

Kingdom Support and Care CIC

Report and Accounts

For the year ended 31 March 2023

Registration No. SC545491

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BOARD and ADVISERS

Board	Karen Koyman (Chairperson) David Brown (Vice Chairperson) Thomas Barclay (appointed March 2023) William Banks (resigned March 2023) Kelly Brown (appointed February 2023) Linda Leslie Jeff Lockhart Blair Loudon (appointed February 2023) David Robertson (appointed March 2023) Sue Shone (resigned February 2023) Alison Wills (resigned November 2022)
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Registered Office	Saltire Centre Pentland Court Glenrothes KY6 2DA
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Registration Number	SC545491
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Independent Auditors	RSM UK Audit LLP Third Floor 2, Semple Street Edinburgh EH3 8BL
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Principal Banker	Royal Bank of Scotland
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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 its report together with the audited financial statements for the year ended 31 March 2023.

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).

Our objectives are to provide high quality support and care to individuals who face life challenges, including age-related issues, alcohol and drug addictions, autism spectrum disorders, complex needs, homelessness, learning disabilities and mental health issues.

Our strategy is to work with people in their own homes, assisting them to do the things that matter to them and realise their ambitions.

Our support and care enables individuals we work with to:

- Have a safe and secure home.
- Live as independently as possible.
- Live as full a life as possible.
- Be part of our community.

Our purpose is to provide great support which helps people to have great lives, living as fully and independently as possible as part of our community.

Governance

KSC is governed by a Board of Directors, which comprised eight members at the end of the financial year. The composition of the Board changed significantly over the course of 2022-23, with the appointment of four and the resignation of three members.

The KSC Board meets quarterly and holds an annual strategy day. It also participates in Kingdom Group's annual strategy day.

The minutes of KSC Board meetings are shared with the KHA Board. KSC operates under agreed KHA Group policies, regulations and rules.

Principal Activities

The principal activities of KSC are the provision of support and care to individuals in their own homes and the provision of temporary accommodation and outreach services for individuals affected by homelessness.

KSC has contracts with Falkirk and Fife Councils for the provision of support and care services. Subject to staffing levels, there is scope for the organisation to extend its activity in both local authority areas.

While KSC is on the National Care Framework, most of our business is with our public sector partners in Falkirk and Fife.

Review of the Year and Performance

Over the course of 2022-23 KSC supported 355 (2022: 360) individuals to:

- Live as independently as possible, at home or in a homely setting.
- Maintain their dignity and human rights.
- Do the things that matter to them and play an active part in our community.

The individuals we work with require support for a range of reasons, including:

- Age-related needs.
- Alcohol and drug addictions.
- Autism spectrum disorders.
- Complex needs.
- Homelessness.
- Learning disabilities.
- Mental health problems.

We provided tailored levels of support and care, in line with personal needs. Our support ranged from one hour to 245 hours per week per client. The youngest person we supported was 10 years old, while the oldest was 97.

In addition to daytime support, we provided sleepover or waking night assistance to individuals who required it.

We delivered 410,973 hours of support, an increase of 4% on the 2021-22 financial year. Around 80% of our activity was in Fife, while 20% was in Forth Valley.

We supported individuals affected by homelessness by providing temporary accommodation at James Bank in Dunfermline and at new services in Inverkeithing, Kirkcaldy and Rosyth. These latter services, which provide self-contained flats with on-site support, were developed in partnership with KHA and supported by grants from Fife Council.

The Care Inspectorate assessed our services in December 2022 and January 2023. In December 2022, our Kingdom Housing Support 1 services received the following grades:

- | | |
|--|----------|
| • How well do we support people's wellbeing? | 4 (Good) |
| • How good is our leadership? | 4 (Good) |
| • How good is our staff team? | 4 (Good) |

In January 2023, our Kingdom Housing Support 2 services received the following grades:

- | | |
|--|--------------|
| • How well do we support people's wellbeing? | 2 (Weak) |
| • How good is our leadership? | 2 (Weak) |
| • How good is our staff team? | 3 (Adequate) |

KSC is committed to achieving grades of 5 (Very Good) or 6 (Excellent), which meant that the outcome of our January 2023 was particularly disappointing. A detailed improvement plan has been implemented with a view to restoring our grades to the levels our customers expect.

In Spring 2023 Henderson Loggie conducted an internal audit on the *Maintenance of Care Quality Standards*. The overall level of assurance was satisfactory - "system meets control objectives, with some weaknesses present" - while we received nine recommendations for improvement, all of which

have been accepted in full. An action plan has been put in place, to ensure the recommendations are met within a reasonable time frame.

Despite the challenges presented by our Care Inspectorate reports, KSC continued to receive positive feedback from the families of the individuals we support and the health and social care colleagues who are involved in the lives of our customers:

- "Without you, he definitely wouldn't have had such a good quality of life these last few years and we really appreciate your support over the Covid lockdown times when we could not see him or support him very much ourselves."
- "Thank you for all you and the staff team are doing to continue to try to work with (name of supported individual) and keep her safe. It is really appreciated and continues to evidence what a strong and skilled provider Kingdom is!"
- "I can't stress enough how all of you have worked so hard to turn (name of supported individual)'s life around. It could so easily have deteriorated if you hadn't all persevered to work through her trauma."
- "I just wanted to say thank you for the service your awesome team is giving (name of supported individual). He comes home from every outing with a big smile on his face and the carers are doing an awesome job with him."

KSC has a strong track record in providing accommodation and support for individuals affected by homelessness. Over the years our hostel accommodation at James Bank in Dunfermline has provided lifeline support for over 1,300 people, opening its doors to men and women who were sometimes turned away by other agencies. But as we seek to improve the quality of our temporary accommodation and make it more homely, James Bank will close in due course, to be replaced by more modern, fit for purpose properties.

We achieved early success in 2022-23 with the opening of new accommodation - in Inverkeithing, Kirkcaldy and Rosyth – for individuals affected by homelessness. Rather than a traditional hostel, with small bedrooms and shared bathrooms and kitchens, our new developments feature self-contained flats which are finished and decorated to a high standard, as well as a staff base. The individuals we support have been impressed by the accommodation on offer and it provides a suitable base from which to rebuild their lives and plan their next steps.

We also launched our Assertive Outreach service, which supports individuals who are homeless or at risk of homelessness. Many of these individuals face daily challenges and have complex and multiple needs. Traditional services often struggle to provide support in ways which work for them. Our service is underpinned by our commitments to building trusting relationships and to sticking - through thick and thin – with the individuals we work with.

For most businesses, their website is their window to the world. KSC's web content sat alongside that of the wider Kingdom Group until a new, distinct website - www.kingdomsupportandcare.scot - was launched in Autumn 2022. The website has been well received. As well as raising awareness of our organisation and providing essential information, the website will help us attract new customers and recruit new members of staff.

The company generated a surplus for the year of £349k (2022: £546k), which will be reinvested in community interest projects. The surplus generated during the year has increased total reserves to £2,663k (2022: £2,314k). Operating margin declined from 6.2% in 2021-22 to 3.5% due to pressure on

costs from global economic circumstances and increased agency staff costs of £304k (2022: £175k) to fill gaps in rotas. However, cash flow remains positive and net current assets improved by £349k, reflecting the surplus for the year.

Risk Management

The Board assesses the major risks to which the business is exposed and ensures it is satisfied that appropriate approaches are in place to mitigate those risks.

The Board, which reviews strategic risks on a quarterly basis, considered risks in the following areas over the course of the 2022-23 financial year:

- Compliance with legislation and internal policies.
- Constitutional change within the Kingdom Group.
- Effectiveness of digital systems.
- Employment costs.
- Governance, legal and regulatory compliance.
- Income.
- Pension costs.
- Procurement.
- Security and cyber risk.
- Staff recruitment and retention.

Operational risks are identified, mitigated and managed by KSC's Senior Leadership Team. KSC's main operational risks and mitigation plans are summarised in the table below:

Nature of risk	Risk	Mitigating actions
Financial	Reduction in contracted hours leads to reduced services and staff redundancies.	Annual service review with commissioners to ensure contract compliance and identify any issues. Ongoing monitoring of hours contracted and hours delivered.
Financial	Staff shortages result in an inability to deliver, which puts contracts at risk.	Monitoring staffing levels on an ongoing basis. Paying the Scottish Living Wage. Taking a proactive approach to recruitment and retention.
Health and safety	Lone working results in increased potential for harm to staff.	Lone working procedure implemented and reviewed regularly. Risk assessments in place and reviewed regularly. Staff provided with mobile phones.
Health and safety	Challenging behaviours result in injury to a member of the public, staff, or a supported individual.	CALM training provided for staff who work with individuals with behaviours which may be challenging. Positive Behaviour Support team provides advice and guidance to staff who work with these individuals. Risk assessments in place and reviewed regularly.

Going Concern

Owing to the nature of the business, viability of the company is reliant on good financial risk management and strict budgetary control. The company's financial risk management objectives and policies are consistent with those of the Kingdom Group, amended as necessary to meet the specific nature of KSC. Financial management primarily ensures that there are sufficient reserves and cash

flow to maintain the company's liquidity to deal with expected financial risks. Close control of procurement and debtors is exercised by experienced management. Liquidity and cash flow are managed through treasury management, forecasting of cash requirements and monitoring of management accounts against annual budgets, with actions taken as necessary. As a result of these controls the company remains profitable.

In December 2021 contract rates were further increased (effective from April 2022) enabling staff salaries to meet and exceed the Scottish Living Wage. Mitigation plans for all identified financial risks are in place and are updated regularly. Management does not foresee any adverse changes to contract arrangements with the Local Authorities, which are the principal funders.

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.

Staffing

Our people are our greatest asset. Over the course of the year, the number of employees grew to 285 (2022: 263), with the majority of colleagues employed at the front line as Support Workers.

In Autumn 2022, we put in place an in-house Recruitment Team. Recruitment and retention present ongoing challenges for social care organisations. By dedicating staff resources to these functions, we expect to achieve greater stability in our workforce over time.

In October 2022, our Executive Director, Norah Smith, moved on from our organisation, having decided to retire. We thank Norah for the commitment, experience and passion she brought to KSC over a decade of service. In the same month, our new Executive Director, Paul White, joined us. Paul brings significant experience in the public and third sectors, including leadership roles with social care organisations.

Staff turnover for 2022-23 was 31% (2022: 36%). Work continued throughout the year to reduce this figure through improved induction, increased learning and development opportunities, and a refreshed approach to staff engagement.

Scottish Government funds allowed us to deliver a successful wellbeing programme for our staff. The programme achieved good levels of buy-in to a menu of offers designed to improve the mental and physical wellbeing of our colleagues.

Creditor Payment Policy

KSC realises the importance of making prompt payment to its suppliers and has a policy to settle 95% of invoice value within 21 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% (2022: 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, Information Technology 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: 3 August 2023

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. William Banks was the Chief Executive and Company Secretary of KHA until his retirement. Thomas Barclay took over these positions on his appointment.

Dividends

The directors recommend that no dividend is paid for the year (2022: £Nil).

Political and charitable donations

KSC made no donations to any unrelated charitable company during the year (2022: £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: 3 August 2023

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 2023 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 2023 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 or 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 10, 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 and revenue recognition as the areas 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.

For revenue recognition, the audit procedures included, but were not limited to performing detailed testing of other income by corroborating to supporting documentation, focusing on the existence and valuation of income recognised.

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, 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

Date:

STATEMENT OF INCOME AND RETAINED EARNINGS

	Notes	2023	2022
		£000	£000
Turnover		9,962	8,853
Less: Operating expenditure	3	<u>(9,611)</u>	<u>(8,305)</u>
Operating surplus		351	548
Finance income		1	-
Finance charges	4	<u>(3)</u>	<u>(2)</u>
Surplus on ordinary activities before taxation		349	546
Taxation on surplus for the year	5	<u>-</u>	<u>-</u>
Total surplus for the year		<u>349</u>	<u>546</u>
Retained surplus as at 1 April		1,887	1,341
Surplus for the year		<u>349</u>	<u>546</u>
Retained surplus as at 31 March		<u>2,236</u>	<u>1,887</u>

The notes on pages 16 to 23 form part of these accounts.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Notes	2023 £000	2022 £000
Tangible fixed assets			
Intangible fixed assets	6	-	-
		-	-
Current assets			
Receivables	7	565	633
Cash and cash equivalents		3,052	2,802
		3,617	3,435
Current liabilities			
Payables: Amounts falling due within one year	8	(954)	(1,121)
Net current assets		2,663	2,314
Total assets less current liabilities		2,663	2,314
Total net assets		2,663	2,314
Capital and Reserves			
Share capital	9	427	427
Revenue reserve		2,236	1,887
		2,663	2,314

These financial statements were approved by the Board of Kingdom Support and Care Community Interest Company and authorised for issue on 3 August 2023 and are signed on its behalf by:

Karen Koyman, Chairperson

The notes on pages 16 to 23 form part of these accounts.

STATEMENT OF CASH FLOWS

		2023	2022
		£000	£000
	Note		
Net cash inflow from operating activities	10	252	985
Cashflow from financing activities			
Interest received		1	-
Interest paid and other charges		(3)	(2)
Net cash (used in) financing activities		<u>(2)</u>	<u>(2)</u>
Net increase in cash and cash equivalents		250	983
Cash and cash equivalents at beginning of year		<u>2,802</u>	<u>1,819</u>
Cash and cash equivalents at end of year		<u>3,052</u>	<u>2,802</u>

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 16 to 23 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 non-charitable subsidiary of Kingdom Housing Association Limited (KHA).

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 are in place to the end of fiscal 2023. However, services are continuing as normal pending renewal of contracts. Should contracts not be renewed staff would transfer to the new provider in line with current regulations. KSC remains on national and local authority procurement frameworks. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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 and are instead disclosed in the notes to the financial statements.

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.

	2023	2022
	£000	£000
The operating result for the year is stated after charging:		
Management charges	16	7
Non-audit services	3	3
Auditor's remuneration	6	5
Operating lease charges	<u>33</u>	<u>30</u>

4. Finance charges

	2023	2022
	£000	£000
Finance charges in the year have been charged as follows:		
Other finance charges	<u>3</u>	<u>2</u>
	<u>3</u>	<u>2</u>

5. Corporation tax

	2023	2022
	£000	£000
Based on the results for the year to 31 March		
Corporation tax at 19% (2022: 19%)	66	103
Less impact of group relief	<u>(66)</u>	<u>(103)</u>
	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

6. Intangible fixed assets

2023
Computer
Software
Total
£000

Cost

At 1 April 2022	21
At 31 March 2023	21

Depreciation

At 1 April 2022	21
Provided during year	-
At 31 March 2023	21

Net book value

At 31 March 2023	-
At 31 March 2022	-

7. Receivables

	2023 £000	2022 £000
Prepayments	23	12
Car loans to employees	5	9
Due from Kingdom Housing Association Limited	-	10
Sundry debtors	537	602
	<u>565</u>	<u>633</u>

8. Payables: amounts falling due within one year

	2023 £000	2022 £000
Due to Kingdom Housing Association Limited	14	-
Other Taxation & Social Security costs	178	155
Trade creditors	16	16
Sundry creditors and accruals	746	950
Corporation tax	-	-
	<u>954</u>	<u>1,121</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

9. Share capital

	2023	2022	2023	2022
	Number	Number	£	£
Shares of £1 each issued and fully paid	<u>427,000</u>	<u>427,000</u>	<u>427,000</u>	<u>427,000</u>

10. Cash flow from operating activities

	2023	2022
	£000	£000
Surplus for the year	349	546
Adjustments:		
Interest received	(1)	-
Interest paid (finance charges)	<u>3</u>	<u>2</u>
Operating cashflows before movement in working capital	351	548
Decrease/(increase) in debtors	68	(111)
(Decrease)/increase in creditors	<u>(167)</u>	<u>548</u>
Cash generated from operations	<u>252</u>	<u>985</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

11. Employees

	2023 £000	2022 £000
Staff costs during the year:		
Wages and Salaries	7,649	6,787
Social Security costs	643	540
Other Pension costs	252	196
Apprenticeship Levy	31	26
	<u>8,575</u>	<u>7,549</u>
	Number	Number
Average weekly number of employees (including relief staff working on an "as required" basis):	<u>334</u>	<u>312</u>
Number of Employees as at 31 March		
Support & Care Administration	14	12
Support Workers	<u>271</u>	<u>251</u>
	<u>285</u>	<u>263</u>
As at 31 March the full time equivalent number of employees in post	<u>226</u>	<u>208</u>
	£000	£000
Agency staff costs	<u>304</u>	<u>175</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:

	2023 £000	2022 £000
Full value of operating lease commitments	<u>74</u>	<u>83</u>
Due within 1 year	33	30
Due between 1 - 2 years	15	17
Due between 3 - 5 years	<u>26</u>	<u>36</u>
	<u>74</u>	<u>83</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 £150 (2022: £nil).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

14. Remuneration of Key Personnel

	2023 £000	2022 £000
The aggregate remuneration of 2 directors (2022 – 1 director) including benefits in kind was:	120	111
Pension contributions of directors were:	8	7

	2023 Number	2022 Number
Emoluments (excluding pension contributions) were paid in the following bandings:		
£40,001 to £50,000	1	-
£50,001 to £60,000	1	-
£90,001 to £100,000	-	1

	2023 £000	2022 £000
The total emoluments (excluding pension contributions) received by the highest paid director was:	57	92

Key management personnel are defined as the executive directors of KSC who are members of the KHA Executive Team. The highest paid executive director of KSC is an ordinary member of KHA's Pension Scheme. No enhanced or special terms apply to this membership and KHA does not contribute to any other pension on their behalf. KHA's pension contributions for this executive director in the year were 8% (2022: 8%) and amounted to £4k (2022: £7k).

15. Related Party Transactions

KHA issued invoices to KSC for purchases, re-invoiced charges and operating lease charges amounting to £261k (2022: £737k), inclusive of the Service Level Agreement. KSC issued invoices to KHA for re-invoiced charges totaling £21k (2022: £19k). The net balance due to KHA as at 31 March 2023 was £13k (2022: £10k due from KHA).

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