

# Case Study

DTP

## Byker Community Trust

### Financial Due Diligence

**Byker Community Trust (BCT) owns and manages 1,800 plus homes in Newcastle-upon-Tyne.**

#### Objective

To undertake full financial due diligence on behalf of BCT, on Karbon Homes (KH). The work was to provide advice to the board and executive team, as part of a process that would see BCT preparing to join KH.

#### What we did

Working remotely, we agreed a scope for financial due diligence with BCT and we then produced a questionnaire (based on the agreed scope) which sought data, information and disclosures, from KH in relation to the scope.

KH provided all the information and responses that we required, and our due diligence team examined all this material in forensic detail.

We examined a wide range of information, including the business plan, the financial statements, the funding arrangements, internal and external audit reports and many other areas, as part of a conventional financial due diligence exercise.

We produced a detailed report covering all aspects of the scope, with observations, opinions and recommendations for BCT's board to consider and we presented the report. Our report highlighted

recommended actions for BCT to take, categorising these into Red, Amber and Green (RAG) issues. It also defined the actions between matters we felt should be addressed before completion of the transaction and matters which could, in our opinion, be addressed after the transaction.

The board accepted DTP's report and agreed to progress the recommendations with KH. We were able to support this process, engaging with KH in supporting the process of addressing the actions.

#### What we achieved

DTP's detailed and comprehensive assessment of KH helped BCT and KH as they developed joint proposals.

DTP's report enabled BCT to understand its prospective partner in more detail than it previously had known and enabled the partners to develop plans to make a range of improvements which would enable the new partnership to establish a sound platform for the future.



*DTP supported the BCT board through its strategic options review and the ultimate decision to partner with another housing association. They were the natural choice to undertake the financial due diligence on our chosen partner. Andy Roskell was very helpful and responsive in determining the scope of work. The due diligence reports were professional and gave comfort in the level of detail considered. The report was summarised into action points for the executive and the board. The board members took great assurance from DTP's reports and valued Andy's conclusions, personally presented.*

**James Clifford, Director of Finance and Resources**