# KEELMAN HOMES LIMITED

England & Wales · Charity number 1133321

## Details

| | |
|---|---|
| **Status** | Registered |
| **Legal form** | Charitable company |
| **Company number** | 06972673 |
| **Registered** | 2009-12-16 |
| **Register** | View on the Charity Commission register |

## Contact

| | |
|---|---|
| **Address** | Keelman Homes Limited (office 19-20)<br>Gateshead International BC<br>Mulgrave Terrace<br>Gateshead<br>Tyne and Wear<br>NE8 1AN |
| **Phone** | 0191 432 58 20 |
| **Email** | enquiries@keelmanhomes.org |
| **Website** | www.keelmanhomes.org |

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## Activities

**Objects:** (A) TO PROVIDE HOUSES OR HOSTELS OR OTHER RESIDENTIAL ACCOMMODATION AND ANYASSOCIATED AMENITIES FOR PERSONS IN NECESSITOUS CIRCUMSTANCES UPON TERMSAPPROPRIATE TO THEIR MEANS;(B) TO PROVIDE FOR AGED, DISABLED (WHETHER PHYSICALLY OR MENTALLY), OR CHRONICALLY SICKPERSONS IN NEED THEREOF HOUSES OR HOSTELS OR OTHER RESIDENTIAL ACCOMMODATION ANDANY ASSOCIATED AMENITIES SPECIALLY DESIGNED OR ADAPTED TO MEET THE DISABILITIESAND REQUIREMENTS OF SUCH PERSONS;(C) TO PROVIDE SERVICES, ADVICE OR ASSISTANCE UPON TERMS APPROPRIATE TO THEIR MEANS TOAGED, DISABLED (WHETHER PHYSICALLY OR MENTALLY) OR CHRONICALLY SICK PERSONS OR OTHERPERSONS IN NECESSITOUS CIRCUMSTANCES IN NEED THEREOF AND PROVIDING ANYASSOCIATED AMENITIES SPECIALLY DESIGNED OR ADAPTED TO MEET THE DISABILITIES ANDREQUIREMENTS OF SUCH PERSONS;(D) THE PROVISION OF RECREATION OR OTHER LEISURE FACILITIES IN THE INTEREST OF SOCIAL WELFAREWITH THE OBJECT OF IMPROVING THE CONDITIONS OF LIFE FOR THE RESIDENTS OF THE AREA OFBENEFIT;(E) THE RELIEF OF POVERTY AMONGST THE RESIDENTS OF THE AREA OF BENEFIT;(F) THE ADVANCEMENT OF EDUCATION, TRAINING OR RETRAINING, PARTICULARLY AMONGUNEMPLOYED PEOPLE AND PROVIDING UNEMPLOYED PEOPLE WITH WORK EXPERIENCE;(G) THE MAINTENANCE, IMPROVEMENT OR PROVISION OF PUBLIC AMENITIES FOR THE PUBLICBENEFIT IN THE INTERESTS OF REGENERATION IN AREAS OF SOCIAL AND ECONOMIC DEPRIVATIONIN WHICH THE CHARITY OWNS OR MANAGES HOUSING STOCK; AND(H) SUCH OTHER CHARITABLE PURPOSES BENEFICIAL TO THE PUBLIC CONSISTENT WITH THE OBJECTSABOVE AS THE TRUSTEES SHALL IN THEIR ABSOLUTE DISCRETION DETERMINE.

**Activities:** The principal activity of the charity is for the development and maintenance of affordable housing, and all other landlord duties set out by the Regulator of Social Housing.

## Classification

- **How:** Provides Buildings/facilities/open Space
- **What:** The Prevention Or Relief Of Poverty, Accommodation/housing
- **Who:** Children/young People, Elderly/old People, People With Disabilities, The General Public/mankind

## Geography

- **Area of benefit:** UK
- Gateshead

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## Finances

| Period end | Income | Expenditure | Assets | Employees |
|---|---|---|---|---|
| 2025-03-31 | £2,123,622 | £2,167,256 | £180,172 | 4 |
| 2024-03-31 | £1,821,692 | £1,308,148 | £112,175 | 3 |
| 2023-03-31 | £1,778,831 | £1,905,237 | £90,568 | 1 |
| 2022-03-31 | £2,360,411 | £1,174,896 | £700,326 | 1 |
| 2021-03-31 | £1,508,000 | £1,600,000 | £174,000 | 0 |

## Trustees

| Name | Role | Appointed |
|---|---|---|
| **John Paul Lee** | Chair | 2025-02-12 |
| Christopher William Buckley | | 2024-07-30 |
| Marc Edwards | | 2023-11-16 |
| Michelle Evans | | 2025-02-12 |
| Rhiannon Piasecki | | 2023-11-16 |
| Tom Winter | | 2022-09-01 |

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**KEELMAN HOMES LIMITED**

England & Wales - Charity number 1133321

# Accounts

Charity Number: 1133321
Company Number: 06972673
Registered Provider Number: 4647

# KEELMAN HOMES LIMITED

(a company limited by guarantee and not having share capital)

Annual Report and Financial Statements
for the year ended 31 March 2025

**Keelman Homes Limited**
**(a company limited by guarantee and not having a share capital)**

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**For the year ended 31 March 2025**


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## Report of the Board

The Board present their report and financial statements for the period ended 31 March 2025.

## Principal activities

The principal activity of the company is development of affordable housing and (as registered provider for affordable housing) carrying out landlord duties. The company contracts with delivery partners to increase the levels of affordable housing within the Gateshead area and has entered into a partnership with Karbon Solutions to deliver housing management services to existing homes and tenants.

At 31 March 2025 the portfolio included:

- 187 new build properties.
- 120 properties acquired as part of an Empty Homes Purchase and Repair (EHPaR) Programme.

There was no development activity in 2024/25 while the company focused on management of its existing stock. One home was sold to in the year via a Right to Acquire application.

## Our aims and objectives

Keelman Homes' purpose as set out in the objects contained within the Company's Memorandum of Association includes:

(a) to provide houses or hostels or other residential accommodation and any associated amenities for persons in necessitous circumstances upon terms appropriate to their means;
(b) to provide for aged, disabled (whether physically or mentally), or chronically sick persons in need thereof houses or hostels or other residential accommodation and any associated amenities specially designed or adapted to meet the disabilities and requirements of such persons;
(c) to provide services, advice or assistance upon terms appropriate to their means to aged, disabled (whether physically or mentally) or chronically sick persons or other persons in necessitous circumstances in need thereof and providing any associated amenities specially designed or adapted to meet the disabilities and requirements of such persons;
(d) the provision of recreation or other leisure facilities in the interest of social welfare with the object of improving the conditions of life for the residents of the area of benefit;
(e) the relief of poverty amongst the residents of the area of benefit;
(f) the advancement of education, training or retraining, particularly among unemployed people and providing unemployed people with work experience;
(g) the maintenance, improvement or provision of public amenities for the public benefit in the interests of regeneration in areas of social and economic deprivation in which the Charity owns or manages housing stock; and
(h) such other charitable purposes beneficial to the public consistent with the objects above as the Trustees shall in their absolute discretion determine.

Keelman Homes aims to provide new housing in Gateshead for affordable rent and to provide housing management services for our tenants in this area. Our aims reflect the purposes Keelman Homes was set up to deliver.

**Ensuring our work delivers our aims**

Every year we reflect and self-assess our achievements against the company aims and objectives, and during a Board Strategy Planning day we develop our plans for the forthcoming years, ensuring the aims and objectives (which must always align with our Articles of Association) are being fulfilled.

## Structure and Governance

### Governing document

Keelman Homes is a charitable company limited by guarantee; it was incorporated as a private company on 25 July 2009 and received charitable status on 16 December 2009. The organisation was established under a Memorandum of Association which established the objects and powers of the company and is governed under the Articles of Association.

During the 2014/15 financial year there was a significant change in the membership of Keelman Homes with The Gateshead Housing Company resigning and the current Trustees of Keelman Homes being appointed as members. The ownership of Keelman Homes changed to being owned by the Board of Trustees of Keelman Homes, rather than being owned by The Gateshead Housing Company.

As a subsidiary of The Gateshead Housing Company, Keelman Homes was precluded from applying for funding from Homes England's (HE) affordable homes guarantee programme. Changing the membership of Keelman Homes allowed it access to new potential funding resources from HE and the private sector, and with this there is the potential to increase the amount of new affordable homes the company can deliver.

In the event of the charity being dissolved, every member must pay £10 towards the cost of dissolution and the liabilities incurred by the charity.

### Corporate governance

The company is a limited by guarantee without any share capital.

The company adopts the principles of the NHF 2020 Code of Governance relative to an organisation of its size and structure.

The Keelman Homes Board agree to codes of conduct which are in line with the Charity Commissions 'Guide to the Essential Trustee' (CC3) and the Company has a Risk Management Policy in place which underpins its key decisions.

The current Board membership includes seven Trustees (known as Trustee's for the purpose of Charity Law, and Directors for the purpose of Company Law), which is suitable for all current activity.

The Board complies with the rules as set out in the Articles of Association, and an internal governing document referred to as Standing Orders.

The Board act in the interests of Keelman Homes Limited and not on behalf of any other interest group.

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

In line with the statutory requirements for a limited company, a copy of these accounts will be filed with Companies House.

### Compliance with the Regulatory Framework

As a Registered Provider, Keelman Homes must comply with rules set out by the Regulator of Social Housing. There were no regulatory interventions during the year, and we continue to operate within the standards set out by RoSH. We complete an annual return to RoSH, and a quarterly disposals return (if applicable).

### Recruitment and appointment of Trustees

The Trustees control the company, its property and its funds. The Trustees shall consist of at least six and not more than eight individuals, and includes one member nominated by Gateshead Council and six independents appointed through a selection process as ordinary Trustees. The Board skills are captured on a skills matrix which helps to find the right candidate when recruiting new Trustee.

Under the 2020 NHF Code of Governance, Trustees should serve no more than 6 consecutive years on a Board – at Keelman this equates to two terms of office. By exception only, Trustees can remain on the board for a third and final term, serving up to 9 years, where the Board agrees it is in the best interest of the company and following an appraisal of the member.

**Organisational structure**

The Trustees meet at least quarterly and are responsible for all decisions taken by the company.

The company employs a Managing Director and Financial Controller to oversee the day-to-day running of the company. The Managing Director is also appointed as Company Secretary and Authorised Representative.

Since 1st July 2023, Keelman Homes has worked in partnership with Karbon Homes as a member of a cost sharing group known as Karbon Solutions, taking one share of the company. The arrangement allows Keelman to utilise Karbon staff and share services delivered to existing Keelman tenants.

**Recruitment and development of staff**

The quality and integrity of staff are essential for maintaining good internal control. Staff policies are set out in a staff handbook and the staff structure is frequently reviewed to ensure effective running of the company.

**Related parties**

The Charity is guided by the Charities Act and Companies Act and is guided by both National and Local Policy.

Keelman Homes is a member of Karbon Solutions, and works in partnership with Karbon Homes – property management and tenancy management is predominantly handled by Karbon staff.

One member of key management personnel of Keelman Homes is a related party – a declared interest is known to the Board.

The Board considers that the systems of internal control are effective and appropriate.

**Policies on Internal Control**

Keelman Homes has established policies and procedures to monitor and emphasize the need for strong internal control. These include Financial Regulations and Contract Procedure Rules.

**Company Management**

**Reports to the board**

- At every Board meeting, strategic risk is monitored, alongside performance assessed against agreed KPI targets, and compliance of the safety of our homes against KPI targets.
- Tenant feedback is presented annually, and includes management information which relates to the decency of our homes and tenant experience.
- Budgets are set before the beginning of each financial year and agreed annually in advance. Update reports on income and expenditure are issued to the Board monthly, and reviewed collectively quarterly, assessing YTD actuals against budget and impacts YTD could have on forecast expenditure.
- Risk is considered as part of every board report presented and covers implications for the customer (Keelman tenant/leaseholders), company finance, health and safety, impact on investment/asset management/delivery of new homes, legal or regulatory, EDI, company reputation.

## Risk Management

The Board assess, and mitigates as appropriate, the following key strategic risks:

- Effective management of the company's finances
- Effective delivery of new build and existing investment projects
- Effective delivery of asset management
- Effective management of business continuity
- Effective management of corporate governance
- Monitoring of changing government policy and effective delivery of the business model if policy changes impact the company
- Impact on rent income due to Universal Credit and Welfare Reform
- Sourcing funding to support the company activities
- Achieving good value for money
- Effectively maintaining positive relationships with partners
- Effectively concluding a strategic options appraisal for longer-term management of Keelman Homes existing housing stock
- Effective development and delivery a strategic forward plan
- Effective controls to manage increased costs of services, labour and materials (introduced during 'cost of living crisis')

The risks are reviewed in conjunction with an approved risk management policy. The risk management policy was last reviewed in 2023/24, and is reviewed every three years (or sooner if appropriate).

## Value for money

We are committed to delivering excellent value for money to our residents and communities, now and as part of our longer-term plans. This is one of our core values and is integrated into our business plan.

We aim to drive ongoing value for money by making informed financial and operational decisions. This means spending money wisely and having regard to the three E's:

- Economy
- Efficiency
- Effectiveness

We are committed to reinvesting surpluses into our communities by maintaining our existing homes and building more affordable homes.

We recognise that value for money (VfM) is important for our customers and continue to focus on improving estates, energy efficiency and safety for our customers.

We have calculated our VfM Metrics for 2024/25 based upon the Housing Regulator's VfM Standard for smaller Registered Providers:

| Metric | Result 23/24 | Result 24/25 | Performance trend on prior year | Value for Money Measure |
|---|---|---|---|---|
| Metric 1 – Reinvestment | 0.47% | 0.51% | ↑ | Efficiency |
| Metric 2a – New Supply (Social) | 0.00% | 0.00% | → | Effectiveness |
| Metric 2b – New Supply (Non-Social) | 0.00% | 0.00% | → | Effectiveness |
| Metric 3 – Gearing | 56.08% | 54.17% | ↑ | Efficiency |
| Metric 4 – EBITDA MRI Interest Rate Cover | 106.06% | 135.42% | ↑ | Efficiency |
| Metric 5 – Headline Social Housing Cost per Unit | £4,487 | £4,798 | ↓ | Economy |
| Metric 6a – Operating Margin (SHL) | 31.16% | 39.86% | ↑ | Efficiency |
| Metric 6b – Operating Margin (Overall) | 28.19% | 34.51% | ↑ | Efficiency |
| Metric 7 – Return on Capital Employed (ROCE) | 1.91% | 3.5% | ↑ | Efficiency |

**Financial highlights 2024/25**

| Statement of Comprehensive Income | £000 | Balance Sheet | £000 | Creditors | £000 |
|---|---|---|---|---|---|
| Annual Turnover | 2,124 | Fixed Assets | 26,466 | Loans (GMBC) | 15,213 |
| Operating Costs | 1,391 | Cash at Bank 31.03.2025 | 406 | Government Grants | 8,868 |
| Surplus for the Year | 68 | Retained Earnings | 179 | | |

**Principal funding sources**
The principal funding sources for the building new homes are Homes England (HE) grants and loans. When properties are completed, the principal funding sources are rental income and service charge income for those properties.

**Reserves policy**
Keelman Homes aims to maintain its general reserves at a minimum of 3% of the annual expenditure budget; reserves are reinvested into the business when required, to support development activity and asset management.

**Future plans**
Our vision is to build a better Gateshead.

Our mission is to provide quality affordable homes to the residents of Gateshead. .

Our priorities are:
1. our customers – we strive to achieve high levels of customer satisfaction from tenants and leaseholders.

2. delivering quality affordable homes – achieved by reinvestment in existing assets and growth by building new homes.
3. to remain well governed and financially strong.

The business plan is reviewed and approved by Board on a regular basis, to ensure our approach continues to remain appropriate for our business needs. Operational targets are set internally to support delivery against our priorities.

**Going Concern**
The financial statements have been prepared on a going concern basis.

**Auditor**
Pursuant to Section 487 of the Companies Act 2006, the auditor is S&W Audit (formerly appointed as Haines Watts) by order of the Board.

**John Lee**
*Chair of Trustees*

Offices 19-20,
Gateshead International Business Centre
Mulgrave Terrace,
Gateshead,
NE8 1AN

2025

## Report of the Board
**For the year ended 31 March 2025**

### Reference and administrative details

| | |
|---|---|
| **Charity Reference Number** | 1133321 |
| **Company Reference Number** | 06972673 |
| **Registered Provider Number** | 4647 |
| **Registered Address** | Offices 19-20<br>Gateshead International Business Centre<br>Mulgrave Terrace<br>Gateshead<br>NE8 1AN |
| **Directors** | Joanne Giles – Resigned 18 September 2025<br>Tom Winter<br>Christopher Buckley – Appointed 30 July 2024<br>Marc Edwards<br>Rhiannon Piasecki<br>Alistair Wylie – Resigned 19 September 2024<br>John Adams – Resigned 30 July 2024<br>Scott Robinson – Resigned 15 April 2024<br>Michelle Evans – Appointed 12 February 2025<br>John Lee – Appointed 12 February 2025 |
| **Secretary** | Anne-Marie Pearce |
| **Auditor** | S & W Audit<br>17 Queens Lane<br>Newcastle upon Tyne<br>NE1 1RN |
| **Banker** | The Co-operative Bank<br>131-135 Northumberland Street<br>Newcastle upon Tyne<br>NE1 7AG |
| **Solicitor** | Weightmans LLP<br>1 St James' Gate<br>Newcastle upon Tyne<br>NE1 4AD |

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of Keelman Homes Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards have been followed
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities Act 2011, the Co-operative and Community Benefit Societies Act 2014 and Registered Social Housing Legislation. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the board on 18/09/2025 and signed on their behalf by;

.....

**John Lee**
*Chair of Trustees*

## Opinion

We have audited the financial statements of Keelman Homes Limited (the 'association') for the year ended 31 March 2025 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in reserves, the statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2025 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course

of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**
In our opinion, based on the work undertaken in the course of the audit:
the information given in the strategic report and the statement of trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
the strategic report and the statement of trustees have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**
In the light of the knowledge and understanding of the association and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the statement of trustees.

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

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

**Responsibilities of directors**
As explained more fully in the Statement of Trustee's Responsibilities set out on page X the members of the board are the directors of the association for the purposes of company law. The directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of

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

We obtained a general understanding of the company's legal and regulatory framework through enquiry of management concerning their understanding of relevant laws and regulations, the entity's policies and procedures regarding compliance, and how they identify, evaluate and account for litigation claims. We also drew on our existing understanding of the company's industry and regulation.

We understand that the company complies with the framework through:

- Outsourcing accounts preparation and tax compliance to external experts.
- Subscribing to relevant updates from external experts , and making changes to internal procedures and controls as necessary.
- Entering into arrangements with other parties to ensure compliance with housing related regulations

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the company's ability to conduct its business, and/or where there is a risk that failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the company:

- The Companies Act 2006, the Housing and Regeneration Act 2008, and the Accounting Direction for Private Registered Providers of Social Housing 2022 and FRS 102 in respect of the preparation and presentation of the financial statements.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. The areas identified in this discussion were:

- Manipulation of the financial statements via fraudulent journal entries, particularly as the size of the company means that there is little opportunity for segregation of duties.
- The incorrect recognition of rental income resulting in the income being recognised in the incorrect accounting period.

These areas were communicated to the other members of the engagement team not present at the discussion.

The procedures we carried out to gain evidence in the above areas included:

- Testing journal entries, focusing particularly on postings to unexpected or unusual accounts and those posted at unusual times.
- Recalculating the rental income balance and agree that any amounts due around the year end date were recognised in the correct period.

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

**Use of our report**

This report is made solely to the association'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 association'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 association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

C. Henderson

18 September 2025

**Craig Henderson (Senior Statutory Auditor)**
**For and on behalf of S & W Audit**

**Statutory Auditor**
**Chartered Accountants**

17 Queens Lane
Newcastle upon Tyne
NE1 1RN

**Keelman Homes Limited**
**(a company limited by guarantee and not having a share capital)**

**Statement of Comprehensive Income**
**For the year ended 31 March 2025**

| | Notes | 2025 £000 | 2024 £000 |
|---|---|---|---|
| Turnover | 2 | 2,124 | 1,822 |
| Operating costs | | (1,391 ) | ( 1,308 ) |
| **Operating surplus** | 3 | 733 | 514 |
| Interest payable | 6 | ( 665) | ( 668 ) |
| **Surplus/(deficit) before tax** | | 68 | (154 ) |
| Tax | 7 | 0 | 1 |
| **Surplus/(deficit) for the year** | | 68 | ( 153 ) |
| **Total comprehensive income/(expenditure) for the year** | | 68 | ( 153 ) |

All activities are continuing.

The above income and expenditure should be read in conjunction with the accompanying notes.

The financial statements were approved by the trustees on 18/09/2025 and signed on their behalf by:

.....

John Lee

.....

Rhiannon Piasecki

**Keelman Homes Limited**
**(a company limited by guarantee and not having a share capital)**

**Balance Sheet**
**For the year ended 31 March 2025**

| | Notes | 2025 £000 | 2024 £000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Tangible assets | **8** | 26,466 | 26,907 |
| **Current assets** | | | |
| Debtors | **9** | 276 | 524 |
| Cash at bank and in hand | | 406 | 233 |
| | | 682 | 757 |
| **Liabilities** | | | |
| Creditors: amounts falling due within one year | **10** | ( 696 ) | ( 783) |
| **Net current assets/ (liabilities)** | | ( 14 ) | 26 |
| **Total assets less current liabilities** | | 26,452 | 26,881 |
| Creditors: amounts falling due after one year | **11** | (26,271 ) | ( 26,768 ) |
| **Net assets** | | 181 | 113 |
| **Reserves** | | | |
| Income & Expenditure Reserve | | 181 | 113 |
| Total reserves | | 181 | 113 |

The accompanying notes form part of these financial statements.

The financial statements were approved by the trustees on 18/06/2025 and signed on their behalf by:

.....
John Lee

.....
Rhiannon Piasecki

**Keelman Homes Limited**
**(a company limited by guarantee and not having a share capital)**

**Statement of Changes in Reserves**
**For the year ended 31 March 2025**

| | Income & Expenditure Reserve £000 |
|---|---|
| Balance at 1 April 2023 | 266 |
| Deficit for year | (153) |
| **Balance at 31 March 2024** | 113 |
| Balance at 1 April 2024 | 113 |
| Surplus for year | 68 |
| **Balance at 31 March 2025** | 181 |

The above statement of changes in reserves should be read in conjunction with the accompanying notes.

**Keelman Homes Limited**
**(a company limited by guarantee and not having a share capital)**

**Statement of Cashflows**
**As at 31 March 2025**

| | Notes | 2025 £000 | 2024 £000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| ***Net cash (used in)/provided by operating activities*** | **14** | 448 | 171 |
| **Cash flows from investing activities** | | | |
| Purchase of tangible fixed assets | **8** | ( 142 ) | ( 142 ) |
| Proceeds from disposal of tangible fixed assets | | 236 | - |
| Proceeds from the receipt of government grants | | - | - |
| ***Net cash provided by investing activities*** | | 94 | (142) |
| **Cash flows from financing activities** | | | |
| Repayment of borrowings | | ( 369 ) | ( 369 ) |
| ***Net cash used in financing activities*** | | ( 369 ) | ( 369 ) |
| **Change in cash and cash equivalents** | | 173 | ( 340 ) |
| Cash and cash equivalents at the beginning of the year | | 233 | 573 |
| **Cash and cash equivalents at the end of the year** | | 406 | 233 |
| **Breakdown of cash and cash equivalents** | | | |
| Cash at bank and in hand | | 406 | 233 |

## 1. Accounting Policies

### 1.1 Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Statement of Recommended Practice for Social Housing Providers 2018, the Statement of Recommended Practice for Charities 2015 and with the Accounting Direction for private registered providers of social housing in England 2022. The registered provider is a public benefit entity registered in the UK.

The financial statements comply with the Housing and Regeneration Act 2008 and the Companies Act 2006. The financial statements are prepared in sterling, which is the functional currency, and rounded to the nearest thousand.

### 1.2 Basis of accounting

The financial statements are prepared under the historical cost convention except for donated assets which are included at fair value upon donation.

### 1.3 Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Report of the Board on pages 1 to 7.

Keelman are within a five-year management agreement with Karbon Homes from 2023 -2028.

The financial statements have been prepared on a going concern basis which the trustees consider to be appropriate for the following reasons. The trustees have prepared cash flow forecasts for a period covering more than 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, to meet its liabilities as they fall due for that period.

### 1.4 Turnover

Turnover comprises rental income receivable in the year, income from shared ownership first tranche sales, sales of properties built for sale.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale.

### 1.5 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable surplus for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

### 1.6 Housing properties

Housing properties are recorded at cost less accumulated depreciation and impairment. Housing properties in the course of construction are stated at cost and are transferred into housing properties when completed. The cost of a property includes purchase price and any costs directly attributable to bringing it into working condition for the intended use.

Expenditure on shared ownership properties is split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover, and the remaining element is classed as fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

Housing properties are split under component accounting between land, structure and a specific set of major component that require replacement periodically. Replacement of such components is capitalised and depreciated on a straight line basis over the estimated useful life of components as follows:

| | | |
|---|---|---|
| Roof | - | 50 years |
| Heating systems | - | 40 years |
| Electrics | - | 30 years |
| Windows and external doors | - | 25 years |
| Structure | - | 100 years |
| Bathroom | - | 30 years |
| Kitchen | - | 20 years |
| Gas boiler | - | 15 years |
| Land | - | Not depreciated |

Housing properties are assessed annually for impairment indicators. Where indicators are identified, an assessment for impairment is undertaken comparing the scheme's (CGU) carrying amount to its recoverable amount. Where the carrying amount of a scheme is deemed to exceed its recoverable amount, the scheme is written down to its recoverable amount. The resulting impairment loss is recognised as operating expenditure. Where a scheme is currently deemed not to be providing service potential to the association, its recoverable amount is its fair value less costs to sell

Costs of improvement works to existing properties are only capitalised when there is a demonstrable enhancement of the economic benefits of the asset.

### 1.7 Other tangible fixed assets

Other fixed assets are stated at cost less accumulated depreciation and impairment. Depreciation is charged on a straight line basis.

| | | |
|---|---|---|
| IT Equipment | - | 3 years |
| Fixtures and Fittings | - | 5 years |

### 1.8 Stocks

Stocks comprise housing properties held for outright sale and are stated at the lower of cost and net realisable value. The costs associated with properties in the course of construction are recognised as incurred, to the extent that they are considered to be recoverable.

### 1.9 Social housing grant and other government grants

Where grants are received from government agencies such as Homes England and local authorities, which meet the definition of government grants, they are recognised when there is reasonable assurance that the conditions attached to them will be complied with and the grant will be received.

Government grants are recognised using the accrual model and are classified either as a grant relating to revenue or a grant relating to assets. Grants relating to revenue are recognised in income on a systematic basis over the period in which related costs for which the grant is intended to compensate are recognised. Where a grant is receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future related costs, it is recognised as revenue in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised in income over the expected useful life of the housing property structure. Where a grant is received specifically for components of a housing property, the grant is recognised in income over the expected useful life of the component.

Government grants received for housing properties are subordinated to the repayment of loans by agreement with the Homes England. Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the statement of financial position in creditors. If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in income and expenditure.

### 1.10 Accounting estimates and judgements

The preparation of financial statements requires the Board to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The key areas requiring the use of estimates and judgements which may significantly affect the financial statements are considered to be:

*Estimation of the useful life of assets*

The board is required to estimate the useful economic life of each component of its housing properties. These estimates are based on experience of the housing stock compared to wider sector practice.

*Bad debt provision*
The bad debt provision is as follows:
- Evictions – 100%
- Former Arrears – 75%
- Current Arrears Greater than 1 year – 50%

## 2. Turnover

| | 2025 £000 | 2024 £000 |
|---|---|---|
| Rental and service charge income receivable | 1,839 | 1,685 |
| Other income | 158 | 30 |
| Amortisation of government grants | 127 | 127 |
| Shared Ownership Sales Income | - | - |
| | 2,124 | 1,822 |

## 3. Operating surplus

The operating surplus is arrived at after charging/(crediting):

| | 2025 £000 | 2024 £000 |
|---|---|---|
| Depreciation of owned tangible fixed assets | 458 | 464 |
| Impairment of owned tangible fixed assets | - | 107 |
| Amortisation of government grants and donated land | ( 127 ) | ( 127 ) |
| Auditor's remuneration | | |
| - audit | 20 | 16 |
| - other services relating to taxation | 1 | 2 |
| Profit on disposal of fixed assets | 111 | - |

## 4. Trustees' and key management personnel remuneration and expenses

During the period, no Trustees received any benefits in kind (2024: nil) and no expenses were reimbursed to any Trustees.

The total amount of employee benefits received by key management personnel was £159,609 (2024: £60,818). The company considers its key management personnel to comprise of the managing director, financial controller and operations manager.

## 5. Staff costs and employee benefits

The average number of employees during the year was 4 (2024: 3)

The total staff costs and employee benefits were as follows:

| | 2025 £000 | 2024 £000 |
|---|---|---|
| Gross wages | 171 | 131 |
| NI contributions | 14 | 10 |
| Pension contributions | 8 | 3 |
| Total | 193 | 144 |

## 6. Interest payable

| | 2025 £000 | 2024 £000 |
|---|---|---|
| Loans from Gateshead Council | 665 | 668 |

## 7. Taxation

Total tax expense recognised in the income and expenditure account

| | 2025 £000 | 2024 £000 |
|---|---|---|
| Current tax | - | ( 1 ) |

### 7.1. Reconciliation of the effective tax rate

| | 2025 £000 | 2024 £000 |
|---|---|---|
| Surplus/(Deficit) | 68 | ( 153 ) |
| Total tax (credit)/ expense | - | ( 1 ) |
| Surplus/(Deficit) before tax | 68 | ( 154 ) |
| Tax using the UK corporation tax rate of 19% (2023: 19%) | 13 | ( 29 ) |
| Tax exempt revenues | - | - |
| Non-deductible expenses | (13) | 28 |
| Total expenses/(credit) included in the income statement | - | (1 ) |

## 8. Tangible fixed assets

| | Housing Properties | Land | Shared Ownership Housing Properties | Housing Properties Under Construction | Office Equipment | Total |
|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| **Cost** | | | | | | |
| At 1 April 2024 | 26,019 | 3,255 | 1,308 | 48 | 15 | 30,645 |
| Additions | 126 | - | - | 13 | 3 | 142 |
| Disposals | (135 ) | - | (41) | - | - | (176) |
| At 31 March 2025 | 26,010 | 3,255 | 1,267 | 61 | 18 | 30,611 |
| **Depreciation** | | | | | | |
| At 1 April 2024 | 3,645 | - | 88 | - | 5 | 3,738 |
| Charge for year | 440 | - | 13 | - | 5 | 458 |
| Eliminated on disposal | (50) | - | (2) | - | - | (52 ) |
| **At 31 March 2025** | 4,035 | - | 98 | - | 10 | 4,144 |
| **Net book value** | | | | | | |
| At 31 March 2025 | 21,974 | 3,255 | 1,168 | 61 | 8 | 26,466 |
| At 31 March 2024 | 22,374 | 3,255 | 1,220 | 48 | 10 | 26,907 |

The income, costs and surplus/deficit relating to the shared ownership properties amounts to £61k (2024 - £nil), £41k(2024 - £nil), £22k(2024 - £nil), respectively.

## 8.1 Housing Properties

Number of units under management

| | 2025 | 2024 |
|---|---|---|
| **Under development at end of the year** | | |
| Rented general need housing units | - | - |
| Shared ownership units | - | - |
| **Under management at end of the year** | | |
| Rented general need housing units | 283 | 284 |
| Shared ownership units | 24 | 24 |

## 9. Debtors

| | 2025 £000 | 2024 £000 |
|---|---|---|
| Trade debtors | - | 78 |
| Prepayments and accrued income | 276 | 446 |
| Corporation tax | - | - |
| | 276 | 524 |

## 10. Creditors: Amounts falling due within one year

| | 2025 £000 | 2024 £000 |
|---|---|---|
| Trade Creditors | 64 | 58 |
| Accruals | 132 | 225 |
| Loans from Gateshead Council | 369 | 369 |
| Other tax and social security | 4 | 4 |
| Government grants | 127 | 127 |
| | 696 | 783 |

## 11. Creditors: Amounts falling due after one year

| | 2025 £000 | 2024 £000 |
|---|---|---|
| Loans from Gateshead Council | 14,842 | 15,213 |
| Government grants | 11,429 | 11,555 |
| | 26,271 | 26,768 |

The first tranche of the loan from Gateshead Council of £4.5m is repayable in equal half yearly instalments of £46,717 over 50 years from March 2010 and accrues interest at 4.59%.

An additional facility of £1.7m was agreed with the Council in October 2014, and is repayable in equal half yearly instalments of £17,000 over 50 years from April 2015 and accrues interest at 4%.

An additional facility of £1.5m was agreed with the Council in April 2015, and is repayable in equal half yearly instalments of £15,000 over 50 years from October 2015 and accrues interest at 4.25%.

An additional facility of £1.0m was agreed with the Council in April 2016, and is repayable in equal half yearly instalments of £10,000 over 50 years from October 2016 and accrues interest at 3.75%.
An additional facility of £0.5m was agreed with the Council in April 2017, and is repayable in equal half yearly instalments of £5,000 over 50 years from October 2017 and accrues interest at 3.75%.

An additional facility of £1.8m was agreed with the Council in September 2017, and is repayable in equal half yearly instalments of £18,000 over 50 years from March 2018 and accrues interest at 3.75%.

An additional facility of £0.5m was agreed with the Council in December 2017, and is repayable in equal half yearly instalments of £5,000 over 50 years from June 2018 and accrues interest at 3.75%.

An additional facility of £0.9m was agreed with the Council in May 2018, and is repayable in equal half yearly instalments of £9,000 over 50 years from November 2018 and accrues interest at 3.68%.

An additional facility of £0.5m was agreed with the Council in October 2018, and is repayable in equal half yearly instalments of £5,000 over 50 years from April 2019 and accrues interest at 3.75%.

An additional facility of £0.7m was agreed in April 2019, and is repayable in equal half yearly instalments of £5,000 over 50 years from October 2019 and accrues interest at 3.56%.

An additional facility of £0.7m was agreed in July 2019, and is repayable in equal half yearly instalments of £5,000 over 50 years from January 2020 and accrues interest at 3.3%.

An additional facility of £0.25m was agreed in March 2020, and is repayable in equal half yearly instalments of £5,000 over 50 years from September 2020 and accrues interest at 3.3%.

An additional facility of £7m was agreed in May 2020, and is repayable in equal half yearly instalments of £7,000 over 50 years from November 2020 and accrues interest at 3.3%.

An additional facility of £4m was agreed in August 2020, and is repayable in equal half yearly instalments of £4,000 over 50 years from February 2021 and accrues interest at 3.4%.

An additional facility of £0.25m was agreed in September 2020, and is repayable in equal half yearly instalments of £2,500 over 50 years from March 2021 and accrues interest at 3.4%.

An additional facility of £0.25m was agreed in December 2020, and is repayable in equal half yearly instalments of £2,500 over 50 years from June 2021 and accrues interest at 3.35%.

An additional facility of £0.6m was agreed in March 2021, and is repayable in equal half yearly instalments of £6,000 over 50 years from September 2021 and accrues interest at 3.35%.

An additional facility of £0.5m was agreed in May 2021, and is repayable in equal half yearly instalments of £5,000 over 50 years from November 2021 and accrues interest at 3.3%.

An additional facility of £0.35m was agreed in September 2021 and is repayable in equal half yearly instalments of £3,500 over 50 years from March 2022 and accrues interest at 3.16%.

An additional facility of £0.7m was agreed in November 2021 and is repayable in equal half yearly instalments of £7,000 over 50 years from May 2022 and accrues interest at 3.19%.

**Government grants**

A total of £4.832m grant was received from Homes England between the financial years of 2010/11 and 2013/14 in relation to the Kibblesworth development. This is released to the accounts over a period of 100 years.

A total of £2.663m grant was received from Homes England between the financial years of 2013/14 and 2020/21 in relation to the Empty Homes Purchase and Repair schemes. This is released to the accounts over a period of 100 years.

A total of £33.7k grant was received from the Tyne and Wear Fire and Rescue Service in relation to the installation of sprinkler systems in some of our new build developments. This is released to the accounts over a period of 100 years

A total of £0.345m grant was received from Homes England between the financial years of 2015/16 and 2016/17 in relation to the Runhead and Heddon View development. This is released to the accounts over a period of 100 years.

A total of £0.318m grant was received from Homes England between the financial years of 2016/17 and 2018/18 in relation to the West Park development. This is released to the accounts over a period of 100 years.

A total of £0.778m grant was received from Homes England in financial years of 2019/20 and 2020/21 in relation to the Bleach Green development. This is released to the accounts over a period of 100 years.

A total of £0.210m grant was received from Homes England in financial year 2020/21 in relation to the Lyndhurst development. This is released to the accounts over a period of 100 years.

Included within government grants is an amount of £2,776,600 relating to donated land (2021: £2,806,250)

Land with a value £2.7m was donated to the company in 2010/11 in relation to the Kibblesworth development. This is released to the accounts over a period of 100 years.

Land with a value £0.115m was donated to the company in 2016/17 in relation to the Heddon View development. This is released to the accounts over a period of 100 years.

Land with a value £0.15m was donated to the company in 2017/18 in relation to the West Park development. This is released to the accounts over a period of 100 years.

Land with a value of £0.15m was donated to the company in relation to Malton Green development. This is released to the accounts over a period of 100 years.

## 12. Related Party Transactions

During the financial period up until 3 July 2023, the company had a close working relationship with Gateshead Council due to previously being a subsidiary prior to becoming independent in 2014/15.

The total expenditure incurred with Gateshead Council during financial year 2025 was £66,160 (2024 £218,094 ), and the total income received was £351,366 (2024: £598,091) .There were also creditors due to Gateshead Council totalling £306 (2024:£634) and a debtor amount of nil (2024: £77,935 )at 31 March 2025.

Since 3 July 2023, the Company are a member of Karbon Homes cost saving group and have a share in this group. The total expenditure incurred with Karbon Homes during year 2025 was £559,482(2024: £282,251, and the total income received was £139,302 (2024: £78,925). There were also creditors due to Karbon totalling £32,194 (2024: £42,725) and a debtor amount of nil at 31 March 2025 (2024 : nil).

A member of key management personnel is resident in a rent to buy property owned by the Company during the current and previous year. The total income received during the financial year 2024/25 was £7,867 ( 2024: £7,325 ) and total expenditure incurred was £nil (2024: nil). There was no creditor or debtor due at 31 March 2025 (2024 nil).

## 13. Financial assets and liabilities

| | 2025 £000 | 2024 £000 |
|---|---|---|
| **Assets measured at cost less impairment** | | |
| Trade debtors | - | 78 |
| **Liabilities measured at amortised cost** | | |
| Loans from Gateshead Council | 15,213 | 15,582 |

There are no assets or liabilities held at fair value.

## 14. Cash from operating activities

| | 2025 £000 | 2024 £000 |
|---|---|---|
| Deficit for the year | 68 | (153) |
| *Adjustment for:* | | |
| Depreciation and amortisation | 458 | 464 |
| Impairment of fixed assets | - | 107 |
| Profit on disposal of fixed assets | (112) | 17 |
| Interest payable and similar charges | 665 | 669 |
| Deferred government grant | (127) | ( 127 ) |
| Taxation | - | (1 ) |
| | **952** | **976** |
| Decrease/(increase) in trade and other debtors | 248 | ( 117 ) |
| (Decrease) in trade and other creditors | ( 87 ) | ( 252 ) |
| Interest paid | (665) | ( 669) |
| Tax paid | - | ( 1 ) |
| **Net cash from operating activities** | **448** | **171** |

**KEELMAN HOMES LIMITED**

England & Wales - Charity number 1133321

# Accounts

Charity Number: 1133321
Company Number: 06972673

# KEELMAN HOMES LIMITED

(a company limited by guarantee and not having share capital)

Financial Statements
for the year ended 31 March 2024

**Keelman Homes Limited**
**(a company limited by guarantee and not having a share capital)**

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**For the year ended 31 March 2024**


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**Keelman Homes Limited**
**(a company limited by guarantee and not having a share capital)**

**Strategic report**
**For the year ended 31 March 2024**

## Report of the Board

The Board present their report and financial statements for the period ended 31 March 2024.

## Principal activities

The principal activity of the company is development of affordable housing and (as registered provider for affordable housing) carrying out landlord duties. The company contracts with delivery partners to increase the levels of affordable housing within the Gateshead area and has entered into a partnership with Karbon Solutions to deliver housing management services to existing homes and tenants.

At 31 March 2024 the portfolio included:

- 188 new build properties.
- 120 properties acquired as part of an Empty Homes Purchase and Repair (EHPaR) Programme.

There was no development activity in 2023/24 while the company focused on asset management of its existing stock, with a view to developing an investment programme to improve existing homes, and ensure all homes reach EPC rating C by 2030.

Former Developments

New Build schemes:
Kibblesworth – 94 dwellings (81 affordable rent, 13 shared ownership)
Runhead Estate – 9 dwellings (affordable rent)
Heddon View – 6 dwellings (affordable rent)
Strathmore Road - 2 dwellings (affordable rent)
Nugent Row – 6 dwellings (affordable rent)
Dunn Court – 6 dwellings (affordable rent)
The Lonnen – 14 dwellings (affordable rent)
West Park – 17 dwellings (affordable rent)
Marion Court – 1 dwelling (affordable rent)
Lyndhurst (sales name 'Valley View') - 6 dwellings (affordable rent)
Bleach Green (sales name 'High View') – 27 dwellings (12 affordable rent, 11 shared ownership, 4 rent to buy)

EHPaR (refurbished properties)
120 homes have been brought back into use across the Metropolitan Borough of Gateshead.

## Our aims and objectives

Keelman Homes' purpose as set out in the objects contained within the Company's Memorandum of Association includes:

(a) to provide houses or hostels or other residential accommodation and any associated amenities for persons in necessitous circumstances upon terms appropriate to their means;

(b) to provide for aged, disabled (whether physically or mentally), or chronically sick persons in need thereof houses or hostels or other residential accommodation and any associated amenities specially designed or adapted to meet the disabilities and requirements of such persons;

(c) to provide services, advice or assistance upon terms appropriate to their means to aged, disabled (whether physically or mentally) or chronically sick persons or other persons in necessitous circumstances in need thereof and providing any associated amenities specially designed or adapted to meet the disabilities and requirements of such persons;

(d) the provision of recreation or other leisure facilities in the interest of social welfare with the object of improving the conditions of life for the residents of the area of benefit;

(e) the relief of poverty amongst the residents of the area of benefit;

(f) the advancement of education, training or retraining, particularly among unemployed people and providing unemployed people with work experience;

(g) the maintenance, improvement or provision of public amenities for the public benefit in the interests of regeneration in areas of social and economic deprivation in which the Charity owns or manages housing stock; and

(h) such other charitable purposes beneficial to the public consistent with the objects above as the Trustees shall in their absolute discretion determine.

Keelman Homes aims to provide new housing in Gateshead for affordable rent and to provide housing management services for our tenants in this area. Our aims reflect the purposes Keelman Homes was set up to deliver.

### Ensuring our work delivers our aims

Every year we reflect and self-assess our achievements against the company aims and objectives, and during a Board Strategy Planning day we develop our plans for the forthcoming years, ensuring the aims and objectives are being fulfilled.

### Structure, Governance and Management

### Governing document

Keelman Homes is a charitable company limited by guarantee; it was incorporated as a private company on 25 July 2009 and received charitable status on 16 December 2009. The organisation was established under a Memorandum of Association which established the objects and powers of the company and is governed under the Articles of Association.

During the 2014/15 financial year there was a significant change in the membership of Keelman Homes with The Gateshead Housing Company resigning and the current Trustees of Keelman Homes being appointed as members. The ownership of Keelman Homes changed to being owned by the Board of Trustees of Keelman Homes, rather than being owned by The Gateshead Housing Company.

As a subsidiary of The Gateshead Housing Company, Keelman Homes was precluded from applying for funding from Homes England's (HE) affordable homes guarantee programme. Changing the membership of Keelman Homes allowed it access to new potential funding resources from HE and the private sector, and with this there is the potential to increase the amount of new affordable homes the company can deliver.

In the event of the charity being dissolved, every member must pay up to £10 towards the cost of dissolution and the liabilities incurred by the charity.

### Corporate governance

The company is a limited by guarantee without any share capital.

The company adopts the principles of the NHF 2020 Code of Governance relative to an organisation of its size and structure.

The Keelman Homes Board agree to codes of conduct which are in line with the Charity Commissions 'Guide to the Essential Trustee' (CC3) and the Company has a Risk Management Policy in place which underpins its key decisions.

The current Board membership includes 6 Trustees, which is suitable for all current activity.

The Board complies with the rules as set out in the Articles of Association, and an internal governing document referred to as standing orders.

The Board act in the interests of Keelman Homes Limited and not on behalf of any other interest group.

The Board who held office at the date of approval of this Board report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each Board Member has taken all the steps that he or she ought to have taken as a Board Member to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

In line with the statutory requirements for a limited company, a copy of these accounts will be filed with Companies House.

**Compliance with the Regulatory Framework**

As a Registered Provider, Keelman Homes must comply with rules set out by the Regulator of Social Housing. There were no regulatory interventions during the year, and we continue to operate within the standards set out by RoSH.

**Recruitment and appointment of Trustees**

The Trustees, as charity Trustees, control the company and its property and funds, and are known as the Board. The Trustees shall consist of at least six and not more than eight individuals, comprising of one individual nominated by Gateshead Council and seven individuals appointed through a selection process as ordinary Trustees. The Board skills are captured on a skills matrix which helps with finding the right candidate when recruiting for a new Trustee.

Under the 2020 NHF Code of Governance, Trustees should serve no more than 6 consecutive years on a Board – at Keelman this equates to two terms of office. By exception, Trustees can remain on the board for a third and final term, serving up to 9 years, where the Board agrees that it is in the best interest of the company and following an appraisal of the member.

**Organisational structure**

The Trustees meet quarterly and are responsible for all decisions taken by the company.

The company employs a Managing Director and Financial Controller to oversee the day-to-day running of the company. The Managing Director is also appointed as Company Secretary and the Authorised Representative.

Until the 30 June 2023, homes were managed by Gateshead Council under a Management Agreement.

From 1st July 2023, Keelman Homes began working in partnership with Karbon Homes, and joined their cost sharing group Karbon Solutions, taking one share of the company. Karbon began delivering most Keelman Homes front line tenant services post June 2023.

**Recruitment and development of staff**

The quality and integrity of staff are essential for maintaining good internal control. Staff policies are set out in a Keelman Homes staff handbook and the structure of the staffing arrangements are always under review to ensure effective running of the company.

## Related parties

The Charity is guided by the Charities Act and Companies Act and is guided by both National and Local Policy.

For the first quarter of this financial year Gateshead Council acted as a managing agent for Keelman Homes in its day-to-day operations.

From Q2-Q4 operational management of Keelman homes and residents was transferred to Karbon.

One member of key management personnel of Keelman Homes is a related party – a declared interest is known to the Board.

The Board considers that the systems of internal control are effective and appropriate.

## Risk Management

The Board assess, and mitigates as appropriate, the following key strategic risks:

- Effective management of the company's finances
- Effective delivery of new build and existing investment projects
- Effective delivery of asset management
- Effective management of business continuity
- Effective management of corporate governance
- Monitoring of changing government policy and effective delivery of the business model if policy changes impact the company
- Impact on rent income due to Universal Credit and Welfare Reform
- Sourcing funding to support the company activities
- Achieving good value for money
- Effectively maintaining positive relationships with partners
- Effectively concluding a strategic options appraisal for longer-term management of Keelman Homes existing housing stock
- Effective development and delivery a strategic forward plan
- Effective controls to manage increased costs of services, labour and materials (introduced during 'cost of living crisis')

The risks are reviewed quarterly in accordance with the risk management policy. The risk management policy was reviewed in 2023/24 and is reviewed every three years or sooner if appropriate.

## Policies on Internal Control

Keelman Homes has established policies and procedures to monitor and emphasize the need for strong internal control. These include Financial Regulations that require adequate segregation of duties.

### Reports to the Board

- Strategic Risks are discussed at every meeting.
- Performance is measured against agreed KPI targets at every meeting.
- Compliance of the safety of our homes is measured against KPI's at every meeting.
- Tenant feedback is presented to Board annually, and includes management information which relates to the decency of our homes and number of complaints received each year.
- Budgets are set before the beginning of each financial year and agreed annually in advance. Update reports on income and expenditure are presented to the Board quarterly, assessing YTD and quarterly actuals against forecast expenditure.
- Risk is considered as part of every report presented and covers implications for the customer (Keelman tenant/leaseholders), company finance, health and safety, impact on investment/asset management/delivery of new homes, legal or regulatory, EDI, company reputation.

### Value for money

We are committed to delivering excellent value for money to our residents and communities, now and as part of our longer-term plans. This is one of our core values and is integrated into our business plan.

We aim to drive ongoing value for money by making informed financial and operational decisions. This means spending money wisely and having regard to the three E's:

- Economy
- Efficiency
- Effectiveness

We are committed to reinvesting surpluses into our communities by maintaining our existing homes and building more affordable homes.

We recognise that value for money (VfM) is important for our customers and continue to focus on improving estates, energy efficiency and safety for our customers.

We have calculated our VfM Metrics for 2023/24 based upon the Housing Regulator's VfM Standard for smaller Registered Providers:

| Metric | Result | VfM Measure |
|---|---|---|
| Metric 1 - Reinvestment | 0.47% | Efficiency |
| Metric 2a – New Supply (Social) | 0.00% | Effectiveness |
| Metric 2b – New Supply (Non-Social) | 0.00% | Effectiveness |
| Metric 3 – Gearing | 56.08% | Efficiency |
| Metric 4 – EBITDA MRI Interest Rate Cover | 106.06% | Efficiency |
| Metric 5 – Headline Social Housing Cost per Unit | £4,487 | Economy |
| Metric 6a – Operating Margin (SHL) | 31.16% | Efficiency |
| Metric 6b – Operating Margin (Overall) | 28.19% | Efficiency |
| Metric 7 – Return on Capital Employed (ROCE) | 1.91% | Efficiency |

**Financial review**

Financial Highlights 2023/24

| Statement of Comprehensive Income | £000 | Balance Sheet | £000 | Creditors | £000 |
|---|---|---|---|---|---|
| Annual Turnover | 1,822 | Fixed Assets | 26,907 | Loans (GMBC) | 15,583 |
| Operating Costs | 1,308 | Cash at Bank 31.03.2024 | 233 | Government Grants | 11,683 |
| Deficit for the Year | (154) | Retained Earnings | 113 | | |

**Principal funding sources**

The principal funding sources for the building of our new homes are Homes England (HE) Grants and loans.

Once properties are built and let, the principal funding sources are rental income and service charge income for those properties.

**Reserves policy**

Keelman Homes aims to maintain its general reserves at a minimum of 3% of the annual expenditure budget; reserves are reinvested into the business when required, to support development activity and asset management.

**Future plans**

The company's overall vision, mission and three main strategic priorities, which supports what the company was set up to do and reflects our Articles of Association.

Our vision is to build a better Gateshead.

Our mission is to provide quality affordable homes.

Our priorities are:

1. our customers – we strive to achieve high levels of customer satisfaction.

2. to deliver quality affordable homes – through our asset management for existing homes, and building new homes as part of an affordable homes development programme.
3. to remain well governed and financially strong.

Our values are:

1. We care about our customers - We are passionate about our social purpose. We understand pressures faced by everyday people in Gateshead and we do what we can to help improve their lives.

2. We value quality - We want our customers to feel proud of their home by making sure homes are well maintained and new homes are delivered to high standards.

3. We are focused on affordability - We strive to achieve good value for money, making money go further by choosing carefully where to focus our spending.

4. We are trustworthy - We are a trusted and professional partner, committed to delivering on our priorities and promises.

5. We are ambitious - We are ambitious and we embrace new opportunities to improve our offer to customers and staff.

6. We are mindful of the environment - We aim to do our bit for the planet by considering the impact our decisions have on the environment and we try to reduce our CO2 footprint.

The Business Plan is reviewed and approved by Board on a regular basis, to ensure our approach continues to remain appropriate for our business needs. The progress of these objectives is closely linked to ensuring value for money is achieved.

**Going Concern**

The financial statements have been prepared on a going concern basis.

An impairment is shown in the accounts at year end which is due to a known defect effecting some of our new build homes which are still within their structural warranty. The assets affected have been fully written down in the financial year.

**Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor is deemed to be reappointed and CLA Evelyn Partners (formally known as Haines Watts) will therefore continue in office.

By order of the Board.

**Tom Winter**
*Trustee*

Offices 19-20,
Gateshead International Business Centre
Mulgrave Terrace,
Gateshead,
NE8 1AN

2023

## Reference and administrative details

| | |
|---|---|
| **Charity Reference Number** | 1133321 |
| **Company Reference Number** | 06972673 |
| **Registered Provider Number** | 4647 |
| **Registered Address** | Offices 19-20<br>Gateshead International Business Centre<br>Mulgrave Terrace<br>Gateshead<br>NE8 1AN |
| **Directors** | Joanne Giles<br>Tom Winter<br>Christopher Buckley – Appointed 30 July 2024<br>Marc Edwards – Appointed 16 November 2023<br>Rhiannon Piasecki – Appointed 16 November 2023<br>Alistair Wylie – Resigned 19 September 2024<br>Jennifer Elliot – Resigned 12 May 2023<br>John Adams – Resigned 30 July 2024<br>Scott Robinson – Resigned 15 April 2024<br>Iftekar Alom – Resigned 26 January 2024 |
| **Secretary** | Anne-Marie Pearce |
| **Auditor** | CLA Evelyn Partners Limited<br>17 Queens Lane<br>Newcastle upon Tyne<br>NE1 1RN |
| **Banker** | The Co-operative Bank<br>131-135 Northumberland Street<br>Newcastle upon Tyne<br>NE1 7AG |
| **Solicitor** | Weightmans LLP<br>1 St James' Gate<br>Newcastle upon Tyne<br>NE1 4AD |

**Keelman Homes Limited**
**(a company limited by guarantee and not having a share capital)**

**Statement of trustees responsibilities**
**For the year ended 31 March 2024**

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of Keelman Homes Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice, including Charities Act 2018 have been followed
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the board on 19/09/2024 and signed on their behalf by;

.....

**Tom Winter**
*Trustee*

**Keelman Homes Limited**

**(a company limited by guarantee and not having a share capital)**

**Audit Report**
**For the year ended 31 March 2024**

## Opinion

We have audited the financial statements of Keelman Homes Limited ("the charitable company") for the year ended 31 March 2024 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Reserves, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2024, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities Act 2018, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2022.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to Going Concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

## Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' report, other than the financial statements and our auditor's report thereon. Our opinion

on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**
In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

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

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion a satisfactory system of control over transactions has not been maintained.

**Responsibilities of trustees**
As explained more fully in the trustees' responsibilities statement set out on page 15, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group and parent charitable company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We obtained an understanding of the legal and regulatory framework applicable to both the company itself and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the directors and other management. The most significant were identified as the Companies Act 2006, Housing SORP 2018, UK GAAP (FRS102) and relevant tax legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements. Our audit procedures included:

- confirming with the directors and management whether they have any knowledge or suspicion of fraud;
- obtaining an understanding of the internal controls established to mitigate risks related to fraud or non compliance with laws and regulations;
- review board minutes for any potential indicators of non compliance with laws and regulations; and
- assessing the risk of management override including identifying and testing a sample of journal entries

Our audit did not identify any key audit matters relating to the detection of irregularities including fraud. However, despite the audit being planned and conducted in accordance with ISAs (UK) there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularity likely involve collusion, forgery, intentional misrepresentations, or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

..... 30.9.24

**Nicola Scarr ACA (Senior Statutory Auditor)**
**For and on behalf of CLA Evelyn Partners Limited**

**Chartered Accountant and**
**Statutory Auditor**

17 Queens Lane
Newcastle upon Tyne
NE1 1RN

**Keelman Homes Limited**
**(a company limited by guarantee and not having a share capital)**

**Statement of Comprehensive Income**
**For the year ended 31 March 2024**

| | Notes | 2024 £000 | 2023 £000 |
|---|---|---|---|
| Turnover | 2 | 1,822 | 1,778 |
| Operating costs | | ( 1,308 ) | ( 1,231 ) |
| **Operating surplus** | 3 | 514 | 547 |
| Interest payable | 6 | ( 668 ) | ( 673 ) |
| **(Deficit)/Surplus before tax** | | ( 154 ) | ( 126 ) |
| Tax | 7 | 1 | 14 |
| **(Deficit)/Surplus for the year** | | ( 153 ) | ( 112 ) |
| **Total comprehensive income for the year** | | ( 153 ) | ( 112 ) |

All activities are continuing.

The above income and expenditure should be read in conjunction with the accompanying notes.

The financial statements were approved by the trustees on 19/09/ 2024 and signed on their behalf by:

.....
Rhiannon Piasecki

.....
Tom Winter

**Keelman Homes Limited**
**(a company limited by guarantee and not having a share capital)**

**Statement of Financial Position**
**As at 31 March 2024**

| | Notes | 2024 | 2023 (as restated) |
|---|---|---|---|
| | | £000 | £000 |
| **Fixed assets** | | | |
| Tangible assets | 9 | 26,907 | 27,352 |
| **Current assets** | | | |
| Debtors | 10 | 524 | 641 |
| Cash at bank and in hand | | 233 | 573 |
| | | 757 | 1,214 |
| **Liabilities** | | | |
| Creditors: amounts falling due within one year | 11 | ( 783 ) | ( 1,083) |
| **Net current assets/ (liabilities)** | | ( 26 ) | 131 |
| Creditors: amounts falling due after one year | 12 | ( 26,768 ) | ( 27,217 ) |
| **Net assets** | | 113 | 266 |
| **Reserves** | | | |
| Income & Expenditure Reserve | | 113 | 266 |

The accompanying notes form part of these financial statements.

The financial statements were approved by the trustees on 19/09/2024 and signed on their behalf by:

.....
Rhiannon Piasecki

.....
Tom Winter

**Keelman Homes Limited**
**(a company limited by guarantee and not having a share capital)**

**Statement of Changes in Reserves**
**For the year ended 31 March 2024**

| | Income & Expenditure Reserve (as restated) £000 |
|---|---|
| Balance at 1 April 2022 (as restated) | 378 |
| Deficit for year | ( 112) |
| **Balance at 31 March 2023 (as restated)** | 266 |
| Balance at 1 April 2023 | 266 |
| Deficit for year | ( 153 ) |
| **Balance at 31 March 2024** | 113 |

The above statement of changes in reserves should be read in conjunction with the accompanying notes.

**Keelman Homes Limited**
**(a company limited by guarantee and not having a share capital)**

**Statement of Cashflows**
**As at 31 March 2024**

| | Notes | 2024 £000 | 2023 £000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| ***Net cash (used in)/provided by operating activities*** | **16** | 171 | ( 139 ) |
| **Cash flows from investing activities** | | | |
| Purchase of tangible fixed assets | **9** | ( 142 ) | ( 42 ) |
| Proceeds from disposal of tangible fixed assets | | - | 55 |
| Proceeds from the receipt of government grants | | - | 11 |
| ***Net cash provided by investing activities*** | | ( 142 ) | 24 |
| **Cash flows from financing activities** | | | |
| Repayment of borrowings | | ( 369 ) | ( 369 ) |
| Proceeds from new loan | | - | - |
| ***Net cash used in financing activities*** | | ( 369 ) | ( 369 ) |
| **Change in cash and cash equivalents** | | ( 340 ) | ( 484 ) |
| Cash and cash equivalents at the beginning of the year | | 573 | 1,057 |
| **Cash and cash equivalents at the end of the year** | | 233 | 573 |
| **Breakdown of cash and cash equivalents** | | | |
| Cash at bank and in hand | | 233 | 573 |

## 1. Accounting Policies

### 1.1 Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Statement of Recommended Practice for Social Housing Providers 2018, and with the Accounting Direction for private registered providers of social housing in England 2022. The registered provider is a public benefit entity registered in the UK.

The financial statements comply with the Housing and Regeneration Act 2008 and the Companies Act 2006. The financial statements are prepared in sterling, which is the functional currency, and rounded to the nearest thousand.

### 1.2 Basis of accounting

The financial statements are prepared under the historical cost convention except for donated assets which are included at fair value upon donation.

### 1.3 Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Report of the Board on pages 2 to 9.

The previous management for the housing stock with Gateshead Council expired at the end of June 2023, but a new five-year management agreement was signed in June 2023 with Karbon Homes, and this took effect from Monday 3 July 2023.

The financial statements have been prepared on a going concern basis which the trustees consider to be appropriate for the following reasons. The trustees have prepared cash flow forecasts for a period covering more than 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, to meet its liabilities as they fall due for that period.

### 1.4 Turnover

Turnover comprises rental income receivable in the year, income from shared ownership first tranche sales, sales of properties built for sale and grants receivable in the year.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale.

### 1.5 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable surplus for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

### 1.6 Housing properties

Housing properties are recorded at cost less accumulated depreciation and impairment. Housing properties in the course of construction are stated at cost and are transferred into housing properties when completed. The cost of a property includes purchase price and any costs directly attributable to bringing it into working condition for the intended use.

Expenditure on shared ownership properties is split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover, and the remaining element is classed as fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

Housing properties are split under component accounting between land, structure and a specific set of major component that require replacement periodically. Replacement of such components is capitalised and depreciated on a straight line basis over the estimated useful life of components as follows:

| | | |
|---|---|---|
| Roof | - | 50 years |
| Heating systems | - | 40 years |
| Electrics | - | 30 years |
| Windows and external doors | - | 25 years |
| Structure | - | 100 years |
| Bathroom | - | 30 years |
| Kitchen | - | 20 years |
| Gas boiler | - | 15 years |
| Land | - | Not depreciated |

Housing properties are assessed annually for impairment indicators. Where indicators are identified, an assessment for impairment is undertaken comparing the scheme's (CGU) carrying amount to its recoverable amount. Where the carrying amount of a scheme is deemed to exceed its recoverable amount, the scheme is written down to its recoverable amount. The resulting impairment loss is recognised as operating expenditure. Where a scheme is currently deemed not to be providing service potential to the association, its recoverable amount is its fair value less costs to sell

Costs of improvement works to existing properties are only capitalised when there is a demonstrable enhancement of the economic benefits of the asset.

### 1.7 Other tangible fixed assets

Other fixed assets are stated at cost less accumulated depreciation and impairment. Depreciation is charged on a straight line basis.

| | | |
|---|---|---|
| IT Equipment | - | 3 years |

**1.8 Stocks**

Stocks comprise housing properties held for outright sale, and are stated at the lower of cost and net realisable value. The costs associated with properties in the course of construction are recognised as incurred, to the extent that they are considered to be recoverable.

**1.9 Social housing grant and other government grants**

Where grants are received from government agencies such as Homes England and local authorities, which meet the definition of government grants, they are recognised when there is reasonable assurance that the conditions attached to them will be complied with and the grant will be received.

Government grants are recognised using the accrual model and are classified either as a grant relating to revenue or a grant relating to assets. Grants relating to revenue are recognised in income on a systematic basis over the period in which related costs for which the grant is intended to compensate are recognised. Where a grant is receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future related costs, it is recognised as revenue in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised in income over the expected useful life of the housing property structure. Where a grant is received specifically for components of a housing property, the grant is recognised in income over the expected useful life of the component.

Government grants received for housing properties are subordinated to the repayment of loans by agreement with the Homes England. Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the statement of financial position in creditors. If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in income and expenditure.

**1.10 Accounting estimates and judgements**

The preparation of financial statements requires the Board to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The key areas requiring the use of estimates and judgements which may significantly affect the financial statements are considered to be:

*Estimation of the useful life of assets*

The board is required to estimate the useful economic life of each component of its housing properties. These estimates are based on experience of the housing stock compared to wider sector practice.

*Valuation of donated land*

Donated land is valued by qualified specialists within Gateshead Council who use their professional knowledge and experience to assess the value of the land.

## 2. Turnover

| | 2024 £000 | 2023 £000 |
|---|---|---|
| Rental and service charge income receivable | 1,665 | 1,557 |
| Other income | 30 | - |
| Amortisation of government grants | 127 | 127 |
| Shared Ownership Sales Income | - | 94 |
| | 1,822 | 1,778 |

## 3. Operating surplus

The operating surplus is arrived at after charging/(crediting):

| | 2024 £000 | 2023 £000 |
|---|---|---|
| Depreciation of owned tangible fixed assets | 464 | 465 |
| Impairment of owned tangible fixed assets | 107 | - |
| Amortisation of government grants and donated land | ( 127 ) | ( 127 ) |
| Auditor's remuneration | | |
| - audit | 16 | 15 |
| - other services relating to taxation | 2 | 2 |

## 4. Trustees' and key management personnel remuneration and expenses

During the period, no Trustees received any benefits in kind (2023: nil) and no expenses were reimbursed to any Trustees.

The total amount of employee benefits received by key management personnel was £60,818 (2023: £48,318 ). The company considers its key management personnel to comprise non-trustees who directly contribute to the board meetings.

## 5. Staff costs and employee benefits

The average number of employees during the year was 3 (2023: 1)

The total staff costs and employee benefits were as follows:

| | 2024 £000 | 2023 £000 |
|---|---|---|
| Gross wages | 131 | 53 |
| NI contributions | 10 | 6 |
| Pension contributions | 3 | - |
| Total | 144 | 59 |

## 6. Interest payable

| | 2024 £000 | 2023 £000 |
|---|---|---|
| Loans from Gateshead Council | 668 | 673 |

## 7. Taxation

Total tax expense recognised in the income and expenditure account

| | 2024 £000 | 2023 £000 |
|---|---|---|
| Current tax | ( 1 ) | ( 14 ) |

## 7.1. Reconciliation of the effective tax rate

| | 2024 £000 | 2023 £000 |
|---|---|---|
| (Deficit)/Surplus | ( 153 ) | ( 112 ) |
| Total tax (credit)/ expense | ( 1 ) | ( 14 ) |
| (Deficit)/Surplus before tax | ( 154 ) | ( 126 ) |
| Tax using the UK corporation tax rate of 19% (2023: 19%) | ( 29 ) | ( 24 ) |
| Tax exempt revenues | - | - |
| Non-deductible expenses | 28 | 10 |
| Total (credit)/expense included in the income statement | ( 1 ) | (14 ) |

## 8. Prior year adjustment

A prior year adjustment has been identified in relation to errors relating to interest paid and interest due per the loan agreement during the period of FY17/18 and FY19/20. This has led to an over accrual of £175k.

The impact on the above on the 2023 financial statements is as follows:

**Statement of comprehensive income**
No impact on the deficit within 2023.

**Statement of financial position**
The restatement of prior year has resulted in an increase of opening 2023 reserves of £175,000 taking them from £203,000 as previously reported, to £378,000 after restatement.

Accruals in 2023 have reduced by £175,000 from £684,000 as previously reported, to £509,000 after restatement.

## 9. Tangible fixed assets

| | Housing Properties | Land | Shared Ownership Housing Properties | Housing Properties Under Construction | Office Equipment | Total |
|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| **Cost** | | | | | | |
| At 1 April 2023 | 25,974 | 3,255 | 1,253 | 48 | 3 | 30,533 |
| Additions | 74 | - | 55 | - | 13 | 142 |
| Disposals | ( 29 ) | - | - | - | ( 1 ) | ( 30 ) |
| At 31 March 2024 | 26,019 | 3,255 | 1,308 | 48 | 15 | 30,645 |
| **Depreciation** | | | | | | |
| At 1 April 2023 | 3,105 | - | 75 | - | 1 | 3,181 |
| Charge for year | 447 | - | 13 | - | 4 | 464 |
| Eliminated on disposal | ( 14 ) | - | - | - | - | ( 14 ) |
| Impairment charge | 107 | - | - | - | - | 107 |
| **At 31 March 2024** | 3,645 | - | 88 | - | 5 | 3,738 |
| **Net book value** | | | | | | |
| At 31 March 2024 | 22,374 | 3,255 | 1,220 | 48 | 10 | 26,907 |
| At 31 March 2023 | 22,869 | 3,255 | 1,178 | 48 | 2 | 27,350 |

The income, costs and surplus/deficit relating to the shared ownership properties amounts to £nil (2023 - £94k), £nil (2023 - £56k), £nil (2023 - £38k), respectively.

## 9.1 Housing Properties

Number of units under management

| | 2024 | 2023 |
|---|---|---|
| **Under development at end of the year** | | |
| Rented general need housing units | - | - |
| Shared ownership units | - | - |
| **Under management at end of the year** | | |
| Rented general need housing units | 284 | 284 |
| Shared ownership units | 24 | 24 |

## 10. Debtors

| | 2024 £000 | 2023 £000 |
|---|---|---|
| Trade debtors | 78 | 243 |
| Prepayments and accrued income | 446 | 384 |
| Corporation tax | - | 14 |
| | 524 | 641 |

## 11. Creditors: Amounts falling due within one year

| | 2024 £000 | 2023 (as restated) £000 |
|---|---|---|
| Trade Creditors | 58 | 30 |
| Accruals | 225 | 509 |
| Loans from Gateshead Council | 369 | 369 |
| Other tax and social security | 4 | - |
| Government grants | 127 | 175 |
| | 783 | 1,083 |

## 12. Creditors: Amounts falling due after one year

| | 2024 £000 | 2023 £000 |
|---|---|---|
| Loans from Gateshead Council | 15,213 | 15,583 |
| Government grants | 11,555 | 11,634 |
| | 26,768 | 27,217 |

The first tranche of the loan from Gateshead Council of £4.5m is repayable in equal half yearly instalments of £46,717 over 50 years from March 2010 and accrues interest at 4.59%.

An additional facility of £1.7m was agreed with the Council in October 2014, and is repayable in equal half yearly instalments of £17,000 over 50 years from April 2015 and accrues interest at 4%.

An additional facility of £1.5m was agreed with the Council in April 2015, and is repayable in equal half yearly instalments of £15,000 over 50 years from October 2015 and accrues interest at 4.25%.

An additional facility of £1.0m was agreed with the Council in April 2016, and is repayable in equal half yearly instalments of £10,000 over 50 years from October 2016 and accrues interest at 3.75%.
An additional facility of £0.5m was agreed with the Council in April 2017, and is repayable in equal half yearly instalments of £5,000 over 50 years from October 2017 and accrues interest at 3.75%.

An additional facility of £1.8m was agreed with the Council in September 2017, and is repayable in equal half yearly instalments of £18,000 over 50 years from March 2018 and accrues interest at 3.75%.

An additional facility of £0.5m was agreed with the Council in December 2017, and is repayable in equal half yearly instalments of £5,000 over 50 years from June 2018 and accrues interest at 3.75%.

An additional facility of £0.9m was agreed with the Council in May 2018, and is repayable in equal half yearly instalments of £9,000 over 50 years from November 2018 and accrues interest at 3.68%.

An additional facility of £0.5m was agreed with the Council in October 2018, and is repayable in equal half yearly instalments of £5,000 over 50 years from April 2019 and accrues interest at 3.75%.

An additional facility of £0.7m was agreed in April 2019, and is repayable in equal half yearly instalments of £5,000 over 50 years from October 2019 and accrues interest at 3.56%.

An additional facility of £0.7m was agreed in July 2019, and is repayable in equal half yearly instalments of £5,000 over 50 years from January 2020 and accrues interest at 3.3%.

An additional facility of £0.25m was agreed in March 2020, and is repayable in equal half yearly instalments of £5,000 over 50 years from September 2020 and accrues interest at 3.3%.

An additional facility of £7m was agreed in May 2020, and is repayable in equal half yearly instalments of £7,000 over 50 years from November 2020 and accrues interest at 3.3%.

An additional facility of £4m was agreed in August 2020, and is repayable in equal half yearly instalments of £4,000 over 50 years from February 2021 and accrues interest at 3.4%.

An additional facility of £0.25m was agreed in September 2020, and is repayable in equal half yearly instalments of £2,500 over 50 years from March 2021 and accrues interest at 3.4%.

An additional facility of £0.25m was agreed in December 2020, and is repayable in equal half yearly instalments of £2,500 over 50 years from June 2021 and accrues interest at 3.35%.

An additional facility of £0.6m was agreed in March 2021, and is repayable in equal half yearly instalments of £6,000 over 50 years from September 2021 and accrues interest at 3.35%.

An additional facility of £0.5m was agreed in May 2021, and is repayable in equal half yearly instalments of £5,000 over 50 years from November 2021 and accrues interest at 3.3%.

An additional facility of £0.35m was agreed in September 2021, and is repayable in equal half yearly instalments of £3,500 over 50 years from March 2022 and accrues interest at 3.16%.

An additional facility of £0.7m was agreed in November 2021, and is repayable in equal half yearly instalments of £7,000 over 50 years from May 2022 and accrues interest at 3.19%.

The first tranche of the loan, initial value of £4.5m is secured, whilst the further tranches remain unsecured.

**Government grants**

A total of £4.832m grant was received from Homes England between the financial years of 2010/11 and 2013/14 in relation to the Kibblesworth development. This is released to the accounts over a period of 100 years.

A total of £2.663m grant was received from Homes England between the financial years of 2013/14 and 2020/21 in relation to the Empty Homes Purchase and Repair schemes. This is released to the accounts over a period of 100 years.

A total of £33.7k grant was received from the Tyne and Wear Fire and Rescue Service in relation to the installation of sprinkler systems in some of our new build developments. This is released to the accounts over a period of 100 years

A total of £0.345m grant was received from Homes England between the financial years of 2015/16 and 2016/17 in relation to the Runhead and Heddon View development. This is released to the accounts over a period of 100 years.

A total of £0.318m grant was received from Homes England between the financial years of 2016/17 and 2018/18 in relation to the West Park development. This is released to the accounts over a period of 100 years.

A total of £0.778m grant was received from Homes England in financial years of 2019/20 and 2020/21 in relation to the Bleach Green development. This is released to the accounts over a period of 100 years.

A total of £0.210m grant was received from Homes England in financial year 2020/21 in relation to the Lyndhurst development. This is released to the accounts over a period of 100 years.

Included within government grants is an amount of £2,776,600 relating to donated land (2021: £2,806,250)

Land with a value £2.7m was donated to the company in 2010/11 in relation to the Kibblesworth development. This is released to the accounts over a period of 100 years.

Land with a value £0.115m was donated to the company in 2016/17 in relation to the Heddon View development. This is released to the accounts over a period of 100 years.

Land with a value £0.15m was donated to the company in 2017/18 in relation to the West Park development. This is released to the accounts over a period of 100 years.

## 13. Related Party Transactions

During the financial period up until 3 July 2023, the company had a close working relationship with Gateshead Council due to previously being a subsidiary prior to becoming independent in 2014/15.

The total expenditure incurred with Gateshead Council during financial year 2023/24 was £218,094, and the total income received was £598,091. There were also creditors due to Gateshead Council totalling £634 and a debtor amount of £77,935 at 31 March 2024.

From 3 July 2023, the Company are a member of Karbon Homes cost saving group and have a share in this group. The total expenditure incurred with Karbon Homes during 2023/24 was £282,251, and the total income received was £78,925. There were also creditors due to Karbon totalling £42,725 and a debtor amount of nil at 31 March 2024.

A member of key management personnel is resident in a rent to buy property owned by the Company during the current and previous year. The total income received during the financial year 2023/24 was £7,325 and total expenditure incurred was £nil. There was no creditor or debtor due at 31 March 2024.

## 14. Contingent liabilities

The company is potentially subject to repairs costs in relation to damaged roofs on the Kibblesworth development. Due to the ongoing nature of the claims by tenants and the complexity surrounding quantifying the repairs, it is currently impracticable to provide a reasonable estimate of this contingent liability. In the event of a cash outflow for any repair costs, there is also the possibility of reimbursement from a third party.

## 15. Financial instruments

| | 2024 £000 | 2023 £000 |
|---|---|---|
| **Assets measured at cost less impairment** | | |
| Trade debtors | 78 | 243 |
| **Liabilities measured at amortised cost** | | |
| Loans from Gateshead Council | 15,582 | 15,952 |

## 16. Cash from operating activities

| | 2024 £000 | 2023 £000 |
|---|---|---|
| Deficit for the year | ( 153) | ( 112 ) |
| *Adjustment for:* | | |
| Depreciation and amortisation | 464 | 468 |
| Impairment of fixed assets | 107 | - |
| Loss on disposal of fixed assets | 17 | 6 |
| Interest payable and similar charges | 669 | 673 |
| Deferred government grant | ( 127 ) | ( 127 ) |
| Taxation | ( 1 ) | ( 14 ) |
| | **976** | **894** |
| Decrease/(increase) in trade and other debtors | 117 | ( 293 ) |
| (Decrease) in trade and other creditors | ( 252 ) | ( 81 ) |
| Interest paid | ( 669 ) | ( 673 ) |
| Tax paid | ( 1 ) | 14 |
| **Net cash from operating activities** | **171** | **( 139 )** |

**KEELMAN HOMES LIMITED**

England & Wales - Charity number 1133321

# Accounts

Charity Number: 1133321
Company Number: 06972673

# KEELMAN HOMES LIMITED

(a company limited by guarantee and not having share capital)

Financial Statements
for the year ended 31 March 2023

**Keelman Homes Limited**
**(a company limited by guarantee and not having a share capital)**

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**For the year ended 31 March 2023**


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**Keelman Homes Limited**
**(a company limited by guarantee and not having a share capital)**

**Strategic Report**
**For the year ended 31 March 2023**

## Report of the Board

The Board present their report and financial statements for the period ended 31 March 2023.

## Principal activities

The principal activity of the Company is development of affordable housing and fulfilling landlord responsibilities as a registered provider for affordable housing. The Company contracts with delivery partners to increase the levels of affordable housing within the Gateshead area and has entered into a new management agreement with Karbon Homes post year end to deliver housing management services to Keelman Homes properties following their practical completion.

At 31 March 2023 there were:

- 188 new build properties included in the portfolio.
- 120 properties acquired as part of the Empty Homes Purchase and Repair (EHPaR) Programme included in the portfolio.

There was no development activity in 2022/23 while the company focused on the service provision for its existing stock and tenants. This means there was no movement in stock numbers between year-end end 21/22 and year-end 22/23.

Former Developments
New Build schemes:
Kibblesworth – 94 dwellings (81 affordable rent, 13 shared ownership)
Runhead Estate – 9 dwellings (affordable rent)
Heddon View – 6 dwellings (affordable rent)
Strathmore Road - 2 dwellings (affordable rent)
Nugent Row – 6 dwellings (affordable rent)
Dunn Court – 6 dwellings (affordable rent)
The Lonnen – 14 dwellings (affordable rent)
West Park – 17 dwellings (affordable rent)
Marion Court – 1 dwelling (affordable rent)
Lyndhurst (sales name 'Valley View') - 6 dwellings (affordable rent)
Bleach Green (sales name 'High View') – 27 dwellings (12 affordable rent, 11 shared ownership, 4 rent to buy)

EHPaR (refurbished properties)
120 homes have been brought back into use across the Metropolitan Borough of Gateshead.

## Our aims and objectives

*Purpose and aims*

Keelman Homes' purposes as set out in the objects contained within the Company's Memorandum of Association are:

(a) to provide houses or hostels or other residential accommodation and any associated amenities for persons in necessitous circumstances upon terms appropriate to their means;

(b) to provide for aged, disabled (whether physically or mentally), or chronically sick persons in need thereof houses or hostels or other residential accommodation and any associated amenities specially designed or adapted to meet the disabilities and requirements of such persons;

(c) to provide services, advice or assistance upon terms appropriate to their means to aged, disabled (whether physically or mentally) or chronically sick persons or other persons in necessitous circumstances in need thereof and providing any associated amenities specially designed or adapted to meet the disabilities and requirements of such persons;

(d) the provision of recreation or other leisure facilities in the interest of social welfare with the object of improving the conditions of life for the residents of the area of benefit;

(e) the relief of poverty amongst the residents of the area of benefit;

(f) the advancement of education, training or retraining, particularly among unemployed people and providing unemployed people with work experience;

(g) the maintenance, improvement or provision of public amenities for the public benefit in the interests of regeneration in areas of social and economic deprivation in which the Charity owns or manages housing stock; and

(h) such other charitable purposes beneficial to the public consistent with the objects above as the Trustees shall in their absolute discretion determine.

Keelman Homes aims to provide new housing in Gateshead for social housing letting and to provide housing management services for our tenants in this area. Our aims reflect the purposes Keelman Homes was set up to deliver.

## Ensuring our work delivers our aims

Every year we reflect and self-assess our achievements against the company aims and objectives, and during a Board Strategy Planning day we develop our plans for the forthcoming years, ensuring the aims and objectives are being fulfilled

## Structure, Governance and Management

### Governing document

Keelman Homes is a charitable company limited by guarantee; it was incorporated as a private company on 25 July 2009 and received charitable status on 16 December 2009. The organisation was established under a Memorandum of Association which established the objects and powers of the company and is governed under the Articles of Association.

During the 2014/15 financial year there was a significant change in the membership of Keelman Homes with The Gateshead Housing Company resigning and the current Trustees of Keelman Homes being appointed as members. The ownership of Keelman Homes changed to being owned by the Board of Trustees of Keelman Homes, rather than being owned by The Gateshead Housing Company.

As a subsidiary of The Gateshead Housing Company, Keelman Homes was precluded from applying for funding from Homes England's (HE) affordable homes guarantee programme. Changing the membership of Keelman Homes allowed it access to new potential funding resources from HE and the private sector, and with this there is the potential to increase the amount of new affordable homes the Company can deliver.

In the event of the Charity being dissolved, every member must pay up to £10 towards the cost of dissolution and the liabilities incurred by the Charity.

### Corporate governance

The Company agrees to the principles of the NHF Code of Governance relative to an organisation of its size and structure.The Keelman Homes Board agree to codes of conduct which are in line with the Charity Commissions 'Guide to the Essential Trustee' (CC3) and the Company has a Risk Management Policy in place which underpins its key decisions.

The Company has a Board of 6 Trustees which is suitable for all current activity.

The Board Members (who are Directors for the purpose of company law and Trustees for the purpose of charity law), who held office at the date of approval of this Board report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Board Member has taken all the steps that he or she ought to have taken as a Board Member to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

In line with the statutory requirements for a limited company, a copy of these accounts will be filed with Companies House.

### Recruitment and appointment of Trustees

The Trustees, as charity Trustees, control the Company and its property and funds, and are known as the Board. The Trustees shall consist of at least six and not more than eight individuals, comprising one individual nominated by the Managing Agent in accordance with article 11.3.2 (the Managing Agent Trustee) and seven individuals appointed or elected in accordance with article 11.3.3 (the Ordinary Trustees)

All Trustees appointed in accordance with 11.3.2 to 11.3.3 will be appointed (and where applicable re-appointed) in accordance with an agreed process relating to the recruitment and selection of Trustees set by the Trustees from time to time. In setting the policy, the Trustees shall endeavour to ensure that prospective candidates undergo a due selection and assessment process to establish their suitability and that the Trustees collectively possess the range of skills, competencies, and experience that they might require.

The Managing Agent Trustee shall be appointed by the Managing Agent in accordance with the policy set by the Trustees under article 11.3.2. A written notice delivered by the Chief Executive (or such other authorised individual) of the Managing Agent to the Secretary of Keelman Homes shall be conclusive as to who has been appointed as a Managing Agent Trustee. The Managing Agent may remove and replace the Managing Agent Trustee at any time provided written notice is given to the Secretary.

The Charity's work focuses on the build of new homes and the management of these homes once they have been let. Trustees have been sought with the appropriate skill sets to ensure delivery of its aims and objectives. The Managing Agent Trustee is knowledgeable in the field of social housing and performance management; the company ensures that the Ordinary Trustees have a good mix of skills including housing delivery, finance management and tenant involvement.

### Recruitment and development of staff

The quality and integrity of staff are essential for maintaining good internal control.

In FY21/22 Keelman Homes Board made a strategic decision to begin recruitment for direct employment of a Managing Director and Company Secretary into the company, responsible to the Board. In Q1 22/23 a Managing Director was employed. In Q4 the company employed a Financial Controller and a Business Support Officer.

Staff follow policies set out in a Keelman Homes staff handbook and the structure of the staffing arrangements is always under review to ensure effective running of the company.

### Code of Governance

Governance arrangements are continuously reviewed to ensure the needs of the organisation are being met effectively. In February 2022 a self-assessment against the revised NHF 2020 Code of Governance was conducted; the assessment showed that Keelman Homes were compliant for the most part, but that there were a few areas which would improve company governance – the areas for improvement are listed on last years audited accounts. Every action listed has been addressed in the year, making Keelman compliant with the code with the exception Business Plan development for the next 5 years which is currently in progress.

### Compliance with the Regulatory Framework

There were no regulatory interventions during the year, and we continue to operate within the standards set by our Regulators.

## Organisational structure

Keelman Homes has a Board made up of 8 Trustees/ Non-executive Directors who meet quarterly and are responsible for all decisions taken by the Company. The company employs an executive Managing Director and Financial Controller to oversee the day-to-day running of the Company.

Keelman Homes has a management agreement with Gateshead Council to manage its properties once built and let. Gateshead Council, therefore, has responsibility for the day-to-day management of the operations being undertaken by Keelman Homes. The contract with Gateshead Council was due to expire 31 March 2023, but a short term extension of this service provision was agreed until 3 July 2023 while a new service provider was agreed and mobilised. On 30 June 2023 Keelman Homes entered into a new partnership arrangement with Karbon Solutions Limited and Keelman Homes Limited became a member of their cost sharing group. From 3 July 2023 Karbon started to deliver most of Keelman Homes front line tenant services on our behalf.

## Related parties

The Charity is guided by the Charities Act and Companies Act and is guided by both National and Local policy. For this financial year Gateshead Council acted as a managing agent for Keelman Homes in its day-to-day operations.

The Board has considered the internal control environment of Gateshead Council and considers that the systems of internal control are effective and appropriate.

## Risk Management

The Board assess, and mitigates as appropriate, the following key strategic risks:

- Effective management of the company's finances
- Effective delivery of new build and existing investment projects
- Effective delivery of asset management
- Effective management of business continuity
- Effective management of corporate governance
- Monitoring of changing Government Policy and effective delivery of the business model if changes to policy impact the company
- Impact on rent income due to Universal Credit and Welfare Reform
- Sourcing funding to support the company activities
- Achieving good value for money
- Effectively maintaining positive relationships with partners
- Effectively concluding a strategic options appraisal for longer-term management of Keelman Homes existing housing stock
- Effective development and delivery a strategic forward plan

The risks are reviewed quarterly in accordance with its risk management policy. The risk management policy was reviewed in 2019/20 and is reviewed every three years.

## Policies on Internal Control

Keelman Homes has established policies and procedures to monitor and emphasise the need for strong internal control. These include Financial Regulations that require adequate segregation of duties.

### Reports to the Board

- Regular reports to the Board provide information on financial and operational progress. Performance is measured against agreed targets.
- Budgets are set before the beginning of each financial year. Reports on income and expenditure are presented to the Board on a quarterly basis assessing YTD budget to actual expenditure each quarter.
- The Board scrutinise value for money and efficiency, as well as receiving information in respect of loan and grant covenant compliance.
- Reports to the Board consider risk, particularly around the financial and social impact of any proposed actions. Any implications relating to equality and diversity are considered as part of each report presented.

### Stock Options Appraisal

Following a comprehensive stock options appraisal which assessed the value for money Keelman Homes was achieving concluded in FY21/22, and a decision was made by the Board in May 2022 to select Karbon Solutions as a partner to deliver housing management and tenancy services to Keelman Homes for FY23/24. Karbon have high levels of tenant satisfaction and through their cost sharing group 'Karbon Solutions' could offer Keelman various services for a lower fee than other options presented. Throughout FY22/23 Keelman Homes worked together with Karbon with a view to join the group in FY23/24. The new membership arrangement would be in place for 5 years from the commencement date.

### Value for money

We are committed to delivering excellent value for money to our residents and communities, now and as part of our longer-term plans. This is one of our core values and is integrated into our business plan.

We aim to drive ongoing value for money by making informed financial and operational decisions. This means spending money wisely and having regard to the three E's:

- Economy
- Efficiency
- Effectiveness

We are committed to reinvesting surpluses into our communities by building more homes.

Finally, we recognise that value for money is important for our customers and continue to focus on improving estates, energy efficiency and safety for our customers.

We have calculated our VfM Metrics for 2022/23 based upon the Housing Regulator's VfM Standard for smaller Registered Providers:

| Metric | Result | VfM Measure |
|---|---|---|
| Metric 1 - Reinvestment | 0.14% | Efficiency |
| Metric 2a – New Supply (Social) | 0.00% | Effectiveness |
| Metric 2b – New Supply (Non-Social) | 0.00% | Effectiveness |
| Metric 3 - Gearing | 56.40% | Efficiency |
| Metric 4 – EBITDA MRI Interest Rate Cover | 118.42% | Efficiency |
| Metric 5 – Headline Social Housing Cost per Unit | £3,208 | Economy |
| Metric 6a – Operating Margin (SHL) | 38.60% | Efficiency |
| Metric 6b – Operating Margin (Overall) | 33.23% | Efficiency |
| Metric 7 – Return on Capital Employed (ROCE) | 2.00% | Efficiency |

**Performance Indicators**

| Service Area | Performance Indicator | Year End 2022/23 Target | Year End 2022/23 Actual | Target Achieved |
|---|---|---|---|---|
| Anti-Social Behaviour and Managing Tenancies | % of ASB cases responded to & investigations begun in timescale (24 hrs – high priority, 5 working days – other cases) | 92% | 75% | |
| Asset | Energy Efficiency: Average SAP rating of dwellings | 77 | 77 | |
| Home Repairs | % of emergency (24 hrs), urgent (3 days) and routine (20 days) repairs completed within timescale | 94% | 74.97% | |
| Rent | Keelman Homes Rent collected from current tenants as a % of rent owed (excluding arrears brought forward) | 98% | 102.33% | |
| Rent | Rent arrears of current tenants as a % of the rent roll due | 4% | 5.17% | |
| Voids | Rent lost through empty properties as a % of rent due | 1% | 3.26% | |

### Compliance Performance Indicators

| Performance Indicator | Year End 2022/23 Target | Year End 2022/23 Actual | Traffic Light |
|---|---|---|---|
| % Domestic Gas Servicing | 100% | 100% | |
| % Fire Risk Assessments - Landlord responsibility | 100% | 100% | |
| % Fire Risk Assessments Reviews – 2021/22 | 100% | 100% | |
| % Asbestos Management Surveys (Communal) | 100% | 100% | |
| % Asbestos Management Surveys (Communal Reviews) | 100% | 100% | |
| % Legionella Risk Assessments (General Needs) | 100% | 69.4% | |
| % Communal Periodic Electric Inspection Condition Report | 100% | 71.43% | |
| % Domestic Periodic Electric Inspection Condition Report within a 5-year period | 100% | 98.95% | |
| % Domestic Stairlifts Service | 100% | 100% | |

### Financial review

Financial Highlights 2022/23

| Statement of Comprehensive Income | £000 | Balance Sheet | £000 | Creditors | £000 |
|---|---|---|---|---|---|
| Annual Turnover | 1,778 | Fixed Assets | 27,352 | Loans (GMBC) | 15,952 |
| Operating Costs | 1,231 | Cash at Bank 31.03.2023 | 573 | Government Grants | 11,809 |
| Deficit for the Year | (112) | Retained Earnings | 91 | | |

### Principal funding sources

The principal funding sources for the building of our new homes are Homes England (HE) Grants and loans .

Once properties are built and let, the principal funding sources are from the rental income and service charge income for these properties.

### Reserves policy

Keelman Homes aims to maintain its general reserve at a minimum of 3% of the annual expenditure budget; reserves are reinvested into the business when required, to support development activity.

### Future plans

The company's overall vision, values and four main strategic priorities, which supports what the company was set up to do and reflects our Articles of Association. Our strategic priorities are as follows:

- Aim 1: Building for the future – including; engaging with developers to build further new affordable housing within Gateshead, and, developing new and innovative ways of working in response to challenges within the social and economic climate.
- Aim 2: Buying properties and managing assets – including; purchasing empty properties within Gateshead and bringing them back into use.

- Aim 3: Providing quality housing-management services- on behalf of other registered providers within Gateshead.
- Aim 4: Improving lives – including listening and learning from our customers and seeking opportunities to support well-being in our communities.

The Business Plan is reviewed and approved by Board on a regular basis, to ensure our approach continues to remain appropriate for our business needs. The progress of these objectives is closely linked to ensuring value for money is achieved.

**Going Concern**

The financial statements have been prepared on a going concern basis.

**Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor is deemed to be reappointed and Haines Watts North East Audit LLP will therefore continue in office.

By order of the Board.

**Jason Wylie**
*Chair of Trustees*

Offices 19-20,
Gateshead International Business Centre
Mulgrave Terrace,
Gateshead,
NE8 1AN

28 September 2023

## Reference and administrative details

| | |
|---|---|
| **Charity Reference Number** | 1133321 |
| **Company Reference Number** | 06972673 |
| **Registered Provider Number** | 4647 |
| **Registered Address** | Offices 19-20<br>Gateshead International Business Centre<br>Mulgrave Terrace<br>Gateshead<br>NE8 1AN |
| **Directors** | Stuart Green – Resigned 02/02/2023<br>Calum Willis – Resigned 27/09/2022<br>Jennifer Elliot – Resigned 12/05/2023<br>John Adams<br>Alistair Wylie<br>Joanne Giles<br>Tom Winter<br>Scott Robinson<br>Iftekar Alom |
| **Secretary** | Anne-Marie Pearce |
| **Auditor** | Haines Watts<br>17 Queens Lane<br>Newcastle upon Tyne<br>NE1 1RN |
| **Banker** | The Co-operative Bank<br>1st Floor, Norfolk House<br>90 Grey Street<br>Newcastle upon Tyne<br>NE1 1HH |
| **Solicitor** | Weightmans LLP<br>1 St James' Gate<br>Newcastle upon Tyne<br>NE1 4AD |

**Statement of trustees responsibilities**
**For the year ended 31 March 2023**

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of Keelman Homes Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice, including Charities Act 2018 have been followed
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the board on 28/9 2023 and signed on their behalf by;

.....
**Jason Wylie**
*Chair*

## Opinion

We have audited the financial statements of Keelman Homes Limited ("the charitable company") for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Reserves, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2023, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities Act 2018, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2022.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to Going Concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

## Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' report, other than the financial statements and our auditor's report thereon. Our opinion

on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**
In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

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

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion a satisfactory system of control over transactions has not been maintained.

**Responsibilities of trustees**
As explained more fully in the trustees' responsibilities statement set out on page 15, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group and parent charitable company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We obtained an understanding of the legal and regulatory framework applicable to both the company itself and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the directors and other management. The most significant were identified as the Companies Act 2006, Housing SORP 2018, UK GAAP (FRS102) and relevant tax legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements. Our audit procedures included:

- confirming with the directors and management whether they have any knowledge or suspicion of fraud;
- obtaining an understanding of the internal controls established to mitigate risks related to fraud or non compliance with laws and regulations;
- review board minutes for any potential indicators of non compliance with laws and regulations; and
- assessing the risk of management override including identifying and testing a sample of journal entries

Our audit did not identify any key audit matters relating to the detection of irregularities including fraud. However, despite the audit being planned and conducted in accordance with ISAs (UK) there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularity likely involve collusion, forgery, intentional misrepresentations, or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

..... 28th September 2023

**Nicola Scarr ACA (Senior Statutory Auditor)**
**For and on behalf of Haines Watts North East Audit LLP**

**Chartered Accountant and**
**Statutory Auditor**

17 Queens Lane
Newcastle upon Tyne
NE1 1RN

**Keelman Homes Limited**
**(a company limited by guarantee and not having a share capital)**

## Statement of Comprehensive Income
**For the year ended 31 March 2023**

| | Notes | 2023 £000 | 2022 £000 |
|---|---|---|---|
| Turnover | 2 | 1,778 | 2,360 |
| Operating costs | | ( 1,231 ) | ( 1,671 ) |
| **Operating surplus** | 3 | 547 | 689 |
| Interest payable | 6 | ( 673 ) | ( 659 ) |
| **(Deficit)/Surplus before tax** | | ( 126 ) | **30** |
| Tax | 7 | 14 | ( 1 ) |
| **(Deficit)/Surplus for the year** | | ( 112 ) | 29 |
| **Total comprehensive income for the year** | | ( 112 ) | 29 |

All activities are continuing.

The above income and expenditure should be read in conjunction with the accompanying notes.

The financial statements were approved by the trustees on 28/9 2023 and signed on their behalf by:

28/9/23
Jason Wylie

I. Alom 26/09/2023
Iftekar Alom

**Keelman Homes Limited**
**(a company limited by guarantee and not having a share capital)**

**Statement of Financial Position**
**As at 31 March 2023**

| | Notes | 2023 £000 | 2022 £000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Tangible assets | 8 | 27,352 | 27,840 |
| **Current assets** | | | |
| Debtors | 9 | 641 | 348 |
| Cash at bank and in hand | | 573 | 1,057 |
| | | 1,214 | 1,405 |
| **Liabilities** | | | |
| Creditors: amounts falling due within one year | 10 | ( 1,258 ) | ( 1,291) |
| **Net current assets/ (liabilities)** | | ( 44 ) | 114 |
| Creditors: amounts falling due after one year | 11 | ( 27,217 ) | ( 27,751 ) |
| **Net assets** | | 91 | 203 |
| **Reserves** | | | |
| Income & Expenditure Reserve | | 91 | 203 |

The accompanying notes form part of these financial statements.

The financial statements were approved by the trustees on 28/9 2023 and signed on their behalf by:

28/9/23
Jason Wylie

I. Alom 26/09/2023
Ifterkar Alom

**Keelman Homes Limited**
**(a company limited by guarantee and not having a share capital)**

**Statement of Changes in Reserves**
**For the year ended 31 March 2023**

| | Income & Expenditure Reserve |
|---|---|
| | £000 |
| Balance at 1 April 2021 | 174 |
| Surplus for year | 29 |
| **Balance at 31 March 2022** | **203** |
| Balance at 1 April 2022 | 203 |
| Deficit for year | ( 112 ) |
| **Balance at 31 March 2023** | **91** |

The above statement of changes in reserves should be read in conjunction with the accompanying notes.

**Keelman Homes Limited**
**(a company limited by guarantee and not having a share capital)**

**Statement of Cashflows**
**As at 31 March 2023**

| | Notes | 2023 | 2022 |
|---|---|---|---|
| | | £000 | £000 |
| **Cash flows from operating activities** | | | |
| ***Net cash (used in)/provided by operating activities*** | **14** | ( 139 ) | 494 |
| **Cash flows from investing activities** | | | |
| Purchase of tangible fixed assets | **8** | ( 42 ) | ( 2,062 ) |
| Proceeds from disposal of tangible fixed assets | | 55 | - |
| Proceeds from the receipt of government grants | | 11 | 646 |
| ***Net cash provided by investing activities*** | | 24 | ( 1,416 ) |
| **Cash flows from financing activities** | | | |
| Repayment of borrowings | | ( 369 ) | ( 347 ) |
| Proceeds from new loan | | - | 1,550 |
| ***Net cash used in financing activities*** | | ( 369 ) | 1,203 |
| **Change in cash and cash equivalents** | | ( 484 ) | 281 |
| Cash and cash equivalents at the beginning of the year | | 1,057 | 776 |
| **Cash and cash equivalents at the end of the year** | | 573 | 1,057 |
| **Breakdown of cash and cash equivalents** | | | |
| Cash at bank and in hand | | 573 | 1,057 |

## 1. Accounting Policies

### 1.1 Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Statement of Recommended Practice for Social Housing Providers 2018, and with the Accounting Direction for private registered providers of social housing in England 2022. The registered provider is a public benefit entity.

The financial statements comply with the Housing and Regeneration Act 2008 and the Companies Act 2006. The financial statements are prepared in sterling, which is the functional currency, and rounded to the nearest thousand.

### 1.2 Basis of accounting

The financial statements are prepared under the historical cost convention except for donated assets which are included at fair value upon donation.

### 1.3 Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Report of the Board on pages 2 to 9.

The previous management for the housing stock with Gateshead Council expired at the end of June 2023, but a new five-year management agreement was signed in June 2023 with Karbon Homes, and this took effect from Monday 3 July 2023.

The financial statements have been prepared on a going concern basis which the trustees consider to be appropriate for the following reasons. The trustees have prepared cash flow forecasts for a period covering more than 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, to meet its liabilities as they fall due for that period.

### 1.4 Turnover

Turnover comprises rental income receivable in the year, income from shared ownership first tranche sales, sales of properties built for sale and grants receivable in the year.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale.

### 1.5 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable surplus for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

### 1.6 Housing properties

Housing properties are recorded at cost less accumulated depreciation and impairment. Housing properties in the course of construction are stated at cost and are transferred into housing properties when completed. The cost of a property includes purchase price and any costs directly attributable to bringing it into working condition for the intended use.

Expenditure on shared ownership properties is split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover, and the remaining element is classed as fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

Housing properties are split under component accounting between land, structure and a specific set of major component that require replacement periodically. Replacement of such components is capitalised and depreciated on a straight line basis over the estimated useful life of components as follows:

| | | |
|---|---|---|
| Roof | - | 50 years |
| Heating systems | - | 40 years |
| Electrics | - | 30 years |
| Windows and external doors | - | 25 years |
| Structure | - | 100 years |
| Bathroom | - | 30 years |
| Kitchen | - | 20 years |
| Gas boiler | - | 15 years |
| Land | - | Not depreciated |

Housing properties are assessed annually for impairment indicators. Where indicators are identified, an assessment for impairment is undertaken comparing the scheme's (CGU) carrying amount to its recoverable amount. Where the carrying amount of a scheme is deemed to exceed its recoverable amount, the scheme is written down to its recoverable amount. The resulting impairment loss is recognised as operating expenditure. Where a scheme is currently deemed not to be providing service potential to the association, its recoverable amount is its fair value less costs to sell

Costs of improvement works to existing properties are only capitalised when there is a demonstrable enhancement of the economic benefits of the asset.

### 1.7 Other tangible fixed assets

Other fixed assets are stated at cost less accumulated depreciation and impairment. Depreciation is charged on a straight line basis.

| | | |
|---|---|---|
| IT Equipment | - | 3 years |

### 1.8 Stocks

Stocks comprise housing properties held for outright sale, and are stated at the lower of cost and net realisable value. The costs associated with properties in the course of construction are recognised as incurred, to the extent that they are considered to be recoverable.

### 1.9 Social housing grant and other government grants

Where grants are received from government agencies such as Homes England and local authorities, which meet the definition of government grants, they are recognised when there is reasonable assurance that the conditions attached to them will be complied with and the grant will be received.

Government grants are recognised using the accrual model and are classified either as a grant relating to revenue or a grant relating to assets. Grants relating to revenue are recognised in income on a systematic basis over the period in which related costs for which the grant is intended to compensate are recognised. Where a grant is receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future related costs, it is recognised as revenue in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised in income over the expected useful life of the housing property structure. Where a grant is received specifically for components of a housing property, the grant is recognised in income over the expected useful life of the component.

Government grants received for housing properties are subordinated to the repayment of loans by agreement with the Homes England. Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the statement of financial position in creditors. If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in income and expenditure.

### 1.10 Accounting estimates and judgements

The preparation of financial statements requires the Board to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The key areas requiring the use of estimates and judgements which may significantly affect the financial statements are considered to be:

*Estimation of the useful life of assets*

The board is required to estimate the useful economic life of each component of its housing properties. These estimates are based on experience of the housing stock compared to wider sector practice.

*Valuation of donated land*

Donated land is valued by qualified specialists within Gateshead Council who use their professional knowledge and experience to assess the value of the land.

## 2. Turnover

| | 2023 £000 | 2022 £000 |
|---|---|---|
| Rental and service charge income receivable | 1,557 | 1,435 |
| Management fee income | - | 95 |
| Amortisation of government grants | 127 | 127 |
| Shared Ownership Sales Income | 94 | 703 |
| | 1,778 | 2,360 |

## 3. Operating surplus

The operating surplus is arrived at after charging/(crediting):

| | 2023 £000 | 2022 £000 |
|---|---|---|
| Depreciation of owned tangible fixed assets | 465 | 476 |
| Amortisation of government grants and donated land | ( 127 ) | ( 127 ) |
| Auditor's remuneration | | |
| - audit | 15 | 13 |
| - other services relating to taxation | 2 | 2 |

## 4. Trustees' and key management personnel remuneration and expenses

During the period, no Trustees received any benefits in kind (2022: nil) and no expenses were reimbursed to any Trustees.

The total amount of employee benefits received by key management personnel was £48,318 (2022: nil). The company considers its key management personnel to comprise non-trustees who directly contribute to the board meetings.

## 5. Staff costs and employee benefits

The average number of employees during the year was 1 (2022: nil)

The total staff costs and employee benefits were as follows:

| | 2023 £000 | 2022 £000 |
|---|---|---|
| Gross wages | 53 | - |
| NI contributions | 6 | - |
| Pension contributions | - | - |
| Total | 59 | - |

## 6. Interest payable

| | 2023 £000 | 2022 £000 |
|---|---|---|
| Loans from Gateshead Council | 673 | 659 |

## 7. Taxation

Total tax expense recognised in the income and expenditure account

| | 2023 £000 | 2022 £000 |
|---|---|---|
| Current tax | ( 14 ) | 1 |

### 7.1. Reconciliation of the effective tax rate

| | 2023 £000 | 2022 £000 |
|---|---|---|
| (Deficit)/Surplus | ( 112 ) | 586 |
| Total tax (credit)/ expense | ( 14 ) | 1 |
| (Deficit)/Surplus before tax | ( 126 ) | 587 |
| Tax using the UK corporation tax rate of 19% (2021: 19%) | ( 24 ) | 112 |
| Tax exempt revenues | - | - |
| Non-deductible expenses | 10 | ( 111 ) |
| Total (credit)/expense included in the income statement | ( 14 ) | 1 |

## 8 Tangible fixed assets

| | Housing Properties | Land | Shared Ownership Housing Properties | Housing Properties Under Construction | Computer Equipment | Total |
|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| **Cost** | | | | | | |
| At 1 April 2022 | 25,038 | 3,255 | 1,315 | 1,024 | - | 30,632 |
| Additions | 39 | - | - | - | 3 | 42 |
| Transfers | 976 | - | - | ( 976 ) | - | - |
| Disposals | ( 79 ) | - | ( 62 ) | - | - | ( 141 ) |
| At 31 March 2023 | 25,974 | 3,255 | 1,253 | 48 | 3 | 30,533 |
| **Depreciation** | | | | | | |
| At 1 April 2022 | 2,723 | - | 69 | - | - | 2,792 |
| Charge for year | 455 | - | 12 | - | 1 | 468 |
| Eliminated on disposal | ( 73 ) | - | ( 6 ) | - | - | ( 79 ) |
| **At 31 March 2023** | 3,105 | - | 75 | - | 1 | 3,181 |
| Net book value | | | | | | |
| At 31 March 2023 | 22,869 | 3,255 | 1,178 | 48 | 2 | 27,352 |
| At 31 March 2022 | 22,315 | 3,255 | 1,246 | 1,024 | - | 27,840 |

The income, costs and surplus/deficit relating to the shared ownership properties amounts to £94k (2022 - £703k), £56k (2022 - £563k), £38k (2022 - £140k), respectively.

### 8.1 Housing Properties

Number of units under management

| | 2023 | 2022 |
|---|---|---|
| **Under development at end of the year** | | |
| Rented general need housing units | - | 10 |
| Shared ownership units | - | - |
| **Under management at end of the year** | | |
| Rented general need housing units | 284 | 274 |
| Shared ownership units | 24 | 24 |

## 9. Debtors

| | 2023 | 2022 |
|---|---|---|
| | £000 | £000 |
| Trade debtors | 243 | 228 |
| Prepayments and accrued income | 384 | 120 |
| Corporation tax | 14 | - |
| | 641 | 348 |

## 10. Creditors: Amounts falling due within one year

| | 2023 | 2022 |
|---|---|---|
| | £000 | £000 |
| Trade Creditors | 30 | 4 |
| Accruals | 684 | 790 |
| Loans from Gateshead Council | 369 | 369 |
| Corporation tax | - | 1 |
| Recycled capital grant fund | - | - |
| Government grants | 175 | 127 |
| | 1,258 | 1,291 |

## 11. Creditors: Amounts falling due after one year

| | 2023 | 2022 |
|---|---|---|
| | £000 | £000 |
| Loans from Gateshead Council | 15,583 | 15,953 |
| Government grants | 11,634 | 11,798 |
| | 27,217 | 27,751 |

The first tranche of the loan from Gateshead Council of £4.5m is repayable in equal half yearly instalments of £46,717 over 50 years from March 2010 and accrues interest at 4.59%.

An additional facility of £1.7m was agreed with the Council in October 2014, and is repayable in equal half yearly instalments of £17,000 over 50 years from April 2015 and accrues interest at 4%.

An additional facility of £1.5m was agreed with the Council in April 2015, and is repayable in equal half yearly instalments of £15,000 over 50 years from October 2015 and accrues interest at 4.25%.

An additional facility of £1.0m was agreed with the Council in April 2016, and is repayable in equal half yearly instalments of £10,000 over 50 years from October 2016 and accrues interest at 3.75%.

An additional facility of £0.5m was agreed with the Council in April 2017, and is repayable in equal half yearly instalments of £5,000 over 50 years from October 2017 and accrues interest at 3.75%.

An additional facility of £1.8m was agreed with the Council in September 2017, and is repayable in equal half yearly instalments of £18,000 over 50 years from March 2018 and accrues interest at 3.75%.

An additional facility of £0.5m was agreed with the Council in December 2017, and is repayable in equal half yearly instalments of £5,000 over 50 years from June 2018 and accrues interest at 3.75%.

An additional facility of £0.9m was agreed with the Council in May 2018, and is repayable in equal half yearly instalments of £9,000 over 50 years from November 2018 and accrues interest at 3.68%.

An additional facility of £0.5m was agreed with the Council in October 2018, and is repayable in equal half yearly instalments of £5,000 over 50 years from April 2019 and accrues interest at 3.75%.

An additional facility of £0.7m was agreed in April 2019, and is repayable in equal half yearly instalments of £5,000 over 50 years from October 2019 and accrues interest at 3.56%.

An additional facility of £0.7m was agreed in July 2019, and is repayable in equal half yearly instalments of £5,000 over 50 years from January 2020 and accrues interest at 3.3%.

An additional facility of £0.25m was agreed in March 2020, and is repayable in equal half yearly instalments of £5,000 over 50 years from September 2020 and accrues interest at 3.3%.

The first tranche of the loan, initial value of £4.5m is secured, whilst the further tranches remain unsecured.

An additional facility of £7m was agreed in May 2020, and is repayable in equal half yearly instalments of £7,000 over 50 years from November 2020 and accrues interest at 3.3%.

An additional facility of £4m was agreed in August 2020, and is repayable in equal half yearly instalments of £4,000 over 50 years from February 2021 and accrues interest at 3.4%.

An additional facility of £0.25m was agreed in September 2020, and is repayable in equal half yearly instalments of £2,500 over 50 years from March 2021 and accrues interest at 3.4%.

An additional facility of £0.25m was agreed in December 2020, and is repayable in equal half yearly instalments of £2,500 over 50 years from June 2021 and accrues interest at 3.35%.

An additional facility of £0.6m was agreed in March 2021, and is repayable in equal half yearly instalments of £6,000 over 50 years from September 2021 and accrues interest at 3.35%.

The first tranche of the loan, initial value of £4.5m is secured, whilst the further tranches remain unsecured.

An additional facility of £0.5m was agreed in May 2021, and is repayable in equal half yearly instalments of £5,000 over 50 years from November 2021 and accrues interest at 3.3%.

An additional facility of £0.35m was agreed in September 2021, and is repayable in equal half yearly instalments of £3,500 over 50 years from March 2022 and accrues interest at 3.16%.

An additional facility of £0.7m was agreed in November 2021, and is repayable in equal half yearly instalments of £7,000 over 50 years from May 2022 and accrues interest at 3.19%.

### Government grants

A total of £4.832m grant was received from Homes England between the financial years of 2010/11 and 2013/14 in relation to the Kibblesworth development. This is released to the accounts over a period of 100 years.

A total of £2.663m grant was received from Homes England between the financial years of 2013/14 and 2020/21 in relation to the Empty Homes Purchase and Repair schemes. This is released to the accounts over a period of 100 years.

A total of £33.7k grant was received from the Tyne and Wear Fire and Rescue Service in relation to the installation of sprinkler systems in some of our new build developments. This is released to the accounts over a period of 100 years

A total of £0.345m grant was received from Homes England between the financial years of 2015/16 and 2016/17 in relation to the Runhead and Heddon View development. This is released to the accounts over a period of 100 years.

A total of £0.318m grant was received from Homes England between the financial years of 2016/17 and 2018/18 in relation to the West Park development. This is released to the accounts over a period of 100 years.

A total of £0.778m grant was received from Homes England in financial years of 2019/20 and 2020/21 in relation to the Bleach Green development. This is released to the accounts over a period of 100 years.

A total of £0.210m grant was received from Homes England in financial year 2020/21 in relation to the Lyndhurst development. This is released to the accounts over a period of 100 years.

Included within government grants is an amount of £2,776,600 relating to donated land (2021: £2,806,250)

Land with a value £2.7m was donated to the company in 2010/11 in relation to the Kibblesworth development. This is released to the accounts over a period of 100 years.

Land with a value £0.115m was donated to the company in 2016/17 in relation to the Heddon View development. This is released to the accounts over a period of 100 years.

Land with a value £0.15m was donated to the company in 2017/18 in relation to the West Park development. This is released to the accounts over a period of 100 years.

## 12. Related Parties and controlling party

During the financial period, the company had a close working relationship with Gateshead Council due to previously being a subsidiary prior to becoming independent in 2014/15.

The total expenditure incurred with Gateshead Council during financial year 2022/23 was £552,618, and the total income received was £1,191,347. There were also creditors due to Gateshead Council totalling £20,283 and a debtor amount of £242,912 at 31 March 2023.

## 13. Financial instruments

| | 2023 £000 | 2022 £000 |
|---|---|---|
| **Assets measured at cost less impairment** | | |
| Trade debtors | 243 | 118 |
| **Liabilities measured at amortised cost** | | |
| Loans from Gateshead Council | 15,952 | 16,322 |

## 14. Cash from operating activities

| | 2023 £000 | 2022 £000 |
|---|---|---|
| Deficit for the year | ( 112 ) | 29 |
| *Adjustment for:* | | |
| Depreciation and amortisation | 468 | 470 |
| Loss on disposal of fixed assets | 6 | - |
| Interest payable and similar charges | 673 | 659 |
| Deferred government grant | ( 127 ) | ( 127 ) |
| Taxation | ( 14 ) | 1 |
| | **894** | **1,032** |
| Decrease/(increase) in trade and other debtors | ( 293 ) | 21 |
| Increase/(decrease) in trade and other creditors | ( 81 ) | 101 |
| Interest paid | ( 673 ) | ( 659 ) |
| Tax paid | 14 | ( 1 ) |
| **Net cash from operating activities** | **( 139 )** | **494** |

## 15. Events after the reporting period

On 3rd July 2023, Keelman Homes signed a new cost sharing agreement with Karbon Homes. This is an initial 5 year agreement and replaces the previous arrangement with Gateshead Council which ceased on 30 June 2023.

**KEELMAN HOMES LIMITED**

England & Wales - Charity number 1133321

# Accounts

Charity Number: 1133321
Company Number: 06972673

# KEELMAN HOMES LIMITED

(a company limited by guarantee and not having share capital)

Financial Statements
for the year ended 31 March 2022

THURSDAY
*ABDKQ7SW*
A16 29/09/2022 #9
COMPANIES HOUSE

**Keelman Homes Limited**
**(a company limited by guarantee and not having a share capital)**

**Strategic Report**
**For the year ended 31 March 2022**


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**Keelman Homes Limited**
**(a company limited by guarantee and not having a share capital)**

**Strategic Report**
**For the year ended 31 March 2022**

## Report of the Board

The Board present their report and financial statements for the period ended 31 March 2022.

## Principal activities

The principal activity of the Company is development of affordable housing and fulfil landlord responsibilities as a registered provider for affordable housing. The Company contracts with delivery partners to increase the levels of affordable housing within the Gateshead area and has entered into a management agreement with The Gateshead Council to deliver housing management services to Keelman Homes properties following their practical completion.

- At 31 March 2022 there were 188 new build properties included in the portfolio.
- At 31 March 2022 there were 120 properties acquired as part of the Empty Homes Purchase and Repair Programme included in the portfolio.
- At 31 March 2022 Keelman Homes were managing 116 properties on behalf of Thirteen Housing Group.

A summary of activity and stock numbers are identified in the table below:

| | Year end FY20/21 (actual) | Additions in year | Year end FY21/22 (actual) | Year end FY22/23 (forecast) |
|---|---|---|---|---|
| | | **Keelman Homes owned properties** | | |
| New Homes (affordable rent) | 159 | 1 | 160 | 160 |
| New Homes (shared ownership) | 13 | 11 | 24 | 24 |
| New Homes (rent to buy) | 4 | 0 | 4 | 4 |
| **New Build total** | **176** | **12** | **188** | **188** |
| New Build Empty Homes Purchase and Repair | 106 | 14 | 120 | 120 |
| **EHPaR total** | **106** | **14** | **120** | **120** |
| **Total of KHL owned homes** | **282** | **26** | **308** | **308** |
| | | **Properties owned by others** | | |
| Thirteen Housing Group | **116** | **0** | **116** | **0** |
| **Grand total of stock managed** | **398** | **26** | **424** | **308** |

## New build activity in FY 21/22

*Bleach Green (sales name 'High View')*
Keelman Homes are in contract with Keepmoat Homes to purchase 27 new build dwellings on the former Bleach Green site located in Blaydon-on-Tyne. A loan from Gateshead Council and Homes England grant funding was secured for the scheme.

In FY21/22 12 properties were practically completed and handed over to Keelman Homes. This marked completion of the new build programme.

During the course of the development, variations were made to the mix of tenures; the final mix across the development includes 12 affordable rent properties, 11 shared ownership and 4 rent to buys. All shared ownership properties were successfully let/sold under a shared ownership lease.

The final account (less retention) was settled for the scheme in March 2022.

Former New Build Developments
Kibblesworth – 94 dwellings (81 affordable rent, 13 shared ownership)
Runhead Estate – 9 dwellings (affordable rent)
Heddon View – 6 dwellings (affordable rent)
Strathmore Road - 2 dwellings (affordable rent)
Nugent Row – 6 dwellings (affordable rent)
Dunn Court – 6 dwellings (affordable rent)
The Lonnen – 14 dwellings (affordable rent)
West Park – 17 dwellings (affordable rent)
Marion Court – 1 dwelling (affordable rent)
Lyndhurst (sales name 'Valley View') - 6 dwellings (affordable rent)

## Empty Homes Activity in FY 21/22

*Empty Homes Purchase and Repair Programme*
Prior to FY 21/22 106 properties had been acquired and refurbished with the use of various Homes England grant funding programmes for Empty Homes. In FY21/22 an additional 14 properties were practically completed and handed over to Keelman Homes.

This concluded the empty homes programme and the total number of SOAHP 2016-21 empty properties brought back into use by Keelman Homes is 74.

In total across all empty homes programmes 120 properties have been brought back in to use.

*Managing properties on behalf of other registered providers.*
In addition to the development of new affordable housing, Keelman Homes had a contractual arrangement with another registered provider (Thirteen Housing Group), to manage 116 of their properties on their behalf.

The contract end date was 31 March 2022 and at that time Thirteen Housing Group made a strategic decision to take back management of their properties. Keelman Homes ceased management of Thirteen Group Housing properties on 31 March 2022.

### Corporate governance

The Company agrees to the principles of the NHF Code of Governance relative to an organisation of its size and structure.

The Keelman Homes Board agree to codes of conduct which are in line with the Charity Commissions 'Guide to the Essential Trustee' (CC3) and the Company has a Risk Management Policy in place which underpins its key decisions.

The Company has a main Board of 8 Trustees which is suitable for all current activity.

The Board Members who are Directors for the purpose of company law and Trustees for the purpose of charity law, who held office at the date of approval of this Board report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Board Member has taken all the steps that he or she ought to have taken as a Board Member to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

In line with the statutory requirements for a limited company, a copy of these accounts will be filed with Companies House.

### Structure, Governance and Management

### Governing document

Keelman Homes is a charitable company limited by guarantee; it was incorporated as a private company on 25 July 2009 and received charitable status on 16 December 2009. The organisation was established under a Memorandum of Association which established the objects and powers of the company and is governed under the Articles of Association.

During the 2014/15 financial year there was a significant change in the membership of Keelman Homes with The Gateshead Housing Company resigning and the current trustees of Keelman Homes being appointed as members. The ownership of Keelman Homes changed to being owned by the Board of Trustees of Keelman Homes, rather than being owned by The Gateshead Housing Company. As a subsidiary of The Gateshead Housing Company, Keelman Homes was precluded from applying for funding from Homes England's (HE) affordable homes guarantee programme.

Changing the membership of Keelman Homes allowed it access to new potential funding resources from HE and the private sector, and with this there is the potential to increase the amount of new affordable homes the Company can deliver.

In the event of the Charity being dissolved, every member must pay up to £10 towards the cost of dissolution and the liabilities incurred by the Charity.

### Recruitment and appointment of Trustees

The Trustees as charity trustees control the Company and its property and funds and are known as the Board. The Trustees shall consist of at least six and not more than eight individuals, comprising one individual nominated by the Managing Agent in accordance with article 11.3.2 (the Managing Agent Trustee) and seven individuals appointed or elected in accordance with article 11.3.3 (the Ordinary Trustees)

All Trustees appointed in accordance with 11.3.2 to 11.3.3 will be appointed (and where applicable re-appointed) in accordance with an agreed process relating to the recruitment and selection of Trustees set by the Trustees from time to time. In setting the policy, the Trustees shall endeavour to ensure that prospective candidates undergo a due selection and assessment process to establish their suitability and that the Trustees collectively possess the range of skills, competencies, and experience that they might require.

The Managing Agent Trustee shall be appointed by the Managing Agent in accordance with the policy set by the Trustees under article 11.3.2. A written notice delivered by the Chief Executive (or such other authorised individual) of the Managing Agent to the Secretary of Keelman Homes shall be conclusive as to who has been appointed as a Managing Agent Trustee. The Managing Agent may remove and replace the Managing Agent Trustee at any time provided written notice is given to the Secretary.

The Charity's work focuses on the build of new homes and the subsequent management of these homes once they have been let. Therefore Trustees have been sought with the appropriate skill sets. The Managing Agent Trustee has skills in relation to the management of social housing and performance management; we have also ensured that the Ordinary Trustees have a good mix of skills including housing delivery, finance management and tenant involvement.

Board succession planning will be undertaken to ensure that four of the existing trustees, who were all appointed in the same year, do not all step down from the Board at the same time after serving the maximum 6 years of office.

### Induction and training of Trustees

Once the Trustees have been appointed, they are invited to meet with the Company Secretary to familiarise themselves with the work of the Charity, the context in which it operates and the role of the Trustee. They are also provided with the Memorandum and Articles of Association for the Charity, as well as the Code of Conduct for the Trustees and Probity Policy. Trustees are also continually being offered the opportunity to undertake training that they feel is necessary to their roles.

### Probity Policy

A Probity Policy is in place and is based on National Housing Federation guidance.

There were no significant breaches reported during the year in relation to probity.

### Code of Governance

Governance arrangements are continuously reviewed to ensure the needs of the organisation are being met effectively and in February 2022 a self-assessment against the revised NHF 2020 Code of Governance was conducted; the assessment showed that Keelman Homes were compliant for the most part but that there were a few areas which would improve company governance; below the areas suggested for improvement are listed and the subsequent actions taken to comply with the revised code:

1. Company Standing Orders – Keelman Homes does not have a clear set of Trustee Governance Instructions known as 'standing orders'; it is proposed these are developed and implemented in FY22/23
2. Requirement for a new 5 year Business Plan – the current business plan was retained from 2017-2021; an updated plan is to be developed for years 2022-2027.
3. Keelman Homes Ltd did not have an executive Director acting as the operational Lead – It is proposed that a Managing Director is appointed to the company in FY22/23.
4. A review of the Board Appraisal process is required – it is proposed that a review will take place in FY22/23
5. In the Memorandum and Articles of Association a Board member term of office was 9 consecutive years (3 terms); this should be amended with the intention to allow each member to serve only 6 consecutive years (2 terms) of office, with the option to serve 3 terms only by exception – In March 2022 the Articles were amended to reflect this recommendation and filed to Companies House. It is proposed that before the current serving trustees reach their 6th AGM, a trustee succession plan is developed.

6. There is a recommendation that the external auditors have access to the Board of Trustees without executives present – it is proposed that for the FY21/22 Audit findings the Auditors will have the opportunity to meet Non-executive Directors without executives present.

### Compliance with the Regulatory Framework

There were no regulatory interventions during the year, and we continue to operate within the standards set by our Regulators.

### Organisational structure

Keelman Homes has a Board made up of 8 Trustees who meet quarterly and are responsible for all decisions taken by the Company. Keelman Homes has a management agreement with Gateshead Council to manage its properties once built and let. Gateshead Council, therefore, has responsibility for the day-to-day management of the operations being undertaken by Keelman Homes.

The original term of the management agreement between Gateshead Council and Keelman Homes for delivery of housing management services is from 1 April 2021 to 31 March 2022, with an option to extend for another one year; this option was exercised in February 2022 and the current end date on the contract is 31 March 2023. The Council also provide services under a Service Level Agreement to Keelman Homes which provides the necessary flexibility to resource it as appropriately required.

### Related parties

The Charity is guided by the Charities Act and Companies Act and is guided by both National and Local policy. Gateshead Council acts as a managing agent for Keelman Homes in its day-to-day operations.

The Board has considered the internal control environment of Gateshead Council and considers that the systems of internal control are effective and appropriate.

### Risk Management

The Board agreed, and looked to mitigate as appropriate, the following key strategic risks:

- Failure to manage the company's finances
- Failure to deliver on new build and existing investment projects
- Failure to deliver effective asset management
- Failure to effectively manage business continuity
- Failure to manage effective corporate governance
- Failure to deliver business model due to future government policy
- Impact on rent income due to Universal Credit and Welfare Reform
- Failure to access sources of funding
- Failure to achieve and demonstrate value for money
- Failure to maintain an effective relationship with partners
- TGHC ALMO ceasing or current management agreement expiring without new agreement in place
- Failure to deliver a strategic forward plan

The risks are reviewed quarterly in accordance with its risk management policy. The risk management policy was reviewed in 2019/20 and is reviewed every three years.

### Policies on Internal Control

Keelman Homes has established policies and procedures to monitor and emphasise the need for strong internal control. These include Financial Regulations that require adequate segregation of duties.

### Reports to the Board

- Regular reports to the Board provide information on financial and operational progress against objectives. Performance is measured against agreed targets and externally benchmarked.
- Budgets are set before the beginning of each financial year. Reports on income and expenditure against these budgets are presented to the Board on a quarterly basis.
- Variance analysis and any corrective action is proposed and discussed at the Board meetings. The Board also scrutinise Value for Money and efficiency, as well as receiving information in respect of loan and grant covenant compliance.
- Reports to the Board consider risk, particularly around the financial impact of any proposed actions.

### Stock Options Appraisal

Housing Quality Network were appointed in July 2020 to carry out a benchmarking exercise to determine whether value for money was being achieved through the housing management agreement and services received from The Gateshead Housing Company (Gateshead Council's former ALMO). The conclusion of the report listed recommendations including procuring a second phase of work which would comprehensively review Keelman Homes as a company and charity. This would investigate options for Keelman Homes to improve the housing management of its current stock as well as exploring the company options to fulfil Board aspirations to meet its vision and aims and grow as an affordable housing provider in the future.

A second phase of work was concluded by HQN in November 2020 and a draft report was presented by HQN to Board which set out the potential options for Keelman Homes to explore in more detail during a third phase.

The Board appointed Abovo Consult at its meeting in February 2021 to act as lead consultant on Phase 3 of the options appraisal work and begin looking in detail at the viability and feasibility of the following options: -

Option 1 – No change
Option 2 – Stand-alone* with Council finance
Option 3 – Stand-alone* with new financing
Option 4 – Merge with another non-profit registered provider
Option 5 – Sell out to a for-profit registered provider
*To 'stand alone' would mean the company would explore recruitment of its own staff independently and explore the market for alternative housing management provision.

Each of these options was considered and developed in detail during 2021/22. A detailed assessment of options and soft market testing informed the Boards decision to progress initially with option 2, with a view to implementing option 3 in the future.

### Recruitment and development of staff

The quality and integrity of staff are essential for maintaining good internal control.

In FY21/22 Keelman Homes Board made a strategic decision to begin recruitment for direct employment of a Managing Director and Company Secretary into the company, responsible to the Board, with a view to later directly employing financial and operational support into the company. It was anticipated that the Managing Director would come into post during Q1 of 2022/23.

In the interim period and while staff are not directly employed, Keelman Homes has entered into Service Level Agreements with Gateshead Council to supply staff for the support of Company Governance, Company Finance and Operational Support.

In partnership with Gateshead Council, Keelman Homes continues to ensure that staff have the necessary competences and qualifications for their role, through development, training, appraisal and performance management.

This is all underpinned by related policies of both Keelman Homes and Gateshead Council, including Standards of Behaviour, Disciplinary Policy, Grievance Policy and Probity Policy.

## Our aims and objectives

*Purposes and aims*

Keelman Homes' purposes as set out in the objects contained within the Company's Memorandum of Association are:

(a) to provide houses or hostels or other residential accommodation and any associated amenities for persons in necessitous circumstances upon terms appropriate to their means;

(b) to provide for aged, disabled (whether physically or mentally), or chronically sick persons in need thereof houses or hostels or other residential accommodation and any associated amenities specially designed or adapted to meet the disabilities and requirements of such persons;

(c) to provide services, advice or assistance upon terms appropriate to their means to aged, disabled (whether physically or mentally) or chronically sick persons or other persons in necessitous circumstances in need thereof and providing any associated amenities specially designed or adapted to meet the disabilities and requirements of such persons;

(d) the provision of recreation or other leisure facilities in the interest of social welfare with the object of improving the conditions of life for the residents of the area of benefit;

(e) the relief of poverty amongst the residents of the area of benefit;

(f) the advancement of education, training or retraining, particularly among unemployed people and providing unemployed people with work experience;

(g) the maintenance, improvement or provision of public amenities for the public benefit in the interests of regeneration in areas of social and economic deprivation in which the Charity owns or manages housing stock; and

(h) such other charitable purposes beneficial to the public consistent with the objects above as the Trustees shall in their absolute discretion determine.

Keelman Homes aims to provide new housing in Gateshead for social housing letting and to provide housing management services for our tenants in this area. Our aims reflect the purposes Keelman Homes was set up to deliver.

## Ensuring our work delivers our aims

Keelman Homes was set up in July 2009 aims and objectives were set for that year to ensure that the foundations were in place to obtain funding for new houses to be built within the Kibblesworth area, so that we could meet the objects set within our memorandum of association, to provide homes for persons in necessitous circumstances.

Every year we self-assess our achievements against the aims and objectives.

*Our objectives for the year*

The following objectives were achieved for the year ended March 2022:

- 11 newbuild properties were successfully marketed and sold as shared ownership
- 14 properties were successfully acquired, refurbished and let for affordable rent
- new build property was successfully acquired and let for affordable rent
- A full valuation of property stock was carried out with a view to exploring financial options for the company as part of the strategic options appraisal.
- At the February Board meeting it was agreed that pending some final due diligence exercises that at the meeting in Q1 FY22/23 Board would seek consensus to decide on the future strategic direction of the company. The decision would aim to seek the best outcome for tenants and best value for money.
- Actions were agreed to ensure compliance with the NHF code of Governance

**Value for money**

We are committed to delivering excellent value for money to our residents and communities, now and as part of our longer-term plans. This is one of our core values and is integrated into our business plan.

We aim to drive ongoing value for money by making informed financial and operational decisions. This means spending money wisely and having regard to the three E's:

- Economy
- Efficiency
- Effectiveness

We are committed to reinvesting surpluses into our communities by building more homes.

Finally, we recognise that value for money is important for our customers and continue to focus on improving estates, energy efficiency and safety for our customers.

We have calculated our VfM Metrics for 2021/22 based upon the Housing Regulator's VfM Standard for smaller Registered Providers:

| Metric | Result | VfM Measure |
|---|---|---|
| Metric 1 - Reinvestment | 0.0001% | Efficiency |
| Metric 2a – New Supply (Social) | 8.44% | Effectiveness |
| Metric 2b – New Supply (Non-Social) | 0.00% | Effectiveness |
| Metric 3 - Gearing | 63.48% | Efficiency |
| Metric 4 – EBITDA MRI Interest Rate Cover | 2,342.49% | Efficiency |
| Metric 5 – Headline Social Housing Cost per Unit | £3,941 | Economy |
| Metric 6a – Operating Margin (SHL) | 48.01% | Efficiency |
| Metric 6b – Operating Margin (Overall) | 29.19% | Efficiency |
| Metric 7 – Return on Capital Employed (ROCE) | 2.46% | Efficiency |

**Performance Indicators**

| Service Area | Performance Indicator | Year End 2021/22 Target | Year End 2020/21 Performance | Traffic Light |
|---|---|---|---|---|
| Anti-Social Behaviour and Managing Tenancies | % of ASB cases responded to & investigations begun in timescale (24 hrs – high priority, 5 working days – other cases) | 92% | 84.62% | Performance down from previous year |
| Asset | Energy Efficiency: Average SAP rating of dwellings | 77 | 77 | Performance remains the same |
| Home Repairs | % of emergency (24 hrs), urgent (3 days) and routine (20 days) repairs completed within timescale | 94% | 81.93% | Performance down from previous year |
| Rent | Keelman Homes Rent collected from current tenants as a % of rent owed (excluding arrears b/f) | 98% | 100.78% | Performance up from previous year |
| Rent | Rent arrears of current tenants as a % of the rent roll due | 4% | 5.58% | Performance up from previous year |
| Voids | Rent lost through empty properties as a % of rent due | 1% | 1.75% | Performance down from previous year |

**Compliance Performance Indicators**

| Performance Indicator | Year End 2020/21 Target | Year End 2020/21 Performance | Traffic Light |
|---|---|---|---|
| % Domestic Gas Servicing | 100% | 100% | |
| % Fire Risk Assessments - Landlord responsibility | 100% | 100% | |
| % Fire Risk Assessments Reviews – 2021/22 | 100% | 100% | |
| % Asbestos Management Surveys (Communal) | 100% | 100% | |
| % Asbestos Management Surveys (Communal Reviews) | N/A | 100% | |
| % Legionella Risk Assessments General Needs (GN) | 100% | 69.4% | |
| % Communal Periodic Electric Inspection Condition Report (present) | 100% | 100% | |
| % Domestic Periodic Electric Inspection Condition Report (present) within a 10-year period | 100% | 100% | |
| % Domestic Periodic Electric Inspection Condition Report (present) within a 5-year period | 100% | 100% | |
| % Domestic Stairlifts Service | 100% | 40% | |

**Achievement and performance**

During the financial year ended 31 March 2022: -

- ASB - 13 cases in year. 11 acknowledged and actioned to within timescale. 2 cases were not actioned within timescale but investigations did begin.
- Repairs - Of the 819 repairs, 671 were completed within target with an overall performance of 81.93%.
- The overall performance is made up of the following priorities:
    - Emergency – 231 completed, 189 in target = 81.82%.
    - Urgent - 316 completed, 250 in target = 79.11%.
    - Routine - 272 completed, 232 in target = 85.29%.

**Financial review**

Financial Highlights 2021/22

| Statement of Comprehensive Income | £000 | Balance Sheet | £000 | Creditors | £000 |
|---|---|---|---|---|---|
| Annual Turnover | 2,360 | Fixed Assets | 27,840 | Loans (GMBC) | £16,322 |
| Operating Costs | 1,671 | Cash at Bank 31.03.2022 | 1,057 | Government Grants | £11,925 |
| Surplus for the Year | 29 | Retained Earnings | 203 | | |

Payments have been made to our development partners based on valuations of the work carried out.

Gateshead Council (the Council) manages the properties on behalf of Keelman Homes in accordance with the management agreement and are paid a management fee for carrying out these services. The Council collect

the rent and any service charges associated with the Keelman Homes properties and Keelman Homes invoice the Council for this amount.

**Principal funding sources**

The principal funding sources for the building of our new homes are Homes England (HE) Grants and loans from the Council.

Once properties are built and let, the principal funding sources are from the rental income and service charge income for these properties.

**Reserves policy**

Keelman Homes aims to maintain its general reserve at a minimum of 3% of the annual expenditure budget; however, reserves are reinvested into the business when required, to support development activity.

## Reference and administrative details

| | |
|---|---|
| **Charity Reference Number** | 1133321 |
| **Company Reference Number** | 06972673 |
| **Registered Provider Number** | 4647 |
| **Registered Address** | Civic Centre<br>Gateshead Regent Centre<br>Gateshead<br>NE8 1JN |
| **Directors** | John Adams<br>Jennifer Elliot<br>Joseph Gardiner – Resigned 11/02/2022<br>Joanne Giles<br>Thomas Graham – Resigned 01/04/2021<br>Stuart Green<br>Thomas Sutton – Resigned 11/02/2022<br>Calum Willis<br>Alistair Wylie |
| **Secretary** | Neil Bouch – Resigned 01/04/2021 |
| **Management Team** | Day-to-day management has been delegated<br>Gateshead Council |
| **Auditor** | Haines Watts<br>17 Queens Lane<br>Newcastle upon Tyne<br>NE1 1RN |
| **Banker** | The Co-operative Bank<br>1st Floor, Norfolk House<br>90 Grey Street<br>Newcastle upon Tyne<br>NE1 1HH |
| **Solicitor** | Gateshead Metropolitan Borough Council<br>Civic Centre<br>Regent Street<br>Gateshead<br>NE8 1HH |

## Future plans

To ensure Keelman Homes will continue to progress opportunities to develop further, a five-year Business Plan 2017-21 was developed and implemented by March 2017. The Business Plan sets out the company's overall vision, values and four main strategic priorities, which supports what the company was set up to do and reflects our Articles of Association. Our strategic priorities are as follows:

- Aim 1: Building for the future – including; engaging with developers to build further new affordable housing within Gateshead, and, developing new and innovative ways of working in response to challenges within the social and economic climate.
- Aim 2: Buying properties and managing assets – including; purchasing empty properties within Gateshead and bringing them back into use.
- Aim 3: Providing quality housing-management services- on behalf of other registered providers within Gateshead.
- Aim 4: Improving lives – including listening and learning from our customers and seeking opportunities to support well-being in our communities.

The Business Plan is reviewed and approved by Board on a regular basis, to ensure our approach continues to remain appropriate for our business needs. The progress of these objectives is closely linked to ensuring value for money is achieved.

During 2022/23, plans are as follows: -

- Progress the stock options appraisal to identify a feasible option to ensure the long-term future of Keelman Homes
- Seek new opportunities; engaging with developers and/or consultants who could become partners to assist with future delivery of affordable housing
- Develop Standing Orders of the company
- Ensure compliance with the updated NHF Code of Governance
- Using the asset database of property elements and the financial business plan, develop a 5–10-year asset management strategy

## Going Concern

The management agreement with Gateshead Council expires on 31 March 2023. Keelman Homes are currently engaged in discussions with a housing management provider to assess the feasibility and viability of changing service provider in the future. Gateshead Council are aware that Keelman Homes is reviewing its options and have extended their offer of support by offering a time extension to the current management agreement to beyond September 2023, if Keelman Homes requires this. By November 2022 it is anticipated that the assessment of options will conclude, and a new contract will be entered into ahead of financial year 23/24.

## Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor is deemed to be reappointed and Haines Watts North East Audit LLP will therefore continue in office.

By order of the Board.

**Jason Wylie**
*Chair of Trustees*

Civic Centre
Regent Centre
Gateshead
NE8 1JN

20th September 2022

**Keelman Homes Limited**
**(a company limited by guarantee and not having a share capital)**

**Statement of trustees responsibilities**
**For the year ended 31 March 2022**

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of Keelman Homes Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report [(including the Strategic Report)] and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the board on 20th September 2022 and signed on their behalf by;

.....

**Jason Wylie**
*Chair*

**Keelman Homes Limited**
**(a company limited by guarantee and not having a share capital)**

**Audit Report**
**For the year ended 31 March 2022**

**Opinion**

We have audited the financial statements of Keelman Homes Limited ("the charitable company") for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Reserves, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2022, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2019.

***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion..

**Material Uncertainty relating to Going Concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report. We draw attention to Note 1.3 in the Financial Statements which indicates material uncertainties around the future of Keelman Homes Limited.

The current management agreement with The Gateshead Council. expires in March 2023. We have reviewed evidence that The Gateshead Council have provided assurance, that they will continue to work with Keelman Homes and provide these services as they require and that this arrangement will extend past September 2023, if required by Keelman Homes Limited.

These events and conditions, along with other matters explained in note 1.3, constitute a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern

Our opinion is not modified in respect of this matter.

**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the trustees' report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

- the information given in the trustees' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit [; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion a satisfactory system of control over transactions has not been maintained.

**Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 15, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group and parent charitable company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

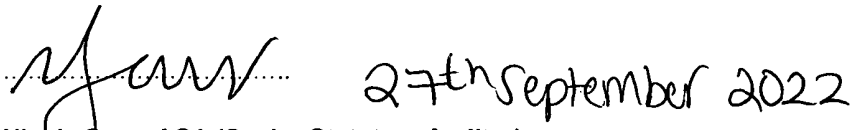
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We obtained an understanding of the legal and regulatory framework applicable to both the company itself and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the directors and other management. The most significant were identified as the Companies Act 2006, Housing SORP 2018, UK GAAP (FRS102) and relevant tax legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements. Our audit procedures included:

- confirming with the directors and management whether they have any knowledge or suspicion of fraud;
- obtaining an understanding of the internal controls established to mitigate risks related to fraud or non compliance with laws and regulations;
- assessing the risk of management override including identifying and testing a sample of journal entries;

Our audit did not identify any key audit matters relating to the detection of irregularities including fraud. However, despite the audit being planned and conducted in accordance with ISAs (UK) there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularity likely involve collusion, forgery, intentional misrepresentations, or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



27th September 2022

**Nicola Scarr ACA (Senior Statutory Auditor)**
**For and on behalf of Haines Watts North East Audit LLP**

**Chartered Accountant and**
**Statutory Auditor**

17 Queens Lane
Newcastle upon Tyne
NE1 1RN

**Keelman Homes Limited**
**(a company limited by guarantee and not having a share capital)**

**Statement of Comprehensive Income**
**For the year ended 31 March 2022**

| | Notes | 2022 £000 | 2021 £000 |
|---|---|---|---|
| Turnover | 2 | 2,360 | 1,508 |
| Operating costs | | ( 1,671 ) | ( 997 ) |
| **Operating surplus** | 3 | **689** | **511** |
| Interest payable | 4 | ( 659 ) | ( 598 ) |
| **Surplus/(deficit) before tax** | | 30 | **( 87 )** |
| Tax | 5 | ( 1 ) | ( 5 ) |
| **Surplus/(deficit) for the year** | | **29** | **( 92 )** |
| **Total comprehensive income for the year** | | **29** | **( 92 )** |

All results derive from continuing activities.

The above income and expenditure should be read in conjunction with the accompanying notes.

The financial statements were approved by the trustees on 20 September 2022 and signed on their behalf by:

.....
Jason Wylie

J A Giles.....

Joanne Giles

**Keelman Homes Limited**
**(a company limited by guarantee and not having a share capital)**

**Balance Sheet**
**As at 31 March 2022**

| | Notes | 2022 £000 | 2021 £000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Tangible assets | 6 | 27,840 | 26,248 |
| **Current assets** | | | |
| Debtors | 7 | 348 | 367 |
| Cash at bank and in hand | | 1,057 | 776 |
| | | **1,405** | **1,143** |
| **Liabilities** | | | |
| Creditors: amounts falling due within one year | 8 | ( 1,291 ) | ( 1,147 ) |
| **Net current assets/ (liabilities)** | | 114 | ( 4 ) |
| Creditors: amounts falling due after one year | 9 | ( 27,751 ) | ( 26,070 ) |
| **Net assets** | | 203 | 174 |
| **Reserves** | | | |
| Retained Earnings | | 203 | 174 |

The accompanying notes form part of these financial statements.

The financial statements were approved by the trustees on 20 September 2022 and signed on their behalf by:

.....
Jason Wylie

.....
Joanne Giles

**Keelman Homes Limited**
**(a company limited by guarantee and not having a share capital)**

**Statement of Changes in Reserves**
**As at 31 March 2022**

| | Retained Earnings |
|---|---|
| | **£000** |
| Balance at 1 April 2020 | 266 |
| Surplus for year | ( 92) |
| **Balance at 31 March 2021** | **174** |
| Balance at 1 April 2021 | 174 |
| Surplus for year | 29 |
| **Balance at 31 March 2022** | **203** |

The Above statement of changes in equity should be read in conjunction with the accompanying notes.

**Keelman Homes Limited**
**(a company limited by guarantee and not having a share capital)**

## Statement of Cashflows
**As at 31 March 2022**

| | Notes | 2022 £000 | 2021 £000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| ***Net cash (used in)/provided by operating activities*** | **13** | 494 | 229 |
| **Cash flows from investing activities** | | | |
| Purchase of tangible fixed assets | **6** | ( 2,062 ) | ( 2,520 ) |
| Proceeds from the receipt of government grants | | 646 | 592 |
| ***Net cash provided by investing activities*** | | ( 1,416 ) | ( 1,928 ) |
| **Cash flows from financing activities** | | | |
| Repayment of borrowings | | ( 347 ) | ( 308 ) |
| Proceeds from new loan | | 1,550 | 2,200 |
| ***Net cash used in financing activities*** | | 1,203 | 1,892 |
| **Change in cash and cash equivalents** | | 281 | 193 |
| Cash and cash equivalents at the beginning of the year | | 776 | 583 |
| **Cash and cash equivalents at the end of the year** | | 1,057 | 776 |
| **Breakdown of cash and cash equivalents** | | | |
| Cash at bank and in hand | | 1,057 | 776 |

## 1. Accounting Policies

### 1.1 Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Statement of Recommended Practice for Social Housing Providers 2018, and with the Accounting Direction for private registered providers of social housing in England 2019. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency, and rounded to the nearest £000.

### 1.2 Basis of accounting

The financial statements are prepared under the historical cost convention except for donated assets which are included at fair value upon donation.

### 1.3 Going concern

The financial statements have been prepared on a going concern basis which the trustees consider to be appropriate for the following reasons. The trustees have prepared cash flow forecasts for a period covering more than 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, to meet its liabilities as they fall due for that period.

The management agreement for the housing stock with Gateshead Council expires in March 2023. The Trustees have obtained assurance from the Gateshead Council that it will continue to work with Keelman Homes and provide these services as they require and the cost will not exceed the financial envelope set out in the Keelman Homes business plan and cashflow forecasts. This arrangement will extend past September 2023 if required by Keelman Homes.

Keelman Homes have obtained further assurance from the council that the loan agreements will be honoured with no early repayment requested, outside of the agreed payment schedule which is considered affordable for Keelman Homes.

As with any company placing reliance on other entities for financial support, the trustees acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Consequently, the trusteess 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.

### 1.4 Turnover

Turnover represents all rental and service charge income receivable, amortisation of government grants and donated land, and proceeds from the sale of shared ownership and market sales properties. Management fee income is also earned from the management of properties on behalf of other registered providers. Sales of property are recognised upon the completion of the transfer of title.

### 1.5 Taxation

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part II of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Sales of properties on the open market are not exempt from UK tax, therefore corporation tax has been charged on this income and its subsequent profit.

### 1.6 Housing properties

Housing properties are recorded at cost. Freehold land is not depreciated.

### 1.7 Shared Ownership

The costs of shared ownership properties are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset and on disposal the first tranche sales proceeds are shown in turnover at the point of legal completion. The remaining element of the shared ownership property is accounted for as a fixed asset. The second and subsequent tranches sold ('staircasing') are accounted for in administrative expenditure/operating income in the period in which the disposal occurs being the difference between the net sales proceeds and the net carrying value.

### 1.8 Depreciation

Freehold properties, other than properties under construction, are depreciated so as to write down the cost, less estimated residual value, on a straight line basis. Individual components are depreciated over their expected useful life as follows:

| | | |
|---|---|---|
| Roof | - | 50 years |
| Heating systems | - | 40 years |
| Electrics | - | 30 years |
| Windows and external doors | - | 25 years |
| Structure | - | 100 years |
| Bathroom | - | 30 years |
| Kitchen | - | 20 years |
| Gas boiler | - | 15 years |

All properties are reviewed for impairment when an impairment trigger is identified and when it is deemed they have suffered a permanent diminution in value, the fall in value is recognised after taking account of any related capital grants.

Costs of improvement works to existing properties are only capitalised when there is a demonstrable enhancement of the economic benefits of the asset.

Donated land is included at its fair value on donation and the corresponding grant creditor is amortised over 100 years.

**1.9 Stocks**

Stocks comprise housing properties held for outright sale, and are stated at the lower of cost and net realisable value. The costs associated with properties in the course of construction are recognised as incurred, to the extent that they are considered to be recoverable.

**1.10 Social housing grant and other government grants**

Where grants are received from government agencies such as Homes England and local authorities, which meet the definition of government grants, they are recognised when there is reasonable assurance that the conditions attached to them will be complied with and the grant will be received.

Government grants are recognised using the accrual model and are classified either as a grant relating to revenue or a grant relating to assets. Grants relating to revenue are recognised in income on a systematic basis over the period in which related costs for which the grant is intended to compensate are recognised. Where a grant is receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future related costs, it is recognised as revenue in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised in income over the expected useful life of the housing property structure. Where a grant is received specifically for components of a housing property, the grant is recognised in income over the expected useful life of the component.

*Recycled Capital Grants Fund*

Capital grants can be recycled under certain condition, if a property is sold, or if another relevant event takes place. Recycled grants can be used for projects approved by Homes England and they are credited to the Recycled Capital Grant Fund within liabilities.

In certain circumstances, such as the sale of housing properties, capital grants may be repayable, and, in that event, is subordinated to the repayment of other loans by agreement with the Homes England. It is accounted for as soon as the liability arises within creditors: amounts falling due within one year. When any grant to be recycled or repaid is less than the grant relating to the disposal, the difference is treated as abated grant. Abated capital grants are treated as a component of the surplus or deficit on disposal

## 2. Turnover

| | 2022 £000 | 2021 £000 |
|---|---|---|
| Rental and service charge income receivable | 1,435 | 1,264 |
| Management fee income | 95 | 128 |
| Amortisation of government grants | 127 | 115 |
| Shared Ownership Sales Income | 703 | 1 |
| | 2,360 | 1,508 |

## 3. Operating surplus

Surplus on ordinary activities is stated after charging/(crediting):

| | 2022 £000 | 2021 £000 |
|---|---|---|
| Depreciation of owned tangible fixed assets | 476 | 436 |
| Amortisation of government grants and donated land | ( 127 ) | ( 115 ) |
| Auditor's remuneration | | |
| - audit | 13 | 12 |
| - other services relating to taxation | 2 | 2 |

During the period, no Trustees received any benefits in kind (2021: nil) and no expenses were reimbursed to any Trustees.

The charitable company does not employ any staff directly. The management of homes is undertaken by Gateshead Council for a management fee as disclosed in note 10.

## 4. Interest payable

| | 2022 £000 | 2021 £000 |
|---|---|---|
| Loans from Gateshead Council | 659 | 598 |

## 5. Taxation

Total tax expense recognised in the income and expenditure account

| | 2022 £000 | 2021 £000 |
|---|---|---|
| Current tax | 1 | 5 |

## 5.1. Reconciliation of the effective tax rate

| | 2022 £000 | 2021 £000 |
|---|---|---|
| Surplus/(Deficit) | 586 | ( 92 ) |
| Total tax expense | 1 | 5 |
| Surplus/(Deficit) before tax | 587 | ( 87 ) |
| Tax using the UK corporation tax rate of 19% (2021: 19%) | 112 | ( 17 ) |
| Tax exempt revenues | - | - |
| Non-deductible expenses | ( 111 ) | 22 |
| Total expense included in the income statement | 1 | 5 |

## 6. Tangible fixed assets

| | Rented Housing Properties £000 | Land £000 | Shared Ownership Housing Properties £000 | Housing Properties in the course of construction £000 | Total £000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 April 2021 | 23,304 | 3,255 | 702 | 1,309 | 28,570 |
| Additions | 473 | - | 613 | 976 | 2,062 |
| Transfers | 1,261 | - | | ( 1,261) | - |
| At 31 March 2022 | 25,038 | 3,255 | 1,315 | 1,024 | 30,632 |
| **Depreciation** | | | | | |
| At 1 April 2021 | 2,266 | - | 56 | - | 2,322 |
| Charge for year | 457 | - | 13 | - | 470 |
| At 31 March 202 | 2,723 | - | 69 | - | 2,792 |
| **Net book value** | | | | | |
| At 31 March 2022 | 22,315 | 3,255 | 1,246 | 1,024 | 27,840 |
| At 31 March 2021 | 21,038 | 3,255 | 646 | 1,309 | 26,248 |

The income, costs and surplus/deficit relating to the shared ownership properties amounts to £703k (2021 - £0), £563k (2021 - £0), £140k (2021 - £0), respectively.

## 6.1 Tangible assets

Number of units under management

| | 2022 | 2021 |
|---|---|---|
| **Under development at end of the year** | | |
| Rented units | 10 | 19 |
| Shared ownership units | - | 5 |
| **Under management at end of the year** | | |
| Rented units | 274 | 262 |
| Shared ownership units | 24 | 13 |

## 7. Debtors

| | 2022 | 2021 |
|---|---|---|
| | £000 | £000 |
| Trade debtors | 120 | 161 |
| Amounts owed by related parties (see note 10) | 228 | 206 |
| | 348 | 367 |

## 8. Creditors: Amounts falling due within one year

| | 2022 | 2021 |
|---|---|---|
| | £000 | £000 |
| Trade Creditors | 4 | 6 |
| Accruals | 23 | 243 |
| Loans from Gateshead Council | 369 | 338 |
| Amount owed to related parties(See note 10) | 767 | 422 |
| VAT | - | 6 |
| Corporation tax | 1 | 5 |
| Recycled capital grant fund | - | 12 |
| Government grants | 127 | 115 |
| | 1,291 | 1,147 |

## 9. Creditors: Amounts falling due after one year

| | 2022 | 2021 |
|---|---|---|
| | £000 | £000 |
| Loans from Gateshead Council | 15,953 | 14,780 |
| Government grants | 11,798 | 11,290 |
| | 27,751 | 26,070 |

The first tranche of the loan from Gateshead Council of £4.5m is repayable in equal half yearly instalments of £46,717 over 50 years from March 2010 and accrues interest at 4.59%.

An additional facility of £1.7m was agreed with the Council in October 2014, and is repayable in equal half yearly instalments of £17,000 over 50 years from April 2015 and accrues interest at 4%.

An additional facility of £1.5m was agreed with the Council in April 2015, and is repayable in equal half yearly instalments of £15,000 over 50 years from October 2015 and accrues interest at 4.25%.

An additional facility of £1.0m was agreed with the Council in April 2016, and is repayable in equal half yearly instalments of £10,000 over 50 years from October 2016 and accrues interest at 3.75%.

An additional facility of £0.5m was agreed with the Council in April 2017, and is repayable in equal half yearly instalments of £5,000 over 50 years from October 2017 and accrues interest at 3.75%.

An additional facility of £1.8m was agreed with the Council in September 2017, and is repayable in equal half yearly instalments of £18,000 over 50 years from March 2018 and accrues interest at 3.75%.

An additional facility of £0.5m was agreed with the Council in December 2017, and is repayable in equal half yearly instalments of £5,000 over 50 years from June 2018 and accrues interest at 3.75%.

An additional facility of £0.9m was agreed with the Council in May 2018, and is repayable in equal half yearly instalments of £9,000 over 50 years from November 2018 and accrues interest at 3.68%.

An additional facility of £0.5m was agreed with the Council in October 2018, and is repayable in equal half yearly instalments of £5,000 over 50 years from April 2019 and accrues interest at 3.75%.

An additional facility of £0.7m has been agreed in April 2019, and is repayable in equal half yearly instalments of £5,000 over 50 years from October 2019 and accrues interest at 3.56%.

An additional facility of £0.7m has been agreed in July 2019, and is repayable in equal half yearly instalments of £5,000 over 50 years from January 2020 and accrues interest at 3.3%.

An additional facility of £0.25m has been agreed in March 2020, and is repayable in equal half yearly instalments of £5,000 over 50 years from September 2020 and accrues interest at 3.3%.

The first tranche of the loan, initial value of £4.5m is secured, whilst the further tranches remain unsecured.

Additional loan facilities were agreed with the Council during the year as follows:

An additional facility of £7m has been agreed in May 2020, and is repayable in equal half yearly instalments of £7,000 over 50 years from November 2020 and accrues interest at 3.3%.

An additional facility of £4m has been agreed in August 2020, and is repayable in equal half yearly instalments of £4,000 over 50 years from February 2021 and accrues interest at 3.4%.

An additional facility of £0.25m has been agreed in September 2020, and is repayable in equal half yearly instalments of £2,500 over 50 years from March 2021 and accrues interest at 3.4%.

An additional facility of £0.25m has been agreed in December 2020, and is repayable in equal half yearly instalments of £2,500 over 50 years from June 2021 and accrues interest at 3.35%.

An additional facility of £0.6m has been agreed in March 2021, and is repayable in equal half yearly instalments of £6,000 over 50 years from September 2021 and accrues interest at 3.35%.

The first tranche of the loan, initial value of £4.5m is secured, whilst the further tranches remain unsecured.

Additional loan facilities were agreed with the Council during the year as follows:

An additional facility of £0.5m has been agreed in May 2021, and is repayable in equal half yearly instalments of £5,000 over 50 years from November 2021 and accrues interest at 3.3%.

An additional facility of £0.35m has been agreed in September 2021, and is repayable in equal half yearly instalments of £3,500 over 50 years from March 2022 and accrues interest at 3.16%.

An additional facility of £0.7m has been agreed in November 2021, and is repayable in equal half yearly instalments of £7,000 over 50 years from May 2022 and accrues interest at 3.19%.

**Government grants**

A total of £4.832m grant was received from Homes England between the financial years of 2010/11 and 2013/14 in relation to the Kibblesworth development. This is released to the accounts over a period of 100 years.

A total of £2.663m grant has been received from Homes England between the financial years of 2013/14 and 2020/21 in relation to the Empty Homes Purchase and Repair schemes. This is released to the accounts over a period of 100 years.

A total of £33.7k grant was received from the Tyne and Wear Fire and Rescue Service in relation to the installation of sprinkler systems in some of our new build developments. This is released to the accounts over a period of 100 years

A total of £0.345m grant was received from Homes England between the financial years of 2015/16 and 2016/17 in relation to the Runhead and Heddon View development. This is released to the accounts over a period of 100 years.

A total of £0.318m grant was received from Homes England between the financial years of 2016/17 and 2018/18 in relation to the West Park development. This is released to the accounts over a period of 100 years.

A total of £0.778m grant was received from Homes England in financial years of 2019/20 and 2020/21 in relation to the Bleach Green development. This is released to the accounts over a period of 100 years.

A total of £0.210m grant was received from Homes England in financial year 2020/21 in relation to the Lyndhurst development. This is released to the accounts over a period of 100 years.

Included within government grants is an amount of £2,776,600 relating to donated land (2021: £2,806,250)

Land with a value £2.7m was donated to the company in 2010/11 in relation to the Kibblesworth development. This is released to the accounts over a period of 100 years.

Land with a value £0.115m was donated to the company in 2016/17 in relation to the Heddon View development. This is released to the accounts over a period of 100 years.

Land with a value £0.15m was donated to the company in 2017/18 in relation to the West Park development. This is released to the accounts over a period of 100 years.

## 10. Related Parties and controlling party

The company has a close working relationship with The Gateshead Council due to previously being a subsidiary prior to becoming independent in 2014/15. The total expenditure incurred with The Gateshead Council during financial year 2021/22 was £284,568, and the total income received was £914,034. There was also creditors due to The Gateshead Council totalling £767,100 and a debtor amount of £227,703 at 31 March 2022.

## 11. Accounting estimates and judgements

The preparation of financial statements requires the Board to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The key areas requiring the use of estimates and judgements which may significantly affect the financial statements are considered to be:

*Estimation of the useful life of assets*

The board is required to estimate the useful economic life of each component of its housing properties. These estimates are based on experience of the housing stock compared to wider sector practice.

*Valuation of donated land*

Donated land is valued by qualified specialists within Gateshead Council who use their professional knowledge and experience to assess the value of the land.

## 12. Financial instruments

| | 2022<br>£000 | 2021<br>£000 |
|---|---|---|
| **Assets measured at cost less impairment** | | |
| Trade debtors | 118 | 161 |
| **Liabilities measured at amortised cost** | | |
| Loans from Gateshead Council | 16,322 | 15,118 |

## 13. Cash from operating activities

| | 2022 | 2021 |
|---|---|---|
| | £000 | £000 |
| Deficit for the year | 29 | ( 92 ) |
| *Adjustment for:* | | |
| Depreciation and amortisation | 470 | 436 |
| Interest payable and similar charges | 659 | 598 |
| Deferred government grant | ( 127 ) | ( 115 ) |
| Taxation | 1 | 5 |
| | **1,032** | **832** |
| Decrease/(increase) in trade and other debtors | 21 | (40) |
| Increase/(decrease) in trade and other creditors | 101 | 40 |
| Interest paid | ( 659 ) | ( 598 ) |
| Tax paid | ( 1 ) | ( 5 ) |
| **Net cash from operating activities** | **494** | **229** |

**KEELMAN HOMES LIMITED**

England & Wales - Charity number 1133321

# Accounts

Charity Number: 1133321
Company Number: 06972673

# KEELMAN HOMES LIMITED

(a company limited by guarantee and not having share capital)

Financial Statements
for the year ended 31 March 2021

**Keelman Homes Limited**
**(a company limited by guarantee and not having share capital)**

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## Report of the Board

The Board present their report and financial statements for the period ended 31 March 2021.

## Principal activities

The principal activity of the Company is the development of affordable housing. The Company has entered into a management agreement with The Gateshead Housing Company to manage, maintain and improve Keelman Homes properties.

Keelman Homes has been set up to enable the development of affordable housing in Gateshead.

*New Build*

*Bleach Green (sales name 'High View')*

Keelman Homes are in contract with Keepmoat Homes to purchase 27 new build dwellings on the former Bleach Green site located in Blaydon-on-Tyne. A loan from Gateshead Council and Homes England grant funding has been secured for the scheme which would comprise of 18 affordable, five shared ownership and four rent to buy properties.

Keepmoat started work on site in July 2019. The affordable units will be handed over to Keelman Homes on a plot by plot basis and are programmed to be fully complete by February 2022. The entire development is programmed for completion by September 2024.

The first four affordable rent units were scheduled to be handed over to Keelman Homes by the end of March 2020. However, due the Covid-19 pandemic and site closures during the week commencing 30 March 2020, these handovers were not achieved until July 2020. Another six affordable rent units were handed over and let during 2020/21.

This meant that eight affordable rent units remained to be handed over by Keepmoat Homes. Two of these were handed over and let in May 2021.

Discussions were held with Homes England about changing the tenure of the remaining six properties from affordable rented homes to shared ownership, which would contribute towards an improvement in the 30 year business plan. This was agreed in principle, subject to the properties being marketed for up to six months for shared ownership. Possession of these six properties is scheduled between September 2021 and March 2022.

The five shared ownership properties that are part of the original scheme are due to be handed over in May and October 2021.

The four rent to buy properties were all successfully advertised and allocated by March 2021.

*Lyndhurst (sales name 'Valley View')*

Keelman Homes committed to purchasing six affordable new build dwellings from Beacon Living (a trading name of The Gateshead Trading Company which is wholly owned by Gateshead Council). A loan from Gateshead Council and Homes England funding was secured for the scheme. All six properties would be retained as affordable rent properties.

The development was constructed by Kier Construction who started on site in July 2018. It was anticipated that the first two plots would be acquired the last week in March 2020. However, due to the Covid-19 pandemic and lockdown restrictions these handovers were not achieved until 22 May 2020. The third and fourth plots were handed over in July 2020. The final two plots were handed over in December 2020. All 6 properties are now let.

*Empty Homes*

In June 2015, Keelman Homes entered into an agreement with Homes England (HE) as part of its 2015-18 funding for the Empty Homes scheme, its purpose, to bring properties which had fallen into disrepair back up to a lettable standard. In FY 16/17 there were 18 practical completions, 17/18 there were 22 practical completions so in total 40 properties were brought back into use.

Following the success of 2015 to 2018 Empty Homes scheme, during 2017/18, Keelman Homes made a bid to HE for further grant funding, to bring empty properties back into use, as part of HE's Shared Ownership and Affordable Homeownership Programme 2016 to 2021 (SOAHP). Keelman Homes was successful in securing grant to bring a further 40 empty properties back into use. Upon completion of 40 properties Keelman Homes had surplus grant and loan remaining and so agreed with HE to expand the programme by 2 additional properties taking the total number of properties to 42 (referred to as 'tranche A' of the SOAHP 16-21 programme). In May 2019, all 42 Tranche A properties had been secured and brought back into use.

In May 2018, HE approved a bid for funding to purchase an additional 40 properties (referred to as 'tranche B' of the SOAHP 16-21 programme). This took the Empty Homes 2016-21 SOAHP programme across both tranches to a total of 82 affordable units, for delivery by March 2022. Later, to meet the HE targets and due to good performance, Keelman Homes re-programmed the purchase of 82 units by 31 March 2021, one year earlier than originally programmed.

Due to the impacts of the Covid-19 pandemic, in October 2020 HE agreed to relax the deadline of the programme from March 2021 to March 2022.

At the end of March 2021, 19 of the 40 Tranche B properties had been purchased and brought back into use, leaving a further 21 to be completed by 31 March 2022.

*Managing properties on behalf of other registered providers*

In addition to the development of new affordable housing, Keelman Homes has also entered into agreements with another registered provider, to manage properties on their behalf.

Keelman Homes manages 116 properties in Gateshead on behalf of Thirteen Group and 36 properties on behalf Gateshead Council's Empty Homes Initiative.

Gateshead Council has agreed that from 2021/22 the properties in the Empty Homes Initiative will be managed directly by the Council.

The current management agreement between Keelman Homes and Thirteen Group to manage properties on its behalf will expire at the end of March 2022 and discussions will be held during 2021/22 to renegotiate an agreement.

Below is a summary of the stock numbers as of 31.03.21 and reprofiled forecasts numbers (from acquisition):

| | Stock at FY 20/21 | Forecasted increase for FY21/22 | Totals FY 21/22 |
|---|---|---|---|
| **Keelman Homes Owned Properties** | | | |
| **New Homes (affordable rent)** | 159 | 2 | 161 |
| **New Homes (shared ownership)** | 13 | 11 | 24 |
| **New Homes (rent to buy)** | 4 | 0 | 4 |
| | | | New build total: 189 |
| **New Build Empty Homes Purchase and Repair** | 106 | 20 | 126 |
| | | | EHPaR total: 126 |
| **Portfolio growth** | / | 33 | |
| **Total KHL portfolio cumulative** | **282** | **315** | |
| **Property Management** | | | |
| **Thirteen Group** | 116 | 0 | 0 |
| **Gateshead Council EHI** | 36 | 0 | 0 |
| ***(EHI loss in year)*** | *(36)* | *0* | *0* |
| **Total properties in management** | **116** | **0** | **0** |
| | | | Managed properties: 0 |
| **Grand totals** | **398** | **315** | |

**Corporate governance**

The Company signs up to the principles of the Combined Code in so far as they are applicable to an organisation of its size and structure. As well as having codes of conduct for Board members, the Company has a clear Risk Management Policy in place which underlies its key decisions.

The Company has a main Board which is suitable for all current activity. During 2020/21, we have reviewed our governance arrangements to ensure the needs of the organisation are being met effectively.

The Board Members who are Directors for the purpose of company law and Trustees for the purpose of charity law, who held office at the date of approval of this Board report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Board Member has taken all the steps that he or she ought to have taken as a Board Member to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

In line with the statutory requirements for a limited company, a copy of these accounts will be filed with Companies House.

## Structure, Governance and Management

### Governing document

Keelman Homes is a charitable company limited by guarantee; it was incorporated as a private company on 25 July 2009 and received charitable status on 16 December 2009. The organisation was established under a Memorandum of Association which established the objects and powers of the company and is governed under the Articles of Association.

During the 2014/15 financial year there was a significant change in the membership of Keelman Homes with The Gateshead Housing Company resigning and the current trustees of Keelman Homes being appointed as members. The ownership of Keelman Homes changed to being owned by the Board.of Trustees of Keelman Homes, rather than being owned by The Gateshead Housing Company. As a subsidiary of The Gateshead Housing Company, Keelman Homes was precluded from applying for funding from Homes England's (HE) affordable homes guarantee programme.

Changing the membership of Keelman Homes allowed it access to new potential funding resources from HE and the private sector, and with this there is the potential to increase the amount of new affordable homes the Company can deliver.

In the event of the Charity being dissolved, every member must pay up to £10 towards the cost of dissolution and the liabilities incurred by the Charity.

### Recruitment and appointment of Trustees

The Trustees as charity trustees control the Company and its property and funds and are known as the Board. The Trustees shall consist of at least six and not more than eight individuals, comprising one individual nominated by the Managing Agent in accordance with article 11.3.2 (the Managing Agent Trustee) and seven individuals appointed or elected in accordance with article 11.3.3 (the Ordinary Trustees)

All Trustees appointed in accordance with 11.3.2 to 11.3.3 will be appointed (and where applicable re-appointed) in accordance with a policy relating to the recruitment and selection of Trustees set by the Trustees from time to time. In setting the policy, the Trustees shall endeavour to ensure that prospective candidates undergo a due selection and assessment process to establish their suitability and that the Trustees collectively possess the range of skills, competencies and experience that they might require.

The Managing Agent Trustee shall be appointed by the Managing Agent in accordance with the policy set by the Trustees under article 0. A written notice delivered by the Chief Executive (or such other authorised individual) of the Managing Agent to the Secretary shall be conclusive as to who has been appointed as a Managing Agent Trustee. The Managing Agent may remove and replace the Managing Agent Trustee at any time provided written notice is given to the Secretary.

The Charity's work focuses on the build of new homes and the subsequent management of these homes once they have been let. Therefore, we have looked to ensure we have a mix of Trustees with the appropriate skill sets. The Managing Agent Trustee has skills in relation to the management of social housing and performance management; we have also ensured that the Ordinary Trustees have a good mix of skills including housing management, communications and tenant involvement.

Board succession planning will be undertaken to ensure that five of the existing trustees, who were all appointed in the same year, do not all step down from the Board at the same time after serving the maximum 9 years of office.

### Induction and training of Trustees

Once the Trustees have been appointed, they are invited to meet with the Company Secretary to familiarise themselves with the work of the Charity, the context in which it operates and the role of the Trustee. They are also provided with the Memorandum and Articles of Association for the Charity, as well as the Code of Conduct for the Trustees and Probity Policy. Trustees are also continually being offered the opportunity to undertake training that they feel is necessary to their roles.

### Organisational structure

Keelman Homes has a Board made up of 8 Trustees who meet quarterly and are responsible for all decisions taken by the Company. Keelman Homes has a management agreement with The Gateshead Housing Company to manage its properties once built and let. The Gateshead Housing Company (TGHC) therefore, has responsibility for the day-to-day management of the operations being undertaken by Keelman Homes.

Following a housing options appraisal, Gateshead Council agreed in November 2020 to reintegrate housing management services back into the Council. The business and assets of TGHC transferred back into the Council on 1 April 2021.

A new management agreement has been agreed between Gateshead Council and Keelman Homes for it to deliver its housing management services for the period 1 April 2021 to 31 March 2022, with an option to extend for another one year.

The Council will also provide services under a Service Level Agreement to Keelman Homes which provides the necessary flexibility to resource it as appropriately required.

### Related parties

The Charity is guided by the Charities Act and Companies Act and is guided by both National and Local policy. The Gateshead Housing Company acts as a managing agent for Keelman Homes in its day-to-day operations.

The Board has considered the internal control environment of The Gateshead Housing Company and considers that the systems of internal control are effective and appropriate.

### Risk Management

The Board agreed, and looked to mitigate as appropriate, the following key strategic risks:

- Failure to manage the company's finances
- Failure to deliver on new build and existing investment projects
- Failure to deliver effective asset management
- Failure to effectively manage business continuity
- Failure to manage effective corporate governance
- Failure to deliver business model due to future government policy
- Impact on rent income due to Universal Credit and Welfare Reform
- Failure to access sources of funding
- Failure to achieve and demonstrate value for money
- Failure to maintain an effective relationship with partners
- TGHC ALMO ceasing or current management agreement expiring without new agreement in place
- Failure to deliver a strategic forward plan

The risks are reviewed quarterly in accordance with its risk management policy. The risk management policy was reviewed in 2019/20 and is reviewed every three years.

### Policies on Internal Control

Keelman Homes has established policies and procedures to monitor and emphasise the need for strong internal control. These include Financial Regulations that require adequate segregation of duties.

### Reports to the Board

- Regular reports to the Board provide information on financial and operational progress against objectives. Performance is measured against agreed targets and externally benchmarked.
- Budgets are set before the beginning of each financial year. Reports on income and expenditure against these budgets are presented to the Board on a quarterly basis.
- Variance analysis and any corrective action is proposed and discussed at the Board meetings. The Board also scrutinise Value for Money and efficiency, as well as receiving information in respect of loan and grant covenant compliance.
- Reports to the Board consider risk, particularly around the financial impact of any proposed actions.

### Stock Options Appraisal

Housing Quality Network were appointed in July 2020 to carry out a benchmarking exercise to determine whether value for money was being achieved through the existing housing management agreement and services received from TGHC. The conclusion of the report listed recommendations including procuring a second phase of work which would comprehensively review Keelman Homes as a company and charity. This would investigate options for Keelman Homes to improve the housing management of its current stock as well as exploring the company options to fulfil Board aspirations to meet its vision and aims and grow as an affordable housing provider in the future.

A second phase of work was concluded by HQN in November 2020 and a draft report was presented by HQN to Board which set out the potential options for Keelman Homes to explore in more detail during a third phase.

The Board appointed Abovo Consult at its meeting in February 2021 to act as lead consultant on Phase 3 of the options appraisal work and begin looking in detail at the viability and feasibility of the following options: -

- Option 1 – No change
- Option 2 – Stay away with Council finance
- Option 3 – Stand alone with new financing
- Option 4 – Merge with another non-profit registered provider
- Option 5 – Sell out to a for-profit registered provider

Each of these options will be considered and developed in detail during 2021/22.

### Recruitment and development of staff

The quality and integrity of staff are essential for maintaining good internal control.

Keelman Homes does not employ any staff directly. Staff are employed by The Gateshead Housing Company (TGHC) and Gateshead Council and are seconded to Keelman Homes.

In partnership with TGHC, Keelman Homes continues to ensure that staff have the necessary competences and qualifications for their role, through development, training, appraisal and performance management.
This is all underpinned by related policies of both Keelman Homes and TGHC, including Standards of Behaviour, Disciplinary Policy, Grievance Policy and Probity Policy.

### Probity Policy

A Probity Policy is in place as part of Standing Orders and is based on National Housing Federation guidance.

There were no significant breaches reported during the year in relation to probity.

### Code of Governance

Following the decision of Gateshead Council to reintegrate the management of its housing and maintenance services back into the Council, the Articles of Association were reviewed by Trowers and Hamlin. The following changes were agreed, which have been filed with Companies House: -

- Removal of all references to TGHC
- Increase the number of independent trustees from 6 to 8
- Removal of Clause 10.9 which required any amendments to the articles to be discussed with the Council and for any changes in its membership to be formally approved by them
- Reduce the number of Council Trustees from 2 to 1
- Replacement of all references to Council with the term 'Managing Agent'

In 2019/20, Trowers assessed the Charity's compliance with the 2015 National Housing Federation code of 'Promoting board excellence for housing associations.' In 2020/21 the NHF published a new Code of Governance which builds on the existing 2015 and 2018 Codes and responds to the 2018 social housing green paper. An assessment of the Charity's compliance with this will be completed by the end of the year.

The new Code of Governance recommends that the maximum term of office of a board member is reduced from 9 to 6 years. The Board agreed on 6 May 2021 to defer a decision on this pending the outcome of the options appraisal.

Following the reintegration of the ALMO back into Gateshead Council, the Company Secretary resigned on 31 March 2021. The Board took a decision on 6 May 2021 not to fill the position and defer until further consideration is given to the establishment of a Keelman Homes managing director position.

Keelman Homes also agreed that its board meetings will no longer be advertised as open to the public to attend.

A new board member and Chair appraisal process has been agreed, including a process for appraising a trustee when they retire from the board after serving a three-year term of office.

### Compliance with the Regulatory Framework

There were no regulatory interventions during the year, and we continue to operate within the standards laid down by our Regulators.

## Our aims and objectives

*Purposes and aims*

Keelman Homes' purposes as set out in the objects contained within the Company's Memorandum of Association are:

(a) to provide houses or hostels or other residential accommodation and any associated amenities for persons in necessitous circumstances upon terms appropriate to their means;

(b) to provide for aged, disabled (whether physically or mentally), or chronically sick persons in need thereof houses or hostels or other residential accommodation and any associated amenities specially designed or adapted to meet the disabilities and requirements of such persons;

(c) to provide services, advice or assistance upon terms appropriate to their means to aged, disabled (whether physically or mentally) or chronically sick persons or other persons in necessitous circumstances in need thereof and providing any associated amenities specially designed or adapted to meet the disabilities and requirements of such persons;

(d) the provision of recreation or other leisure facilities in the interest of social welfare with the object of improving the conditions of life for the residents of the area of benefit;

(e) the relief of poverty amongst the residents of the area of benefit;

(f) the advancement of education, training or retraining, particularly among unemployed people and providing unemployed people with work experience;

(g) the maintenance, improvement or provision of public amenities for the public benefit in the interests of regeneration in areas of social and economic deprivation in which the Charity owns or manages housing stock; and

(h) such other charitable purposes beneficial to the public consistent with the objects above as the Trustees shall in their absolute discretion determine.

Keelman Homes aims to provide new housing in Gateshead for social housing letting and to provide housing management services for our tenants in this area. Our aims reflect the purposes Keelman Homes was set up for.

## Ensuring our work delivers our aims

Keelman Homes was set up in July 2009 and we set our aims and objectives for that year to ensure that the foundations were in place to obtain funding for new houses to be built within the Kibblesworth area, so that we could meet the objects set within our memorandum of association, to provide homes for persons in necessitous circumstances.

Every year we review the aims and objectives set, as well as review the activity undertaken in the prior year, to ensure that we continue to meet the objects as detailed above.

*Our objectives for the year*

The following objectives were achieved for the year ended March 2021:

- An internal review and an independent value for money assessment has been carried out and consultant procured for full stock options appraisal
- A new rent to buy policy and all associated marketing materials were developed
- A reappointment process has been agreed for appraising skills and performance of trustees who have served a term of office
- The existing annual appraisal process has been reviewed, including consideration of 360-degree appraisals of the Chair
- A process has been agreed for assessing our compliance against the new NHF Code of Governance

## Value for money

We are committed to delivering excellent value for money to our residents and communities, now and as part of our longer-term plans. This is one of our core values and is integrated into our business plan.

We aim to drive ongoing value for money by making informed financial and operational decisions. This means spending money wisely and having regard to the three E's:

- Economy
- Efficiency
- Effectiveness

We are committed to reinvesting surpluses into our communities by building more homes.

Finally, we recognise that value for money is important for our customers and continue to focus on improving estates, energy efficiency and safety for our customers.

We have calculated our VfM Metrics for 2020/21 based upon the Housing Regulator's VfM Standard for smaller Registered Providers:

| Metric | Result | VfM Measure |
|---|---|---|
| Metric 1 - Reinvestment | 0.14% | Efficiency |
| Metric 2a – New Supply (Social) | 10.07% | Effectiveness |
| Metric 2b – New Supply (Non-Social) | 0.00% | Effectiveness |
| Metric 3 - Gearing | 56.25% | Efficiency |
| Metric 4 – EBITDA MRI Interest Rate Cover | 118.39% | Efficiency |
| Metric 5 – Headline Social Housing Cost per Unit | £1,090 | Economy |
| Metric 6a – Operating Margin (SHL) | 67.41% | Efficiency |
| Metric 6b – Operating Margin (Overall) | 33.89% | Efficiency |
| Metric 7 – Return on Capital Employed (ROCE) | 1.95% | Efficiency |

### Performance Indicators

| Service Area | Performance Indicator | Year End 2020/21 Target | Year End 2020/21 Performance | Traffic Light |
|---|---|---|---|---|
| Anti-Social Behaviour and Managing Tenancies | % of ASB cases responded to & investigations begun in timescale (24 hrs – high priority, 5 working days – other cases) | 92% | 87.5% | |
| Asset | Energy Efficiency: Average SAP rating of dwellings | 77 | 77 | |
| Cyclical | % of relevant properties that have had a gas service | 100% | 99.62% | |
| Home Repairs | % of emergency (24 hrs), urgent (3 days) and routine (20 days) repairs completed within timescale | 94% | 86.31% | |
| Rent | % of rent collected | 98% | 98.03% | |
| Rent | Rent arrears of current tenants as a % of the rent roll | 4% | 6.78% | |
| Voids | Rent lost through houses being empty | 1% | 1.14% | |

### Compliance Performance Indicators

| Performance Indicator | Year End 2020/21 Target | Year End 2020/21 Performance | Traffic Light |
|---|---|---|---|
| % Domestic Gas Servicing | 100% | 99.62% | |
| % Fire Risk Assessments - Landlord responsibility | 100% | 100% | |
| % Fire Risk Assessments Reviews – 2020/21 | 100% | 100% | |
| % Asbestos Management Surveys (Communal) | 100% | 100% | |
| % Asbestos Management Surveys (Communal Reviews) | N/A | 100% | |
| % Legionella Risk Assessments General Needs (GN) | 100% | 76.3% | |
| % Communal Periodic Electric Inspection Condition Report (present) | 100% | 100% | |
| % Domestic Periodic Electric Inspection Condition Report (present) within a 10-year period | 100% | 100% | |
| % Domestic Periodic Electric Inspection Condition Report (present) within a 5-year period | 100% | 98.8% | |
| % Domestic Stairlifts Service | 100% | 100% | |
| % Domestic Platform/Through Floor Lift Service | 100% | 100% | |

### Achievement and performance

During the financial year ended 31 March 2021: -

- 12 empty properties were successfully brought back into use.
- 10 affordable rent units and four rent to buy units were handed over and successfully let at Bleach Green
- The scheme at Lyndhurst was completed and all six properties were successfully let
- A satisfaction survey was carried out with all its customers and the results reported to Board
- Rent to Buy and Shared Ownership Policies were approved

## Financial review

Financial Highlights 2020/21

| Statement of Comprehensive Income | £000 | Balance Sheet | £000 | Creditors | £000 |
|---|---|---|---|---|---|
| Annual Turnover | £1,508 | Fixed Assets | £26,248 | Loans (GMBC) | £15,118 |
| Operating Costs | £997 | Cash at Bank 31.03.2021 | £776 | Government Grants | £11,405 |
| Deficit for the Year | (£92) | Retained Earnings | £174 | | |

Payments have been made to our development partners based on valuations of the work carried out.

Gateshead Council manages the properties on behalf of Keelman Homes in accordance with the management agreement and are paid a management fee for carrying out these services. GC collect the rent and any service charges associated with the Keelman Homes properties and Keelman Homes invoice GC for this amount.

### Principal funding sources

The principal funding sources for the building of our new homes are Homes England (HE) Grants and loans from Gateshead Council.

Once properties are built and let, the principal funding sources are from the rental income and service charge income for these properties.

### Reserves policy

Keelman Homes aims to maintain its general reserve at a minimum of 3% of the annual expenditure budget; however, reserves are reinvested into the business when required, to support development activity.

## Reference and administrative details

| | |
|---|---|
| **Charity Reference Number** | 1133321 |
| **Company Reference Number** | 06972673 |
| **Registered Provider Number** | 4647 |
| **Registered Address** | Civic Centre<br>Gateshead Regent Centre<br>Gateshead<br>NE8 1JN |
| **Directors** | John Adams<br>Joanne Carr – Resigned 24/09/2020<br>Jennifer Elliot<br>Joseph Gardiner<br>Joanne Giles<br>Thomas Graham – Resigned 1/4/2021<br>Stuart Green<br>Thomas Sutton – Appointed 28/09/2020<br>Calum Willis<br>Alistair Wylie |
| **Secretary** | Neil Bouch – Resigned 1/4/2021 |
| **Management Team** | Day-to-day management has been delegated to The Gateshead Housing Company (Gateshead Council from 1 April 2021) |
| **Auditor** | Haines Watts<br>17 Queens Lane<br>Newcastle upon Tyne<br>NE1 1RN |
| **Banker** | The Co-operative Bank<br>1st Floor, Norfolk House<br>90 Grey Street<br>Newcastle upon Tyne<br>NE1 1HH |
| **Solicitor** | Gateshead Metropolitan Borough Council<br>Civic Centre<br>Regent Street<br>Gateshead<br>NE8 1HH |

## Future plans

To ensure Keelman Homes will continue to progress opportunities to develop further, a five-year Business Plan 2017-21 was developed and implemented by March 2017. The Business Plan sets out the company's overall vision, values and four main strategic priorities, which supports what the company was set up to do and reflects our Articles of Association. Our strategic priorities are as follows:

- Aim 1: Building for the future – including; engaging with developers to build further new affordable housing within Gateshead, and, developing new and innovative ways of working in response to challenges within the social and economic climate.
- Aim 2: Buying properties and managing assets – including; purchasing empty properties within Gateshead and bringing them back into use.
- Aim 3: Providing quality housing-management services- on behalf of other registered providers within Gateshead.
- Aim 4: Improving lives – including listening and learning from our customers and seeking opportunities to support well-being in our communities.

The Business Plan is reviewed and approved by Board on a regular basis, to ensure our approach continues to remain appropriate for our business needs. The progress of these objectives is closely linked to ensuring value for money is achieved.

During 2020/21, plans are as follows: -

- Progress the stock options appraisal to identify a feasible option to ensure the long-term future of Keelman Homes
- Purchase the final properties in Home England's Shared Ownership and Affordable Homeownership Programme 2016 to 2021
- Review of management agreement between Keelman Homes and Thirteen Group to manage properties on Thirteen's behalf
- Seek new opportunities; engaging with developers and/or consultants who could become partners to assist with future delivery of affordable housing
- Develop Standing Orders of the company
- Ensure compliance with the updated NHF Code of Governance

## Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor is deemed to be reappointed and Haines Watts will therefore continue in office.

By order of the Board.

**Jason Wylie**
*Chair of Trustees*

Civic Centre
Regent Centre
Gateshead
NE8 1JN

2 September 2021

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Management Trustees (who are also directors of Keelman Homes Limited for the purpose of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

Approved by the board on 2 September 2021 and signed on their behalf by;

.....

**Jason Wylie**
*Chair*

## Audit Report
## For the year ended 31 March 2021

### Opinion

We have audited the financial statements of Keelman Homes Limited ("the charitable company") for the year 31 March 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Reserves, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021, and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2019.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty relating to Going Concern

We draw attention to Note 1.2 in the Financial Statements which indicates uncertainties around the future of the management agreement with The Gateshead Housing Company. These events and conditions, along with other matters explained in note 1.2, constitute a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

### Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**
In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

- sufficient accounting records have not been kept; or
- the charitable company's financial statements are not in agreement with the accounting records; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

In addition, we have nothing to report in respect of the following matters where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained

**Responsibilities of trustees**
As explained more fully in the trustees' responsibilities statement set out on page 15, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group and parent charitable company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

We obtained an understanding of the legal and regulatory framework applicable to both the company itself and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the directors and other management. The most significant were identified as the Companies Act 2006, UK GAAP (FRS102) and relevant tax legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements. Our audit procedures included:

- confirming with the directors and management whether they have any knowledge or suspicion of fraud;
- obtaining an understanding of the internal controls established to mitigate risks related to fraud or non compliance with laws and regulations;
- assessing the risk of management override including identifying and testing a sample of journal entries;

Our audit did not identify any key audit matters relating to the detection of irregularities including fraud. However, despite the audit being planned and conducted in accordance with ISAs (UK) there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularity likely involve collusion, forgery, intentional misrepresentations, or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 137 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Donna Bulmer BA (Hons) ACA (Senior Statutory Auditor)
For and on behalf of Haines Watts

13 September 2021

Chartered Accountants
Statutory Auditors

17 Queens Lane
Newcastle upon Tyne
NE1 1RN

**Keelman Homes Limited**
**(a company limited by guarantee and not having a share capital)**

## Statement of Comprehensive Income
**For the year ended 31 March 2021**

| | Notes | 2021 £000 | 2020 £000 |
|---|---|---|---|
| Turnover | 3 | 1,508 | 1,398 |
| Operating costs | | ( 997) | ( 964 ) |
| **Operating surplus** | 4 | 511 | 434 |
| Interest payable | 5 | ( 598 ) | ( 549 ) |
| **Surplus/(deficit) before tax** | | **( 87 )** | **( 115 )** |
| Tax | 6 | ( 5 ) | ( 4 ) |
| **Surplus/(deficit) for the year** | | **( 92 )** | **( 119 )** |
| **Total comprehensive income for the year** | | **( 92 )** | **( 119 )** |

The charitable company's results relate wholly to continuing activities. The accompanying notes form part of these financial statements.

The financial statements were approved by the trustees on 2 September 2021 and signed on their behalf by:

.....
Jason Wylie

.....

Joanne Giles

**Keelman Homes Limited**
**(a company limited by guarantee and not having a share capital)**

## Balance Sheet
**As at 31 March 2021**

| | Notes | 2021 £000 | 2020 £000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Tangible assets | 7 | 26,248 | 24,164 |
| **Current assets** | | | |
| Debtors | 8 | 367 | 327 |
| Cash at bank and in hand | | 776 | 584 |
| | | **1,143** | 911 |
| **Liabilities** | | | |
| Creditors: amounts falling due within one year | 9 | ( 1,147 ) | ( 1,056 ) |
| **Net current liabilities** | | ( 4 ) | ( 145 ) |
| Creditors: amounts falling due after one year | 10 | ( 26,070 ) | ( 23,753 ) |
| **Net assets** | | **174** | 266 |
| **Reserves** | | | |
| Retained Earnings | | 174 | 266 |

The accompanying notes form part of these financial statements.

The financial statements were approved by the trustees on 2 September 2021 and signed on their behalf by:

.....
Jason Wylie

.....
Joanne Giles

**Keelman Homes Limited**
**(a company limited by guarantee and not having a share capital)**

**Balance Sheet**
**As at 31 March 2021**

| | Notes | Retained Earnings £000 |
|---|---|---|
| Balance at 1 April 2019 | | 385 |
| Deficit for year | | ( 119 ) |
| **Balance at 31 March 2020** | | 266 |
| Balance at 1 April 2020 | | 266 |
| Deficit for year | | ( 92 ) |
| **Balance at 31 March 2021** | | 174 |

The accompanying noted form part of these financial statements.

**Keelman Homes Limited**
**(a company limited by guarantee and not having a share capital)**

**Balance Sheet**
**As at 31 March 2021**

| | Notes | 2021 £000 | 2020 £000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| ***Net cash (used in)/provided by operating activities*** | 12 | 229 | 193 |
| **Cash flows from investing activities** | | | |
| Purchase of tangible fixed assets | | ( 2,520 ) | ( 2,433 ) |
| Proceeds from the receipt of government grants | | 592 | 1,199 |
| ***Net cash provided by investing activities*** | | ( 1,928 ) | ( 1,234 ) |
| **Cash flows from financing activities** | | | |
| Repayment of borrowings | | ( 308 ) | ( 275 ) |
| Proceeds from new loan | | 2,200 | 1,650 |
| ***Net cash used in financing activities*** | | 1,892 | 1,375 |
| **Change in cash and cash equivalents** | | 193 | 334 |
| Cash and cash equivalents at the beginning of the year | | 583 | 249 |
| **Cash and cash equivalents at the end of the year** | | 776 | 583 |
| **Breakdown of cash and cash equivalents** | | | |
| Cash at bank and in hand | | 776 | 583 |

## 1. Accounting Policies

### 1.1 Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), the Accounting Direction for Private Registered Providers of Social Housing 2015 and the Statement of Recommended Practice for Registered Social Housing Providers Update 2014 ("SORP 2014"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

### 1.2 Basis of accounting

The financial statements are prepared under the historical cost convention except for donated assets which are included at fair value upon donation.

### 1.3 Going concern

The financial statements are prepared under the historical cost convention except for donated assets which are included at fair value upon donation.

The company meets its day-to-day working capital requirements through its current account, which is cash positive at the balance sheet date. The company meets its development programme requirements through a combination of grant and debt funding. Note 9 highlights the current level of debt and the repayment terms. The current economic conditions create uncertainty over the longer term availability of grant and loan finance

Notwithstanding net current liabilities of £4,000 as at 31 March 2021, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons. The directors have prepared cash flow forecasts for a period covering more than 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, to meet its liabilities as they fall due for that period. Those forecasts are dependent on Gateshead Council, not seeking repayment of the amounts currently due. Gateshead Council has indicated that it does not intend to seek repayment of these amounts for the period covered by the forecasts. As with any company placing reliance on other entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. 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.

### 1.4 Turnover

Turnover represents all rental and service charge income receivable, amortisation of government grants and donated land, and proceeds from the sale of shared ownership and market sales properties. Management fee income is also earned from the management of properties on behalf of other registered providers. Sales of property are recognised upon the completion of the transfer of title.

### 1.5 Taxation

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part II of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Sales of properties on the open market are not exempt from UK tax, therefore corporation tax has been charged on this income and its subsequent profit.

### 1.6 Housing properties

Housing properties are recorded at cost. Freehold land is not depreciated.

### 1.7 Shared Ownership

The costs of shared ownership properties are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset and on disposal the first tranche sales proceeds are shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset. Subsequent tranches sold ('staircasing') are accounted for as disposals of housing properties.

### 1.8 Depreciation

Freehold properties, other than properties under construction, are depreciated so as to write down the cost, less estimated residual value, on a straight line basis. Individual components are depreciated over their expected useful life as follows:

| | | |
|---|---|---|
| Roof | - | 50 years |
| Heating systems | - | 40 years |
| Electrics | - | 30 years |
| Windows and external doors | - | 25 years |
| Structure | - | 100 years |
| Bathroom | - | 30 years |
| Kitchen | - | 20 years |
| Gas boiler | - | 15 years |

For refurbished properties, the useful economic life is determined on an individual basis

All properties are reviewed for impairment when an impairment trigger is identified and when it is deemed they have suffered a permanent diminution in value, the fall in value is recognised after taking account of any related capital grants.

Costs of improvement works to existing properties are only capitalised when there is a demonstrable enhancement of the economic benefits of the asset.

Donated land is included at its fair value on donation and the corresponding grant creditor is amortised over 100 years.

**1.9 Stocks**

Stocks comprise housing properties held for outright sale, and are stated at the lower of cost and net realisable value. The costs associated with properties in the course of construction are recognised as incurred, to the extent that they are considered to be recoverable.

**1.10 Debtors and creditors receivable/payable within one year**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in other administrative expenses.

**1.11 Loans and borrowings**

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a financing transaction it is measured at present value.

**1.12 Financial instruments**

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**1.13 Provisions**

Provisions are recognised when the RP has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

*Recycled Capital Grants Fund*

Capital grants can be recycled under certain condition, if a property is sold, or if another relevant event takes place. Recycled grants can be used for projects approved by Homes England and they are credited to the Recycled Capital Grant Fund within liabilities.

In certain circumstances, such as the sale of housing properties, capital grants may be repayable, and, in that event, is subordinated to the repayment of other loans by agreement with the Homes England. It is accounted for as soon as the liability arises within creditors: amounts falling due within one year. When any grant to be recycled or repaid is less than the grant relating to the disposal, the difference is treated as abated grant. Abated capital grants are treated as a component of the surplus or deficit on disposal.

### 1.14 Social housing grant and other government grants

Where grants are received from government agencies such as Homes England and local authorities, which meet the definition of government grants, they are recognised when there is reasonable assurance that the conditions attached to them will be complied with and the grant will be received.

Social Housing Grant (SHG) is receivable from Homes England, and is accounted for using the accrual method of accounting for Government grants and any new grant received is included as part of creditors. The grant is recognised within income when amortised over the useful economic life of the asset. Grant is amortised even if there are no related depreciation charges.

In accordance with Housing SORP 2018 the useful economic life of the housing property structure has been selected (See note 1.8 on page 24). SHG received against new schemes, which are under construction, is included as a long term liability. Amortisation becomes active once the unit is in active management. Grants relating to revenue are recognised in the statement of comprehensive income over the same period as the expenditure to which they relate once performance-related conditions have been met.

SHG can be recycled by the Association under certain circumstances such as if a property is sold, or if another relevant event takes place. In these cases, the SHG can be recycled for use on projects approved by Homes England and is held on the statement of financial position as a liability in the recycled capital grant fund. However, SHG may need to be repaid in certain circumstances.

## 2. Legal status

Keelman Homes Limited is registered under the Companies Act 2006 and is a registered provider of social housing.

## 3. Turnover

| | 2021<br>£000 | 2020<br>£000 |
|---|---|---|
| Rental and service charge income receivable | 1,264 | 1,128 |
| Management fee income | 128 | 163 |
| Amortisation of government grants | 115 | 107 |
| Shared Ownership Sales Income | 1 | 0 |
| | 1,508 | 1,398 |

## 4. Operating surplus

Surplus on ordinary activities is stated after charging/(crediting):

| | 2021<br>£000 | 2020<br>£000 |
|---|---|---|
| Depreciation of owned tangible fixed assets | 436 | 363 |
| Amortisation of government grants and donated land | ( 115 ) | ( 107 ) |
| Auditor's remuneration | | |
| - audit | 12 | 10 |
| - other services relating to taxation | 2 | 2 |

During the period, no Trustee received any benefits in kind (2020: £nil) and no expenses (2020: £nil) were reimbursed to any Trustees.

The charitable company does not employ any staff directly. The management of homes is undertaken by The Gateshead Housing Company for a management fee disclosed in note 11.

## 5. Interest payable

| | 2021 £000 | 2020 £000 |
|---|---|---|
| Loans from Gateshead Council | 598 | 549 |

## 6. Taxation

Total tax expense recognised in the income and expenditure account

| | 2021 £000 | 2020 £000 |
|---|---|---|
| Current tax | 5 | 4 |

### 6.1. Reconciliation of the effective tax rate

| | 2021 £000 | 2020 £000 |
|---|---|---|
| (Deficit)/Surplus | ( 92 ) | ( 119 ) |
| Total tax expense | 5 | 4 |
| (Deficit)/Surplus before tax | ( 87 ) | ( 115 ) |
| Tax using the UK corporation tax rate of 19% (2020: 19%) | ( 17 ) | ( 22 ) |
| Non-deductible expenses | 22 | 26 |
| Total expense included in the income statement | 5 | 4 |

## 7. Tangible fixed assets

| | Rented Housing Properties £000 | Land £000 | Shared Ownership Housing Properties £000 | Housing Properties in the course of construction £000 | Total £000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 April 2020 | 20,557 | 3,255 | 702 | 1,536 | 26,050 |
| Additions | 1,827 | - | - | 693 | 2,520 |
| Transfers | 920 | - | - | ( 920 ) | - |
| At 31 March 2021 | 23,304 | 3,255 | 702 | 1,309 | 28,570 |
| **Depreciation** | | | | | |
| At 1 April 2020 | 1,840 | - | 46 | - | 1,886 |
| Charge for year | 426 | - | 10 | - | 436 |
| At 31 March 2021 | 2,266 | - | 56 | - | 2,322 |
| **Net book value** | | | | | |
| At 31 March 2021 | 21,038 | 3,255 | 646 | 1,309 | 26,248 |
| At 31 March 2020 | 18,717 | 3,255 | 656 | 1,536 | 24,164 |

## 7. Tangible assets *(continued)*

Number of units under management

| | 2021 | 2020 |
|---|---|---|
| **Under development at end of the year** | | |
| Rented units | 19 | 28 |
| Shared ownership units | 5 | 5 |
| **Under management at end of the year** | | |
| Rented units | 262 | 231 |
| Shared ownership units | 13 | 13 |

## 8. Debtors

| | 2021 | 2020 |
|---|---|---|
| | £000 | £000 |
| Trade debtors | 161 | 127 |
| Amounts owed by related parties (see note 12) | 206 | 200 |
| | 367 | 327 |

## 9. Creditors: Amounts falling due within one year

| | 2021 | 2020 |
|---|---|---|
| | £000 | £000 |
| Trade Creditors | 428 | 616 |
| Accruals | 243 | 15 |
| Loans from Gateshead Council | 338 | 294 |
| VAT | 6 | 7 |
| Corporation tax | 5 | 4 |
| Recycled capital grant fund | 12 | 12 |
| Government grants | 115 | 108 |
| | 1,147 | 1,056 |

## 10. Creditors: Amounts falling due after one year

| | 2021 | 2020 |
|---|---|---|
| | £000 | £000 |
| Loans from Gateshead Council | 14,780 | 12,932 |
| Government grants | 11,290 | 10,821 |
| | 26,070 | 23,753 |

The first tranche of the loan from Gateshead Council of £4.5m is repayable in equal half yearly instalments of £46,717 over 50 years from March 2010 and accrues interest at 4.59%.

An additional facility of £1.7m was agreed with the Council in October 2014, and is repayable in equal half yearly instalments of £17,000 over 50 years from April 2015 and accrues interest at 4%.

An additional facility of £1.5m was agreed with the Council in April 2015, and is repayable in equal half yearly instalments of £15,000 over 50 years from October 2015 and accrues interest at 4.25%.

An additional facility of £1.0m was agreed with the Council in April 2016, and is repayable in equal half yearly instalments of £10,000 over 50 years from October 2016 and accrues interest at 3.75%.

An additional facility of £0.5m was agreed with the Council in April 2017, and is repayable in equal half yearly instalments of £5,000 over 50 years from October 2017 and accrues interest at 3.75%.

An additional facility of £1.8m was agreed with the Council in September 2017, and is repayable in equal half yearly instalments of £18,000 over 50 years from March 2018 and accrues interest at 3.75%.

An additional facility of £0.5m was agreed with the Council in December 2017, and is repayable in equal half yearly instalments of £5,000 over 50 years from June 2018 and accrues interest at 3.75%.

An additional facility of £0.9m was agreed with the Council in May 2018, and is repayable in equal half yearly instalments of £9,000 over 50 years from November 2018 and accrues interest at 3.68%.

An additional facility of £0.5m was agreed with the Council in October 2018, and is repayable in equal half yearly instalments of £5,000 over 50 years from April 2019 and accrues interest at 3.75%.

An additional facility of £0.7m has been agreed in April 2019, and is repayable in equal half yearly instalments of £5,000 over 50 years from October 2019 and accrues interest at 3.56%.

An additional facility of £0.7m has been agreed in July 2019, and is repayable in equal half yearly instalments of £5,000 over 50 years from January 2020 and accrues interest at 3.3%.

An additional facility of £0.25m has been agreed in March 2020, and is repayable in equal half yearly instalments of £5,000 over 50 years from September 2020 and accrues interest at 3.3%.

The first tranche of the loan, initial value of £4.5m is secured, whilst the further tranches remain unsecured.

An additional facility of £7m has been agreed in May 2020, and is repayable in equal half yearly instalments of £7,000 over 50 years from November 2020 and accrues interest at 3.3%.

An additional facility of £4m has been agreed in August 2020, and is repayable in equal half yearly instalments of £4,000 over 50 years from February 2021 and accrues interest at 3.4%.

An additional facility of £0.25m has been agreed in September 2020, and is repayable in equal half yearly instalments of £2,500 over 50 years from March 2021 and accrues interest at 3.4%.

An additional facility of £0.25m has been agreed in December 2020, and is repayable in equal half yearly instalments of £2,500 over 50 years from June 2021 and accrues interest at 3.35%.

An additional facility of £6m has been agreed in March 2021, and is repayable in equal half yearly instalments of £6,000 over 50 years from September 2021 and accrues interest at 3.35%.

**Government grants**

A total of £4.832m grant was received from Homes England between the financial years of 2010/11 and 2013/14 in relation to the Kibblesworth development. This is released to the accounts over a period of 100 years.

A total of £2.663m grant has been received from Homes England between the financial years of 2013/14 and 2020/21 in relation to the Empty Homes Purchase and Repair schemes. This is released to the accounts over a period of 100 years.

A total of £33.7k grant was received from the Tyne and Wear Fire and Rescue Service in relation to the installation of sprinkler systems in some of our new build developments. This is released to the accounts over a period of 100 years.

A total of £0.345m grant was received from Homes England between the financial years of 2015/16 and 2016/17 in relation to the Runhead and Heddon View development. This is released to the accounts over a period of 100 years.

A total of £0.318m grant was received from Homes England between the financial years of 2016/17 and 2018/18 in relation to the West Park development. This is released to the accounts over a period of 100 years.

A total of £0.778m grant was received from Homes England in financial years of 2019/20 and 2020/21 in relation to the Bleach Green development. This is released to the accounts over a period of 100 years.

A total of £0.210m grant was received from Homes England in financial year 2020/21 in relation to the Lyndhurst development. This is released to the accounts over a period of 100 years.

Included within government grants is an amount of £2,806,250 relating to donated land (2020: £2,835,900)

Land with a value £2.7m was donated to the company in 2010/11 in relation to the Kibblesworth development. This is released to the accounts over a period of 100 years.

Land with a value £0.115m was donated to the company in 2016/17 in relation to the Heddon View development. This is released to the accounts over a period of 100 years.

Land with a value £0.15m was donated to the company in 2017/18 in relation to the West Park development. This is released to the accounts over a period of 100 years.

## 11. Accounting estimates and judgements

The preparation of financial statements requires the Board to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The key areas requiring the use of estimates and judgements which may significantly affect the financial statements are considered to be:

*Estimation of the useful life of assets*

The board is required to estimate the useful economic life of each component of its housing properties. These estimates are based on experience of the housing stock compared to wider sector practice.

*Valuation of donated land*

Donated land is valued by qualified specialists within Gateshead Council who use their professional knowledge and experience to assess the value of the land.

## 12. Financial instruments

| | 2021 £000 | 2020 £000 |
|---|---|---|
| **Assets measured at cost less impairment** | | |
| Trade debtors | 161 | 127 |
| **Liabilities measured at amortised cost** | | |
| Loans from Gateshead Council | 15,118 | 13,226 |

## 13. Cash from operating activities

| | 2021 £000 | 2020 £000 |
|---|---|---|
| Deficit for the year | ( 92 ) | ( 119 ) |
| *Adjustment for:* | | |
| Depreciation and amortisation | 436 | 363 |
| Interest payable and similar charges | 598 | 549 |
| Deferred government grant | ( 115 ) | ( 108 ) |
| Taxation | 5 | 4 |
| | 832 | 689 |
| Decrease/(increase) in trade and other debtors | 40 | 83 |
| Increase/(decrease) in trade and other creditors | ( 40 ) | ( 34 ) |
| Interest paid | ( 598 ) | (549) |
| Tax paid | ( 5 ) | 4 |
| **Net cash from operating activities** | **229** | **193** |