,891)
Net Current Assets		4,095,771	3,597,770
Total Assets less Current Liabilities		43,821,476	12,372,310
Pension reimbursement right liability	12	(39,638,000)	(8,389,000)
Net Assets	11	4,183,476	3,893,310
Capital & Reserves			
Profit/(loss) for the year		200,166	(591,536)
General reserve	11	3,983,310	4,574,846
		4,183,476	3,983,310

The notes on pages 27 to 47 form part of these financial statements.

The financial statements were approved by the board on 26/10/2023 and were signed on its behalf by:

Ann Lucas
Chair
Tower Hamlets Town Hall,
160 Whitechapel Road,
London, England, E1 1BJ

TOWER HAMLETS HOMES LIMITED
Year ended 31 March 2023

Statement of Cash Flows

	Notes	2023	2022
		£	£
Cash flows from operating activities			
Loss for the financial year before tax		(3,816,238)	(5,970,742)
<i>Adjustments for non-cash items</i>			
Interest received		(76,823)	(9,443)
Net Pension interest		(170,000)	56,000
Depreciation of tangible assets		313,138	208,063
Defined benefit pension accrual	13	4,201,000	4,985,000
Decrease in debtors		61,058	108,066
(Decrease)/Increase in creditors		(1,251,255)	776,962
Increase in provision		62,820	499
Loss on disposals		-	820
Cash from operations		(676,300)	155,225
Taxation		(14,596)	(2,614)
Net Cash generated from operating activities		(690,897)	152,611
Cash flows from investing activities			
Purchases of tangible assets	8	(15,302)	(36,530)
Interest received		76,823	9,443
Net cash from investing activities		61,520	(27,087)
Net (Decrease)/Increase in cash during the year		(629,376)	125,524
Cash & cash equivalents at start of year		8,175,322	8,049,798
Cash & cash equivalents at end of year		7,545,946	8,175,322
Cash and cash equivalents consist of:			
Cash at bank and in hand		7,545,946	8,175,322

The notes on pages 27 to 47 form part of these financial statements.

TOWER HAMLETS HOMES LIMITED
Year ended 31 March 2023

Statement of Changes in Equity

	General Reserve £
Balance at 1 April 2021	4,574,846
Loss for the year	(5,972,536)
Actuarial gain on Pension Scheme	13,770,000
Reimbursement right	(8,389,000)
Balance at 31 March 2022	3,983,310
Balance at 31 March 2022	3,983,310
Loss for the year	(3,830,834)
Actuarial gain on Pension Scheme	35,280,000
Reimbursement right	(31,249,000)
Balance at 31 March 2023	4,183,476

TOWER HAMLETS HOMES LIMITED

Year ended 31 March 2023

Notes

Company No: 06249790

(forming part of the financial statements)

1. Accounting Policies

The following accounting policies have been applied in dealing with items which are considered material in relation to the Company's financial statements.

Status of Company & Composition of the Board

The Company is a private company incorporated in the United Kingdom and is registered in England and limited by guarantee without share capital. The address of its registered office is Tower Hamlets Town Hall, 160 Whitechapel Road, London, E1 1BJ. The London Borough of Tower Hamlets, the ultimate parent organisation, undertakes in the event of the Company being wound up, to contribute such amount as may be required for the payment of the debts and liabilities of the Company providing this amount does not exceed one pound. After the satisfaction of all the debts and liabilities, the remaining assets will be transferred to the Council's Housing Revenue Account (as defined in the 1989 Act).

A Board of non-executive directors provides strategic management of the Company and is intended to be comprised as follows:

- 4 Borough Council nominees;
- 4 appointed tenants and leaseholders;
- 4 independent members appointed from the local community.

The composition of the Board reflects the range and mix of skills and experience required for the effective management of the Company. The Board is supported by executive management team which is responsible for the day-to-day running of the Company.

Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards including *FR.S102 - The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*.

Tower Hamlets Homes Limited undertakes the management and maintenance of the housing stock of The London Borough of Tower Hamlets under a management agreement. Tower Hamlets Homes Limited is a wholly-owned subsidiary of The London Borough of Tower Hamlets and in the event of Tower Hamlets Homes Limited winding up, all assets and liabilities will transfer to The London Borough of Tower Hamlets.

TOWER HAMLETS HOMES LIMITED

Year ended 31 March 2023

Notes (continued)
(forming part of the financial statements)

Company No: 06249790

Accounting policies (continued)

Going Concern

The financial statements have been prepared on a realisation basis because the Council intends to take Tower Hamlets Homes Ltd in-house within the next 12 months from the balance sheet date and the directors consider this to be appropriate. Following the completion of the transfer, it is intended that the company will be formally liquidated.

Turnover

Turnover is solely derived from Management Fees in respect of the provision of goods and services to the London Borough of Tower Hamlets. It is stated net of value-added tax. In 2023, the Company received £43,544,369 in total, being £38,355,097 in management fees.

Fixed assets and depreciation

Fixed Assets are stated at cost less accumulated depreciation. The cost of minor additions, defined as costing less than £500 each are expensed in the year in which they are incurred.

Depreciation is provided to write off the cost, less the estimated residual value, of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Fixtures, fittings & equipment	5 Years
ICT equipment	3 Years

Financial Instruments

i) Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances, are initially recognised at transaction value unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Comprehensive Income.

Accounting policies (continued)

Financial Instruments(continued)

ii) Financial liabilities

Basic financial liabilities, including trade creditors and other creditors, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. 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 payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, deposits held at call with banks, and monies deposited with banks for investments. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

The company has no interest-bearing borrowings.

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that TTH anticipates it will pay to settle the debt or the amounts it has received as an advance payment for the goods or services it must provide.

Leased assets and obligations

Leases are considered operating leases where the risks and rewards equivalent to ownership have not been passed to the company. Annual rentals are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Accounting policies (continued)

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and is carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date. Short-term benefits and other similar nonmonetary benefits are recognised as an expense in the period in which the service is received.

Post-retirement benefits

The company participates in the Local Government Pension Scheme (LGPS). The scheme is a defined benefit pension scheme based partly on final and partly on average pensionable salary. The assets of the scheme are held separately from those of the Company in an independently administered fund.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full, based on professional advice received from the Company's actuary. The movement in the scheme surplus/deficit is split between operating charges, finance items and actuarial gains and losses.

Pension reimbursement rights

The Council has provided no specific indemnity in respect of the pension scheme liability. As per the management agreement, THH should construct its expenditure plans to fully cover the costs arising from pension liabilities. However, where a surplus arises a liability has been recognised as ultimately the council expects the surplus to be returned to the Housing Revenue Account.

Taxation

The charge for taxation is based on the result for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Except where otherwise required, full provision is made without discounting.

Provisions

Provisions are recognised when the Company has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Accounting Judgements and Estimates

The preparation of financial statements in compliance with FRS102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimate and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The judgement, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below:

a) whether leases entered into by the company either as a lessor or a lessee 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.

b) Depreciation of Fixtures, Fittings and Equipment

These assets are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 3 to 5 years. The carrying amounts of the Company's fixtures, fittings and equipment at 31 March 2023 were £87,705 (2022: £385,540). Changes in the expected level of usage and technological developments could impact the economically useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

c) Pensions

Key judgements have been made in respect of the critical assumptions in relation to the estimate of Local Government Pension Scheme (LGPS) obligations such as standard rates of inflation, mortality, discount rate and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability and the annual defined benefit expense.

TOWER HAMLETS HOMES LIMITED
Year ended 31 March 2023

Notes (continued)
(forming part of the financial statements)

Company No: 06249790

2. Analysis of turnover

Analysis of turnover

	2023	2022
	£	£
Management fee	35,280,249	32,615,000
LBTH chargeable costs	8,264,120	5,740,097
Total turnover	43,544,369	38,355,097

Turnover is made up of the management fee and LBTH rechargeable costs. The sole activity is the management of the Council's housing stock.

Other income of £Nil (2022: £10,360) relates to CJR.S grant income.

3. Loss before taxation

This is stated after charging:

	2023	2022
	£	£
Depreciation	313,138	208,063
Auditor's remuneration	22,000	20,000
Auditor's non-audit fees	5,000	5,000
Lease expense	377,792	494,050
Loss on disposal of fixed assets	-	820

4. Employees and directors

The Directors are defined as being members of THH's Main Board. None of the Directors received any remuneration or taxable benefits, and none were members of the pension scheme.

The Full Time Equivalent of persons employed by the Company including the executive management team during 2023 was 525 (2022:542) and categorised as follows:

Staff numbers and costs

The average number of full-time equivalents employed by the Company during the period, analysis by service was as follows:

Directorate	2023	2022
Asset Management	130	149
Business Transformation	82	42
Chief Executive	6	5
Finance	17	16
Neighbourhoods	290	330
	526	542

The aggregate payroll costs of these persons were as follows:

	2023	2022
	£	£
Wages & Salaries	21,611,583	20,881,492
Social security costs	2,401,506	2,143,605
Other costs - pension contributions paid	3,032,000	3,237,000
Total	27,045,089	26,262,097

Other costs above, exclude an accrual for current service costs of £4.201m (2022: £4.985m). Therefore, it is different from the total service cost of £7.233m (2022: £8.222m) in note 13.

The emoluments of the highest-paid employee amounted to £154,605 (2022: £153,022) excluding employer's pension contributions of £28,447 (2022: £28,152).

The highest-paid employee received emoluments 6.4 times that of the lowest-paid full-time employee.

TOWER HAMLETS HOMES LIMITED
Year ended 31 March 2023

Notes (continued)
(forming part of the financial statements)

Company No: 06249790

Key Management Compensation

Members of the Board of directors and the Executive Management Team of Tower Hamlets Homes are Considered key management. The compensation paid or payable to key management is shown below:

	2023	2022
	£	£
Salaries and allowances	583,516	603,279
Employer pension contributions	85,680	90,287
Termination benefits	-	-
Total	669,196	693,566
Attributable to:		
Board of directors	-	-
Executive leadership team	669,196	693,566
	669,196	693,566

Directors' emoluments

a) Company board members

Directors' emoluments for the company are as follows:

No Board members receive a salary but are entitled to reimbursement of expenses incurred when attending board and committee meetings. No expenses were paid to board members in 2022/23 (2021/22: nil).

b) Acting Chief Executive's remuneration.

	2023	2022
	£	£
Salaries and allowances	154,605	153,022
Employer pension contribution	28,447	28,152
Total	183,052	181,174

TOWER HAMLETS HOMES LIMITED
Year ended 31 March 2023

Notes (continued)
(forming part of the financial statements)

Company No: 06249790

5. Interest receivable and similar income

	2023	2022
	£	£
Interest Received & Similar Income	<u>76,823</u>	<u>9,443</u>

6. Taxation

A. Analysis of charge in period

	2023	2022
	£	£
UK Corporation Tax in the Period	<u>(14,596)</u>	<u>(1,794)</u>
Tax on profit on ordinary activities	<u>(14,596)</u>	<u>(1,794)</u>

B. Current tax reconciliation

Factors affecting the tax charge for the current period:

The tax assessed for the year differs from the standard rate of corporation tax. The differences are explained below.

	2023	2022
	£	£
Interest Received	<u>76,823</u>	<u>9,443</u>
Total current tax charge at 19% thereon	<u>14,596</u>	<u>1,794</u>

Published guidance from HMRC states that transactions between an ALMO and a Council do not constitute trading and are therefore non-taxable. The Company is liable to tax on dealings with any third parties and any interest received; the rate and amount payable reflect this position.

The basis of this ruling is that the relationship between the ALMO and the Council lacks the necessary degree of commerciality to be trading for corporation tax purposes. Should the relationship between the bodies change, or should the ALMO diversify its activities, then this exemption may not be available.

TOWER HAMLETS HOMES LIMITED
Year ended 31 March 2023

Notes (continued)
(forming part of the financial statements)

Company No: 06249790

7. Tangible fixed assets

Fixtures Fittings & Equipment

	£
Cost	
At 01 April 2022	1,004,041
Additions	15,302
Disposals	<u>(663,020)</u>
At 31 March 2023	<u>356,324</u>
Depreciation	
At 01 April 2022	618,501
charge for the year	313,138
Disposals	<u>(663,020)</u>
At 31 March 2023	<u>268,618</u>
Net Book value	
At 31 March 2023	<u><u>87,705</u></u>
At 31 March 2022	<u><u>385,540</u></u>

The remaining fixed assets will be subsequently transferred to LBTH as part of taking THH in-house.

Most fixed assets included above are IT equipment with an assumed life of 3 years, or other office equipment with an assumed life of 5 years.

8. Debtors & Prepayments

	2023 £	2022 £
Staff Loans	2,689	4,038
Third-Party Debtors	91,242	36,777
Prepayments	<u>246,387</u>	<u>320,524</u>
	<u>340,318</u>	<u>361,339</u>

TOWER HAMLETS HOMES LIMITED
Year ended 31 March 2023

Notes (continued)
(forming part of the financial statements)

Company No: 06249790

9. Creditors: amounts falling due within one year

	2023	2022
	£	£
Trade creditors	101,264	111,616
Accruals	1,373,839	1,579,918
Amount owed to London Borough of Tower Hamlets	1,007,910	2,403,004
Corporation Tax	14,596	1,794
VAT	778,566	391,061
	3,276,175	4,487,393

Amounts owed to LBTH are interest-free and repayable on demand.

10. Provisions for Liabilities and Charges

	Freefone charges provision (i)	Disrepair claims provision (ii)	Total
			£
At 1 April 2022	20,000	431,498	451,498
Charged to the profit and loss account	-	404,335	404,335
Reversed unused	(20,000)	-	(20,000)
Utilised during the year	-	(321,515)	(321,515)
At 31 March 2023	-	514,318	514,318

TOWER HAMLETS HOMES LIMITED
Year ended 31 March 2023

Notes (Continued)
(forming part of the financial statements)

Provisions for Liabilities and Charges (continued)

i) Free phone Charges provision

This provision was created in the Financial Year 2016/17 to fund potential Agilysis telephone charges covering 4 years (11/12 - 14/15). To date, these costs have not materialised. The Director of Finance has taken the decision to write down this provision by £20k annually.

ii) Legal provision for disrepair claims

Provision for disrepair compensation claims is made where failure to repair tenants' homes has been established and any compensation and the associated legal costs can be reasonably estimated. The provision is expected to be utilised within one year following the reporting date.

11. Capital Reserves

	2023	2022
	£	£
Opening general reserves fund	3,983,310	4,574,846
Profit/(Loss) for the year	200,166	(591,536)
	<hr/>	<hr/>
Closing general reserve	4,183,476	3,983,310

The company is limited by guarantee and has no share capital.

12. Pension Asset/(Liability)

For the year ended 31 March 2023	2023	2022
	£	£
Present value of plan	147,101,000	157,510,000
Fair value of plan liabilities	(107,463,000)	(149,121,000)
	<hr/>	<hr/>
Net Asset/(Liability) in balance sheet	39,638,000	8,389,000

13. Pension Scheme

A.Introduction

There were no outstanding or prepaid contributions at either the beginning or end of the financial period. The pension scheme provides benefits based on final or average pensionable pay, contributions being charged to the surplus and deficit account so as to spread the cost of pensions over employees' working lives with the Company. The contributions are determined by a qualified actuary. The most recent valuation was on 31 March 2023.

The Company recognises the entirety of its pension scheme rights and obligations on its own books, rather than only those rights and obligations that have arisen since the transfer of staff to the ALMO.

If the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has a surplus. An entity shall recognise a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus through reduced contributions in the future.

Guaranteed minimum pension equalisation.

A Guaranteed Minimum Pension (GMP) is the minimum pension which defined benefit schemes, such as the LGPS, must provide for scheme members who were contracted out of the state Earnings-Related Pension Scheme (SERPS) between April 1978 and April 1997.

In a High Court ruling in October 2018, pension schemes now have a duty to equalise the benefits for men and women. The 31 March 2019 Formal funding valuation included an allowance for full GMP indexation within the LGPS. The rolled forward position to 31 March 2023, therefore, includes this allowance.

The actuary believes that the further High Court ruling in November 2020 on historical transfers is not significant in terms of impact on the pension obligations of the company and has not made any allowance in 2022/2023.

B.Retirement Benefits

Under the requirements of FRS 102 Section 28, the Company is required to disclose further information on the assets and liabilities of the scheme on a market value basis at the end of the accounting period.

The required information is set out below:

The major categories of plan assets as a percentage of total plan assets

The Actuary has used the most recent asset split provided to them and allowed for index returns, where required, on each asset category to determine the estimated split of assets as at 31 March 2023.

TOWER HAMLETS HOMES LIMITED
Year ended 31 March 2023

Notes (continued)
(forming part of the financial statements)

Company No: 06249790

13. Pension Scheme(continued)

Period Ended	31-Mar-2023	31-Mar-2022
Equities	61%	69%
Bonds	29%	20%
Property	8%	10%
Cash	2%	1%

The Actuary estimates the bid value of the Fund's assets as at 31 March 2023 to be £147,101,000 based on information provided by the Administering Authority and allowing for index returns where necessary. Please note the Employer's fair value of plan assets is approximately 8% of the Fund's total.

Financial Assumptions

Period ended	31-Mar-2023	31-Mar-2022
Pension increase rate	2.95%	3.20%
Salary increase rate	2.95%	3.40%
Discount rate	4.75%	2.70%

Mortality Assumptions

	Males	Females
Current pensioners	21.3 years	23.7 years
Future pensioners	22.4 years	25.7 years

TOWER HAMLETS HOMES LIMITED
Year ended 31 March 2023

Notes (continued)
(forming part of the financial statements)

Company No: 06249790

13. Pension Scheme (continued)

Changes in the Fair Value of Plan Assets defined Benefits Obligation and Net Liability for the year-end 31 March 2023

	Assets	Obligations	Net
	£(000)	£(000)	Asset/ (liability) £ (000)
Period ended 31 March 2023			
Fair value of plan assets	157,510		157,510
Present value of funded liabilities	-	149,121	(149,121)
Present value of unfunded liabilities		-	-
Opening Position as at 31 March 2022	157,510	149,121	8,389
Current service cost	-	7,233	(7,233)
Past service cost (including curtailments)	-	-	-
Effect of settlements	-	-	-
Total service cost	-	7,233	(7,233)
Net interest			
Interest income on plan assets	4,269	-	4,269
Interest cost on defined benefit obligations		4,099	(4,099)
Total net interest	4,269	4,099	170
Total defined benefit cost recognised in Profit/(Loss)	4,269	11,332	(7,063)
Cashflows			
Participants' contributions	1,194	1,194	-
Employer contributions	3,032	-	3,032
Estimated benefits paid	(2,822)	(2,822)	-
Estimated Unfunded benefits paid	-	-	-
Estimated Contributions in respect of unfunded benefits paid	-	-	-
Effect of business combinations and disposals	-	-	-
Expected closing position	163,183	158,825	4,358

TOWER HAMLETS HOMES LIMITED
Year ended 31 March 2023

Notes (continued)
(forming part of the financial statements)

Company No: 06249790

13. Pension Scheme (continued)

Changes in the Fair Value of Plan Assets defined Benefits Obligation and Net Liability for the year-end 31 March 2023

	Assets	Obligations	Net
	£(000)	£(000)	Asset/ (liability) £(000)
Period ended 31 March 2023			
Remeasurements			
Changes in financial assumptions	-	(57,975)	57,975
Changes in demographic assumptions	-	(1,756)	1,756
Other experience	(4,759)	8,369	(13,128)
Return on assets exclude amounts included in net interest	(11,323)	-	(11,323)
Total remeasurements recognised in OCI	(16,082)	(51,362)	35,280
Fair value of plan assets	147,101	-	147,101
Present value of funded liabilities	-	107,463	(107,463)
Present value of unfunded liabilities	-	-	-
Closing position as at 31 March 2023	147,101	107,463	39,638

TOWER HAMLETS HOMES LIMITED
Year ended 31 March 2023

Notes (continued)
(forming part of the financial statements)

Company No: 06249790

13. Pension Scheme (continued)

Changes in the Fair Value of Plan Assets, defined Benefits Obligation and Net Liability for the year end 31 March 2022

	Assets	Obligations	Net
	£(000)	£(000)	Asset/ (liability)
Period ended 31 March 2022			£(000)
Fair value of plan assets	150,360		150,360
Present value of funded liabilities		150,700	(150,700)
Present value of unfunded liabilities		-	-
Opening Position as at 31 March 2021	150,360	150,700	(340)
Current service cost	-	7,721	(7,721)
Past service cost (including curtailments)	-	501	(501)
Effect of settlements	-	-	-
Total service cost	-	8,222	(8,222)
Net interest			
Interest income on plan assets	3,029	-	3,029
Interest cost on defined benefit obligations		3,085	(3,085)
Total net interest	3,029	3,085	(56)
Total defined benefit cost recognised in Profit/(Loss)	3,029	11,307	(8,278)
Cashflows			
Participants' contributions	1,119	1,119	-
Employer contributions	3,237	-	3,237
Estimated benefits paid	(1,974)	(1,974)	-
Estimated Unfunded benefits paid	-	-	-
Estimated Contributions in respect of unfunded benefits paid	-	-	-
Effect of business combinations and disposals	-	-	-
Expected closing position	155,771	161,152	(5,381)

TOWER HAMLETS HOMES LIMITED
Year ended 31 March 2023

Notes (continued)
(forming part of the financial statements)

Company No: 06249790

13. Pension Scheme (continued)

Changes in the Fair Value of Plan Assets, defined Benefits Obligation and Net Liability for the year end 31 March 2022

Period ended 31 March 2022	Assets	Obligations	Net Asset/ (liability)
	£(000)	£(000)	£(000)
Remeasurements			
Changes in financial assumptions		(11,335)	11,335
Changes in demographic assumptions		(982)	982
Other experience		286	(286)
Return on assets exclude amounts included in net interest	1,739		1,739
Total remeasurements recognised in OCI	1,739	(12,031)	13,770
Fair value of plan assets	157,510		157,510
Present value of funded liabilities		149,121	(149,121)
Present value of unfunded liabilities			
Closing position as at 31 March 2022	157,510	149,121	8,389

TOWER HAMLETS HOMES LIMITED
Year ended 31 March 2023

Notes (continued)
(forming part of the financial statements)

Company No: 06249790

14. Operating leases

The company had minimum lease payments under non-cancellable operating leases as set out below:

	2023	2022
	£	£
Amount payable under lease		
Not later than one year	-	513,167
Later than 1 year and not later than 5 years	-	
	<u>-</u>	<u>513,167</u>

The company holds three leases on offices at Harford Centre, Harford Street, London E1, City Reach, London E14 and Poplar Business Park, Poplar, London, E14.

THH signed a five-year lease for office space at City Reach on 1st May 2019 but this was terminated on 24 March 2023. The Company settled a dilapidation claim related to the terminated lease during the year as follows: Dilapidation Amount Paid: £40,000. The operating costs include £337,792 rent for City Reach, Harford Centre and Poplar Business Park.

15. Analysis of movement of net funds

	2023	Cash flow	2022
	£	£	£
Cash in hand & at bank	<u>7,545,946</u>	<u>(629,376)</u>	<u>8,175,322</u>

16. Related party transactions

The Company's main source of income is a management fee for the management of LBTH housing stock and LBTH rechargeable costs: this amounted to £43,544,369 (2022: £38,355,097).

At 31 March 2023, there was a payable balance with LBTH of £1,007,910 at 31 March 2023(2022: £2,403,004).

One of the board Members of THH holds a senior management position for the Somali Integration Team. Expenditure amounting to £18,752 (2022 - £9,724) was incurred by THH for services provided by the Somali Integration Team for the year.

TOWER HAMLETS HOMES LIMITED
Year ended 31 March 2023

Notes (continued)
(forming part of the financial statements)

Company No: 06249790

17. Controlling party

The company is wholly owned by the London Borough of Tower Hamlets.

The company is limited by guarantee with no share capital. The liability of the council is limited to £1 (2022: £1) in the event of winding up.

18. Contingent Liability

The Company had no contingent liabilities as at 31 March 2023 (2022: Nil).

After the year end, the decision was made to make the 3 directors redundant, as of 1st November 2023. The expected costs are £500,000.

This was not communicated to the affected staff until 31st July 2023, therefore no obligation existed at the year end, and so no provision has been made in these financial statements.

19. Financial Instruments

The company's financial instruments may be analysed as follows:

	2023	2022
	£	£
Financial assets		
Financial assets measured at historic cost		
Debtors	340,318	361,339
Other receivables and prepayments	-	-
Cash and cash equivalents	7,545,946	8,175,322
Total financial assets	7,886,264	8,536,661
Financial liabilities		
Financial liabilities measured at historic cost		
Creditors	3,276,175	(4,487,393)
Total financial assets/(liabilities)	3,276,175	(4,487,393)

20. Ultimate parent company and parent undertaking of a larger group of which the company is a member

The Company's ultimate parent undertaking and controlling party is LBTH-160 Whitechapel Road, London, England, E1 1BJ.

The consolidated accounts of LBTH will be the highest-level consolidation in which the Company will be included. These will be available from the LBTH website once they have been finalised.

21. Post Balance Sheet Events

Events after the reporting period

The local government elections in May 2022 resulted in a change of political control in Tower Hamlets with the Aspire party winning the mayoralty and taking control of the Council. One of the manifesto pledges was to consult on bringing Tower Hamlets Homes back in-house. The timetable for that consultation has now been completed, with a decision to bring Tower Hamlets Homes Ltd in-house on 01 November 2023. Thus, this has an impact on the preparation of these financial statements.

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.