



Auckland Home Solutions CIC

Unaudited Annual Report and Financial Statements

For the Year ended 31 March 2022

Auckland Home Solutions CIC
First Floor, Severn House,
Mandale Business Park,
Durham, DH1 1TH

Registered Company No.: 07345564
Regulator of Social Housing No.: 4690

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ABOUT AUCKLAND HOME SOLUTIONS CIC

Who We Are

Auckland Home Solutions CIC (AHS) is a specialist supported housing provider. Incorporated in August 2010 under the Companies Act 2006 as a Community Interest Company, the objects of the Company are to provide affordable and high quality housing to vulnerable adults disadvantaged through disability, age, race, social circumstances or finance and to manage complimentary projects and services. Registered as a Social Housing Provider in 2012, our services are focussed on providing Temporary Social Housing and Supported Social Housing to vulnerable tenants. As well as providing the accommodation which are mostly leased from commercial landlords, we engage professional care providers in providing the care and support packages suitable to each tenant, in line with their care needs. We also work with a number of local authorities, nationally.

Auckland is a private company limited by shares and is a subsidiary of The Social Housing Family CIC.

Mission Statement and Values

Commitment: We are committed to maintaining the happiness and wellbeing of our tenants. Our priority is to give the people we support the highest quality of service and the best standard of accommodation possible, so they can live happy, independent lives.

Collaboration: As a social-housing provider, we work closely with local authorities, property developers and care providers. We work alongside our partners to help define the needs of the people we support and implement a solution for their social-housing requirements, helping them be more independent in their daily lives.

Passionate: We are passionate about providing the people we support with a home and firmly believe that our commitment, drive and enthusiasm are essential to achieving our goals of quality service, growth and long-term success. We are also always looking for ways to further contribute to the social-housing sector.

OFFICERS AND PROFESSIONAL ADVISERS

Board of Trustees & Directors	William Locke (Chair from August 2023) Andrew Clapham (resigned 26 July 2023) Brian Hendon (resigned 15 February 2023) Claire Batsford (resigned 23 August 2022) Faisal Lalani (resigned 18 October 2021) Deborah Tindle (appointed 1 March 2020, resigned 23 March 2021) Jamil Mawji (resigned 4 October 2021) Lynda Rowland (appointed 25 March 2021, resigned 14 February 2023) Nicola Gillard (resigned 31 January 2020, re-appointed 13 April 2021, resigned 26 July 2023) Sharon Scollen (Resigned 7 August 2019) Stuart Ging (resigned 29 June 2023)
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Regulator of Social Housing Statutory Appointees

Heather Ashton (appointed 11 April 2023)
Paul Fiddaman (appointed 11 April 2023)
Stephen Hallowell (appointed 11 April 2023)

Registered Office	Auckland Home Solutions CIC First Floor, Severn House, Mandale Business Park, Durham, DH1 1TH
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Registered Company No.	07345564 (England and Wales)
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Registered Social Landlord No.	4690
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Bankers	Lloyds Bank Plc Newgate Street, Bishop Auckland Co Durham
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Solicitors	Weightmans The Hallmark Building, 105 Fenchurch Street, London EC3M 5JG
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REPORT OF THE BOARD

The Board presents its report and financial statements for the year ended 31 March 2022.

Legal Status

Auckland Home Solutions CIC (“the Company”) is a Community Interest Company registered under the Companies Act 2006 and is a registered provider of social housing and is registered with the Regulator of Social Housing. The Company is a subsidiary of the Social Housing Family CIC.

Objects

Incorporated in August 2010, the objects of the Company are to carry on activities which benefit the community and in particular (without limitation) to:

- provide affordable and high quality housing to vulnerable adults disadvantaged through disability, age, race, social circumstance or finance;
- To manage complementary projects and services

Principal Activities

The principal activity of the Company during the financial year was the provision of temporary and supported housing to vulnerable adults. The Company also provided some residential units and worked with registered care providers in providing care and support to its tenants in line with their care needs. To ensure that tenants were living in safe and stimulating accommodation, complimentary housing management services including repairs and maintenance, were undertaken by the Company.

Operating as a leased model housing provider, the Company owns a very small proportion of its accommodation. Only 1% of its total units owned and managed are owned by the Company, the remaining are leased from head lessees or landlords. As such, the largest expenditure of the Company remains the payment of lease rents to its landlords.

Regulatory Measures

In August 2021, the Regulator of Social Housing issued a regulatory notice against the Company concluding it was non-compliant with the Governance and Financial Viability Standard. The regulatory notice was issued following a reactive engagement and the inability of the Company to demonstrate its governance arrangements deliver an effective risk management and control framework. The company was also not able to demonstrate to the Regulator that its resources were being managed effectively to ensure its viability and its affairs were being managed with an appropriate degree of skill, independence, diligence, effectiveness, prudence and foresight in accordance with the Governance and Financial Viability Standards.

In April 2023, an Enforcement Notice was issued by the Regulator due to the failure of the Company to assure the Regulator that it was able to put effective governance arrangements in place to make it compliant with the Regularity Standards. As part of activating its enforcement powers, the Regulator of Social Housing appointed three independent Board members to the Board of the Company and continues to work with the Company on its Recovery Plan.

Recovery Plan

In April 2023, three independent Board members were appointed by the Regulator to the Board of the Company. There were also some clear directions given by the Regulator in its enforcement notice as part of its recovery plan. The Board has been cooperative with implementing these directions and continues work closely with the Regulator, keeping them and other main stakeholders abreast of improvements.

As at the date of signing the accounts for the financial year ended 31 March 2022, significant progress has been made against the Regulator's directives including the appointment of an independent firm, with relevant skills and expertise, to address the non-compliance matters. The Board has also reviewed its effectiveness and received resignations from some Board members conflicts of interest.

Furthermore, the Board has put in place an interim team of senior management to improve on Board reporting, manage immediate financial risks, evaluate compliance with the rent standard, develop its business plan and deliver on the other improvement plans as agreed with the Regulator. The recovery journey to compliance is ongoing. The risks faced and mitigations applied by the Company, as well as the plans for the coming year are set out below.

Financial Performance for the year ended March 2022

The financial environment of the Company remains challenging despite the reported surplus of £0.2m at the end of the financial year.

The total turnover reported was £22.4m (2021: £16.9m). Whilst the company saw a growth in its income due to increase in the number of units managed, a grant of £1m was received in the year from its parent company, the Social Housing Family CIC, as part of an intragroup funding exercise.

Of the total operating income generated, £18.5m was realised from the specialist supported and temporary social housing. £2m was realised from the residential accommodation, £1m as grant from the parent company towards its supported accommodation and £0.9m was realised as management fees.

The total expenditure for the year was £22.2m (2021: £17.3m). The increase in expenditure can be attributed to the increase in units being managed and the uplifts to lease rents. 63% (£12.8m) of its total expenditure was lease rent payment to landlords. 8% (£1.7m) of the total expenditure went towards management and administrative costs. The company also expended £2.5m (12%) on reactive repairs and planned maintenance. £1.9m of the Company's expenditure were service costs while a provision for bad debt in the year was £1.3m in line with the Company's provision for bad debt policy.

An operating surplus of £0.2m was made in the year, compared to the £0.4m loss reported at the end of 2021 financial year (restated accounts). The March 2021 accounts were restated

to reflect income and accrued costs omitted whilst compiling the accounts, in keeping with preparing the accounts of the Company on an accrual basis.

Future Plans

In 2023, the Board commissioned a review by an Independent Appraisal. The review has informed the improvement and future plan of the Company and is summarised as follows:

1. Improve the adequacy of Board reporting and record keeping:

We will achieve this by

- Putting good governance structure around Board meetings, minutes, papers and presentations
- Being clear about the forward agendas for both informal and formal Board meetings
- Seeking evidencable assurance, rather than reassurance, on matters reported to the Board.

2. Enhance Board skills, effectiveness and capacity

We will achieve this by

- Ensuring proper governance is followed in regard to Board members recruitment Terms of Office and Terms of References.
- Putting in place annual review of Board competency, experience, technical knowledge and development areas.
- Undertaking on a periodic basis review of the skills matrix, identify gaps on the Board and recruit to this.

3. Resolve Conflicts of Interest on the Board

We will achieve this by

- Addressing areas already identified as having current and potential conflicts of interest
- Seeking legal advice with regards to safeguarding the Company's assets and proactively managing conflicts of interest
- Ensuring the National Housing Federation Code is followed by ensuring clear policies and procedures are put in place.

4. Re-evaluate the impact of third party interests of the Company (i.e. the Parent Company, subsidiary company, head lessees)

We will achieve this by:

- Seeking legal advice on the contractual obligations of third parties interests to the Company and vice versa
- Negotiating contractual terms that are more favourable for the Company
- Putting policies and a table of delegated authority in place to monitor and escalate any divergence from good governance.

5. Bring the Assets and Liability Register up to date:

We will achieve this by:

- Undertaking a detailed review of our portfolio, ownership, management contracts and funding.
- Using the data from the recently completed Stock Condition Survey to inform the property investment strategy.
- Providing assurance on compliance with the Rent Standard

6. Manage corporate and financial risks and obligations

We will achieve this by:

- Improve on financial reporting and bring outstanding year end accounts up to date.
- Developing a robust business plan with stress tests and mitigation plans
- Implementing better financial control, management, effective budget monitoring and updated financial regulations
- Reviewing the risk management framework.

VALUE FOR MONEY

The Company defines Value for Money as the efficient use of its available resources to achieve the organisational objectives. In seeking to optimise the achievement of its objectives, the Company considers three aspects of value for money, namely;

- Economy: the minimisation of the cost of inputs to activities whilst having regards to the quality of those inputs.
- Efficiency: the relationship between the outputs derived from activities and the inputs used to produce those outputs and;
- Effectiveness: the extent to which objectives are achieved and the relationship between intended and actual impacts.

The table below shows the VfM performance of the Company against the Industry median as published in the Global Accounts by the Regulator of Social Housing 2021.

Operational Performance	2021-22 Actual	Global Accounts Median 2021
Reinvestment	0%	5.80%
New supply delivered %	0%	1.30%
Gearing	-25%	43.90%
EBITDA MRI Interest cover	n/a	183%
Headline Social Housing Costs per unit	£13,358	£3,730
Operating Margin-Social Housing Letting only	6%	26.30%
Operating Margin - Overall	1%	23.90%
Return on Capital Employed	33%	3.30%

According to the table above, the Company is behind the industry median on a number of key metrics such as Reinvestment %, New Supply %, Operating margin and Headline Social Housing costs per unit.

During the year, the Company owned four properties providing 22 units. There was no development of new housing stock in the year and the improvements in leasehold assets were written off to the Statement of Comprehensive Income.

The Company does not have any debt finance or bank overdraft, and as such, it has negative gearing percentage of 25% due to the positive cash balance held at the end of the year.

The EBITDA MRI (Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included) interest cover percentage is not a relevant metric for the Company because it has no debt finance, as such no interest cost.

The Company's operating margin percentages (social housing letting and overall) do not compare favourably with the sector median. While the sector median is reporting 23% - 26%, the Company reported 1% - 6%. Similarly, the Headline Social Housing Costs per unit for the Company was £13k compared to the industry median of £3.7k. The principal cost driver for this metric is the level of lease rents payable to its landlords for the temporary and supported accommodation.

Improving on the Value for Money Metrics:

Looking ahead, the Company will consider how best to drive cost effectiveness and efficiencies across its operations. Whilst the Company does not have a development strategy, its immediate priority is to seek improvements in its cost of operations by minimising deficits with lease rent payments by ensuring rent uplifts are realised, negotiating more favourable terms with landlords and reviewing the viability of its portfolio.

The Company will also develop a policy on how it can improve on residents' engagement in the scrutiny of its Value for Money performance and development of its Value for Money strategy.

RISKS AND MITIGATIONS

The Board has overall responsibility for establishing and maintaining the system of internal controls of the Company. Whilst the Board recognises that no system of internal control can provide absolute assurance or eliminate risks completely, effort is made to ensure the system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes will be achieved. The top 4 strategic risks of the Company with mitigating actions are set out below:

Risks	Mitigations
<p>Regulatory Compliance Risks</p>	<ul style="list-style-type: none"> • Work with the independent appraiser and the governance support firm in reviewing compliance framework, areas of weaknesses and establish best practices. • Monitor performance against the recovery action plan following regulatory judgements • Regularly monitoring the Key Performance Indicators and escalating areas of non-compliance ensuring that appropriate mitigating actions are put in place, promptly. • Developing a clear roadmap to aid the Company's ability to deliver against changes to regulatory framework
<p>Financial Unsustainability</p>	<ul style="list-style-type: none"> • Review onerous contracts and contractual terms and seek favourable terms with landlords or head lessees • Robust business planning with scenario testing and mitigations • Being proactive in sundry debts and arrears recovery as well as, putting in place effective budget monitoring process • Undertake options appraisals and portfolio viability assessments given constrained resources and against the backdrop of current macroeconomic factors.
<p>Failure to comply with Health and Safety Risks</p>	<ul style="list-style-type: none"> • A clear Health and Safety Executive (HSE) monitoring and inspection regime including gaining insights into the quality of the stock from the recently completed Stock Condition Survey. • A Planned Preventative Maintenance (PPM) programme with clarity on landlord and head lessees' responsibilities. • Ensuring third party contractors also maintain a robust regime of HSE and insurance. • Maintain accurate and reliable data to proactively identify issues and deliver remedial safety actions in a timely manner.
<p>Failure to deliver value for residents</p>	<ul style="list-style-type: none"> • Governance arrangements put in place to continue managing the delivery of services to tenants and maintaining compliance with current consumer standards • Value for money strategy to ensure services to tenants and delivering value. • Robust data that gives a clear and accurate account of performance, so that the Board can be assured of the quality and safety of homes and quality of services to tenants. • Annual tenants' survey and proactively engaging tenants to understand changing needs and how best and most cost effectively these needs can be met.

GOVERNANCE

The Board, which comprises the company directors, has overall responsibility for the direction, management and control of the Company. Overall operational management is delegated to the Chief Executive and the Executive Team. As a registered provider, the Board adopts the National Housing Federation (NHF) Code of Governance 2020. As at the date of signing this report, the Board comprises of four (4) directors and meets twice a month.

The first meeting of the Board in the month is an 'informal' meeting where progress updates are given by the Executive Team to the Board. The informal Board meetings are attended virtually and used to discuss progress against actions arising from the last Board meeting and any new / emergent matters arising. The second meeting of the Board in the month is deemed the 'formal' Board meeting and focuses on strategic matters, Key Performance Indicators and the recovery plan. There are Board agendas and minutes taken at both the informal and formal Board meetings.

Applications to be considered for appointment to the Board are invited following a recruitment and selection process. Candidates are appointment to the Board having regard for skills, experience, equality, diversity and inclusion. As part of the intra-group arrangements, the appointment of a new Board member is agreed jointly by the Company and the Parent company.

Insurance policies indemnify Board members and officers against liability when acting for the company.

Directors Duties and section 172 reporting

The Directors of the Company must act in accordance with a set of general duties embodied in section 172 (1) (a-f) of the Companies Act 2006 (1), summarised as follows:

A Director must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so, have regard (amongst other matters) to:

- The likely consequences of any decisions in the long-term.
- The interests of the company's employees.
- The need to foster the company's business relationships with suppliers, customers and others.
- The impact of the company's operations on the community and environment.
- The desirability of the company maintaining a reputation for high standards of business conduct.
- The need to act fairly as between members of the company.

The directors that served throughout the reporting year ended 31 March 2022 were:

William Locke	Andrew Clapham (resigned 26 July 2023)
Brian Hendon (resigned 15 February 2023)	Claire Batsford (resigned 23 August 2022)
Faisal Lalani (resigned 18 October 2021)	Jamil Mawji (resigned 4 October 2021)
Stuart Ging (resigned 29 June 2023)	

The directors that were either appointed and or resigned during the reporting year ended 31 March 2022:

Deborah Tindle (appointed 1 March 2020, resigned 23 March 2021)
Lynda Rowland (appointed 25 March 2021, resigned 14 February 2023)

STATEMENTS OF DIRECTORS' RESPONSIBILITIES

The Board is responsible for preparing the Strategic Report, Annual Report and the Financial Statements, in accordance with applicable law and regulation.

Company law and social housing legislation require the Board to prepare Financial Statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Board must not approve the Financial Statements unless it is 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 Board is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice "Accounting by Registered Social Housing Providers 2018" and FRS102 have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Board is also 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 it to ensure that its financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Registered Providers of Social Housing 2022.

The Board is responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is also responsible for ensuring that the Report of the Board is prepared in accordance with the Statement of Recommended Practice "Accounting by Registered Social Housing Providers 2018" and FRS 102. The Board is responsible for ensuring that the assets of the Company are properly applied under charity law. The annual report and accounts are published on the Company's website in accordance with legislation in the UK governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions.

The Board's responsibility also extends to the ongoing integrity of the financial statements contained therein.

The report of the Board was approved by the Board on 26 March 2024 and signed on its behalf by:



William Locke (Chair from August 2023)

FINANCIAL STATEMENTS

Statement of Comprehensive Income

For the year ended 31 March 2022

		2022	2021
	Note	£	£
Turnover	2	22,430,044	16,892,719
Operating expenditure	2	(22,240,464)	(17,340,693)
Operating Surplus		189,579	(447,975)
Deferred Tax	5	-	-
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Surplus / (deficit)		189,579	(447,975)

The Notes on pages 18 to 32 form part of these Financial Statements.

FINANCIAL STATEMENTS

Statement of Financial Position

As at 31 March 2022	Note	2022 £	2021 Restated £
Fixed Assets			
Tangible fixed assets - housing properties	11	2,157,022	2,307,083
Tangible fixed assets - other fixed assets	12	47,720	46,154
Intangible fixed assets	13	-	-
Total Fixed Assets		2,204,741	2,353,237
Current Assets			
Trade and Other Debtors	14	4,222,772	3,557,068
Cash and cash equivalents		541,210	733,992
		4,763,983	4,291,060
Creditors: amounts falling due within one year	15	(6,389,511)	(6,254,664)
Net Current Assets		(1,625,528)	(1,963,604)
Total Assets Less Current Liabilities		579,213	389,633
Total Net Assets		579,213	389,633

Capital and Reserves

Non-equity share capital	18	20	20
Revenue Reserves: Unrestricted		579,193	389,613
Revenue Reserves: restricted			
Total Reserves		579,213	389,633

For the year ending March 2022, the Company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies. The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts. These accounts 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 and authorised for issue on 26 March 2024 and signed on their behalf by:



William Locke (Chair from August 2023)

The Notes on pages 18 to 32 form part of these Financial Statements.

FINANCIAL STATEMENTS

Statement of Changes in Reserves

For the year ended 31 March 2022

	Revenue Reserves:	Non-Equity Share	Total
	Unrestricted	Capital	
	£	£	£
Balance at 31 March 2021	389,613	20	389,633
Surplus/(Deficit) from Statement of Comprehensive Income	189,579	-	189,579
Balance at 31 March 2022	579,193	20	579,213

The Notes on pages 18 to 32 form part of these Financial Statements.

FINANCIAL STATEMENTS

Statement of Cash Flows

For the year ended 31 March 2022

	Notes	2022 £	2021 £
Net cash generated from operating activities	17	(177,741)	(260,216)
Purchase of tangible fixed assets	10,12	(15,040)	(682,999)
Net cash from investing activities		<u>(15,040)</u>	<u>(682,999)</u>
Net change in cash and cash equivalents		(192,781)	(943,215)
Cash and cash equivalents at the beginning of the year		733,992	1,677,207
Cash and cash equivalents at the end of the year		<u>541,210</u>	<u>733,992</u>

The Notes on pages 18 to 32 form part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

I. LEGAL STATUS

Auckland Home Solutions CIC (“the Company”) is a Community Interest Company registered under the Companies Act 2006 and is a registered provider of social housing and is registered with the Regulator of Social Housing. The Company is a subsidiary of the Social Housing Family CIC.

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable law and UK accounting standards in the United Kingdom (United Kingdom Generally Accepted Accounting Practice) which for the Company includes the Companies Act, Housing and Regeneration Act 2008, FRS 102 “the Financial Reporting Standard”, and the Statement of Recommended Practice (SORP) for Registered Social Housing Providers, “Accounting by Registered Social Housing Providers” 2018 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

The accounts are prepared under the historic cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies. The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the management to exercise judgement in applying the Company’s accounting policies.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £1.

The Company is a public benefit entity in accordance with FRS 102.

The following principal accounting policies have been applied:

1.1 Going Concern

The financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. The Board has considered the current challenges of the Company and has concluded that there is a reasonable expectation that the Company has resources to continue in operational existence for the foreseeable future. The Company has in place contracts with local authorities and care providers to ensure steady income streams which are reviewed annually in line with the lease agreements and / or rent standard. The Board also seeks opportunities to negotiate lease terms with its superior landlords especially where a leased property has been identified as not economically viable or requiring capital improvement works. The Board maintains a 24-month cashflow projection which is monitored on a weekly basis and has put in place a separate cash flow risks and mitigation tracker to ensure robust financial management. Furthermore, a letter of comfort has been received from the Parent Company giving assurance in regard of the loan so as to ensure the Company can continue to meet its financial obligations. To this effect, the Company’s financial statements have been prepared on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1.2 Turnover

The Company's turnover principally comprises income receivable from care providers and housing services. The tenants' charges are composite amounts covering rent, service charges, utilities and other sundries. Income is measured at the fair value of the consideration received or receivable. All incoming resources are included in the Statement of Comprehensive Income when the Company is legally entitled to the income and the amount can be quantified with reasonable accuracy.

1.3 Resources expended

Liabilities are recognised once there is a legal and constructive obligation that commits the Company to the obligation. Expenditure is recognised as goods and services are supplied. All resources are classified under activity headings that aggregate all costs related to the category.

1.4 Value Added Tax

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

1.5 Taxation

The Company is a Community Interest Company (CIC) limited by guarantee. It is a not for profit company, this means that it does not operate for private profit. Any profit generated is used to grow and develop its business which is benefiting an identified community, as set out in its objects.

A CIC is liable to corporation tax as a company. This applies to all its trading profits, investment income and any gains, as and when they arise. It is an asset locked entity that must ensure any profits / assets are used for the benefit of the community.

1.6 Employee benefits

The costs of employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the costs of stock or fixed assets.

The costs of any unused holiday is recognised in the period in which the employees' services are received unless deemed immaterial.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.7 Retirement benefits

The Company operates a defined contribution pension scheme. Contributions to the Company's pension scheme are charged as an expense as they fall due.

1.8 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

NOTES TO THE FINANCIAL STATEMENTS (continued)

Description	Estimated useful life (years)
Housing properties: Freehold land	Nil
Freehold Components:	
Structure	150
Roofs	60
Kitchen	15
Bathroom	30
Windows and doors	30
Electrical	15
Boiler	15
Heating	15
Lifts	60
	Freehold properties are split into components using 34.75% for land, 30% for structure, 25% for roof, 5% for windows & doors, 2% for bathroom, 2.5% for kitchen and 0.75% for boiler.
Leasehold	10 years or life of the lease (whichever is shorter)
Other tangible and Intangible fixed assets:	
Office fixtures and fittings	4
Computers & software	4
Office equipment	4

Where a future proofing grant is received towards the refurbishment of a leased property, the costs of these works are written off in the year the grant is received.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised below operating surplus/(deficit), in the statement of comprehensive income.

1.9 Investment Properties

Investment properties consist of properties not held for social benefit or use in operations. They are properties held to earn rental income or for capital appreciation. They are initially measured at cost and subsequently at fair value as determined by external valuers. No depreciation is provided. Changes in fair value are recognised in income or expenditure.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1.10 Impairment of fixed assets

The housing properties of the Company are assessed for indicators of impairment at each balance sheet date. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts. The recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is then recognised immediately in surplus or deficit, unless the relevant asset is carried at revaluation amount, in which case, the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of the recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.11 Leased Assets

Where assets are financed by leasing agreements that give rights to the Company approximating to ownership (finance leases), the assets are treated as if they have been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease. Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised over the term of the lease as an integral part of the total lease expense

NOTES TO THE FINANCIAL STATEMENTS (continued)

1.12 Debtors and Creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price.

1.13 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Any bank overdrafts are shown within borrowing in current liabilities.

1.14 Loans

These instruments are initially recorded at the transaction price less any transaction costs (historic cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost. Loans and investments that are payable or receivable within one year are not discounted.

1.15 Provisions for liability

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the association will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

1.16 Reserves

Income received, and expenditure incurred, for restricted purposes is separately accounted for as restricted funds. Restricted funds arise from either the conditions of the legacy or donation.

Realised and unrealised gains and losses on assets held as restricted funds are also allocated to the restricted fund.

Unrestricted reserves are accounted for under the income and expenditure reserves.

Revaluation reserves hold the difference on transition between the fair value of social housing properties and the historical carrying value. The difference between historical cost depreciation and depreciation charged on the fair value balance is transferred from the revaluation reserve to the income and expenditure reserve.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1.17 Reserves Policy

An important role for the Board is ensuring the long-term sustainability of the Company. The Company's reserves policy sets out the basic principles to build resilience and financial capacity necessary to manage immediate and unforeseen business plan stresses, manage liquidity risks and boost working capital to provide headroom in the event that expenditure is needed ahead of income being received. The Board seeks to maintain adequate reserves level and the total reserves at the end of March 2022 were £579,213 (2021: £389,633), all of which were unrestricted.

1.18 Judgements and key sources of estimation uncertainty

In preparing these financial statements, key judgements have been made in respect of the following:

- whether there are indicators of impairment of the Company's tangible assets.
- the categorisation of housing properties as investment properties or Property, Plant and Equipment (PPE) based on the use of the asset;
- identification of housing property components. Under component accounting, the housing property is divided into those major components which are considered to have substantially different useful economic lives.
- the categorisation of leases as operating, or finance leases based on the risk and rewards of ownership of the asset over the economic life of the asset.

In preparing these financial statements, key estimates have been made in respect of the following:

- **Bad debt provision:** A review of trade debtors is carried on a period basis, in line with the Company's policy. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be collectable.

1.19 Regulatory Judgement

The Regulator of Social Housing published an adverse regulatory judgment for the Coompany in August 2021. Further details have been provided in the Report of the Board on pages 6-9.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Particulars of Turnover, Operating Costs and Operating Surplus

	Turnover £	2022 Operating expenditure £	Operating Surplus £
Social housing lettings (note3)	21,563,430	20,221,825	1,341,605
Other income from Social Housing			
Supported Housing - Management Fee	866,613	2,018,639	(1,152,026)
Total	22,430,044	22,240,464	189,579

	Turnover £	2021 Operating expenditure £	Operating Surplus £
Social housing lettings (note3)	16,359,126	17,155,457	(796,331)
Other income from Social Housing			
Supported Housing - Management Fee	533,592	185,236	348,356
Total	16,892,719	17,340,693	(447,975)

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Income and expenditure from social housing lettings

	Supported Housing	Residential Homes	Total 2022	Total 2021 Restated
	£	£	£	£
Income				
Rent receivable net of identifiable service charge	16,756,120	1,962,789	18,718,909	14,934,534
Service charge income	1,789,500	12,610	1,802,110	1,365,569
Other income	1,042,411	-	1,042,411	59,024
Turnover from Social Housing Lettings	19,588,031	1,975,399	21,563,430	16,359,126
Operating expenditure				
Lease Rent Payable	11,719,705	1,063,962	12,783,667	12,293,840
Management Costs	1,498,230	172,193	1,670,423	1,283,655
Service charge costs	1,845,801	14,939	1,860,740	1,396,688
Maintenance Costs	1,764,721	7,155	1,771,876	908,562
Planned maintenance	735,837	-	735,837	261,505
Bad debts	1,249,220	-	1,249,220	830,867
Depreciation of Housing Properties	150,062	-	150,062	180,342
Operating expenditure on Social Housing Lettings	18,963,575	1,258,250	20,221,825	17,155,457
Operating Surplus on Social Housing Lettings	624,456	717,150	1,341,605	(796,331)
Void losses Rechargeable (being rental income lost as a result of property not being let, although it is available for letting, is rechargeable)	397,677	-	397,677	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Accommodation in management and managed on others' behalf

Social Housing	2022
	Total
Specialist Supported Housing	22
Owned and Directly Managed accommodation	22
Specialist Supported Housing	884
Temporary Supported Housing	438
Residential care homes	237
Others	84
Directly Managed accommodation	1643
Total owned and managed	1,665

5. Surplus for the year

Surplus for the financial year is after charging:

	2022	2021
	£	£
Depreciation:		
Tangible owned fixed assets	11,783	22,681
Tangible Leasehold Improvements	138,279	157,660
Lease rent payments	12,783,667	12,293,840

6. Pensions

The Company operates a Defined Contribution Scheme for its employees. The scheme is administered by an independent third-party administrator and the funds are held independent of the Company. The annual contributions payable are charged to the Statement of Comprehensive Income in respect of pension costs. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

The executive directors are all members of the Company's stakeholder pension scheme. All executive directors participate in the scheme on the same terms as other eligible staff.

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Employees

	2022	2021
Staff Costs	£	£
Wages and salaries	1,044,874	775,631
Social Security Costs	122,135	73,860
Pension Costs	35,850	30,504
Other Costs	114,129	102,734
Total	1,316,989	982,729

The average number of employees including part time staff is shown as headcount. The Full Time Equivalents (FTE's), calculated based on a standard working week of 37.5 hours during the year were as follows:

	FTE's	FTE's	Headcount	Headcount
	2022	2021	2022	2021
Administration	4	2	4	3
Executives & Directors	10	9	11	10
Housing and Support	8	9	9	10
Total	22	21	24	23

8. Board and Executive Remuneration

The Board members were also the directors of the company. The number of Executive Directors that were not a Board member was 1 (2021: 1). The total emoluments of the Board members is below:

	2022	2021
Executive emoluments	672,363	371,762
Employer NI	82,654	42,149
Contributions to money purchase pension schemes	9,344	5,288
Total	764,361	419,198

The total amount payable to the Chief Executive who was also the highest paid Executive Team member, in respect of emoluments was £162,265 (2021: £86,935). Included in this amount is employer pension contributions totalling £1,320 which was made during the year for a defined contribution scheme which is open to all employees.

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Staff Remuneration above £60,000

The remuneration paid to staff (including the Executive Management Team) earning over £60,000:

	2022	2021
	number	number
£60,001 - £70,000	1	3
£70,001 - £80,000	2	-
£80,001 - £90,000	2	1
£90,001 - £100,000	-	-
£140,001 - £150,000	1	-
£160,001 - £170,000	1	-

10. Housing Properties

	Owned Held for Social Housing	Short Life Leasehold Improvements held for Social Housing	Total
	£	£	£
At 1st April 2021	1,104,635	1,382,790	2,487,425
Works to existing properties	-	-	-
Additions to Housing properties	-	-	-
At 31 March 2022	1,104,635	1,382,790	2,487,425
Depreciation			
At 1st April 2021	22,681	157,660	180,342
Charged in the year	11,783	138,279	150,062
At 31 March 2022	34,464	295,939	330,403
Net Book Value			
At 31 March 2022	1,070,171	1,086,851	2,157,022
At 31 March 2021	1,081,953	1,225,130	2,307,083

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Intangible Assets	Other £	Total £			
Cost					
At 1st April 2021	15,120	15,120			
Additions	-	-			
At 31 March 2022	15,120	15,120			
Depreciation					
At 1st April 2021	15,120	15,120			
Charged in the year	-	-			
At 31 March 2022	15,120	15,120			
Net Book Value					
At 31 March 2022	-	-			
At 31 March 2021	-	-			
12. Other Tangible Fixed Assets					
	Fixtures & Fittings £	Furniture & Equipment £	Computer & IT £	Motor Vehicles £	Total £
Cost					
At 1st April 2021	165,701	57,189	16,889	5,500	245,279
Additions	-	15,040	-	-	15,040
Balance as at 31 March 2022	165,701	72,229	16,889	5,500	260,319
Depreciation					
At 1st April 2021	165,701	11,035	16,889	5,500	199,125
Charge for the year	-	13,475	-	-	13,475
Balance as at 31 March 2022	165,701	24,509	16,889	5,500	212,600
Net Book Value					
At 31 March 2022	-	47,719	-	-	47,720
At 31 March 2021	-	46,154	-	-	46,154

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Debtors

	2022	2021
	£	£
Debtors Within One Year		
Arrears of Rent and Service Charges	2,400,667	1,501,442
Other Debtors and Prepayments	3,863,222	2,847,523
Less Provision for Bad and Doubtful Debts	(2,041,117)	(791,897)
Total debtors falling due within one year	4,222,772	3,557,068

14. Creditors: Amount falling due within one year

	2022	2021
	£	£
Tax and Social Security	39,965	28,300
Other Creditors and Accrued liabilities	6,199,140	6,218,529
Prepayments for Rent and Service charges	150,406	7,835
Total creditors falling due within one year	6,389,511	6,254,664

15. Share Capital

	2022	2021
	£	£
Shares of £1 each issued and fully paid		
As at 1st April 2021	20	20
Cancelled during the year	-	-
As at 31 March 2022	20	20

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Financial Instrument

	2022	2021
	£	£
The Group's financial instruments may be analysed as follows:		
Financial assets measured at cost		
Cash and cash equivalents	541,210	733,992
Financial assets measured at amortised costs		
Arrears of rent and service charges	2,400,667	1,501,442
Total financial assets	2,941,878	2,235,434
Financial liabilities measured at amortised cost		
Other creditors	6,199,140	6,218,529
Total financial liabilities	6,199,140	6,218,529

17. Net cash generated from operating activities

	2022	2021
	£	£
Cash flow from operating activities		
Surplus/(deficit) for the year	189,579	(447,975)
Adjustments for non-cash items:		
Depreciation of tangible assets	163,536	10,480
Decrease/(increase) in trade and other debtors	(665,704)	(2,353,649)
Increase/(decrease) in trade and other creditors	134,847	2,530,928
Net cash generated from operating activities	(177,741)	(260,216)

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Operating leases

The total minimum lease payments under non-cancellable operating leases are as follows:

	2022	2021
	£	£
Within one year	1,317,546	1,317,546
Two to five years	16,769,435	17,223,438
More than five years	182,686,246	192,404,315
Total	200,773,228	210,945,299

Operating lease payments represent rentals payable by the Company for the managed accommodation. Leases are negotiated for an average term of 12 years and rentals are fixed for an average of 12 months with index linked increases applicable on the anniversaries of the leases.

19. Related Party Disclosures

Auckland Home Solutions CIC is a subsidiary of the Social Housing Family CIC (Company Registration No. 11667993). During the year, there was an intra-group grant of £1,000,000 from another subsidiary of the Social Housing Family CIC, Qualitas Housing (a Community Benefit Society with Registration No. 8447). This grant has been accounted for as other income in the Statement of Comprehensive Income.

Andrew Clapham, a Board member, held former directorship at MTJ Trading, a company now trading as Deaconstar. Deaconstar provided care at two of Auckland Home Solutions CIC leased homes. Total net payments made by Auckland Home Solutions to Deaconstar was £62,745.

Nicola Gillard, a Board member, leased two of her family owned properties to Auckland Home Solutions CIC. The two properties are Victoria House and George House both have lease commencement date of 6 September 2018 and lease termination date of 31 August 2025. Lease rents paid to Nicola Gillard and / or family member during the year totalled £80,826.

Faisal Lalani and Jamil Mawji, two Board members, hold key business interests in the National Care Group. Lynda Rowland, a Board member, owned and ran a care business which was ultimately sold to the National Care Group. The National Care Group comprises Focus on Testing Limited, Face 2 Face Supported Living, Harvard Home Services Limited, Jamesons residential Home Ltd, Atlantic Way Care Ltd, Chosen Care, Oaklea Care Limited and Highlea Care Ltd. The total lease rents paid or owed to the National Care Group in the year was £240,681.

Faisal Lalani and Jamil Mawji, two Board members, also hold key business interests in Falcon Housing Association CIC. Lynda Rowland, a Board member, and her family member sit on the Board of Falcon Housing Association CIC. Sharon Scollen, a Board member, was the CEO of Falcon Housing Association CIC. Total payments made or owed to Falcon Housing Association CIC in the year was £19,250.

Faisal Lalani and Jamil Mawji, two Board members, further hold key business interests in the Global Capital Holdings. There were no financial transactions with Global Capital Holdings this financial year.

CIC 34

Community Interest Company Report

For official use <i>(Please leave blank)</i>	
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Please complete in typescript, or in bold black capitals.

Company Name in full	Auckland Home Solutions CIC
Company Number	07345564
Year Ending	(30/03/2022)

(The date format is required in full)

Please ensure the company name is consistent with the company name entered on the accounts.

This template illustrates what the Regulator of Community Interest Companies considers to be best practice for completing a simplified community interest company report. All such reports must be delivered in accordance with section 34 of the Companies (Audit, Investigations and Community Enterprise) Act 2004 and contain the information required by Part 7 of the Community Interest Company Regulations 2005. For further guidance see chapter 8 of the Regulator's guidance notes and the alternate example provided for a more complex company with more detailed notes.

(N.B. A Filing Fee of £15 is payable on this document. Please enclose a cheque or postal order payable to Companies House)

PART 1 - GENERAL DESCRIPTION OF THE COMPANY'S ACTIVITIES AND IMPACT

In the space provided below, please insert a general account of the company's activities in the financial year to which the report relates, including a description of how they have benefited the community.

Auckland Home Solutions (AHS) was incorporated as a Community Interest Company (CIC) on 13 August 2010. Its objects are to carry on activities which benefit the community and in particular (without limitation) to provide affordable and high quality housing to vulnerable adults disadvantaged through disability, age, race, social circumstance or finance. AHS is also set up to manage complementary projects and services in furtherance of its objects.

The activities of AHS primarily involves the provision of supported housing to vulnerable adults with physical disabilities, learning disabilities, and adults disadvantaged in social circumstances. We believe that disability should not be a barrier to independence. Our aim is to help vulnerable people take back control of their lives in a safe and supportive environment. We do this through focusing on the needs of the individual and tailoring our housing and support services to our tenants' requirements.

We offer bespoke housing solutions that reflect both the choices and aspirations of our individual tenants. This is why we work closely with each individual to ensure bespoke housing needs are captured and addressed in our accommodation and care support offering. Whether the tenant needs help with personal care, shopping, housework, physical challenges or administrative tasks, our accommodation and care support packages cover these. We work with professional care providers to ensure each tenant receives safe, caring, effective, response and well-led care in a safe and stimulating environment.

During the 2021-22 financial year, our activities have benefited the community in the following ways:

- We continued to provide our accommodation services locally and nationally
- We worked with multidisciplinary teams and agencies to ensure the needs of current and future residents are taken on board when on-boarding a new resident and reviewing the accommodation and care needs of existing residents
- We made our specialist supported homes available to vulnerable adults with care and support needs and worked with specialist care providers in designing and delivering the right care package for them
- We made our temporary supported homes available to local communities, supporting local councils with their homelessness prevention strategies
- We made our residential care homes available for the elderly with care and nursing needs.

(If applicable, please just state "A social audit report covering these points is attached").

(Please continue on separate continuation sheet if necessary.)

PART 2 – CONSULTATION WITH STAKEHOLDERS – *Please indicate who the company’s stakeholders are; how the stakeholders have been consulted and what action, if any, has the company taken in response to feedback from its consultations? If there has been no consultation, this should be made clear.*

Our stakeholders are the tenants, the care providing agencies, our head-lessees, the local authorities and/ or government agencies that we work with, our staff, our service providers or suppliers and our Board of trustees.

We engaged our stakeholders through close working and seek feedback from our tenants through the care / support providing agencies. We have a complaint procedure and a contact us form on our website. Through regular liaison with our staff team and service providers, we ensure that comments or complaints raised by our tenants are addressed. In the tenants’ journey with us, we seek to understand their needs. We strive to be responsive in addressing these needs and seek support from other providers in our network in delivering the personal care and support.

(If applicable, please just state “A social audit report covering these points is attached”).

PART 3 – DIRECTORS’ REMUNERATION – *if you have provided full details in your accounts you need not reproduce it here. Please clearly identify the information within the accounts and confirm that, “There were no other transactions or arrangements in connection with the remuneration of directors, or compensation for director’s loss of office, which require to be disclosed” (See example with full notes). If no remuneration was received you must state that “no remuneration was received” below.*

The aggregate amount of emoluments paid to our directors £764,361

The company’s annual accounts discloses the related party transactions and there were no other transactions or arrangements in connections with the remuneration of directors or compensation for director’s loss of office which require to be disclosed.

PART 4 – TRANSFERS OF ASSETS OTHER THAN FOR FULL CONSIDERATION – Please insert full details of any transfers of assets other than for full consideration e.g. Donations to outside bodies. If this does not apply you must state that “no transfer of assets other than for full consideration has been made” below.

No transfer of assets other than for full consideration has been made.

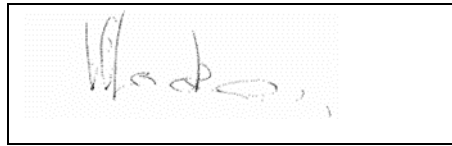
(Please continue on separate continuation sheet if necessary.)

PART 5 – SIGNATORY (Please note this must be a live signature)

(DD/MM/YY)

The original report must be signed by a director or secretary of the company

Signed



Date

26/03/24

Please note that it is a legal requirement for the date format to be provided in full throughout the CIC34 report.

Applications will be rejected if this information is incorrect.

Office held (delete as appropriate) Director/Secretary

You do not have to give any contact information in the box opposite but if you do, it will help the Registrar of Companies to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Ian Ramshaw	
Company Secretary and Chief Operating Officer	
First Floor, Severn House, Mandale Business Park, Durham, DH1 1TH	
	Tel 01915870848
DX Number	DX Exchange

When you have completed and signed the form, please attach it to the accounts and send both forms by post to the Registrar of Companies at:

For companies registered in England and Wales: Companies House, Crown Way, Cardiff, CF14 3UZ
DX 33050 Cardiff

For companies registered in Scotland: Companies House, 4th Floor, Edinburgh Quay 2, 139
Fountainbridge, Edinburgh, EH3 9FF DX 235 Edinburgh or LP – 4 Edinburgh 2

For companies registered in Northern Ireland: Companies House, 2nd Floor, The Linenhall, 32-38
Linenhall Street, Belfast, BT2 8BG

(N.B. Please enclose a cheque for £15 payable to Companies House)