

TCHG CAPITAL PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024



TCHG CAPITAL PLC

COMPANY INFORMATION

Directors	M H Filer R O Heapy (Resigned 5 April 2024) C T Lissenden (Appointed 5 April 2024) A J Marriott L.D.C Securitisation Director No.1 Limited (Appointed 5 April 2024) L.D.C Securitisation Director No.3 Limited (Resigned 5 April 2024)
Company secretary	Law Debenture Corporate Services Limited
Registered number	08971695
Registered office	8th Floor 100 Bishopsgate London EC2N 4AG

TCHG CAPITAL PLC

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TCHG CAPITAL PLC

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2024

The directors present their strategic report for TCHG Capital PLC (the "Company") for the year ended 31 March 2024.

Activity, objective, business model and review of the year

The Company was incorporated in England on 1 April 2014 as a public limited company with the registered number 08971695.

The Company was set up as a special purpose company for the sole purpose of issuing secured bonds and lending the proceeds thereof to Town and Country Housing Group ("Town & Country") or one or more of its subsidiaries.

In July 2014 the Company entered into a series of transaction documents and issued a Prospectus to issue £80,000,000 Fixed Rate 4.665% secured bonds due 2045, listed on the London Stock Exchange and granted a loan facility of £80,000,000 to Town & Country. Under the terms of the transaction documents the Company has the benefit of a financial guarantee from Town & Country for the full and punctual payment of interest and principal.

At 31 March 2024 the loan outstanding with Town & Country amounts to £79,801k (2023: £79,821k).

The Company's result for the year was £nil (2023: £nil) and the directors do not recommend the payment of a dividend (2023: £nil).

During the year, the Company performed in accordance with its obligations under the transaction documents. The directors consider the financial position of the Company to be satisfactory.

Key performance indicators (KPIs)

Financial KPIs - the recoverability of the loan granted to Town & Country and the receipt and payment of interest are key performance indicators of the business. The Company has monitored the actual receipts and payments of interest to ensure that all of the obligations of the Company under the transaction documents are met.

Non-financial KPIs – as the purpose of the business is entirely finance related, the directors are of the view that there are no meaningful non-financial KPIs that could be adopted.

Principal risks and uncertainty

The directors have been charged with governance in accordance with the transaction documents detailing the mechanism and structure of the Company. The structure of the Company is such that the key policies have been predetermined and the operational roles have been assigned to third parties and these are strictly governed by the transaction documents. The transaction documents provide for procedures that have been designed for safeguarding assets against unauthorised use or disposition, for maintaining proper accounting records and for the reliability and usefulness of financial information used within the Company or for publication. Such procedures are designed to manage, rather than eliminate, the risk of failure to achieve business objectives whilst enabling directors to comply with the regulatory obligations.

Impacts of geopolitical tensions and macroeconomic factors are also considered as uncertainties and are considered within the Going Concern assessment included in the Director's report.

The Company is mainly exposed to credit risk, interest rate risk and liquidity risk. The principal nature of such risks is summarised below:

Credit risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loan due from Town & Country and cash and cash equivalents held at banks. The Company's maximum exposure to credit risk by class of financial asset is set out in note 15 to the financial statements.

**STRATEGIC REPORT (Continued)
FOR THE YEAR ENDED 31 MARCH 2024**

Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due without incurring unacceptable losses or risking damage to the Company's position. Under the terms of the transaction documents, all payments made by the Company are made in strict order using a payment waterfall. As the funding raised by the Company is limited recourse in nature, the Company is only obliged to pay amounts falling due to the extent that it has received income from the loan granted to Town & Country.

Interest rate risk management

Interest rate risk exists where assets and liabilities have interest rates set under different bases or which reset at different times. The Company has borrowed at a fixed rate of interest in accordance with its policy, as such, not expose to interest rate risk.

Capital risk management

The Company is not subject to any external capital requirements except for the minimum requirement under the Companies Act 2006. The Company has not breached the minimum requirement. The directors have considered the nature and structure of the Company and are satisfied that there is sufficient capital in relation to the business activities of the Company and levels of planned financial performance to continue to operate. Shareholders' funds at the year end were £13k (2023: £13k).

Directors' statement of compliance with Section 172(1) of the Companies Act 2006

Section 172 (1) of Companies Act 2006 requires directors to 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:

- a) The likely consequences of any decision in the long term
- b) The interests of the Company's employees
- c) The need to foster the Company's business relationships with suppliers, customers and others
- d) The impact of the Company's operations on the community and the environment
- e) The desirability of the Company maintaining a reputation for high standards of business conduct and
- f) The end to act fairly as between members of the Company

As a special purpose vehicle the governance structure of the Company is such that the key policies have been predetermined at the time the Company issued the bonds which are listed on the London Stock Exchange. The Directors have had regards to the matters set out in section 172(1) of the Companies Act 2006 as follows:

- the transaction documents, which cannot be changed without bondholder consent, have been formulated to achieve the Company's purpose and business objectives, safeguard the assets and promote the success of the Company with a long term view;
- the transaction documents only allow the Company to retain a minimal profit and due to the limited recourse nature of the structure, the returns to bond holders are limited by the cashflows received;
- the Company has no employees;
- the Company is a securitisation vehicle and therefore a key stakeholder are the bondholders. The transaction documents determine the nature and quality of assets that can be securitised and how the cash flows from securitised assets are distributed. Relationships are also fostered with suppliers and others via professional third parties who have been assigned operational roles with their roles strictly governed by the transaction documents and fee arrangements agreed in advance. The Company has no customers;
- as a securitisation vehicle the Company has no physical presence or operations and accordingly has minimal impact on the community and the environment;
- the Company maintains a reputation for high standards of business conduct via professional third parties who have contracted with the Company to provide specific operational roles. Fee arrangements have been agreed in advance and supplier invoices paid strictly in accordance with the transaction documents including a priority of payments, if applicable; and
- the Company has a sole member, The Law Debenture Intermediary Corporation PLC, and the entire issued share capital of the Company is held under a discretionary trust for charitable purposes.

TCHG CAPITAL PLC

**STRATEGIC REPORT (Continued)
FOR THE YEAR ENDED 31 MARCH 2024**

Future developments

It is the intention of the Directors to continue the operations of the Company in accordance with the transaction documents for the foreseeable future.

Approval

This report was approved by the board on 21 August 2024 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'Mark Filer', written in a cursive style.

Mark Filer

For and on behalf of L.D.C. Securitisation Director No.1 Limited
Director

TCHG CAPITAL PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2024

The directors present their report and the audited financial statements for the year ended 31 March 2024.

Corporate Governance

The directors have been charged with governance in accordance with the transaction documents describing the structure and operation of the transaction. The governance structure of the Company is such that the key policies have been predetermined at the time of issuance of the bonds and the operational roles have been assigned to third parties with their roles strictly governed by the transaction documents associated with the bond issuance.

The transaction documents provide for procedures that have been designed for safeguarding assets against unauthorised use or disposition, for maintaining proper accounting records, and for the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives whilst enabling them to comply with the regulatory obligations.

Due to the Company's limited scope and nature of its activities, the Company's Board is itself responsible for all aspects of the Company's corporate governance. The Company does not, therefore, have a separate audit committee.

Streamlined Energy and Carbon Reporting (SECR)

The Company is out of scope of the Streamlined Energy and Carbon Reporting (SECR), as it does not meet the numerical thresholds in relation to turnover and number of employees.

Directors and Company shareholdings

The directors who served during the year were:

M H Filer
R O Heapy (Resigned 5 April 2024)
C T Lissenden (Appointed 5 April 2024)
A J Marriott
L.D.C Securitisation Director No.1 Limited (Appointed 5 April 2024)
L.D.C Securitisation Director No.3 Limited (Resigned 5 April 2024)

The directors are not subject to retirement by rotation.

The directors have no interests in any shares in the Company or its ultimate controlling party.

Directors interest in contracts

None of the directors who held office during the year and up to the date of this report had any material contract or arrangement with the Company.

Law Debenture Corporate Services Limited is contracted to provide certain corporate services including a registered office, corporate administration and directors amongst other services for which it charges a corporate service fee. The amount charged for these services (including VAT) during the year was £31,980 (2023:£29,281). The Directors are not remunerated directly by the Company for their services.

The Company has no employees.

Directors' Indemnities

M H Filer, L.D.C. Securitisation Director No.1 Limited and L.D.C. Securitisation Director No.3 Limited have all been provided by Law Debenture Corporate Services Limited under a Corporate Services Agreement as directors of the Company. The Corporate Services Agreement contains certain indemnities for those directors provided under it and these were in place during the year and remain in force at the date of this report. Law Debenture Corporate Services Limited maintains its own insurance for the services it provides.

TCHG CAPITAL PLC

DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 31 MARCH 2024

Going Concern

The Directors have prepared the financial statements on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future and will have adequate funds available to meet its obligations as they fall due.

In considering the going concern of the Company, the Directors have taken into account the financial position of the Company with the assurances from Town & Country that:

- their 24 month and 30-year business plan includes full interest payments and repayment of the principal
- Peabody Trust, the ultimate controlling party has prepared its financial statements under the going concern basis.

Under the terms of the transaction documents the Company has the benefit of a financial guarantee from Town & Country for the full and punctual payment of interest and principal.

While the extent and duration of the effect of this economic uncertainty remains unclear, there is a risk of financial instability for the Company - for example a detrimental effect on the UK economy may ultimately impact Town & Country's ability to repay the loan. However, as at the report date there has been no material impact from these macroeconomic factors on the Company's financial performance or cash flows. Ultimately, due to the limited recourse nature of the funding raised by the Company, any shortfall in the proceeds received from the repayment of the loan will be a risk to the bondholders.

It is the intention of the Directors to continue the operations of the Company in accordance with the transaction documents for the foreseeable future.

The directors consider that the Company has adequate capital and liquid resources, an appropriate business model and financial structure and suitable arrangements in place for it to be able to continue in operational existence for the 12 months from approval of these financial statements.

Considering the above the directors believe it is appropriate for the financial statements to be prepared on a going concern basis.

Financial instruments and borrowings

A discussion of the Company's objectives, policies, strategies and risks with regard to financial instruments can be found in note 15 to the financial statements.

The Company is party to an agreement which raised finance through a fixed rate bond issue, the proceeds of which were advanced to Town & Country.

The Company does not undertake financial instrument transactions which are speculative or unrelated to the Company's trading activities.

Results and dividends

The Company's result for the year was £nil (2023: £nil) and the directors do not recommend the payment of a dividend (2023: £nil).

Political and charitable donations

The Company made no political or charitable donations during the year (2023: £Nil).

TCHG CAPITAL PLC

DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 31 MARCH 2024

Disclosure of information to auditors

Each of the persons who are directors at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, KPMG LLP, have expressed their willingness to continue in office and a resolution to support them will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006.

Future Developments

Details of future developments can be found in the Strategic Report and form part of this report by cross reference.

Events after Statement of Financial Position date

There have been no significant events after the Statement of Financial Position date up to the date of this report.

This report was approved by the board on 21 August 2024 and signed on its behalf by:



Mark Filer

For and on behalf of L.D.C. Securitisation Director No.1 Limited
Director

TCHG CAPITAL PLC

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, and Corporate Governance Statement that complies with that law and those regulations.

Responsibility statement of the directors in respect of the annual financial report

Each of the directors, whose names are listed in the Directors' Report confirm that, to the best of their knowledge:

- the financial statements, prepared in accordance with the United Kingdom Accounting Standards, comprising FRS 102, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that it faces.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TCHG CAPITAL PLC

1 Our opinion is unmodified

We have audited the financial statements of TCHG Capital PLC ("the Company") for the year ended 31 March 2024 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and the related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2024 and of its result for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were appointed as auditor by the directors on 6 February 2020. The period of total uninterrupted engagement is for the four financial years ended 31 March 2024. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to public interest entities. No non-audit services prohibited by that standard were provided

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matter (unchanged from 2022) in arriving at our audit opinion above, together with our key audit procedures to address that matter and, as required for public interest entities, our results from those procedures. This matter was addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on this matter.

Recoverability of Long-Term Debtors

Loans and receivables £80m (2023: £80m)

Refer to pages 15 and 19 for accounting policy and financial disclosures.

The risk – low risk high value

The Company's primary activity is to issue bonds, source investor financing and on-lend to the Parent. It therefore has long term liabilities which relate to the bonds issued and long term intercompany debtors which relate to the loans provided to the Parent.

The carrying amount of the long-term intercompany debtor balance represents 99% of the Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the Company financial statements, this is considered to be the area that had the greatest effect on our overall Company audit.

Whilst financial income and financial expenses are recognised during the loan period, the risk mainly stems from the expectation of the ability of the Parent to repay the loan in 22 years.

Our response

We performed the tests below rather than seeking to rely on any of the Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Our procedures included:

- Tests of detail:** Assessing 100% of intercompany long-term debtors owed by the Parent (2023: 100%) to identify, with reference to the Parent's financial draft balance sheet, whether they had a positive net asset value and therefore coverage of the debt owed.
- Assessment of Parent:** Assessing the work performed by the Group audit team, and considering the results of that work, on those net assets. This included assessment of the fair value headroom available on those net assets, and therefore the ability of the Parent to fund repayment of the receivable. We critically assessed the directors' going concern assessment, including the reasonableness of the key assumptions used by the Parent in its cash flow forecasts and the nature and results of downside sensitivities applied, and associated mitigating actions.

Our results

We found the Company's assessment of the recoverability of the long-term debtor balance to be acceptable (2023 result: acceptable).

3 Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £810k (2023: £810k), determined with reference to a benchmark of total assets, of which it represents 1% (2023: 1%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2023: 75%) of materiality for the financial statements as a whole, which equates to £607k (2023: £607k).

We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £41k (2023: £41k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

The scope of the audit work performed was fully substantive as we did not rely upon the Company's internal control over financial reporting

Our audit of the Company was undertaken to the materiality level specified above and was performed by a single audit team.

4 Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Company's available financial resources over this period was:

- Recoverability of long-term debtors

We considered whether this risk could plausibly affect the liquidity in the going concern period by assessing the Directors' sensitivities over the level of available financial resources indicated by the Company's financial forecasts taking account of severe, but plausible adverse effects that could arise from this risk.

Our procedures are also inherently linked with our key audit matter in relation to the recoverability of the long term debtor; as the parent's inability to meet its obligation to the Company would result in the inability of the Company to meet its own obligations as they fall due. Consequently, our procedures noted above took into account the financial forecasts of the Parent.

We considered whether the going concern disclosure in note 2.2 to the financial statements gives a full and accurate description of the directors' assessment of going concern.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 2.2 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

5 Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any usual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions. We did not identify any additional fraud risks.

We performed procedures including identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included journals which do not relate to the accounting of bond interest and coupons, and their subsequent re-charging to the parent.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards) and from inspection of the Company's regulatory and legal correspondence; and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

7 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, 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.

We have nothing to report in these respects.

8 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9 The purpose of our audit work and to whom we owe our responsibilities

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.

Emma Larcombe

Emma Larcombe (Senior Statutory Auditor)
for and on behalf of **KPMG LLP, Statutory Auditor**
Chartered Accountants

20 Station Road
Cambridge
CB1 2JD

Date: 12 September 2014

TCHG CAPITAL PLC

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2024**

	Note	2024 £000	2023 £000
Interest receivable	4	3,725	3,724
Interest payable	6	(3,737)	(3,732)
Administrative expenses		(35)	(37)
Other income	5	47	45
Profit before tax		<u>-</u>	<u>-</u>
Tax on profit	9	<u>-</u>	<u>-</u>
Profit for the financial year		<u><u>-</u></u>	<u><u>-</u></u>

There were no recognised gains and losses for 2024 or 2023 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2024 (2023:£nil).

The notes on pages 16 to 23 form part of these financial statements.

TCHG CAPITAL PLC

Registered number: 08971695

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

	Note	2024 £000	2023 £000
Fixed Assets			
Investments	10	79,801	79,821
		<u>79,801</u>	<u>79,821</u>
Current assets			
Debtors: amounts falling due within one year	11	1,066	1,027
Cash at bank and in hand	12	56	75
		<u>1,122</u>	<u>1,102</u>
Creditors: amounts falling due within one year	13	(910)	(910)
		<u>212</u>	<u>192</u>
Net current assets			
		<u>80,013</u>	<u>80,013</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	14	(80,000)	(80,000)
		<u>13</u>	<u>13</u>
Net assets			
		<u>13</u>	<u>13</u>
Capital and reserves			
Called up share capital	16	13	13
		<u>13</u>	<u>13</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 August 2024,



Mark Filer

For and on behalf of L.D.C. Securitisation Director No.1 Limited
Director

The notes on pages 16 to 23 form part of these financial statements.

TCHG CAPITAL PLC

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2024**

	Called up share capital	Total equity
	£000	£000
At 1 April 2022	13	13
Profit for the year	-	-
Balance at 31 March 2023 and at 1 April 2023	13	13
Profit for the year	-	-
At 31 March 2024	13	13

The notes on pages 16 to 23 form part of these financial statements.

TCHG CAPITAL PLC

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024**

	2024 £000	2023 £000
Profit for the financial year	-	-
Adjustments for:		
(Increase) in debtors	(19)	(37)
Increase in creditors	-	1
Net cash generated from operating activities	(19)	(36)
 Net decrease in cash and cash equivalents	 (19)	 (36)
Cash and cash equivalents at beginning of year	75	111
 Cash and cash equivalents at the end of year	 56	 75
 Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	56	75
	56	75

The notes on pages 13 to 21 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

1. General information

The Company was incorporated and domiciled in the United Kingdom on 1 April 2014. The Company is a public limited by shares, registered in England, and has its registered office at 8th Floor, 100 Bishopsgate, London, EC2N 4AG.

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

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going Concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Town & Country directors have prepared cash flow forecasts for Town & Country covering a period of at least 12 months from the date of approval of these financial statements (the going concern period) which indicate that, taking account of severe but plausible downsides, Town & Country will have sufficient funds to meet its liabilities (including payment of interest to TCHG Capital plc) as they fall due for that period.

In order to settle its own financial obligations and meet the compliance requirements of its external borrowings the Company is dependent on the parent entity, Town & Country Housing generating sufficient cashflows to settle the payments of principal and interest on the onward loan of the funding which the Company raised. Those forecasts are dependent on Town & Country Housing having adequate resources to continue in business over the going concern assessment period.

The Town & Country directors, after reviewing the Town & Country group and company budgets for 2024/25 and the medium term financial position as detailed in the 30-year business plan are of the opinion that, taking account of severe but plausible downsides, Town & Country will have sufficient funds to meet its liabilities as they fall due over the going concern period. In reaching this conclusion, the directors have considered the following factors:

- High interest rate environment.
- The property market – budget and business plan scenarios have taken account of delays in handovers, lower numbers of property sales, reductions in sales values and potential conversion of market sale to social homes;
- Maintenance costs – budget and business plan scenarios have been modelled to take account of cost increases and delays in maintenance expenditure, with major works being phased into future years;
- Rent and service charge receivable – arrears and bad debts have been increased to allow for customer difficulties in making payments and budget and business plan scenarios to take account of potential future reductions in rents;

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.2 Going concern (continued)

- Liquidity – current available cash and unutilised loan facilities along with the ability to extend the Group's inter-company loan from Peabody provides significant headroom for committed expenditure and other forecast cash flows over the going concern assessment period;
- The Group's ability to withstand other adverse scenarios such as increases in the number of void properties.

The directors believe the group has sufficient funding in place and expect the group to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2.3 Functional and presentational currency

The financial statements are presented in sterling, which is the Company's functional and presentational currency.

2.4 Income recognition

The Company's principal source of income is interest receivable and is recognised on an Effective Interest Rate basis. The directors consider it would be misleading to classify this source as turnover.

Other income comprises of commitment fees and amounts recharged to Town & Country in respect of administrative expenses incurred during the period.

Commitment fees arise in respect of any undrawn commitment on each loan payment date, equal to Town & Country's share of the applicable coupon amount in the relevant loan interest period and is recognised on a receivable basis.

All income derives from the Company's principal activity, wholly within the UK.

2.5 Administrative expenses

All administrative expenses, which comprise primarily professional fees and other overheads, are accounted for on an accruals basis.

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank and short-term bank deposits with an original maturity of three months or less which are an integral part of the Company's cash management.

2.7 Impairment of assets

Financial assets are assessed for impairment at each balance sheet date using the expected credit loss model. Lifetime expected credit losses are recognised where there has been a significant increase in credit risk since initial recognition, otherwise 12 months' expected credit losses are recognised. The Directors assess the credit ratings and financial position of both the immediate parent and the ultimate parent (see note 18), along with the UK economic climate, in determining the expected credit loss. Credit risk is assessed as the risk of a default occurring over the expected life of the financial instrument. Impairment gains or losses are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.8 Taxation

Corporation tax is payable on profits based on the applicable tax law and is recognised as an expense in the year in which profits arise. The tax effects of tax losses available to carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantially enacted by the reporting date.

2.9 Segmental analysis

The Company only operates one segment as the Company's income and expenses, profit before tax and net assets all arise in the United Kingdom from the sole class of business.

2.10 Financial instruments

Financial assets and liabilities are recognised in the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Investments in UK Gilts are initially recognised at cost and subsequently measured at amortised costs in accordance with IFRS 9. All other financial assets and liabilities are measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate on initial recognition.

As permitted by FRS 102 the Company has made an accounting policy choice of applying the recognition and measurement requirements of IFRS 9. Accordingly the loan to Town & Country is classified as loans and receivables and is initially recognised at fair value and then carried at amortised cost using the effective interest rate method.

The secured bonds issued are also initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

Critical accounting judgements

There are no critical accounting judgements.

Key sources of estimation uncertainty

The key source of estimation uncertainty is in relation to impairment of assets. Details of the estimation uncertainty are included under the accounting policy on impairment of assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

4. Interest receivable

	2024	2023
	£000	£000
Interest on loan to Town & Country	3,733	3,722
Interest on investments	1	2
Bank interest	1	-
	<u>3,735</u>	<u>3,724</u>

5. Other income

	2024	2023
	£000	£000
Commitment fee	7	8
Reimbursable expenses	40	37
	<u>47</u>	<u>45</u>

6. Interest payable

	2024	2023
	£000	£000
Interest on secured bonds	3,737	3,732
	<u>3,737</u>	<u>3,732</u>

7. Auditors' remuneration

	2024	2023
	£000	£000
Auditor's remuneration for audit of the Company's financial statements	6	5

The audit fees above are shown exclusive of VAT.

8. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2023 - £NIL).

9. Taxation

	2024	2023
	£000	£000
Current tax	-	-
Deferred tax	-	-
Total tax	-	-
Taxation on profit on ordinary activities	-	-

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2023 - *the same as*) the standard rate of corporation tax in the UK of 19% (2023 - 19%) as set out below:

	2024	2023
	£000	£000
Total current tax	-	-
Taxation on profit	-	-

Factors affecting the Company current tax charge for the year

On 15 March 2023, the 2023 UK budget was announced and included the government's planned changes to UK Corporation tax for the coming years. The Corporation tax main rate (for all profits over £250k; excluding ring fence companies) is to be increased to 25% for the year starting 1 April 2023, and the Corporation tax small profits rate (companies with profits under £50,000) is to be introduced at 19%.

The Company has elected to enter the permanent tax regime for securitisation companies. The directors are satisfied that the Company meets the definition of a 'securitisation Company' as defined by both The Finance Act 2005 and subsequent secondary legislation and that no incremental unfunded tax liabilities will arise.

10. Investments

	2024	2023
	£000	£000
Loan to Town and Country	79,801	79,821

The principal terms of the loan are detailed in note 15.

TCHG CAPITAL PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
11. Debtors

	2024	2023
	£000	£000
Accrued interest and commitment fee	1,057	1,019
Prepayments	9	8
	1,066	1,027

12. Cash and cash equivalents

	2024	2023
	£000	£000
Cash at bank and in hand	56	75
	56	75

13. Creditors: Amounts falling due within one year

	2024	2023
	£000	£000
Other creditors	910	910
	910	910

14. Creditors: Amounts falling due after more than one year

	2024	2023
	£000	£000
Secured bonds (due October 2045)	80,000	80,000
	80,000	80,000

The principal terms of the secured bonds are detailed in note 15 and are the same as the loan to TCHG.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

15. Financial instruments

The Company's financial instruments are shown in the table below:

	2024	2023
	£000	£000
Financial assets that are debt instruments measured at amortised cost	80,867	80,848
Financial liabilities measured at amortised cost	80,910	80,910

In July 2014, the Company granted a revolving loan facility to Town & Country of £80,000,000 which has been financed by a fixed rate secured bond issue.

The loan bears interest at a fixed rate of 4.665% payable six-monthly in January and July, the principal of which is due for repayment in 20 equal instalments from and including 3 January 2036 to and including 3 July 2045.

The Company has the benefit of a financial guarantee from Town & Country for the due and punctual payment of interest and principal.

The bond is secured by a fixed charge over a specified pool of assets of Town & Country.

The Company does not undertake financial instrument transactions which are speculative or unrelated to the Company's trading activities.

A description of the principal risks relating to financial instruments and their relevance to the Company and how they are managed is given below.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has borrowed at a fixed rate of interest in accordance with its policy, as such, not expose to interest rate risk.

Price risk

The Company is not subject to price risk as all cash flows both principal and interest have been pre-determined and are not expected to fluctuate.

Liquidity risk

As noted above, the secured bonds are repayable by 2045. Repayment of the interest and principal on the loan to Town & Country is received prior to the interest payment dates and repayment dates of the secured bonds. In the event of a delay or default in the payment of interest by the borrower, the terms of the secured bonds make it clear that the Company is only obligated to pay interest and capital to Loan Note holders to the extent that amounts have been received from Town & Country.

Credit risk

Although Town & Country is the only client of the Company, the directors are satisfied that Town & Country will be able to fulfil its obligations.

Capital management

The Company has no externally imposed capital requirements and has been set up for the sole purposes of financing loans to Town & Country.

TCHG CAPITAL PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

16. Share capital

	2024	2023
	£000	£000
Allotted, called up and 25% paid		
50,000 (2023 - 50,000) Ordinary shares of £1.00 each	13	13

17. Related party transactions

The Company has entered into a loan agreement with Town & Country, an exempt charity registered as a Community Benefit Society. The Company's shares are held by an independent trustee with Town & Country having an option to purchase them. Town & Country met all of the Company's net interest and running costs so that it achieved a break-even position.

In July 2014, the Company granted an £80 million loan facility to its Parent (Town & Country), of which the amount advanced at the balance sheet date is £79,801k (2023: £79,821k).

Interest, commitment fee and reimbursable expenses receivable from Town & Country in the year amounted to £3,770k (2023: £3,769k) of which £1,057k (2023: £1,019k) was outstanding at year end.

Law Debenture Corporate Services Limited ("Law Deb") charges a management fee for the provision of a range of services including provision of the directors (Mark Filer, L.D.C. Securitisation Director No. 1 Limited and L.D.C. Securitisation Director No. 3 Limited). During the year fee of £31,980 (2023: £29,281) was charged by Law Deb of which £8,377 (2023: £7,481) was prepayment and included within debtors.

18. Ultimate parent and controlling party

Under a Trust Deed dated 27 June 2014, The Law Debenture Intermediary Corporation plc. acts as share trustee, holding the member's rights on a discretionary basis for charitable purposes.

Town and Country is the immediate parent entity and controlling party and TCHG Capital PLC's results are included in the consolidated Town and Country Housing Group's financial statements. Copies may be obtained from Town and Country Housing Group, Monson House, 1 Monson Way, Royal Tunbridge Wells TN1 1LQ.

The ultimate parent is Peabody Trust, an entity incorporated in Great Britain. Copies of its financial statements can be obtained from the registered office; 45 Westminster Bridge Road, London SE1 7JB.

19. Subsequent events

There have been no reportable subsequent events between the balance sheet date and date of signing this report that would meet the criteria to be disclosed or adjusted in the financial statements as at 31 March 2024.

20. Description of reserves

The Company's reserves represent cumulative profits and losses, net of dividends paid and other adjustment.