

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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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;

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Strategic Report

For the year ended 31 March 2023

(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.

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Strategic Report

For the year ended 31 March 2023

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.

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Strategic Report
For the year ended 31 March 2023

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:

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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.

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- 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

Keelman Homes Limited
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Strategic Report
For the year ended 31 March 2023

Reference and administrative details

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

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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

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Audit Report

For the year ended 31 March 2023

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

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Audit Report
For the year ended 31 March 2023

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.

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Audit Report
For the year ended 31 March 2023

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

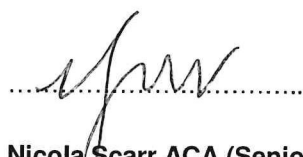
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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

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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	<u>547</u>	<u>689</u>
Interest payable	6	(673)	(659)
(Deficit)/Surplus before tax		<u>(126)</u>	<u>30</u>
Tax	7	14	(1)
(Deficit)/Surplus for the year		<u>(112)</u>	<u>29</u>
Total comprehensive income for the year		<u>(112)</u>	<u>29</u>

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

 26/09/2023
.....
Iftekar Alom


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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
		<u>1,214</u>	<u>1,405</u>
Liabilities			
Creditors: amounts falling due within one year	10	(1,258)	(1,291)
Net current assets/ (liabilities)		<u>(44)</u>	<u>114</u>
Creditors: amounts falling due after one year	11	(27,217)	(27,751)
Net assets		<u>91</u>	<u>203</u>
Reserves			
Income & Expenditure Reserve		<u>91</u>	<u>203</u>

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

 26/09/2023
.....
Ifterkar Alom

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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.

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Statement of Cashflows
As at 31 March 2023

	Notes	2023 £000	2022 £000
Cash flows from operating activities			
<i>Net cash (used in)/provided by operating activities</i>	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
<i>Net cash provided by investing activities</i>		24	(1,416)
Cash flows from financing activities			
Repayment of borrowings		(369)	(347)
Proceeds from new loan		-	1,550
<i>Net cash used in financing activities</i>		(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

Notes to the financial statements
For the year ended 31 March 2023

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.

Notes to the financial statements
For the year ended 31 March 2023

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
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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.

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

Notes to the financial statements
For the year ended 31 March 2023

2. Turnover

	2023	2022
	£000	£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
	<u>1,778</u>	<u>2,360</u>

3. Operating surplus

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

	2023	2022
	£000	£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
	<u></u>	<u></u>

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	2022
	£000	£000
Gross wages	53	-
NI contributions	6	-
Pension contributions	-	-
Total	<u>59</u>	<u>-</u>

Keelman Homes Limited
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Notes to the financial statements
For the year ended 31 March 2023

6. Interest payable

	2023	2022
	£000	£000
Loans from Gateshead Council	673	659
	<u> </u>	<u> </u>

7. Taxation

Total tax expense recognised in the income and expenditure account

	2023	2022
	£000	£000
Current tax	(14)	1
	<u> </u>	<u> </u>

7.1. Reconciliation of the effective tax rate

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

Keelman Homes Limited**(a company limited by guarantee and not having a share capital)****Notes to the financial statements****For the year ended 31 March 2023****8 Tangible fixed assets**

	Housing Properties £000	Land £000	Shared Ownership Housing Properties £000	Housing Properties Under Construction £000	Computer Equipment £000	Total £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

Keelman Homes Limited
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Notes to the financial statements
For the year ended 31 March 2023

9. Debtors

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

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
	<u>1,258</u>	<u>1,291</u>

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
	<u>27,217</u>	<u>27,751</u>

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%.

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Notes to the financial statements
For the year ended 31 March 2023

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%.

Keelman Homes Limited
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Notes to the financial statements
For the year ended 31 March 2023

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.

Keelman Homes Limited
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Notes to the financial statements
For the year ended 31 March 2023

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	2022
	£000	£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	2022
	£000	£000
Deficit for the year	(112)	29
<i>Adjustment for:</i>		
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.