

Kingdom Support and Care CIC

Report and Accounts

For the year ended 31 March 2022

Registration No. SC545491

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BOARD and ADVISERS

Board	Karen Koyman (appointed April 2021, Chairperson from February 2022) David Brown (appointed April 2021, Vice Chairperson from March 2022) Carl Hodson (deceased December 2021, Chairperson until December 2021) William Banks Annette Carder (resigned May 2021) Thomas Condie (resigned September 2021) Garry Dickson (resigned November 2021) Linda Leslie Jeff Lockhart (appointed April 2021) Sue Shone (appointed April 2021) Alison Wills
Registered Office	Saltire Centre Pentland Court Glenrothes KY6 2DA
Registration Number	SC545491
Independent Auditors	RSM UK Audit LLP Third Floor 2, Semple Street Edinburgh EH3 8BL
Principal Banker	Royal Bank of Scotland

Registration with the Care Inspectorate

Kingdom 1 Care at Home - CS2016351151
Kingdom 1 Housing Support - CS2016351149
Kingdom 1 Children and Young People - CS2016351145
Kingdom Housing Support – James Bank - CS2016351141

Kingdom 2 Housing Support – CS2016351147
Kingdom 2 Care at Home – CS2016351148

STRATEGIC REPORT

The Board of Kingdom Support and Care Community Interest Company (KSC) submit their report together with the audited financial statements for the year ended 31 March 2022.

Status, Objectives and Strategy

KSC is incorporated in Scotland as a Community Interest Company and registered with Companies House under the Companies Act 2006, registration number SC545491. The company is monitored by the Community Interest Company Regulator and is registered with the Care Inspectorate. KSC is a wholly owned subsidiary company of Kingdom Housing Association Limited (KHA).

KSC's objectives are to provide high quality support and care to individuals who face life challenges due to disability, mental health issues, age related illnesses, homelessness or addictions, enabling them to live full and meaningful lives in their own homes.

KSC's strategy is to develop high quality, cost effective support and care services in East Central Scotland that meet the clients' needs. This requires the recruitment, training, management and motivation of staff.

Governance

The governing body of KSC is a Board of Directors, comprising 7 members at the year end. The minutes of KSC meetings and regular operational reports are presented to the KHA Board. KSC operates under agreed KHA Group rules, policies and financial regulations.

Principal Activities

KSC was incorporated on 15 September 2016 for the purpose of providing support and care activities previously operated by KHA. KSC commenced trading operations with effect from 1 April 2017 and has continued to operate continuously.

KSC has ongoing contracts with Falkirk and Fife Councils for the provision of support and care services. KSC expects that continued growth of activities will be seen in both areas during 2022-23. KSC was also accepted on to the National Care Framework in March 2020 which will further expand its areas of operation in the future.

Review of the Year and Performance

The Board was deeply saddened by the sudden passing of Carl Hodson in December 2021. Carl was an inspirational Chairperson who was passionate about the work of KSC and is greatly missed.

In 2021-22 KSC supported approximately 360 (2021: 334) individuals to live in their own homes in the community, providing varying levels of support from a few hours per week to full 24/7 cover, including sleepovers. In addition, KSC provided temporary accommodation and outreach services for people who were homeless through the services at James Bank, Dunfermline.

During 2021-22, KSC consolidated its business through implementation of as many planned services as possible. Due to Covid 19, we were unable to progress new work in new geographic areas as part of the National Care Framework as planned. In addition, some business in Fife and Falkirk has not come to fruition due to various delays. In Falkirk, 88,710 hours were delivered over the year and in Fife 306,158 hours were delivered, together totalling 394,868 hours against a budget forecast of 434,520 hours.

The hours of support have varied throughout the year due to changing care needs, hospitalisation of some supported individuals for long periods and the loss of some packages due to people dying or moving to other living situations to meet changing needs. It should be noted that the hours delivered were reduced from the budgeted hours due to many individuals not wishing to take support during the Covid pandemic.

Fife Health and Social Care Partnership has extended the framework contract until 30 April 2023. Falkirk Health and Social Care Partnership has extended the contract to 31 March 2023. We have this year been accepted on to the Falkirk Care at Home for Children Framework, which runs until 31 March 2024.

While some individuals cancelled significant hours of support due to the Covid pandemic, the majority of support recommenced towards the end of 2021. We continued to be paid for 90% of contracted hours to the end of November 2021, as part of the agreement with Scottish Government and COSLA. We were also able to continue to claim all Covid related staff absence costs and cover costs, as well as increased PPE costs, from the Sustainability fund. In addition, the surplus for the year was enhanced by reduced travel cost for office based staff, efficiencies from office based staff working from home part or full time and using digital solutions to deliver work effectively. These gains were somewhat offset by non Covid related staff sickness increases over the year and increased direct support staff travel costs, due to maximising delivery of support.

All of the above have led to a positive operating out-turn. The company generated a surplus for the year of £546k (2021: £973k), which will be reinvested in community interest projects. The surplus generated during the year has increased total reserves to £2,314k (2021: £1,768k).

KSC underwent inspections from the Care Inspectorate in August 2021 in one area only and grades of 5 (Good) were achieved across the board for the adult services in the two quality themes inspected. The gradings of individual services were as follows:

Kingdom Care at home and Housing Support 2

Quality of support – 5

Quality of leadership and management – 5

Other services were not inspected due to Covid.

Risk Management

The Board has assessed the major risks to which the business is exposed and is satisfied that appropriate systems are in place to mitigate exposure to major risks. The Board considers the most significant risks faced by KSC relate to:

- Maintaining a strong rating from the Care Inspectorate and reputation for service;
- Continued contract success with key clients of Fife and Falkirk Councils;
- Managing employment costs;
- Managing staff action and inaction to prevent potential harm to vulnerable individuals;
- Delivery of planned efficiency savings;
- Achieving planned contract growth;
- Financial risk; and
- Pandemic virus risk.

These risks are managed by following established Group risk management principles. Specifically, the maintenance of a strong Care Inspectorate rating is achieved through the application of robust procedures and processes together with a rigorous approach to employment practices combined with appropriate training and support.

This maintains the reputation of the company for high quality service delivery. Managing employment costs is achieved through established recruitment practices, staff management and effective rota planning. The delivery of planned efficiency savings is managed through managerial review of operating processes and procedures, including the use of information technology. The achievement of planned contract growth is achieved through a demonstrable track record of the delivery of quality services and service user support satisfaction combined with an active approach to tender submissions with clients.

The company's financial risk management objectives and policies are consistent with the Kingdom Group of companies' policies, amended as necessary to meet the specific nature of KSC. Financial risk management closely follows the risk management approach focusing on the significant risks faced by KSC. Primarily they are to ensure there are sufficient reserves and cash flow to maintain the company's liquidity to deal with expected financial risks. Risks are identified by experienced management and are managed and mitigated through the application of proven policies. Inward price risk is managed by appropriate procurement policies. Credit risk is managed by close monitoring and timely intervention with debtors. Liquidity and cash flow risks are managed through treasury management, forecasting of cash requirements and monitoring of management accounts, with actions taken as necessary.

An internal risk is the nature of the relationship between parent and subsidiary organisation. This is managed not only through various formal agreements in place between the companies, but also through joint meetings and attendance of KSC Board members on the KHA Board and sub-committees of the Board.

The Covid pandemic continues to present risks to the organisation and these are regularly considered by the management team and Board of Management. Due to the self-isolation and testing guidance, which remained in place for social care staff, and due to the increase in spread of the virus we experienced a high level of staff absence that impacted our ability to deliver all contracted services. The financial impact has been limited by being able to access funds covering consequent additional staff costs. While we no longer receive funding for the hours not delivered, owing to the additional funding and the level of staff vacancies we are carrying due to high turnover, KSC has ended the year in a good financial position.

In December 2021 contract rates were further increased (effective from April 2022) enabling staff salaries to meet and exceed the Scottish Living Wage. While risks relating to Covid remain, mitigation plans are in place and are updated regularly.

Consequently, the Board considers that there is no going concern risk for the company for the foreseeable future and that no amendments to future budgets and forecasts are required. KSC's operational risks and mitigation plans are summarised in the table below:

Risk	Mitigation
Inability to provide services due to mass staff absence	Contingency plans in place for all services to ensure essential services are provided
	Contingency plans in place to safely reduce non-essential supports and replace with phone contact
	Use of bank staff to replace contracted staff
Loss of income due to funding being reduced for non-delivered support	The sustainability fund was extended to 30 June 2022 ensuring all Covid related costs will be covered to that date
	Annual increase to the hourly rate has been confirmed for all contracts to be paid from 1 April 2022
Damage to reputation through supported individuals being harmed by the virus if transmitted by staff and vice versa	Process and guidance in place for staff and supported individuals to self-isolate if showing symptoms or confirmed as having the virus
	Testing for staff continues and the vaccination programme has been promoted with significant uptake
	Assessment guidance in place for staff to enable them to determine the presence of symptoms/virus in supported individuals and families prior to each support visit taking place
	Guidance and provision of PPE as per Government/Public Health guidelines
	Regular communication with stakeholders to remind of all actions required

Staffing

KSC's most important asset is its people. During 2021-22 KSC continued to achieve its commitment to the maintenance of the Scottish Living Wage across its services with the support of its contracting clients. We were successful in securing full funding for these additional costs.

As at 31 March 2022, KSC employed 208 (2021: 217) Full Time Equivalent staff and 263 (2021: 278) people. The company has appropriate policies in place in respect of disabled persons and in respect of employee communication and consultation. Staff turnover for 2021-22 was 36% (2021: 21%). Work has continued during 2021-22 to reduce this figure through training and development and this effort will continue in 2022-23. The reasons for the level of turnover include uncertainty in the sector, low salaries, significant choice of providers, alternative employment opportunities, the level of lone working and challenge encountered in care services, as well as the pandemic.

KSC has continued to invest in training and development for staff and is well placed to meet the Scottish Social Services Council (SSSC) registration requirements with approximately 83% (2021: 80%) of direct support staff support having achieved, or working towards, the appropriate qualification.

All supervisory and managerial employees have, or are actively working towards, the relevant qualifications and have completed registration.

During 2021-22 we identified a number of staff to undertake next level SVQ awards, Mental Health and Coaching and mentoring as part of our development succession plans.

Creditor Payment Policy

KSC realises the importance of making prompt payment to its suppliers and has a policy to settle all purchases within 30 days, although some payments are made more quickly in order to comply with specific creditor terms.

Value Added Tax and Corporation Tax

The company is a member of the Kingdom Group of companies VAT Group and is registered with HMRC on that basis. The VAT Group operates a partial exemption method with no special method operating. As the majority of the VAT Group's activities are exempt, recovery of input VAT is minimal.

KSC is subject to Corporation Tax at the prevailing rate for the year, which is 19% (2021: 19%). KSC is a member of the Kingdom Group for Corporation Tax purposes. As a consequence, the allowable taxable losses of KHA are passed to KSC to wholly offset KSC's taxable profits, resulting in no Corporation Tax charge for the year.

Related Party Transactions

A service level management agreement is in place where KHA provides KSC with Corporate, Governance, Finance, Human Resources and other support services, which is reviewed annually and amended to reflect changed circumstances. KHA also leases office premises to KSC for its administrative staff.

On behalf of the Board



Karen Koyman, Chairperson

Date: 4 August 2022

BOARD REPORT

Board and their interests

The Board members who served during the period and up to the date of signing are set out on page 2. None of the Board had any interests in the shares of KSC at the year end. There were no indemnity provisions for the benefit of the directors of the company or the directors of any group or associated company.

Linda Leslie is a member of the KHA Board and Gary Dickson was a member of the Kingdom Initiatives Limited Board until September 2021. William Banks is the Chief Executive and Company Secretary of KHA.

Dividends

The directors recommend that no dividend is paid for the year (2021: £Nil).

Political and charitable donations

KSC made no donations to any unrelated charitable company during the year (2021: £Nil)

Post year end events

There are no post year end events affecting the company.

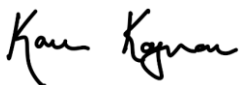
Statement as to the disclosure of information to auditors

The Board members who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. The Board members have confirmed that they have taken all the steps that they ought to have taken as a Board in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditors

The auditors are RSM UK Audit LLP and a resolution to reappoint them will be proposed to the Board.

On behalf of the Board



Karen Koyman, Chairperson

Date: 4 August 2022

STATEMENT OF THE BOARD'S RESPONSIBILITIES

The Board are responsible for preparing the Strategic Report and Board Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Board to prepare financial statements for each financial year. Under the law the Board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period.

In preparing those accounts the Board are required to:

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KINGDOM SUPPORT and CARE
COMMUNITY INTEREST COMPANY**

Opinion

We have audited the financial statements of Kingdom Support and Care CIC (the 'company') for the year ended 31 March 2022 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows 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 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 company's affairs as at 31 March 2022 and of its surplus 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 Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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 directors with respect to going concern are described in the relevant sections of this report.

Other information

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KINGDOM SUPPORT and CARE
COMMUNITY INTEREST COMPANY (Cont'd)**

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KINGDOM SUPPORT and CARE
COMMUNITY INTEREST COMPANY (Cont'd)**

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 the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk 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 and to respond appropriately to fraud or suspected fraud identified during the audit. However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the company operates in and how the company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102 and the Companies Act 2006. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KINGDOM SUPPORT and CARE
COMMUNITY INTEREST COMPANY (Cont'd)**

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to the Health and Social Care Standards, The Social Care and Social Work Improvement Scotland (Requirements for Care Services) Regulations 2011, The Data Protection Act 2018 and all employment related legislation. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Kelly Adams

Kelly Adams, CA MA(Hons) (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Third Floor
2, Semple Street
Edinburgh
EH3 8BL

26 August 2022

STATEMENT OF INCOME AND RETAINED EARNINGS

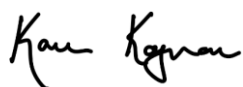
	Note	2022	2021
	s	£000	£000
Turnover		8,853	8,055
Less: Operating expenditure	3	<u>(8,305)</u>	<u>(7,080)</u>
Operating surplus		548	975
Finance charges	4	<u>(2)</u>	<u>(2)</u>
Surplus on ordinary activities before taxation		546	973
Taxation on surplus for the year	5	<u>-</u>	<u>-</u>
Total surplus for the year		<u>546</u>	<u>973</u>
Retained surplus as at 1 April		1,341	368
Surplus for the year		<u>546</u>	<u>973</u>
Retained surplus as at 31 March		<u>1,887</u>	<u>1,341</u>

The notes on pages 17 to 24 form part of these accounts.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Notes	2022 £000	2021 £000
Tangible fixed assets			
Intangible fixed assets	6	-	-
		-	-
Current assets			
Receivables	7	633	522
Cash and cash equivalents		2,802	1,819
		3,435	2,341
Current liabilities			
Payables: Amounts falling due within one year	8	(1,121)	(573)
Net current assets		2,314	1,768
Total assets less current liabilities		2,314	1,768
Total net assets		2,314	1,768
Capital and Reserves			
Share capital	9	427	427
Revenue reserve		1,887	1,341
		2,314	1,768

These financial statements were approved by the Board of Kingdom Support and Care Community Interest Company and authorised for issue on 4th August 2022 and are signed on its behalf by:



Karen Koyman, Chairperson

The notes on pages 17 to 24 form part of these accounts.

STATEMENT OF CASH FLOWS

		2022	2021
		£000	£000
	Note		
Net cash inflow from operating activities	10	985	892
Cashflow from financing activities			
Interest paid and other charges		(2)	(2)
Net cash (used in) financing activities		(2)	(2)
Net increase in cash and cash equivalents		983	890
Cash and cash equivalents at beginning of year		1,819	929
Cash and cash equivalents at end of year		2,802	1,819

Cash and cash equivalents are similarly described in the Statement of Financial Position, therefore no reconciliation is required.

As the company has no debt, cash movements are reconciled in the statement above.

The notes on pages 17 to 24 form part of these accounts.

NOTES TO THE FINANCIAL STATEMENTS

1. Legal status

Kingdom Support and Care Community Interest Company (KSC) is a Community Interest Company incorporated under the Companies Act 2006 and limited by Shares. Its registered office is detailed on page 2.

KHA and its subsidiaries are referred to as “the Group”. KSC is a wholly owned subsidiary of Kingdom Housing Association Limited (KHA). KSC is a non charitable body whose principal role is to provide support and care services to Local Authority clients and private individuals under contract.

2. Accounting Policies

The principal accounting policies of KSC are set out in paragraphs a) to j) below.

These statements are presented in UK £ Sterling and rounded to the nearest £1,000, unless otherwise indicated.

a) Basis of Preparation

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”), under the historical cost convention, modified to include certain financial instruments at fair value. There are no instruments at fair value.

b) Going Concern

The Board of Management considers that it is appropriate to prepare the financial statements on the basis of going concern. The Local Authorities have confirmed that service contracts have been extended to the end of fiscal 2023. Should liquidity still be required, KHA has provided a continuing loan facility of £0.5m. The latest financial plans have been reviewed and approved by the Board. These plans were prepared using assumptions agreed by the Executive Management Team and demonstrate that, together with the risk mitigation plans in place, KSC is financially viable for the foreseeable future.

c) Significant Judgements and Estimates

Preparation of the financial statements requires management to make significant judgements and estimates concerning the future. Judgements and estimates are based on experience, advice from experts and other factors. The resulting accounting may not equal the eventual results. The items in the financial statements where such judgements and estimates have been made include:

- The lease arrangements entered into by KSC are rentals of office space and are judged by management to be operating leases.

d) Turnover

Turnover represents income for the provision of support and care services, fees, revenue grants and performance related grants.

Support and care services income is recognised when due under the agreed contractual terms.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

e) Employee benefits

Short term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred. The cost of annual leave and time off in lieu earned but not taken by employees at the year end date is accrued as a liability.

KSC participates in the Scottish Housing Associations' Pension Scheme (SHAPS), a defined contribution scheme administered by The Pensions Trust on a multi-employer shared basis.

f) Intangible fixed assets

Other intangible fixed assets are stated at cost less depreciation and comprise computer software and licences. The rate of depreciation is 3 years.

g) Financial instruments

i) Receivables

Receivables due within one year are measured at transaction price, less settlements and any impairment. Where receivables are determined to be longer term and where the effect of time value of money is considered significant, the estimated cash flows are discounted at an appropriate rate.

ii) Payables

Payables due within one year are measured at transaction price less settlements.

h) Leases

Rentals payable under operating leases are charged to expenditure on a straight line basis over the lease term.

i) Taxation

KSC is subject to corporation tax. Taxation is accrued based on taxable profits for the year.

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

The Group is registered for VAT. A significant proportion of the Group income is exempt from VAT, but VAT is reclaimed where possible under partial exemption calculations of activity deemed subject to VAT.

j) Contingencies

Contingent assets and liabilities are not recognised.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. Turnover, operating expenditure and operating surplus/(deficit)

The turnover and operating surplus for the year relate to activities wholly within the United Kingdom.

	2022	2021
	£000	£000
The operating result for the year is stated after charging:		
Management charges	7	5
Non audit services	3	2
Auditor's remuneration	5	5
Operating lease charges	30	27

4. Finance charges

	2022	2021
	£000	£000
Finance charges in the year have been charged as follows:		
Other finance charges	2	2
	<u>2</u>	<u>2</u>

5. Corporation tax

	2022	2021
	£000	£000
Based on the results for the year to 31 March		
Corporation tax at 19% (2021: 19%)	103	185
Less impact of group relief	(103)	(185)
	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

6. Intangible fixed assets

2022
Computer
Software
£000

Cost

At 1 April 2021	21
Additions	-
Disposal	-
At 31 March 2022	21

Depreciation

At 1 April 2021	21
Provided during year	-
Disposal	-
At 31 March 2022	21

Net book value

At 31 March 2022	-
At 31 March 2021	-

7. Receivables

	2022 £000	2021 £000
Prepayments	12	24
Car loans to employees	9	14
Due from KHA	10	24
Sundry debtors	602	460
	633	522

8. Payables: amounts falling due within one year

	2022 £000	2021 £000
Other Taxation & Social Security costs	155	119
Trade creditors	16	32
Sundry creditors and accruals	950	422
	1,121	573

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

9. Share capital

	2022 Number	2021 Number	2022 £	2021 £
Shares of £1 each issued and fully paid	427,000	427,000	427,000	427,000

10. Cash flow from operating activities

	2022 £000	2021 £000
Surplus for the year	546	973
Adjustments:		
Interest paid (finance charges)	2	2
Operating cashflows before movement in working capital	548	975
Increase in debtors	(111)	(216)
Increase in creditors	548	133
Cash generated from operations	985	892

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

11. Employees

	2022 £000	2021 £000
Staff costs during the year:		
Wages and Salaries	6,787	5,845
Social Security costs	540	421
Other Pension costs	196	182
Apprenticeship Levy	26	22
	<u>7,549</u>	<u>6,470</u>
	Number	Number
Average weekly number of employees (including relief staff working on an "as required" basis):	<u>312</u>	<u>290</u>
Number of Employees as at 31 March		
Support & Care Administration	12	13
Support Workers	<u>251</u>	<u>265</u>
	<u>263</u>	<u>278</u>
As at 31 March the full time equivalent number of employees in post	<u>208</u>	<u>217</u>
	£000	£000
Agency staff costs	<u>175</u>	<u>39</u>

12. Operating lease commitments

At 31 March 2022 the company had total future operating lease payments under non-cancellable operating lease commitments for the lease of offices from KHA as follows:

	2022 £000	2021 £000
Full value of operating lease commitments	<u>83</u>	<u>35</u>
Due within 1 year	30	28
Due between 1 - 2 years	17	4
Due between 3 - 5 years	<u>36</u>	<u>3</u>
	<u>83</u>	<u>35</u>

13. Payments to Board Members

No Board member received any remuneration from KSC during the period. Members of the Board were reimbursed for out of pocket travel expenses of £nil (2021: £30).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

14. Remuneration of Key Personnel

The total emoluments (excluding pension contributions) received by the one operational Director within KSC was £92,156 (2021: £89,645), excluding employer's National Insurance Contributions of £11,385 (2021: £11,056). The operational Director is an ordinary member of the Pension Scheme and no enhanced or special terms apply to their membership and KSC does not contribute to any other pension on their behalf. The pension contributions for the operational Director in the year are 8% (2021: 8%) and amounted to £7,268 (2021: £7,112).

During the year the operational Director had a car loan. The total balance of the car loan due at 31 March 2022 was £nil (2021: £337). The maximum balance outstanding during the year was £337 (2021: £4,376). Interest is charged on these loans at a rate equivalent to the Bank of England base rate on the day of inception of the loan and is the same for all other eligible employees.

15. Related Party Transactions

KHA issued invoices to KSC for purchases, re-invoiced charges and operating lease charges amounting to £737k (2021: £815k), inclusive of the Service Level Agreement. KSC issued invoices to KHA for re-invoiced charges totaling £19k (2021: £21k). The net balance due by KHA as at 31 March 2022 was £10k (2021: £24k).

16. Ultimate Controlling Party

KSC is a subsidiary undertaking of KHA, which is the ultimate controlling party owning 100% of the issued share capital. The results of the Company are consolidated with those of Kingdom Housing Association Limited. Copies of these financial statements can be obtained by contacting the Registered Office shown on our website;

www.kingdomhousing.org.uk/about-us/kingdom-support-care/ or e-mailing kingdom@kingdomhousing.org.uk