

Keswick Community Housing Trust Limited
Financial Statements
31st December 2022

Keswick Community Housing Trust Limited

Financial Statements

Year ended 31st December 2022

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Keswick Community Housing Trust Limited

Officers and Professional Advisers

Management committee (Board)

William E Bewley - Chair
Peter T Toes - Vice Chair
Peter J Roberts - Treasurer
Michael Osborne - Vice Treasurer
Wendy E Bewley - Board Member
Joanna K Brand - Board Member
Susan J Roberts (Resigned 2nd August 2022) - Board Member
Joyce M Swainbank - Board Member
Andrew D Thoburn - Board Member
Victor Gibson - Board Member
Allan D Daniels - Board Member
Rebecca J Greenwell (Resigned 17th May 2022) - Board Member
Katie E Bunting - Board Member (coopted)
Andrew W Stephenson - Board Member
David W G Whipps (Appointed 17th May 2022) - Board Member (coopted)
Colin Thorns (Served from 17th May 2022 to 21st July 2022) - Board Member (coopted)

Secretary

Benita R Lapthorn

Registered office

Oglethorpe & Broatch Solicitors
6 Borrowdale Road
Keswick
Cumbria
CA12 5DB

Auditor

Lamont Pridmore
Chartered Accountants & statutory auditor
Milburn House
3 Oxford Street
Workington
Cumbria
CA14 2AL

Bankers

Unity Trust Bank plc
Nine Brindleyplace
Birmingham
B1 2HB

Cumberland Building Society
30a Station Street
Keswick
Cumbria
CA12 5HF

Solicitors

Oglethorpe & Broatch Solicitors
6 Borrowdale Road
Keswick
Cumbria
CA12 5DB

Keswick Community Housing Trust Limited

Management Committee Report *(continued)*

Year ended 31st December 2022

The officers present their report and the financial statements of the society for the year ended 31st December 2022.

Principal activities

The principal activity of Keswick Community Housing Trust Limited (KCHT) during the year was that of a Community Land Trust formed for the benefit of the local community. KCHT is registered with the Financial Conduct Authority as an Industrial and Provident Society, registered number 31141R.

KCHT is formed for the benefit of the community to operate as a Community Land Trust primarily in Keswick (the "area of benefit"). Its objects shall be to carry on for the benefit of the community:

- * the business of providing social housing, housing, accommodation, and assistance to help house people and associated facilities and amenities for poor people or for the relief of aged, disabled, handicapped (whether physically or mentally) or chronically sick people on terms appropriate to their means; and
- * any other charitable object that can be carried out by an Industrial and Provident Society.

KCHT is one of a very small number of Community Land Trusts in Britain which have chosen to embrace the significant responsibilities of becoming a Registered Provider of Social Housing (RP). Our status means that we can draw down funding from Homes England directly, rather than partnering with an existing RP, such as a housing association. It also means that KCHT has direct landlord responsibilities towards our tenants.

Officers

The officers who served the society during the year were as follows:

William E Bewley	
Peter J Roberts	
Wendy E Bewley	
Joanna K Brand	
Joyce M Swainbank	
Andrew D Thoburn	
Victor Gibson	
Allan D Daniels	
Katie E Bunting	
Andrew W Stephenson	
Michael Osborne	
Peter T Toes	
Benita R Lapthorn	
David W G Whipps	(Appointed 17th May 2022)
Susan J Roberts	(Resigned 2nd August 2022)
Rebecca J Greenwell	(Resigned 17th May 2022)
Colin Thorns	(Served from 17th May 2022 to 21st July 2022)

Keswick Community Housing Trust Limited

Management Committee Report *(continued)*

Year ended 31st December 2022

Governance

The Board of KCHT reviewed a number of codes of governance and has chosen to adopt the Confederation of Co-operative Housing Code of Governance for community led housing organisations 2021 as this was felt to be a better fit for KCHT in terms of ethos and size.

The key provisions of the Code are shown below and summarise the main areas of governance where the Board are concerned to ensure good practice. The Board has set aside time in 2023 to review in detail its compliance with the Code.

PRINCIPLE	DESCRIPTION
1. Clarity of purpose and values	<ul style="list-style-type: none">The community led housing organisation understands what its mission, vision and values are.The organisation is committed to accountability to the community, democracy, fairness, equality of opportunity and a recognition of diversity, and high standards of ethics, probity and integrity
2. Community Accountability	<ul style="list-style-type: none">The community led housing organisation has defined either a geographical community and/or a specific community of people it has been set up to serveIt ensures its accountability to the defined community, including through offering (or in some cases requiring) membership of the organisation to community members.Active community involvement is encouraged in various ways.
3. Effective Leadership and Control	<ul style="list-style-type: none">The Governing Body is effective in leading and controlling the community led housing organisation on behalf of the community and its members to whom it is accountable.There is clarity regarding its roleHow it is composed and structured and how it is trained and provided with information ensures that it has what it needs to properly discharge its duties.
4. Effective and Clear Delivery	<ul style="list-style-type: none">The Governing Body makes decisions about how the community led housing organisation delivers its ambitions day to day.Operational roles, delegated authority and systems of accountability are clearly documented.The community led housing organisation has systems to discharge its legal, regulatory and other responsibilities.
5. Strong Systems of Control and Audit	<ul style="list-style-type: none">The Governing Body establishes formal and transparent arrangements to ensure financial viability and effectiveness of activities.It has sufficient systems of internal financial and other controls.It manages risk and maintains an appropriate relationship with external auditors where appropriate.

Reserves policy

Since the successful completion of our Southey Court Development, KCHT has continued to build a comfortable cash surplus, which has assisted in achieving a degree of organisational financial resilience.

The Board of KCHT recognises that as a provider of social housing, we must ensure that adequate reserves are held so that we can effectively maintain a good quality housing stock that meets the decent homes standards. The Board has agreed to £500 per property per annum being allocated towards the long term maintenance and repairs of housing properties, and this equates to ~ £52,500 after deducting expenditure incurred for planned maintenance and reactive repairs.

None of KCHT's reserves are required to be ring-fenced as Recycled Capital Grant Fund in line with Homes England requirements.

During 2023, the Board of KCHT will further develop our Reserves Policy.

Keswick Community Housing Trust Limited

Management Committee Report *(continued)*

Year ended 31st December 2022

Value for Money

In line with the Regulator of Social Housing's Value for Money Standard, the Board of KCHT is publishing information on KCHT's performance against the Regulator's Value for Money metrics.

METRIC	DESCRIPTION	2018	2019	2020	2021	2022
Metric 1: Reinvestment %	Investment in properties (existing stock + new build/stock) as a % of value of total properties held	0.25%	2.34%	8.18%	2.27%	0.17%
Metric 2a: New supply %	Number of new social housing units delivered in the year as % total social housing units owned at period end	0.00%	0.00%	0.00%	10.00%	0.00%
Metric 2b: New NSH Supply %	Number of new non-social housing units delivered in the year as % total non-social housing units owned at period end	0.00%	0.00%	0.00%	0.00%	0.00%
Metric 3: Gearing %	How much of the adjusted assets are made up of debt and the degree of dependence on debt finance	15.02%	14.37%	15.46%	12.84%	11.94%
Metric 4: EBITDA MRI Interest Cover %	Measures the level of surplus that an RP generates compared to interest payable	268.38%	379.70%	236.82%	264.52%	236.48%
Metric 5: Headline Social Housing Cost per unit £	Assesses headline social housing cost per unit as defined by the Regulator	464	547	531	703	649
Metric 6a: Operating Margin (SHL) %	Profitability of operating assets before exceptional expenses, for social lettings only	86.03%	83.71%	84.24%	79.23%	82.41%
Metric 6b: Operating Margin (Overall) %	Profitability of operating assets before exceptional expenses, for all activities	83.23%	89.65%	90.55%	79.01%	81.77%
Metric 7: ROCE %	Compares the operating surplus to total assets less current liabilities	2.55%	3.87%	7.52%	1.98%	1.80%

The Regulator uses a measure of interest cover that includes all major repairs spend as a key indicator of financial viability and engages with providers where there are concerns over financial viability and covenant positions. While the Regulator has no concerns with KCHT, the Board is not complacent and recognises the need to continue to manage our resources and risks effectively to ensure that financial viability is maintained, and that KCHT remains capable of meeting its responsibilities to its tenants.

Keswick Community Housing Trust Limited

Management Committee Report *(continued)*

Despite the Bank of England base rate increasing from 0.1% to 3.5% between December 2021 and December 2022, the Board confirms that KCHT has remained able to service its loans and meet its lenders covenant requirements. Understandably there has however been a reduction in interest cover and during 2023 the Board is taking steps to address this area via a combination of increases in income streams, and reductions in loan finance cost and general operating costs.

In line with the Regulator of Social Housing's Value for Money Standard, KCHT's performance against the Regulator's Value for Money metrics for the current financial year ending 31.12.2022 has been benchmarked against similar sized private RPs based in the North West, and also with the overall VFM data for private RPs published by the Regulator for Social Housing for 2022 Global Accounts which cover the period to 31.3.2022.

REGISTERED Provider	No of Units	Financial Year End	Reinvestment %	New Supply (Social) %	Gearing %	EBITDA MRI Interest Rate Cover %	Headline Social Housing cost per unit £	Op Margin SHL %	ROCE %
Westvale Housing Coop Ltd	35	31.12.21	0.20	N/A	-17.30	4.1	1,350	44.00	4.1
Rusland Road Housing Coop Ltd	37	31.12.21	1.1	0	-16.30	547.4	1,672	53.80	4.8
Hamlet Village Housing Coop Ltd	40	31.12.21	0.3	0	-20.90	448	2,125	38.50	3.7
Southern Crescent Coop Ltd	40	31.12.21	1.90	0	N/A	N/A	2,435	33.50	3.3
Thirlmere Housing Coop Ltd	40	31.03.22	2.6	N/A	-21.00	0.7	2,241	29.10	2.6
Hesketh Street Housing Coop Ltd	42	31.12.21	0.4	N/A	-13.90	729	1,828	35.40	3.7
Shorefields Coop Ltd	46	31.12.21	1.40	N/A	7.30	274.30	2,264	27.00	2.7
Mitre Housing	164	31.12.21	1.00	N/A	-9.00	1220.00	2,644	31.20	3.5
Keswick Community Housing Trust Ltd	40	31.12.22	0.17	N/A	11.94	236.48	649	82.41	1.8
Lower Quartile	Global Accounts 2022		4.14	0.48	32.02	107.07	3678	17.36	2.35
Median Quartile			6.36	1.27	44.71	147.01	4076	23.69	3.19
Upper Quartile			8.71	2.11	54.95	199.81	5295	29.59	3.93

To ensure that rents remain affordable for tenants, historically, the Board of KCHT has agreed rent increases below the permitted maximum of CPI inflation plus 1%, and held rents flat during the pandemic. This approach together with opting not to collect rent from our shared owners does reduce the level of ROCE achieved when compared to other RPs.

In 2023, as part of the activity to strengthen the income streams, the Board has agreed to increase the rent by 4% (below the capped figure of 7% max), and for the first time to collect a nominal monthly rental from the shared owners.

The majority of KCHT's activities are fulfilled on a voluntary basis, and the value of this activity is seen in the low social housing cost per unit cost, which also supports a healthy EBITDA MRI interest cover. KCHT benefits from a low gearing position meaning there is a low level of debt secured against its property portfolio. This compares favourably with larger Housing Associations.

Keswick Community Housing Trust Limited

Management Committee Report *(continued)*

Year ended 31st December 2022

Assessment of compliance with the Governance and Financial Viability standard

The Board has set aside time in 2023 to review in detail its compliance with the Governance and Financial Viability Standard published by the Regulator of Social Housing.

Management committee's responsibilities statement

The management committee is responsible for preparing the management committee report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society legislation requires the management committee to prepare financial statements for each financial year. Under that law the management committee has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Co-operative and Community Benefit Society legislation the officers 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 society and the profit or loss of the society for that period.

In preparing these financial statements, the management committee are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the society will continue in business.

The management committee is responsible for keeping adequate accounting records that are sufficient to show and explain the society's transactions and disclose with reasonable accuracy at any time the financial position of the society and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They are also responsible for safeguarding the assets of the society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who is an officer at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the society's auditor is unaware; and
- they have taken all steps that they ought to have taken as an officer to make themselves aware of any relevant audit information and to establish that the society's auditor is aware of that information.

The auditor is re-appointed in accordance with section 93 of the Co-operative and Community Benefit Societies Act 2014.

Keswick Community Housing Trust Limited

Management Committee Report *(continued)*

Year ended 31st December 2022

This report was approved by the management committee on 25th April 2023 and signed on behalf of the board by:



William E Bewley
Chair



Benita R Lapthorn
Secretary

Registered office:
Oglethorpe & Broatch Solicitors
6 Borrowdale Road
Keswick
Cumbria
CA12 5DB

Keswick Community Housing Trust Limited

Independent Auditor's Report to Keswick Community Housing Trust Limited

Year ended 31st December 2022

Opinion

We have audited the financial statements of Keswick Community Housing Trust Limited (the 'society') for the year ended 31st December 2022 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and the related notes, 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 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 society's affairs as at 31st December 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

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 respective responsibilities of management committee and auditor section of our report. We are independent of the society 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 the provisions available for small entities, in the circumstances set out in note 10 to the financial statements, 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 management committee's 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 society'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 management committee with respect to going concern are described in the relevant sections of this report.

Keswick Community Housing Trust Limited

Independent Auditor's Report to Keswick Community Housing Trust Limited

(continued)

Year ended 31st December 2022

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 management committee is responsible for the other information. 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.

In connection with our audit of the financial statements, 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the society and its environment obtained in the course of the audit, we have not identified material misstatements in the management committee report.

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- the society has not kept proper books of account or has not maintained a satisfactory system of control over its transactions; or
- the financial statements are not in agreement with the society's books of account; or
- we fail to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Respective responsibilities of the management committee and independent accountant

As explained more fully in the management committee's responsibilities statement, the management committee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the management committee determines 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 management committee is responsible for assessing the society'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 management committee either intend to liquidate the society or to cease operations, or have no realistic alternative but to do so.

Keswick Community Housing Trust Limited

Independent Auditor's Report to Keswick Community Housing Trust Limited

(continued)

Year ended 31st December 2022

Respective responsibilities of management committee and auditor

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:

The objectives of our audit in respect of fraud are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the society.

Our approach was as follows:

* We obtained an understanding of the legal and regulatory requirements applicable to the society and considered that the most significant are the Co-operative and Community Benefit Societies Act 2014 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).

* We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur.

* We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.

* We examined supporting documents for all material balances, transactions and disclosures.

* We applied analytical procedures to identify any unusual or unexpected relationships.

* We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.

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

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

Keswick Community Housing Trust Limited

Independent Auditor's Report to Keswick Community Housing Trust Limited (continued)

Year ended 31st December 2022

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management committee.
- Conclude on the appropriateness of the management committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the society, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the society those matters we are required to state to it 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 society, for our audit work, for this report, or for the opinions we have formed.



Christopher Lamont BSc FCA (Senior Statutory Auditor)

For and on behalf of
Lamont Pridmore
Chartered Accountants & statutory auditor

Milburn House
3 Oxford Street
Workington
Cumbria
CA14 2AL

25th April 2023

Keswick Community Housing Trust Limited

Statement of Comprehensive Income

Year ended 31st December 2022

	Note	2022 £	2021 £
Turnover		168,621	188,998
Gross surplus		<u>168,621</u>	<u>188,998</u>
Administrative expenses		31,313	39,669
Operating surplus		<u>137,308</u>	<u>149,329</u>
Other interest receivable and similar income		123	—
Interest payable and similar expenses		56,847	41,142
Surplus before taxation		<u>80,584</u>	<u>108,187</u>
Tax on surplus		—	—
Surplus for the financial year		<u><u>80,584</u></u>	<u><u>108,187</u></u>
Revaluation of tangible assets		—	1,142,434
Total comprehensive income for the year		<u><u>80,584</u></u>	<u><u>1,250,621</u></u>

The notes on pages 18 to 20 form part of these financial statements.

Keswick Community Housing Trust Limited

Statement of Financial Position

31st December 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	4	8,665,000	8,665,000
Current assets			
Debtors	5	8,311	8,269
Cash at bank and in hand		221,286	244,917
		<u>229,597</u>	<u>253,186</u>
Creditors: amounts falling due within one year	6	<u>127,300</u>	<u>185,531</u>
Net current assets		<u>102,297</u>	<u>67,655</u>
Total assets less current liabilities		<u>8,767,297</u>	<u>8,732,655</u>
Creditors: amounts falling due after more than one year	7	<u>1,128,835</u>	<u>1,172,026</u>
Net assets		<u><u>7,638,462</u></u>	<u><u>7,560,629</u></u>

The statement of financial position
continues on the following page.

The notes on pages 18 to 20 form part of these financial statements.

Keswick Community Housing Trust Limited

Statement of Financial Position *(continued)*

31st December 2022

	Note	2022 £	2021 £
Capital and reserves			
Called up share capital	8	52,057	54,808
Revaluation reserve		3,342,434	3,342,434
Fair value reserve		2,055,701	2,055,701
Profit and loss account		2,188,270	2,107,686
Shareholders funds		<u>7,638,462</u>	<u>7,560,629</u>

These financial statements have been prepared in accordance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the management committee and authorised for issue on 25th April 2023, and are signed on their behalf by:



William E Bewley
Chair



Peter J Roberts
Treasurer



Benita R Lapthorn
Secretary

Registration number: 31141R

The notes on pages 18 to 20 form part of these financial statements.

Keswick Community Housing Trust Limited

Statement of Changes in Equity

Year ended 31st December 2022

	Note	Called up share capital £	Revaluation reserve £	Fair value reserve £	Profit and loss account £	Total £
At 1st January 2021		60,051	2,200,000	2,055,701	1,999,499	6,315,251
Surplus for the year					108,187	108,187
Other comprehensive income for the year:						
Revaluation of tangible assets	4	—	1,142,434	—	—	1,142,434
Total comprehensive income for the year		—	1,142,434	—	108,187	1,250,621
Issue of shares	11	—	—	—	—	11
Cancellation of subscribed capital	(5,254)	—	—	—	—	(5,254)
Total investments by and distributions to owners	(5,243)	—	—	—	—	(5,243)
At 31st December 2021		54,808	3,342,434	2,055,701	2,107,686	7,560,629
Surplus for the year					80,584	80,584
Total comprehensive income for the year		—	—	—	80,584	80,584
Cancellation of subscribed capital	(2,751)	—	—	—	—	(2,751)
Total investments by and distributions to owners	(2,751)	—	—	—	—	(2,751)
At 31st December 2022		<u>52,057</u>	<u>3,342,434</u>	<u>2,055,701</u>	<u>2,188,270</u>	<u>7,638,462</u>

The notes on pages 18 to 20 form part of these financial statements.

Keswick Community Housing Trust Limited

Accounting Policies

Year ended 31st December 2022

(a) Basis of preparation

Legal status

The association is registered under the Cooperative and Community Benefit Societies Act 2014 and is a community land trust.

Basis of accounting

The financial statements are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2014: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015.

Significant judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(b) Revenue recognition

Turnover comprises rental income receivable in the year, income from shared ownership first tranche sales, sales of properties built for sale and other services included at the invoiced value of goods and services supplied in the year and grants receivable in the year.

(c) Tangible assets

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and are stated at valuation.

Completed housing and shared ownership properties are stated at fair value at the date of valuation, less subsequent accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not materially differ from the fair value of the properties as at the year end.

Housing properties under construction are stated at cost, which includes the cost of acquiring land and buildings, development costs and expenditure incurred in respect of improvements.

(d) Investment property

Investment properties for which fair value can be measured reliably without undue cost or effort are measured at fair value at each reporting date with changes in fair value recognised in profit or loss. The methods and significant assumptions used to ascertain the fair value at the balance sheet date and fair value movement included in the profit for the year are as follows: Properties are valued using RICS open market valuation on freehold basis, conducted when considered necessary by Edwin Thompson Chartered Surveyors.

(e) Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Keswick Community Housing Trust Limited

Accounting Policies *(continued)*

Year ended 31st December 2022

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

(f) Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the Statement of Financial Position. Finance costs and gains or losses relating to financial liabilities are included in the Statement of Comprehensive Income. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Keswick Community Housing Trust Limited

Notes to the Financial Statements

Year ended 31st December 2022

1. General information

The society is registered under the Co-operative and Community Benefit Societies Act 2014. The address of the registered office is Oglethorpe & Broatch Solicitors, 6 Borrowdale Road, Keswick, Cumbria, CA12 5DB.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Particulars of employees

Keswick Community Housing Trust Limited has no employees (2021: Nil); no salaries or wages have been paid during the year.

4. Tangible assets

	Social Housing Properties held for letting £	Completed Shared Ownership Housing Properties £	Total £
Cost			
At 1st January 2022 and 31st December 2022	<u>6,395,000</u>	<u>2,270,000</u>	<u>8,665,000</u>
Depreciation			
At 1st January 2022 and 31st December 2022	<u>—</u>	<u>—</u>	<u>—</u>
Carrying amount			
At 31st December 2022	<u>6,395,000</u>	<u>2,270,000</u>	<u>8,665,000</u>
At 31st December 2021	<u>6,395,000</u>	<u>2,270,000</u>	<u>8,665,000</u>

Tangible assets held at valuation

The freehold land and properties were revalued according to valuations provided in April 2022 by Edwin Thompson Chartered Surveyors LLP, 28 St John's Street, Keswick, Cumbria CA12 5AF, who are independent of KCHT and have experience of valuing similar properties. The properties have been valued on an open market existing use basis. Under FRS 102 KCHT obtains revaluations with sufficient regularity such that the carrying amount does not differ materially from the fair value at the balance sheet date. The Board do not anticipate that the valuation of these properties will be materially different at the year end from the revaluation performed in April 2022.

Keswick Community Housing Trust Limited

Notes to the Financial Statements *(continued)*

Year ended 31st December 2022

5. Debtors

	2022	2021
	£	£
Prepayments and accrued income	1,545	1,269
Other debtors	6,766	7,000
	<u>8,311</u>	<u>8,269</u>

6. Creditors: amounts falling due within one year

	2022	2021
	£	£
Bank loans and overdrafts	97,366	88,202
Trade creditors	18,207	86,510
Accruals and deferred income	11,727	10,819
	<u>127,300</u>	<u>185,531</u>

Security has been given by the company to secure £97,366 (2021: £88,202) of the amount shown under creditors as detailed in note 7.

7. Creditors: amounts falling due after more than one year

	2022	2021
	£	£
Bank loans and overdrafts	<u>1,128,835</u>	<u>1,172,026</u>

Security has been given by the company to secure £1,128,835 (2021: £1,172,026) of the amount shown under creditors.

The Trust's bank borrowings are secured by a fixed charge over land at various sites in Keswick owned by the Trust.

Included within creditors: amounts falling due after more than one year is an amount of £739,369 (2021: £819,216) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

8. Called up share capital

Issued, called up and fully paid

	2022		2021	
	No.	£	No.	£
Withdrawable community investment shares of £1 each	52,005	52,005	54,752	54,752
Non-refundable community voting shares of £1 each	52	52	56	56
	<u>52,057</u>	<u>52,057</u>	<u>54,808</u>	<u>54,808</u>

Keswick Community Housing Trust Limited

Notes to the Financial Statements *(continued)*

Year ended 31st December 2022

8. Called up share capital *(continued)*

During the year 1,999 Community Investment shares were withdrawn and returned to the shareholder for £1,999. This withdrawal complied with the terms and conditions of the Keswick Community Housing Trust Limited Community Investment Share Prospectus. Separately 4 Community Investment voting shares and 748 withdrawable Community Investment shares were handed back to KCHT and these have been treated as donations totalling £752.

9. Related party transactions

Keswick Community Housing Trust Limited is controlled by the Board of trustees.

The only payments made to trustees during the year amount to a total of £3,240 (2021: £3,158) paid to Katie Bunting in respect of property management services provided to Keswick Community Housing Trust Limited on a self-employed basis.

10. Ethical standards

In common with many other businesses of a similar size and nature Keswick Community Housing Trust Limited uses its auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

Keswick Community Housing Trust Limited

Management Information

Year ended 31st December 2022

The following pages do not form part of the financial statements.

Keswick Community Housing Trust Limited

Detailed Income and Expenditure Account

Year ended 31st December 2022

	2022 £	2021 £
Turnover		
Grants received	3,000	41,300
Legacies and bequests	10,000	221
Other donations received	1,772	3,304
Rental income received	147,584	135,278
Communal charge income and contributions towards house insurance	6,265	6,425
Other miscellaneous income	—	100
Gift Aid tax refunds	—	2,370
	168,621	188,998
Gross surplus	168,621	188,998
Overheads		
Administrative expenses		
Light and heat	147	167
Insurance	4,815	4,163
Repairs and maintenance	11,237	18,283
Telephone	118	137
Computer costs	321	980
Sundry expenses	—	172
Registrations & subscriptions	966	878
Advertising	212	135
Loan arrangement & valuation fees	—	1,000
Bank charges	138	599
Legal fees	90	2,328
Property management services	3,240	3,158
Quantity surveyors fees	3,445	2,794
Audit and accountancy fees	6,584	4,875
	31,313	39,669
Surplus on society trading	137,308	149,329
Operating surplus	137,308	149,329
Other interest receivable and similar income	123	—
Interest payable and similar expenses	(56,847)	(41,142)
Surplus before taxation	80,584	108,187

Keswick Community Housing Trust Limited
Notes to the Detailed Income and Expenditure Account
Year ended 31st December 2022

	2022 £	2021 £
Other interest receivable and similar income		
Interest on bank deposits	<u>123</u>	<u>—</u>
Interest payable and similar expenses		
Mortgage loan interest	<u>56,847</u>	<u>41,142</u>