

Kingdom Housing Association Limited
Consolidated Report and Financial Statements
for the year ended 31 March 2024

Registration Details

Scottish Housing Regulator Reg. No. HEP 142
Scottish Charity No SC000874
Financial Conduct Authority number SP1981RS

Kingdom Housing Association Limited
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for the year ended 31 March 2024

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BOARD OF MANAGEMENT, EXECUTIVE, ADVISERS AND REGISTRATION DETAILS

Board of Management	Linda Leslie	Chairperson
	David Redpath	Vice Chairperson - from October 2023
	Laurie Naumann	Vice Chairperson - resigned September 2023
	Freya Lees	Vice Chairperson - resigned September 2023
	Gavin Thomson	Chair of Audit, Finance and Risk Committee
	Loretta Mordi	Chair of Customer Services Committee
	Carol Watson	Chair of Staffing Committee
	Ryan Cossar	Appointed March 2024
	Ian Crocker	
	Blair Louden	Appointed September 2023
	Graeme Mackay	
	Julie McKinnon	Appointed March 2024
	Charles Oliver	Resigned December 2023
	Stephen Swan	
	Sinclair Young	Appointed March 2024
Key Management Personnel	Thomas Barclay	Chief Executive and Company Secretary
	Leigh Grubb	Executive Director of Finance (appointed November 2023)
	Ken Tudhope	Executive Director of Finance (resigned August 2023)
	Susan McDonald	Executive Director of Operations
	Paul White	Executive Director, Kingdom Support & Care CIC
Registered Office	Saltire Centre, Pentland Court, Glenrothes, KY6 2DA	
Registration Numbers	Financial Conduct Authority and Co-operative and Community Benefit Societies Act 2014, Reg. No. SP1981R(S) Scottish Housing Regulator Reg. No. HEP 142 Scottish Charity No SC000874	
Independent Auditors	RSM UK Audit LLP, Third Floor, 2 Sempie Street, Edinburgh, EH3 8BL	
Principal Banker	Bank of Scotland	
Internal Auditors	Henderson Loggie LLP, Ground Floor, 11-15 Thistle Street, Edinburgh, EH2 1DF	

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**REPORT OF THE BOARD OF MANAGEMENT
(INCLUDING THE STRATEGIC REPORT)**

The Board of Management presents its report and audited consolidated financial statements for the year ended 31 March 2024.

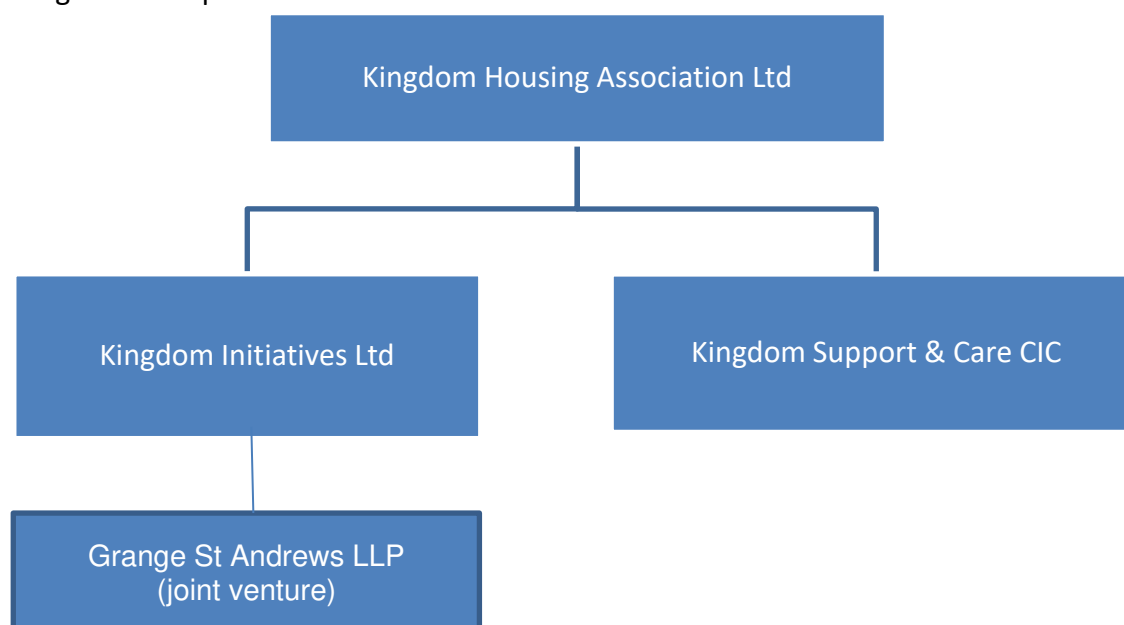
OBJECTIVES AND STRATEGY

The mission statement of the Kingdom Group is to provide ‘more than a home’ and this is reflected in the provision, management and maintenance of affordable, high quality houses and provision of home support and care services.

The Group’s long term strategy to achieve its objectives is set out in the 30-year Corporate Plan, supported by a rolling 5-year Corporate Plan and annual operational targets and budgets. The Group’s strategy is to maintain its existing portfolio of properties to a high standard and increase the number of affordable homes available through new builds and acquisition of existing properties from other sources.

GROUP STRUCTURE AND PRINCIPAL ACTIVITIES

The Kingdom Group is structured as follows:



1. Kingdom Housing Association Ltd (KHA)
KHA is incorporated in Scotland and is a Registered Social Landlord (RSL) registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 as a mutual society and is also a Scottish charity. KHA’s principal activity is the provision and management of affordable housing using Scottish Secure Tenancies throughout East Central Scotland.
2. Kingdom Initiatives Limited (KI)
KI is a non-charitable company limited by shares (registration number SC383963) and is wholly owned by KHA. The principal activities of KI are to manage properties through Scottish Private Residential Tenancy agreements at mid-market rents (MMR), as well as a range of activities not

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allowed to be undertaken by KHA as a Scottish charity, such as commercial ventures and other income generating initiatives.

3. Kingdom Support and Care Community Interest Company (KSC)

KSC is a non-charitable Community Interest Company limited by shares (registration number SC545491) and is wholly owned by KHA. The principal activity of KSC is to provide support and care services to individuals across the Fife and Falkirk local authority areas, enabling individuals to continue to live independently in their own homes in their communities, despite medical conditions and disabilities.

4. Grange St Andrews LLP (The Grange)

The Grange is a limited liability partnership (registration number SO307391), of which KI has a 51% share, created to undertake a joint venture with St Andrews University (StAU) for the management of residential accommodation principally for rent to postgraduate students.

GOVERNANCE

The management, control and services between KHA, KI and KSC are set out in agreements that are reviewed annually to ensure appropriate governance arrangements are in place and are operating effectively. The Grange is managed jointly by representatives of KI and StAU.

The governing body of KHA is a Board of Management (the Board) the members of which have a wide range of relevant skills and experience. The members of the Board are currently unpaid, though the roles of Chair and Chairs of group committees are to be remunerated posts from 1 April 2024. The Executive Directors, who are accountable to the Board, do not own shares in KHA and do not have the legal status of directors per the Companies Act, but are considered to be key personnel for the purposes of statutory accounts disclosure.

The Board is supported by the following:

- Audit, Finance & Risk Committee;
- Customer Services Committee;
- Staffing Committee;
- Internal audit function operated by an independent firm of auditors, Henderson Loggie LLP.

KHA also reports regularly to the Scottish Housing Regulator with detailed key performance indicators (KPIs) and these may be found at www.housingregulator.gov.scot/landlord-performance.

Each subsidiary has its own Board of Directors with an appointed Chairperson, who have the legal status of director per the Companies Act. There are clear reporting arrangements between the members of the Group. The KHA Chief Executive also serves as a director of KI and KSC. All group companies operate within agreed rules, policies and financial regulations with delegated authority given to the Chief Executive and Executive Team. KI is the principal administrator of The Grange, which consequently follows the Kingdom Group policies and procedures in agreement with StAU.

Copies of the statutory report and financial statements of the subsidiaries and The Grange showing further details may be obtained from the KHA offices or from Companies House (www.gov.uk/get-information-about-a-company).

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PERFORMANCE

Highlights of Performance for the Year - Kingdom Group

The main highlights of the year for the Kingdom Group are set out below:

- 367 new affordable homes (2023: 545) completed for the Group and partner organisations;
- 45 new units completed at year end for rental to students in St Andrews through a joint venture with St Andrews University with a further 16 completed in July 2024;
- Progress in upgrading of properties formerly held by Fairfield Housing Association (FHA);
- 340 (2023: 355) people supported by our support and care subsidiary;
- Group financial reserves increased to £88m, which will be reinvested in housing and community initiatives;
- All lenders' financial covenants met and within risk tolerance;
- 558 (2023: 540) staff employed in the Group on competitive terms and conditions. KHA holds accreditations for IiP Gold, Best Companies and IiYP Platinum;
- Management of the impact of the cost of living crisis on tenants and staff.

KHA continues to be the lead social housing developer for the Fife Housing Association Alliance, comprising four Fife-based Registered Social Landlords, namely KHA, Fife Housing Group, Glen Housing Association and Ore Valley Housing Association.

The cost of living crisis continued to heighten risk for our tenants. Our housing team continues to work with our tenants to mitigate the difficulties arising, such as advising on fuel costs and maximising tenant income and thereby maintaining rental income. We continue to closely monitor the situation and the consequent financial impact throughout the crisis and take appropriate actions.

Work is progressing to upgrade former FHA properties in accordance with the proposals in the transfer of engagements, as we enter the third year of these commitments.

Financial Review of the Kingdom Group and KHA

The key financial results demonstrate that the Kingdom Group and KHA remain financially strong. A number of issues significantly affected the results in the year:

- Turnover increased in line with the increase in rental income of 5% and the increase in the number of homes under Group management by 339.
- Operating costs rose owing to the inflationary effects of a range of global and political events.
- Total comprehensive income was impacted by the increase in the pension liability from £767k to £2,334k. Note 20 to the financial statements provides further details. While this loss is significant it does not have any impact on cash, as it relates to future liabilities.
- There has been a rise in the bad debt provision from 5% to 6% of rental income and a reduction in overall rent collections from 98.2% to 98.0%. Process enhancements and arrears collection are being implemented.
- The Group added 339 new homes to its owned portfolio, funded from cash reserves and by an increase in grants. Note 10 to the financial statements provides an analysis of homes owned and managed.
- KHA added £960k of new vehicles to its fleet during the year following the decision to purchase rather than lease replacements.

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- KHA wrote down the carrying value of the depot at Boston View by £436k following the decision to redevelop the Boston View site and relocate aspects of its operations to a temporary facility.
- While the Group exhibits net current liabilities of £1.0m at year end, current liabilities include £5.9m of deferred capital grants that have no cash flow implications. In addition, a £50m credit facility has been arranged. Further information is provided in the Going Concern section below.

The key financial results and ratios are set out in the following table for the Group and KHA.

Description	Group		KHA	
	2024	2023	2024	2023
Turnover	£54.5m	£47.8m	£41.3m	£35.6m
(Loss)/gain in respect of pension liability	(£1.5m)	(£1.2m)	(£1.5m)	(£1.2m)
Total comprehensive income	£1.0m	£1.7m	£0.6m	£1.4m
Interest cover (ratio of surplus/interest payable)			186%	192%
Reserves	£88.0m	£87.0m	£83.3m	£82.8m
Cash at bank at year end	£19.5m	£39.3m	£16.4m	£36.1m
Gearing (ratio of net debt/net worth)			45%	45%
Housing properties	£657.9m	£623.8m	£631.7m	£597.3m
Loans due in more than one year	£207.8m	£220.3m	£207.8m	£220.3m
Deferred grants	£360.6m	£339.5m	£351.2m	£330.0m

As a charity, KHA is exempt from Corporation Tax in respect of its charitable activities. KHA's non-charitable trading profits and those of the subsidiaries are subject to taxation. Following a change in tax legislation, KHA's tax losses, which arise through debt servicing costs, cannot be used to offset taxable profits throughout the Group. Consequently, the Group's subsidiaries have proposed to pay Gift Aid payments to KHA at a sustainable level to minimise Corporation Tax payable for the Group.

Performance - Group

Performance of the Group companies is managed through management's scrutiny of key performance indicators (KPIs). Management takes corrective action where necessary. Quarterly reports are presented to the Board.

Performance - KHA

A comprehensive set of KPIs for KHA's social housing activities is included in the Annual Return on the Charter (ARC) to the Scottish Housing Regulator, the details of which are publicly available (www.housingregulator.gov.scot/landlord-performance). The principal KPIs and results against targets for KHA are set out below:

Housing management KPIs	Actual	Target	Actual
	2024	2024	2023
Void loss (%)	1.10%	1.00%	1.77%
Rent and service charge income collected (%)	98.00%	99.00%	98.22%
Average time taken to re-let units	45 days	30 days	56 days

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In response to the cost of living crisis, steps were taken to support tenants ensuring that rental income, although below target, was sustained at a high level. Void loss and re-let times showed significant improvement over last year and progress towards targets.

Asset management KPIs	Actual	Target	Actual
	2024	2024	2023
Emergency repairs (response target % achieved)	95.00%	97.00%	95.20%
Routine repairs (response target % achieved)	92.00%	92.00%	85.92%

The repairs results were affected by external contractor performance levels leading to a below target performance. However, routine repairs showed a marked improvement over last year and attained target.

Capital investment KPIs	Actual	Target	Actual
	2024	2024	2023
New units started on site	377	428	204
Total units completed	322	227	503
Tenant satisfaction with quality of new home	93%	94%	96%

The target for completions was surpassed. New starts were curtailed by the government funding reductions affecting the ability to progress projects to site start.

Treasury Management

A vital element and driver of the Group's activities is treasury management, particularly given the Group's ongoing commitment to an active development programme, and the reduction in Government housing association grant in its budget. KHA carries out treasury activities supporting the funding needs of the Group within the framework of the Treasury Management Policy. The Policy allows a maximum of 100% and a minimum of 50% at fixed rates of interest. KHA has previously sought to fix most of its debt interest at favourable rates, gaining certainty on those costs. As at 31 March 2024 KHA had 93% (2023: 89%) of its loan portfolio at fixed rates of interest. The weighted average cost of funds of all KHA's borrowings has increased to 4.14% (2023: 3.34%), reflecting a significant upturn in rates of interest.

Following the year end KHA entered into revolving credit facility agreements totalling £50m to provide flexible funding to support its development programme.

KHA's lenders have set minimum levels of interest cover (operating surplus/interest payable) and maximum gearing covenant tests (debt/net worth) that must be met. KHA's results were well within the parameters set, therefore meeting all covenants.

Private lenders require security over their lending. As at 31 March 2024, 2,822 units (2023: 2,475 units) representing 41% (2023: 38%) of the total units owned were unencumbered and available for future lending security.

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Performance - KI

During 2023-24 KI continued to manage MMR housing on behalf of KHA and others. KI let the tenancies and is responsible for the management and maintenance of the properties in accordance with lease agreements with the landlords. The analysis of properties is shown below:

	2024	2023
Units owned	222	222
Units managed on behalf of KHA	657	650
Units managed on behalf of Fife Council	121	121
Total units owned or managed	1,000	993

The Board of KI agreed that the company would not undertake further building of units in its own right in the current 5 year planning horizon, but would continue to lease units for MMR rental from KHA and Fife Council. KHA agreed to reduce the leasing charge for its MMR units from 80% to 75% of rental income, leading to a rise in profitability.

The key financial statistics for KI are set out below:

KPI	Actual	Actual
	2023-24	2022-23
Turnover for year (£000s)	£6,468	£5,724
Operating surplus for year before tax (£000s)	£285	£4
Operating profit margin (%)	13%	11%
Interest cover (%)	170%	131%
Gearing (%)	115%	118%
Emergency repairs completed on time (%)	98%	97%
Non-emergency repairs completed on time (%)	91%	86%
Rent and service charges collected (%)	97%	98%
Voids (%)	1.00%	1.07%
Total time to relet (days)	28	33

The increase in turnover is due to a full year of new rentals coming on stream together with the annual uplift in rental. KI is not subject to covenants on its borrowings.

Performance – The Grange

The two-year new build programme of 61 units in St Andrews was completed in early 2024-25, with two of the three phases occupied by year end. The initial build cost is funded by StAU and KI. On completion the St Andrews University Endowment Fund is expected to purchase the completed units. The Grange is responsible for management and maintenance of the units. The Grange management accounts for the period to 31 March 2024 show a profit of £116k, of which KI's share is £59k (51%).

Performance - KSC

In 2023-24 KSC supported approximately 340 individuals (2023: 355) 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. KSC delivered 422,253 hours of support, an increase of 3% over the previous year. In addition, KSC provided temporary accommodation and outreach services for people who were homeless throughout West Fife.

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The key financial statistics for KSC are shown in the table below:

Description	2024	2023
Turnover	£10,472k	£9,962k
Operating surplus for the year	£120k	£351k
Operating profit margin (ratio of operating surplus to turnover)	1.14%	3.52%
Reserves	£2,393k	£2,236k
Net current assets	£2,820k	£2,663k
Cash at bank at year end	£3,092k	£3,052k

Staff turnover, which was 35% (2023: 31%) for the year, remains a key risk. An in-house personnel team has been established to address staffing issues specific to KSC. Work continues to reduce staff turnover through training and development.

GOING CONCERN

The cost of living crisis led to the imposition of a temporary rent freeze, rent increase limits and temporary restriction in evictions. The Kingdom Group was able to absorb the temporary financial impact. Subsequently, the restrictions were released and a rent increase of 7% was applied to social housing rents from April 2024, enabling KHA to forecast positive future cash flows and consequent resilience. The impact of the crisis is being carefully monitored. In order to provide assurance on the financial future of the Kingdom Group stress testing was again performed based on the 2024-25 budgets for each group company and the 30-year Corporate Plan. For KHA the budget stress test focused on rent restrictions, potential increases in voids and bad debts to determine the likely impact on the budgeted surplus for 2024-25 and to determine the point at which the interest cover covenant would be broken. The outcome showed that KHA remained viable even under extreme conditions. At 31 March 2024 Kingdom Group had cash reserves of £20m and has negotiated future long term loan facilities amounting to £50m to cover expected development spend and re-financing obligations. The conclusion from the stress testing is that KHA remains a going concern for the foreseeable future.

Similar stress testing for the subsidiaries confirmed that they were also considered going concerns. KHA will continue to provide appropriate financial support, if required, within the covenant parameters set by lenders.

RISK MANAGEMENT

The Kingdom Group recognises its moral and statutory duty of care to its customers and employees and to safeguard its assets. It meets this duty by ensuring that risk management plays an integral part in the management of the Group at a strategic and operational level. Risk management is set out in the Group's Risk Management policy. Independent internal auditors are engaged to carry out reviews covering areas of Group operations identified by reference to risk registers maintained by the Group and agreed with the Audit, Finance & Risk Committee.

Kingdom Group mitigates risk through the use of strong planning disciplines, monitoring of KPIs and the development of alternative business models, which place less reliance on government subsidy, and a review of its cost base. Kingdom Group also has a number of insurance policies in place mitigating exposure to key risks. The risks that were scored the most critical by management are set out below together with specific mitigating actions:

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Significant Risks	Main mitigation controls
Cost of living. High inflation and increased costs resulting in customers struggling to pay rents.	Continue to undertake robust financial viability assessments to control our costs and enable below inflation rent increases. Maximise external financial support for customers. Maximise communications with customers to identify other sources of funding.
Reduced ability to deliver on our development programme ambition due to increased costs and reduced Government funding.	All development projects assessed using viability tool based on known costs. Ensure all tender returns offer value for money. Secure benchmark subsidy on a project by project basis. External funding achieved on favourable terms complying with financial covenants.
Adverse financial impact on KSC's ability to generate a surplus and reserves due to loss of contracts, contract rates that are less than costs and inability to attract new business.	Hourly contract rates agreed in advance. Budgetary cost controls in place with quarterly management accounts and variance analysis and remedial action taken as necessary. Monitoring of other care providers to ensure competitiveness.
Procurement challenges, uncontrolled spend and ineffective contract management, due to non-compliance with statutory procurement regulations leading to loss of key services, fines and reputational damage.	Procurement strategy and policy in place. Robust procurement and contract management processes in place that are reviewed on an ongoing basis by the Procurement Working Group. External framework agreements in place. External audit of procurement processes showed a positive result.
Risk of serious harm to a supported person due to staff action or inaction.	Health and Safety manual in place. Adult and child protection policies in place and staff training performed. Individual risk assessments performed on environment and activity issues, which are regularly reassessed.
Not aligning to the Scottish Government priorities of Equality, Opportunity and Community due to competing priorities, different strategy or other focus, resulting in reduction of support, funding and growth.	Monitoring of updates from and managing relations with Scottish Government. Increased oversight and control of spend. Review of financial plans including stress testing of potential rent caps.
Breach of Health and Safety (H&S) and associated legislation due to inadequate systems, processes, training and non-compliance, resulting in harm.	H&S policy and manual in place. Training performed. Risk assessments carried out. H&S inspections scheduled.

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THE ENVIRONMENT AND SUSTAINABILITY

The Scottish Government is committed to sustainable development and reducing the impact of climate change and this aim is shared by the Kingdom Group. The Group endeavours to meet Government policy requirements and aspirations in the provision of all of its services and has a Sustainability Policy which covers all areas of operation and includes environmental targets and objectives that are reflected in both the maintenance programmes and new build housing, such as developing to Passivhaus standards.

PLANS FOR THE FUTURE

The Group's mission remains providing *More Than A Home* and is committed to three main aims of:

- Managing and maintaining the existing property portfolio;
- Expanding the property portfolio through development of new properties; and
- Providing support and care to people with particular needs.

KHA and KI continue to face a number of challenges, among them public sector funding pressures, welfare reforms affecting our tenants and the cost of living crisis. The reduction in Government subsidy for social housing has led to a slowing of our new build programme from c.400 units to c.250 units per annum. The Group will look for opportunities to increase these numbers subject to availability of grant funding and assessment of viability. The response to the cost of living crisis forms a key part of our plans for the immediate future. KHA decided to bring grounds maintenance services in-house with effect from 1 April 2024 to manage costs and service quality more effectively.

The Group is undertaking a comprehensive review of its operating and administrative structure, which involves the demolition of the storage depot on the Boston View site and replacing it with an integrated new building, accommodating both a new depot and offices. In addition, the Saltire site offices will be modernised. A comprehensive review of the Group's staffing structure and digital platform is also in progress.

KHA will continue with the preferred partner arrangements with the Fife Alliance and will form appropriate alliances and partnerships in areas where it considers it is able to provide housing for its target client group.

KI is also exploring a number of other potential projects to further develop its business and complement that of the Group.

KSC plans to further consolidate and expand its support and care activities, seeking economies of scale, where staffing and funding permits.

STATEMENT AS TO THE DISCLOSURE OF INFORMATION TO THE 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. Each of the Board members has confirmed that they have taken all the steps that they ought to have taken as Board members in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

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AUDITORS

A resolution for the reappointment of RSM UK Audit LLP, as auditors, will be proposed at the Annual General Meeting.

By Order of the Board



Linda Leslie, Chairperson
Date: 20 August 2024

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STATEMENT OF BOARD OF MANAGEMENT'S RESPONSIBILITIES UNDER THE CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014 FOR A REGISTERED SOCIAL LANDLORD (RSL)

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the RSL and of the surplus or deficit for that period. In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the RSL will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the RSL and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Registered Housing Associations Determination of Accounting Requirements 2019. It is responsible for safeguarding the assets of the RSL and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information on the website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board



Linda Leslie, Chairperson

Date: 20 August 2024

BOARD OF MANAGEMENT'S STATEMENT OF INTERNAL FINANCIAL CONTROL

The Board acknowledges its ultimate responsibility for ensuring that KHA has in place a system of controls that is appropriate for the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:

- the reliability of financial information used within the RSL, or for publication;
- the maintenance of proper accounting records; and
- the safeguarding of assets against unauthorised use or disposition.

It is the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable, and not absolute, assurance against material financial mis-statement or loss or failure to meet objectives. Key elements of KHA's systems include the following:

- a) An appropriate control environment has been created by careful recruitment, training and appraisal of suitably qualified staff and provision of comprehensive guidance on the standards and controls in the form of formal policies and procedures to be applied throughout KHA.
- b) The system of internal financial control has been developed to ensure it monitors control, supports the achievement of KHA's aims and objectives and safeguards its assets.
- c) Management information systems have been developed to provide accurate and timely data on all aspects of the business. Management accounts comparing actual results against budget are presented to the Board quarterly. Forecasts and budgets are prepared and regularly reviewed and updated to assist financial decision making.
- d) Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies.
- e) Major business risks and their financial implications are assessed systematically by reference to established criteria. This allows the Board and Senior Management team to evaluate the nature and extent of those risks and manage them efficiently, effectively and economically.
- f) The financial implications of major business risks are controlled by means of formal policies and procedures including the documentation of key systems and rules relating to delegated authorities, which reserve significant matters to the Board for decision, segregation of duties in appropriate areas and physical controls over assets and access to records.
- g) All significant new initiatives, major commitments and investment projects and their financial implications are assessed and are subject to formal authorisation procedures through the Board.
- h) The Board monitors the operation of the internal financial control system by considering regular reports from management, contracted internal auditors and the external auditors and ensures appropriate corrective action is taken to address any reported weaknesses.

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BOARD OF MANAGEMENT’S STATEMENT OF INTERNAL FINANCIAL CONTROL (cont’d)

The Board confirms that it has reviewed the effectiveness of KHA’s system of internal financial control as it operated during the year under review. No material weaknesses were found which resulted in material losses, contingencies or uncertainties which require disclosure in these financial statements or in the auditors’ report on the financial statements.

By Order of the Board



Linda Leslie, Chairperson

Date: 20 August 2024

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**REPORT BY THE AUDITORS TO THE MEMBERS OF KINGDOM HOUSING ASSOCIATION LIMITED ON
CORPORATE GOVERNANCE MATTERS**


In addition to our audit of the Financial Statements, we have reviewed your statement on pages 14 to 15 concerning the Association's compliance with the information required by the Regulatory Standards for systemically important Registered Social Landlords in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council through enquiry of certain members of the Board and Officers of the Association and examination of relevant documents. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on pages 14 to 15 has provided the disclosures required by the relevant Regulatory Standards for systemically important Registered Social Landlords within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.


RSM UK AUDIT LLP
Statutory Auditor Chartered Accountants
Third Floor
2 Semple Street
Edinburgh
EH3 8BL

Date: 27/08/24

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INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF KINGDOM HOUSING ASSOCIATION LIMITED

Opinion

We have audited the financial statements of Kingdom Housing Association Limited (the 'Association') and its subsidiaries (the 'Group') for the year ended 31 March 2024 which comprise the consolidated statement of comprehensive income, Housing Association statement of comprehensive income, consolidated statement of financial position, Housing Association statement of financial position, consolidated statement of changes in reserves, Housing Association statement of changes in reserves, consolidated statement of cash flows, Housing Association 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 Group's and Association's affairs as at 31 March 2024 and of the income and expenditure of the Group and the income and expenditure of the Association 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, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – February 2019.

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 Group and the parent Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board'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 Group's or the Association'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 Board with respect to going concern are described in the relevant sections of this report.

Kingdom Housing Association Limited
Report and Financial Statements
for the year ended 31 March 2024

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF KINGDOM HOUSING ASSOCIATION LIMITED
(Cont'd)

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 Board is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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.

Matters on which we are required to report by exception

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

- A satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on page 13, the Board 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 Board 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 Board is responsible for assessing the Association'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 Board either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Kingdom Housing Association Limited
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for the year ended 31 March 2024

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF KINGDOM HOUSING ASSOCIATION LIMITED
(Cont'd)

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 group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Group and Association operate in and how the Group and Association are 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, Companies Act 2006, Housing SORP 2018, the Housing (Scotland) Act 2010 and the Scottish Housing Regulator's Determination of Accounting Requirements – February 2019. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are the Scottish Housing Regulator's Regulatory Framework (published 2019) and the Housing (Scotland) Acts 2006 and 2014 and the Co-operative and Community Benefit Societies Act 2014. We performed audit procedures to inquire of management whether the Association is in compliance with these laws and regulations and inspected correspondence with licensing or regulatory authorities.

Kingdom Housing Association Limited
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INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF KINGDOM HOUSING ASSOCIATION LIMITED
(Cont'd)

The group audit engagement team identified the risk of management override of controls and the risk of fraud in 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, 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 agreeing the amounts recognised 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 provided 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 Association's Members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association'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 Association and the Association's Members as a body, for our audit work, for this report, or for the opinions we have formed.



RSM UK AUDIT LLP
Statutory Auditor
Chartered Accountants
Third Floor
2 Semple Street
Edinburgh
EH3 8BL

Date: 27/08/24

Kingdom Housing Association Limited
Report and Financial Statements
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2024	2023
		£000	£000
Turnover	3	54,477	47,762
Less: Operating expenditure	3	(44,814)	(39,502)
Gain on sale of housing properties	6	118	169
Operating surplus	5	<u>9,781</u>	<u>8,429</u>
Net surplus from joint venture	12	59	-
Gain on sale of other fixed assets		3	-
Interest receivable and similar income	7	849	26
Interest payable and financing costs	8	<u>(8,165)</u>	<u>(5,493)</u>
Surplus on ordinary activities before taxation		2,527	2,962
Taxation	9	<u>(44)</u>	-
Surplus for the year		<u>2,483</u>	<u>2,962</u>
Other Comprehensive Income			
Actuarial loss in respect of defined benefit pension scheme	20	(1,529)	(1,235)
Total comprehensive income for the year		<u><u>954</u></u>	<u><u>1,727</u></u>

The notes on pages 27 to 62 form part of these financial statements.

The results relate wholly to continuing operations.

There were no unrecognised surpluses or deficits in the current year other than those included in the statement of comprehensive income.

Kingdom Housing Association Limited
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HOUSING ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME

	Notes	2024	2023
		£000	£000
Turnover	3	41,325	35,585
Less: Operating expenditure	3	(32,615)	(28,310)
Gain on sale of housing properties	6	118	169
Operating surplus	5	8,828	7,444
Gain on sale of other fixed assets		3	-
Interest receivable and similar income	7	1,421	654
Interest payable and financing costs	8	(8,161)	(5,489)
Surplus on ordinary activities before taxation		2,091	2,609
Taxation	9	-	-
Surplus for the year		2,091	2,609
Other Comprehensive Income			
Actuarial loss in respect of defined benefit pension scheme	20	(1,529)	(1,235)
Total comprehensive income for the year		562	1,374

The notes on pages 27 to 62 form part of these financial statements.

The results relate wholly to continuing operations.

There were no unrecognised surpluses or deficits in the current year other than those included in the statement of comprehensive income.

Kingdom Housing Association Limited
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CONSOLIDATED AND HOUSING ASSOCIATION STATEMENT OF FINANCIAL POSITION

	Notes	2024 Group £000	2024 KHA £000	2023 Group £000	2023 KHA £000
Fixed assets					
Housing properties - depreciated cost	10	657,871	631,698	623,842	597,315
Other tangible fixed assets	10	1,725	1,725	1,328	1,328
Intangible fixed assets	10	-	-	2	2
Fixed asset investments	11	-	427	-	427
Investment in joint venture	12	59	-	-	-
Total fixed assets		659,655	633,850	625,172	599,072
Current assets					
Properties held for sale	13	1,437	1,437	2,274	2,274
Stock and work in progress	14	1,147	1,147	827	827
Trade & other receivables:					
amounts falling due within one year	15	5,402	5,487	5,582	5,870
amounts falling due after one year	15	-	13,316	-	13,609
Cash & cash equivalents		19,536	16,361	39,332	36,114
		27,522	37,748	48,015	58,694
Payables: amounts falling due within one year	16	(28,477)	(26,955)	(25,625)	(24,023)
Net current (liabilities)/assets		(955)	10,793	22,390	34,671
Total assets less current liabilities		658,700	644,643	647,562	633,743
Payables: amounts falling due after more than one year					
Deferred capital grants	19	(360,634)	(351,218)	(339,519)	(329,959)
Defined benefit pension liability	20	(2,334)	(2,334)	(767)	(767)
		(570,765)	(561,328)	(560,581)	(550,990)
Net assets		87,935	83,315	86,981	82,753
Capital and reserves					
Share capital	21	-	-	-	-
Revenue reserves		87,814	83,194	86,860	82,632
Restricted reserve		121	121	121	121
		87,935	83,315	86,981	82,753

These Financial Statements were approved and authorised for issue by the Board of Management on 20 August 2024 and signed on its behalf by:



Linda Leslie, Chairperson

The notes on pages 27 to 62 form part of these financial statements.

Kingdom Housing Association Limited
Report and Financial Statements
for the year ended 31 March 2024

STATEMENT OF CHANGES IN RESERVES

	2024	2024	2023	2023
	Income and expenditure reserve	Restricted reserve	Income and expenditure reserve	Restricted reserve
GROUP	£000	£000	£000	£000
At 1 April	86,860	121	85,123	131
Surplus for the year ended 31 March	2,483	-	2,962	-
Transfer of restricted expenditure to restricted reserve	-	-	10	(10)
Other comprehensive income:				
Actuarial loss in respect of pension scheme	(1,529)	-	(1,235)	-
At 31 March	<u>87,814</u>	<u>121</u>	<u>86,860</u>	<u>121</u>
	Income and expenditure reserve	Restricted reserve	Income and expenditure reserve	Restricted reserve
KHA	£000	£000	£000	£000
At 1 April	82,632	121	81,248	131
Surplus for the year ended 31 March	2,091	-	2,609	-
Transfer of restricted expenditure to restricted reserve	-	-	10	(10)
Other comprehensive income:				
Actuarial loss in respect of pension scheme	(1,529)	-	(1,235)	-
At 31 March	<u>83,194</u>	<u>121</u>	<u>82,632</u>	<u>121</u>

The restricted reserve relates to a fund acquired in the transfer of engagements from FHA. The funds are restricted to the improvement of land and buildings in the Tulloch area of the City of Perth.

The notes on pages 27 to 62 form part of these financial statements.

Kingdom Housing Association Limited
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CONSOLIDATED CASH FLOW STATEMENT

	Notes	2024 £000	2023 £000
Net cash flow from operating activities	27	14,356	12,235
Cashflow from investing activities			
Purchase of tangible fixed assets		(44,917)	(53,491)
Purchase of other fixed assets		(1,010)	(121)
Disposal/(purchase) of properties held for sale		836	(1,631)
Receipts of housing grants		28,245	19,423
Receipts from sales of fixed assets		228	499
Interest received		797	26
Net cash used in investing activities		<u>(15,821)</u>	<u>(35,295)</u>
Cashflow from financing activities			
Interest paid		(8,204)	(5,306)
Housing loans received		-	70,000
Housing loans repaid		(10,127)	(12,101)
		<u>(18,331)</u>	<u>52,593</u>
Net (decrease)/increase in cash		(19,796)	29,533
Cash at beginning of year		39,332	9,799
Cash at end of year		<u>19,536</u>	<u>39,332</u>

The notes on pages 27 to 62 form part of these financial statements.

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for the year ended 31 March 2024

HOUSING ASSOCIATION CASH FLOW STATEMENT

	Notes	2024 £000	2023 £000
Net cash flow from operating activities	28	13,710	11,065
Cashflow from investing activities			
Purchase of tangible fixed assets		(44,918)	(52,948)
Purchase of other fixed assets		(1,010)	(120)
Disposal/(purchase) of properties held for sale		836	(1,631)
Receipts of housing grants		28,245	19,423
Receipts from sales of fixed assets		228	499
Interest received		1,472	654
Net cash used in investing activities		<u>(15,147)</u>	<u>(34,123)</u>
Cashflow from financing activities			
Interest paid		(8,200)	(5,302)
Housing loans received		-	70,000
Housing loans repaid		(10,116)	(12,090)
		<u>(18,316)</u>	<u>52,608</u>
Net (decrease)/increase in cash		(19,753)	29,550
Cash at beginning of year		36,114	6,564
Cash at end of year		<u>16,361</u>	<u>36,114</u>

The notes on pages 27 to 62 form part of these financial statements.

Kingdom Housing Association Limited
Report and Financial Statements
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NOTES TO THE FINANCIAL STATEMENTS

1. Legal status

Kingdom Housing Association Limited (KHA) is a Registered Social Landlord incorporated under the Co-operative and Community Benefit Societies Act 2014. It is registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010 and is a Scottish Charity. KHA is a Public Benefit Entity.

KHA and its subsidiaries are referred to as “the Group”. KHA has two wholly owned subsidiaries, limited by shares, Kingdom Initiatives Limited (KI), a non-charitable body, whose principal role is to support the achievement of the Group’s objectives as a Public Benefit Entity and Kingdom Support and Care Community Interest Company (KSC), a non-charitable body whose principal role is to provide support and care services to Local Authority clients and private individuals under contract. KI has a 51% share of Grange St Andrews LLP, a joint venture limited liability partnership.

The principal activity of the Group is the provision of social housing and associated housing management and property maintenance services. Details of the registered office are provided on page 2.

2. Accounting Policies

The accounting policies apply to all member companies. The principal accounting policies are set out in paragraphs a) to t) below.

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”), the Housing SORP 2018 “Statement of Recommended Practice for Registered Housing Providers” and they comply with the Determination of Accounting Requirements 2019, and under the historical cost convention. There are no instruments at fair value.

These statements are presented in £’000’s Sterling, unless otherwise stated.

b) Basis of Consolidation

The Group financial statements consolidate those of KHA and its wholly owned subsidiary companies, KI and KSC, using acquisition accounting. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

c) Going Concern

The Board of Management consider that it is appropriate to prepare the financial statements on the basis of going concern. The latest financial plans have been reviewed and approved by the Board and submitted to the Scottish Housing Regulator. These plans were prepared using assumptions agreed by the Executive Management Team and, where appropriate, in conjunction with KHA’s Housing Investment Group, and demonstrate that KHA is financially viable. The assumptions used for the long term plans and the impairment review are considered to be appropriate. In the light of the cost of living crisis, stress testing has again been performed on the future financial forecasts, as described in the Strategic Report above, the results of which support the conclusion of going concern. Therefore the Board of Management believe that there are no material uncertainties in respect of going concern.

d) 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 Group's loans from its funders are judged by management to be basic financial instruments under the definition in FRS 102 and are accounted for under the amortised cost method (see (p) below);
- The Group's housing assets are judged by management to be social housing and are accounted for at cost less depreciation and impairments (see (i) – (n) below and Note 10);
- Government grants are judged by management to be associated with social housing and are accounted for as deferred income and amortised on a pro rata basis over the life of each related building component (see (g) below and Note 19). In addition, the conditions associated with grants are considered by management to determine any contingent liability arising from potential repayment (see Note 31);
- Management are not aware of any impairment indicators that would trigger impairment reviews of the Group's housing assets and cause a significant reduction in value;
- Management have estimated the residual values of housing properties and the life cycles of the components of buildings and have depreciated accordingly (see (n) below);
- The lease arrangements entered into by the Group are judged by management to be operating leases;
- Management's estimate of the defined benefit pension obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the obligation and the annual defined benefit expenses. The net defined benefit pension liability at 31 March 2024 was £2,334k (see (h) below and Note 20 for further information and analysis).
- Judgements have been made over the recoverability of receivables based on experience and accord with the Group's provisioning policy (see (p) below).

e) Fixed Asset Investments

KHA's investment in its subsidiary companies, KI and KSC, is accounted for at cost less impairment. KI's investment in its joint venture LLP, The Grange, is initially recognised at transaction price and is subsequently adjusted for its share of profits or losses, other comprehensive income and equity of the joint venture LLP.

f) Turnover

Turnover represents rental and service charge income receivable (net of voids), income for the provision of support and care services, fees, revenue grants, performance related grants, Government grants released from deferred income and sales of housing, comprising first tranche sales of shared ownership properties and sales of properties developed for other registered social landlords. Tenant service charges are levied on a basis intended to cover appropriate service costs each year.

Rental and service charge income is recognised from the date that the property is let. Income from sales of housing built for sale and first tranche sales of shared ownership properties is recognised on legal completion of the sales transaction.

Kingdom Housing Association Limited
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Support and care services income is recognised when due under the agreed contractual terms.

g) Government Grants: Housing Association Grant and Other Grants

Housing Association Grant (HAG) is payable by Scottish Government Ministers to enable KHA to develop new properties and modernise existing properties for social housing. The amount of HAG is calculated on qualifying costs of each scheme in accordance with instructions issued from time to time by the Housing & Regeneration Directorate of the Scottish Government. Other grants are provided by Local Authorities from second home Council tax and Mortgage to Rent schemes operated by the Scottish Government and are also defined as Government grants.

Government grants include:

i) Acquisition and development allowances

Acquisition and development allowances are intended to finance certain internal administrative costs relating to the acquisition and development of housing land and buildings for approved schemes and are taken to income when the schemes are completed.

ii) Clerk of works allowances

Clerk of works allowances are intended to finance the costs of employing a clerk of works and are taken to income when the schemes are completed.

iii) Building components

Government grants attributable to building components are intended to offset construction costs and are accounted for as deferred income, which is amortised to income over the life of the relevant components. When a component is replaced the associated balance of grant is taken to income.

Government grants are paid directly to Group member companies and are reflected in the accounts when due to be received.

Allowances received in advance are shown as grants repayable in payables (Note 16) and allowances receivable are shown as grants receivable in receivables (Note 15).

Government grants are repayable under certain circumstances, primarily following the sale of a property, but will normally be restricted to the net proceeds of sale. A contingent liability is included at Note 31 detailing the level of grants potentially repayable.

Grants received in respect of revenue expenditure are credited to income in the same period as the expenditure to which it relates. Where grants are provided for performance related schemes they are taken to income when the conditions of the grant have been met.

Non-housing grants

Other non-housing grants are included in income when received. At the year end any amounts of grant not fully applied for the purpose received are accounted for as deferred income and are included in accounts payable: amounts falling due within one year (Note 16).

h) Employee Benefits

Short term employee benefits and contributions to defined contribution pension 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. KHA participates in the Scottish Housing Associations' Pension Scheme (SHAPS), a defined contribution scheme administered by The Pensions Trust on a multi-employer shared basis.

KHA previously participated in the SHAPS defined benefit pension scheme (the DB Scheme), which KHA closed to new members. KHA is able to identify its share of the DB Scheme assets and liabilities and therefore has applied defined benefit accounting. The scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period within the income and expenditure account. Interest is calculated on the net defined benefit liability. Remeasurements and actuarial gains and losses are reported in other comprehensive income (see Note 20).

i) Tangible Fixed Assets – Housing Land and Buildings

The Group categorises its housing tangible fixed assets into housing properties held for letting, shared ownership and hostel. The development cost of housing properties held for letting is attributed to individual components and includes the following:

- cost of acquiring land and buildings;
- development expenditure;
- capitalised interest.

All invoices and architects' certificates relating to the capital expenditure incurred in the period, at gross value including retentions, are included in the accounts for the period provided that the dates of issue or valuation are prior to the period end. All housing properties are stated at cost less depreciation and impairment.

j) Expenditure on New Properties

The cost of each property held for letting is attributed to the individual components that comprise that property to create a cost and depreciation provision for each individual component. The cost of each new rented property that is brought into management is attributed to individual components and these components are depreciated over their useful lives. New properties under construction are accounted for at cost and are not depreciated. Development costs incurred prior to project commitment are accounted for under current assets.

k) Expenditure on Existing Properties and Components

Planned maintenance expenditure is attributed to individual components that are depreciated over their useful lives. As this expenditure relates to the replacement of existing components, the cost is capitalised and appropriate accounting adjustments are made to reflect the disposal of the components that are replaced. Any expenditure which does not meet the definition of one of the specific components that comprise a property is charged to expenditure.

l) Sale of Housing Properties

KHA has charitable status and is exempt from right to buy legislation, as it was registered prior to enactment. KHA has developed properties for sale on a shared ownership basis, which allows prospective home owners to purchase initial tranches of 25%, 50% or 75% at market value. After one year sharing owners may increase their share of ownership. The apportioned cost of the initial tranche is recorded as a current asset with the remaining balance held as a tangible fixed asset. The sale of initial tranches is accounted for through income, where sales proceeds are shown in turnover and the appropriate proportion of the cost of the property sold charged to cost of sale. Sales of subsequent tranches are accounted as disposals of tangible fixed assets. Any grants received that cannot be repaid from the proceeds of sale are abated and credited to income.

m) Depreciation

Social Housing assets except land are depreciated. Depreciation is charged at rates calculated to write off the cost, less estimated residual value, of each property or component of asset evenly over its expected useful life. Component life cycles are set out below:

Housing Properties	
Structure	100 years
Bathroom	35 years
Electrics	20 - 30 years
Doors	30 years
Heating	15 - 35 years
Kitchens	20 years
Roofs	60 years
Windows	30 years
Renewables	20 years
Lifts	25 years
Hostel	100 years
Shared Ownership	100 years

Where impairment indicators or reversals thereof are identified, housing properties are reviewed for any change in value by comparing their carrying value with the higher of their estimated value in use as social housing and fair value less costs to sell, with any material loss charged to expenditure.

If the impairment loss reverses, the carrying amount is increased to the revised estimate of its recoverable amount, but not in excess of its original carrying value. The impairment loss reversal is recognised in income.

n) Intangible Fixed Assets

Intangible fixed assets are stated at cost less depreciation and comprise computer software and licences. The rate of amortisation is 3 to 5 years on a straight line basis. The amortisation of intangible assets is included within operating costs in the Statement of Comprehensive Income.

Kingdom Housing Association Limited
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for the year ended 31 March 2024

o) Inventories, Work in Progress and Properties Held for Sale

Inventories are stated at the lower of cost and fair value less costs to sell. Developments in progress for other Registered Social Landlords and shared equity scheme properties are included in properties held for sale at cost. Shared ownership properties due for sale are included in properties held for sale at cost.

p) 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.

iii) Bank Loans

All bank loans are judged to be basic financial instruments and are measured initially at fair value, net of transaction costs. Subsequent measurement is at amortised cost using the effective interest rate method, which discounts estimated future cash flows for the expected life of the loan.

q) Apportionment of Management Expenses

Direct employee administration and operating costs have been apportioned to the relevant activities undertaken on the basis of the costs of the staff directly engaged in the operations described and dealt with in these financial statements.

r) Leases

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

s) Taxation

KHA as a registered charity is not subject to corporation tax on its charitable activities, but is subject to corporation tax on its non-charitable trading activities. KI and KSC are 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. Current tax assets are recognised when tax paid exceeds the tax payable.

Current 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.

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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.

t) Contingencies

Contingent assets and liabilities are not recognised, but are disclosed in Note 31.

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

i) By Class of Business - Group	Turnover	Operating costs	Gain on sale of housing properties	Operating surplus/(deficit)	Operating surplus/(deficit)
				2024	2023
	£000	£000	£000	£000	£000
Affordable lettings (Note 4 (i))	40,879	(31,032)	-	9,847	8,343
Other activities (Note 4 (iii))	13,598	(13,782)	-	(184)	(83)
Gain on disposal of housing properties (Note 6)	-	-	118	118	169
	<u>54,477</u>	<u>(44,814)</u>	<u>118</u>	<u>9,781</u>	<u>8,429</u>
Total 2023:	<u>47,762</u>	<u>(39,502)</u>	<u>169</u>	<u>8,429</u>	
ii) By Class of Business - KHA	Turnover	Operating costs	Gain on sale of housing properties	Operating surplus/(deficit)	Operating surplus/(deficit)
				2024	2023
	£000	£000	£000	£000	£000
Affordable lettings (Note 4 (ii))	34,590	(29,014)	-	5,576	4,409
Other activities (Note 4 (iv))	6,735	(3,601)	-	3,134	2,866
Gain on disposal of housing properties (Note 6)	-	-	118	118	169
	<u>41,325</u>	<u>(32,615)</u>	<u>118</u>	<u>8,828</u>	<u>7,444</u>
Total 2023:	<u>35,585</u>	<u>(28,310)</u>	<u>169</u>	<u>7,444</u>	

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4. Particulars of turnover, operating costs and operating surplus/(deficit) by class of business

(i) Affordable letting activities - Group	General needs housing	Supported housing accommodation	Shared ownership housing	2024	2023
	£000	£000	£000	Total £000	Total £000
Turnover					
Rent receivable net of service charges	33,813	591	481	34,885	30,591
Service charges	870	241	-	1,111	883
Gross income from rents & service charges	<u>34,683</u>	<u>832</u>	<u>481</u>	<u>35,996</u>	<u>31,474</u>
Less voids	(314)	(2)	-	(316)	(521)
Net income from rents & service charges	34,369	830	481	35,680	30,953
Grant released from deferred income	4,978	10	81	5,069	4,578
Revenue grants from Scottish Ministers	46	-	-	46	63
Other revenue grants	84	-	-	84	144
Total turnover from affordable letting activities	<u><u>39,477</u></u>	<u><u>840</u></u>	<u><u>562</u></u>	<u><u>40,879</u></u>	<u><u>35,738</u></u>
				Total	Total
Operating costs for affordable letting activities	£000	£000	£000	£000	£000
Management & maintenance administration costs	10,342	24	339	10,705	8,614
Service costs	1,920	4	53	1,977	1,568
Planned and cyclical maintenance including major repairs costs	1,197	-	-	1,197	1,560
Reactive maintenance costs	7,076	16	224	7,316	7,167
Bad debts - rents & service charges	782	60	11	853	623
Depreciation of social housing	8,868	11	105	8,984	7,863
Operating costs for affordable letting activities	<u>30,185</u>	<u>115</u>	<u>732</u>	<u>31,032</u>	<u>27,395</u>
Operating surplus/(deficit) for affordable letting activities	<u>9,292</u>	<u>725</u>	<u>(170)</u>	<u>9,847</u>	<u>8,343</u>
2023 Operating surplus/(deficit) for affordable letting activities	<u>7,821</u>	<u>630</u>	<u>(108)</u>	<u>8,343</u>	

4. Particulars of turnover, operating costs and operating surplus/(deficit) by class of business (cont'd)

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(ii) Affordable letting activities - KHA	General needs housing	Supported housing accommodation	Shared ownership housing	2024	2023
	£000	£000	£000	Total £000	Total £000
Turnover					
Rent receivable net of service charges	27,631	591	481	28,703	24,962
Service charges	868	241	-	1,109	882
Gross income from rents & service charges	<u>28,499</u>	<u>832</u>	<u>481</u>	<u>29,812</u>	<u>25,844</u>
Less voids	(274)	(2)	-	(276)	(458)
Net income from rents & service charges	28,225	830	481	29,536	25,386
Grant released from deferred income	4,833	10	81	4,924	4,448
Revenue grants from Scottish Ministers	46	-	-	46	63
Other revenue grants	84	-	-	84	144
Total turnover from affordable letting activities	<u><u>33,188</u></u>	<u><u>840</u></u>	<u><u>562</u></u>	<u><u>34,590</u></u>	<u><u>30,041</u></u>
				Total	Total
Operating costs for affordable letting activities	£000	£000	£000	£000	£000
Management & maintenance administration costs	9,864	24	339	10,227	8,312
Service costs	1,553	4	53	1,610	1,375
Planned and cyclical maintenance including major repairs costs	1,114	-	-	1,114	1,529
Reactive maintenance costs	6,510	16	224	6,750	6,443
Bad debts - rents & service charges	612	60	11	683	431
Depreciation of social housing	8,514	11	105	8,630	7,542
Operating costs for affordable letting activities	<u><u>28,167</u></u>	<u><u>115</u></u>	<u><u>732</u></u>	<u><u>29,014</u></u>	<u><u>25,632</u></u>
Operating surplus/(deficit) for affordable letting activities	<u><u>5,021</u></u>	<u><u>725</u></u>	<u><u>(170)</u></u>	<u><u>5,576</u></u>	<u><u>4,409</u></u>
2023 Operating surplus/(deficit) for affordable letting activities	<u><u>3,886</u></u>	<u><u>631</u></u>	<u><u>(108)</u></u>	<u><u>4,409</u></u>	

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4. Particulars of turnover, operating costs and operating surplus/(deficit) by class of business (cont'd)

(iii) Other activities - Group	Other revenue grants	Supporting people income	Other income	2024	2023
	£000	£000	£000	Total £000	Total £000
Turnover					
Care & repair of property	280	-	4	284	307
Kingdom Works	1,083	-	-	1,083	873
Development and construction of property activities	-	-	-	-	-
Support activities	-	10,450	-	10,450	9,940
Other agency/management services	-	-	171	171	19
Developments for sale to registered social landlords	-	-	-	-	-
Sale of shared equity properties	-	-	1,241	1,241	752
Factoring	-	-	98	98	79
Renewable energy	-	-	219	219	26
Other activities	-	-	52	52	28
Total turnover from other activities	1,363	10,450	1,785	13,598	12,024

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4. Particulars of turnover, operating costs and operating surplus/(deficit) by class of business (cont'd)

				2024	2023
(iii) Other activities - Group (cont'd)	Total	Operating	Other	Operating	Operating
	turnover	costs -	operating	surplus/	surplus/
		bad debts	costs	(deficit)	(deficit)
	£000	£000	£000	£000	£000
Operating surplus/(deficit) - Group					
Care & repair of property	284	-	(281)	3	8
Kingdom Works	1,083	-	(1,083)	-	-
Development and construction of property activities	-	-	(558)	(558)	(467)
Support activities	10,450	-	(10,352)	98	329
Other agency/management services	171	-	-	171	19
Developments for sale to registered social landlords	-	-	(73)	(73)	2
Sales of shared equity properties	1,241		(1,241)	-	-
Factoring	98	(2)	(153)	(57)	(11)
Renewable energy	219	-	(39)	180	26
Other activities	52	-	-	52	11
Operating surplus/(deficit)	13,598	(2)	(13,780)	(184)	(83)
 2023 Operating surplus/(deficit) for other activities	 12,024	 (5)	 (12,102)	 (83)	

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4. Particulars of turnover, operating costs and operating surplus/(deficit) by class of business (cont'd)

(iv) Other activities - KHA	Other revenue grants	Supporting people income	Other income	2024	2023
	£000	£000	£000	Total £000	Total £000
Turnover	280	-	4	284	307
Care & repair of property	1,083	-	-	1,083	873
Kingdom Works	-	-	-	-	-
Development and construction of property activities	-	-	156	156	19
Other agency/management services	-	-	-	-	-
Developments for sale to registered social landlords	-	-	3,083	3,083	3,010
Lease income received	328	-	913	1,241	752
Sales of shared equity properties	-	-	98	98	79
Factoring	-	-	219	219	26
Renewable energy	-	-	519	519	450
Inter company service level agreements	-	-	52	52	28
Other activities	1,691	-	5,044	6,735	5,544
Total turnover from other activities	1,691	-	5,044	6,735	5,544

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4. Particulars of turnover, operating costs and operating surplus/(deficit) by class of business (cont'd)

				2024	2023
(iv) Other activities - KHA (cont'd)	Total turnover	Operating costs - bad debts	Other operating costs	Operating surplus/(deficit)	Operating surplus/(deficit)
	£000	£000	£000	£000	£000
Operating surplus/(deficit) - KHA					
Care & repair of property	284	-	(281)	3	8
Kingdom Works	1,083	-	(1,083)	-	-
Development and construction of property activities	-	-	(558)	(558)	(467)
Other agency/management services	156	-	-	156	19
Developments for sale to registered social landlords	-	-	(73)	(73)	2
Lease income received (MMR)	3,083	-	-	3,083	3,010
Sale of shared equity properties	1,241	-	(1,241)	-	-
Factoring	98	(2)	(153)	(57)	(11)
Renewable energy	219	-	(39)	180	26
Inter-company service level agreements	519	-	(171)	348	268
Other activities	52	-	-	52	11
Operating surplus/(deficit)	6,735	(2)	(3,599)	3,134	2,866
 2023 Operating surplus/(deficit) for social letting activities	 <u>5,544</u>	 <u>(5)</u>	 <u>(2,673)</u>	 <u>2,866</u>	

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5. Operating surplus

	Group	KHA	Group	KHA
	2024	2024	2023	2023
	£000	£000	£000	£000
Operating surplus is stated after (charging)/crediting:				
Grants released from deferred income (Note 19)	5,070	4,902	4,578	4,448
Depreciation of housing properties (Note 10)	(8,984)	(8,548)	(7,864)	(7,542)
Depreciation of other tangible fixed assets (Note 10)	(613)	(613)	(53)	(53)
Amortisation of intangible fixed assets (Note 10)	(2)	(3)	(28)	(28)
Gain on disposal of housing properties (Note 6)	118	118	169	169
Operating lease rental costs	(279)	(308)	(256)	(283)
Internal audit fees	(17)	(17)	(21)	(21)
Tax services and advice	(17)	(8)	(10)	(5)
External audit fees	(40)	(28)	(38)	(25)

6. Gain on sale of housing properties and disposal of components

	Group	Group
	& KHA	& KHA
	2024	2023
	£000	£000
Sale proceeds	225	499
Net book value of properties	(82)	(155)
Expenses on disposal of properties	-	(4)
Gain on sale of housing properties	143	340
Loss on disposal of components	(25)	(171)
	<u>118</u>	<u>169</u>

The gain on sale of Shared Ownership housing properties arises from the sale of tranches of 25%, 50% or 75% of the whole of each property. Properties sold in 2024: 2 (2023: 5).

The loss on disposal of components arises from the replacements of components in general rented housing properties.

7. Interest receivable and similar income

	Group	KHA	Group	KHA
	2024	2024	2023	2023
	£000	£000	£000	£000
Interest receivable and similar income	<u>849</u>	<u>1,421</u>	<u>26</u>	<u>654</u>

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8. Interest payable and finance costs

	Group	KHA	Group	KHA
	2024	2024	2023	2023
	£000	£000	£000	£000
Interest payable in the year has been charged as follows:				
Loan interest	8,127	8,123	5,493	5,489
Net interest expense on defined benefit pension liability (Note 20)	38	38	-	-
	<u>8,165</u>	<u>8,161</u>	<u>5,493</u>	<u>5,489</u>

9. Taxation

KHA has charitable status, and therefore it has no liability to corporation tax on its charitable activities. KHA's tax charges relate to non-charitable trading activity. The subsidiaries KI and KSC are liable to pay UK corporation tax and their liabilities are included in the consolidated financial statements.

	Group	KHA	Group	KHA
	2024	2024	2023	2023
	£000	£000	£000	£000
Based upon the results for the year to 31 March:				
Corporation tax charge on income for the year on surplus on ordinary activities	(162)	-	(67)	-
Impact of Gift Aid payment	118	-	-	-
Impact of group relief	-	-	67	-
	<u>(44)</u>	<u>-</u>	<u>-</u>	<u>-</u>

Corporation tax is calculated at 25%, less marginal relief, if appropriate (2023: 19%). KHA and its subsidiaries are part of the KHA tax group, but owing to a change in tax legislation it is no longer allowed for taxable profits and losses to be offset within the Group. As a consequence, the Boards of KHA's subsidiaries have proposed to pay Gift Aid to KHA to reduce their exposure to corporation tax. The Group impact was to reduce tax suffered from £162k to £44k.

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10. Fixed assets

(i) Housing properties - Group

	Shared Ownership held for letting £000	Housing held for letting £000	Housing in course of construction £000	Hostel held for letting £000	Housing properties total £000
Cost					
At 1 April 2023	10,768	630,471	53,613	1,067	695,919
Additions during year	13	7,394	35,837	-	43,244
Disposals in year	(103)	(474)	-	-	(577)
Transfers	-	53,454	(53,454)	-	-
Transfers to other activities	-	-	(68)	-	(68)
Transfers to sundry creditors	-	-	(3)	-	(3)
At 31 March 2024	<u>10,678</u>	<u>690,845</u>	<u>35,925</u>	<u>1,067</u>	<u>738,515</u>
Depreciation					
At 1 April 2023	2,297	69,567	-	213	72,077
Provided during year (Note 4)	105	8,868	-	11	8,984
Disposals in year	(17)	(400)	-	-	(417)
At 31 March 2024	<u>2,385</u>	<u>78,035</u>	<u>-</u>	<u>224</u>	<u>80,644</u>
Net book value					
At 31 March 2024	<u>8,293</u>	<u>612,810</u>	<u>35,925</u>	<u>843</u>	<u>657,871</u>
At 31 March 2023	<u>8,471</u>	<u>560,904</u>	<u>53,613</u>	<u>854</u>	<u>623,842</u>

Description	Capitalised - included in housing additions		Expensed - included in SoCI	
	2024	2023	2024	2023
	£000	£000	£000	£000
Major repairs costs - existing properties - KHA	3,478	2,612	1,114	1,529
Major repairs costs - existing properties - KI	1	1	83	30
Development administration costs - KHA	986	1,189	-	-
Development administration costs - KI	-	159	-	-

No improvements were capitalised by the Group during the year (2023: Nil)

No interest was capitalised by the Group during the year (2023: Nil).

Included in Group housing held for letting is land amounting to £59,081k (2023: £55,057k).

Included in KHA housing held for letting is land amounting to £56,116k (2023: £52,091k).

There are no indicators of impairment identified and therefore no impairment review was considered necessary.

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10. Fixed assets (cont'd)

(ii) Housing properties – KHA

	Shared Ownership held for letting £000	Housing held for letting £000	Housing in course of construction £000	Hostel held for letting £000	Housing properties total £000
Cost					
At 1 April 2023	10,768	603,042	53,613	1,067	668,490
Additions during year	13	7,395	35,837	-	43,245
Disposals in year	(103)	(474)	-	-	(577)
Transfers	-	53,454	(53,454)	-	-
Transfers to other activities	-	-	(68)	-	(68)
Transfers to sundry creditors	-	-	(3)	-	(3)
At 31 March 2024	<u>10,678</u>	<u>663,417</u>	<u>35,925</u>	<u>1,067</u>	<u>711,087</u>
Depreciation					
At 1 April 2023	2,298	68,664	-	213	71,175
Provided during year	105	8,514	-	11	8,630
Disposals in year	(17)	(399)	-	-	(416)
At 31 March 2024	<u>2,386</u>	<u>76,779</u>	<u>-</u>	<u>224</u>	<u>79,389</u>
Net book value					
At 31 March 2024	<u>8,292</u>	<u>586,638</u>	<u>35,925</u>	<u>843</u>	<u>631,698</u>
At 31 March 2023	<u>8,470</u>	<u>534,378</u>	<u>53,613</u>	<u>854</u>	<u>597,315</u>

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10. Fixed assets (cont'd)

Stock numbers

	General housing	Support housing accommodation	Shared ownership housing	Total
Units owned				
As at 1 April 2023 - Owned by Group	6,483	16	227	6,726
As at 31 March 2024 - Owned by Group	6,822	16	227	7,065
As at 1 April 2023 - Owned by KHA	6,261	16	227	6,504
As at 31 March 2024 - Owned by KHA	6,600	16	227	6,843
Units in management				
As at 1 April 2023 - managed by Group	6,604	16	227	6,847
As at 31 March 2024 - managed by Group	6,943	16	227	7,186
As at 1 April 2023- managed by KHA	5,623	16	227	5,866
As at 31 March 2024 - managed by KHA	5,955	16	227	6,198

(iii) Other tangible fixed assets – Group

	Heritable office property	Furniture and equipment	Motor vehicles	Computer hardware	Total
Cost	£000	£000	£000	£000	£000
At 1 April 2023	1,745	233	349	155	2,482
Additions during year	23	27	960	-	1,010
Disposals in year	(1)	(3)	(73)	(66)	(143)
At 31 March 2024	<u>1,767</u>	<u>257</u>	<u>1,236</u>	<u>89</u>	<u>3,349</u>
Depreciation and impairment					
At 1 April 2023	568	216	217	153	1,154
Provided during year	32	8	136	1	177
Impairment	436	-	-	-	436
Disposals	(1)	(3)	(73)	(66)	(143)
At 31 March 2024	<u>1,035</u>	<u>221</u>	<u>280</u>	<u>88</u>	<u>1,624</u>
Net book value					
At 31 March 2024	<u>732</u>	<u>36</u>	<u>956</u>	<u>1</u>	<u>1,725</u>
At 31 March 2023	<u>1,177</u>	<u>17</u>	<u>132</u>	<u>2</u>	<u>1,328</u>

10. Fixed assets (cont'd)

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(iv) Other tangible fixed assets – KHA

	Heritable office property	Furniture and equipment	Motor vehicles	Computer hardware	Total
Cost	£000	£000	£000	£000	£000
At 1 April 2023	1,744	230	349	155	2,478
Additions during year	23	27	960	-	1,010
Disposals in year	-	-	(73)	(66)	(139)
At 31 March 2024	<u>1,767</u>	<u>257</u>	<u>1,236</u>	<u>89</u>	<u>3,349</u>
Depreciation and impairment					
At 1 April 2023	568	213	217	152	1,150
Provided during year	32	8	136	1	177
Impairment	436	-	-	-	436
Disposals	-	-	(73)	(66)	(139)
At 31 March 2024	<u>1,036</u>	<u>221</u>	<u>280</u>	<u>87</u>	<u>1,624</u>
Net book value					
At 31 March 2024	<u>731</u>	<u>36</u>	<u>956</u>	<u>2</u>	<u>1,725</u>
At 31 March 2023	<u>1,176</u>	<u>17</u>	<u>132</u>	<u>3</u>	<u>1,328</u>

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10. Fixed assets (cont'd)

(v) Intangible fixed assets – Computer software

	Group	KHA
	£000	£000
Cost		
At 1 April 2023	345	324
Disposals in year	(161)	(161)
At 31 March 2024	<u>184</u>	<u>163</u>
Amortisation		
At 1 April 2023	343	322
Provided during year	2	2
Disposals	(161)	(161)
At 31 March 2024	<u>184</u>	<u>163</u>
Net book value		
At 31 March 2024	<u>-</u>	<u>-</u>
At 31 March 2023	<u>2</u>	<u>2</u>

11. Fixed asset investments

	KHA	KHA
	2024	2023
	£000	£000
Investments in subsidiaries		
Kingdom Support and Care CIC	427	427
Kingdom Initiatives Limited	-	-
	<u>427</u>	<u>427</u>

The investments in subsidiary companies comprise 427,000 ordinary shares of £1 each in Kingdom Support and Care CIC, a wholly owned subsidiary engaged in the provision of support and care services and 100 ordinary shares of £1 each in Kingdom Initiatives Limited, a wholly owned subsidiary engaged in the provision of affordable housing and associated services

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12. Joint venture – The Grange

The Grange became active during the year. Two of the three phases of units were completed and rented out by 31 March 2024. The table below sets out the relevant figures derived from the management accounts for the period ended 31 March 2024:

	Group 2024 £000	Group 2023 £000
Carrying value at 1 April	-	-
Share of profits	59	-
Less distributions	-	-
Carrying value at 31 March	<u>59</u>	<u>-</u>

13. Property held for sale

	Group & KHA 2024 £000	Group & KHA 2023 £000
Work in progress for other RSLs at 1 April	1,116	-
Cost additions during the year	236	788
Net transfers from housing costs held for letting	(1)	328
Balance of work in progress for other RSLs at 31 March	<u>1,351</u>	<u>1,116</u>
Shared ownership properties for sale at 1 April	32	32
Sales	(32)	-
Transfer of net book value (Note 10)	86	-
Shared ownership properties for sale at 31 March	<u>86</u>	<u>32</u>
Shared equity properties for sale at 1 April	1,126	610
Additions	-	516
Sales	(582)	-
Transfer from deferred grant	(544)	-
Transfer income from sales to Note 4 Other activities	1,241	752
Transfer cost of sales to Note 4 Other activities	(1,241)	(752)
Shared equity properties for sale at 31 March	<u>-</u>	<u>1,126</u>
Total properties held for sale	<u>1,437</u>	<u>2,274</u>

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14. Stocks

	Group & KHA 2024 £000	Group & KHA 2023 £000
Stock of materials held	<u>1,147</u>	<u>827</u>

15. Receivables

(i) Amounts falling due within one year

	Group 2024 £000	KHA 2024 £000	Group 2023 £000	KHA 2023 £000
Arrears of rent	3,347	2,778	2,422	2,047
less: Provision for bad debts	<u>(2,664)</u>	<u>(2,151)</u>	<u>(1,830)</u>	<u>(1,484)</u>
	683	627	592	563
Sundry receivables	2,478	1,915	2,717	1,366
Prepayments	457	410	327	304
Due from Kingdom Initiatives Limited	-	1,793	-	1,682
Due from Kingdom Support & Care CIC	-	-	-	14
Due from Grange St Andrews LLP	1,041	-	-	-
Interest receivable	52	52	-	-
Car loans to employees	128	127	158	153
SHG in arrears	<u>563</u>	<u>563</u>	<u>1,788</u>	<u>1,788</u>
	<u>5,402</u>	<u>5,487</u>	<u>5,582</u>	<u>5,870</u>

(ii) Amounts falling due after more than one year

	Group 2024 £000	KHA 2024 £000	Group 2023 £000	KHA 2023 £000
Loans to Kingdom Initiatives Limited	<u>-</u>	<u>13,316</u>	<u>-</u>	<u>13,609</u>

KHA has provided a loan to KI amounting to £6 million, which is repayable by regular instalments of interest, the last of which falls to be repaid by 2026, together with a bullet repayment of the principal. A further loan, of which the balance outstanding after more than one year at year end was £7.3 million, is repayable in regular instalments of principal and interest, the last of which falls to be repaid in 2049. The instalment of £0.3 million due within one year is included in current receivables. Both loans bear interest at 4.5% and are secured by a bond and floating charge over the property and undertakings of KI.

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16. Payables: Amounts falling due within one year

	Group	KHA	Group	KHA
	2024	2024	2023	2023
	£000	£000	£000	£000
Contractors for certified work	7,300	7,098	9,098	8,897
Trade payables	1,713	1,650	897	881
Deferred capital grants (Note 19)	5,908	5,763	5,080	4,934
Sundry payables and accruals	3,855	2,972	3,413	2,403
Prepaid rent	819	784	674	633
Other taxation & social security costs	436	245	401	223
Due to Kingdom Support & Care CIC	-	52	-	-
Interest payable	1,008	1,008	1,048	1,048
Corporation tax (Note 9)	44	-	-	-
SHG recyclable	2,748	2,748	2,739	2,739
Housing loans (Note 18)	4,646	4,635	2,275	2,265
	<u>28,477</u>	<u>26,955</u>	<u>25,625</u>	<u>24,023</u>

17. Payables: Amounts falling due after more than one year

	Group	KHA	Group	KHA
	2024	2024	2023	2023
	£000	£000	£000	£000
Housing loans (Note 18)	<u>207,797</u>	<u>207,776</u>	<u>220,295</u>	<u>220,264</u>

The repayments of capital due within 12 months on the above loans are included in Note 16 above.

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18. Loans

	Group	KHA	Group	KHA
	2024	2024	2023	2023
	£000	£000	£000	£000
Housing loans				
Loans secured by a charge on the Group's housing, land and buildings and advanced by private lenders:	<u>212,443</u>	<u>212,411</u>	<u>222,570</u>	<u>222,529</u>

The loans are repayable in a combination of regular instalments of principal and interest, and interest only with bullet repayments on maturity, up to 2057. The loans bear interest at rates between 0% and 6.54% (2023: 0% and 4.78%).

Amount falling due:

Within one year (note 16)	<u>4,646</u>	<u>4,635</u>	<u>2,275</u>	<u>2,265</u>
In 1 year or more but less than 2 years	11,317	11,307	14,550	14,539
In 2 years or more but less than 5 years	26,580	26,569	26,063	26,042
In more than 5 years	<u>169,900</u>	<u>169,900</u>	<u>179,682</u>	<u>179,683</u>
Amounts falling due after more than 1 year (Note 17)	<u>207,797</u>	<u>207,776</u>	<u>220,295</u>	<u>220,264</u>
	<u>212,443</u>	<u>212,411</u>	<u>222,570</u>	<u>222,529</u>

19. Deferred income – Government grants/other income

	Group	KHA	Group	KHA
	2024	2024	2023	2023
	£000	£000	£000	£000
As at 1 April	344,599	334,893	332,198	322,360
Receivable in year	27,597	27,597	17,257	17,257
Repayable	(41)	(41)	(265)	(263)
Released to income - social lettings	(5,069)	(4,924)	(4,578)	(4,448)
Released to income - other activities	(544)	(544)	-	-
Transfer to payables due within 1 year	-	-	(13)	(13)
As at 31 March	<u>366,542</u>	<u>356,981</u>	<u>344,599</u>	<u>334,893</u>
Amounts to be released within 1 year	5,908	5,763	5,080	4,934
Amounts to be released in more than 1 year	<u>360,634</u>	<u>351,218</u>	<u>339,519</u>	<u>329,959</u>
	<u>366,542</u>	<u>356,981</u>	<u>344,599</u>	<u>334,893</u>

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20. Defined Benefit Pension Scheme Liability (the DB Scheme)

KHA participates in the DB Scheme, a multi-employer scheme which provides benefits to over 150 non-associated employers. The DB Scheme is a defined benefit scheme in the UK. The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK. The scheme is classified as a 'last-man standing arrangement'. Therefore, the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2021, which revealed a deficit of £27m. A recovery plan was put in place to eliminate the deficit which ran to 30 September 2022.

Sufficient information is available in respect of the DB Scheme to enable KHA to account for its obligation on a defined benefit basis. For accounting purposes, a valuation of the DB Scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for the accounting year end 31 March 2024. The liabilities were compared at 31 March 2024 with KHA's fair share of the DB Scheme's total assets to calculate KHA's share of the net deficit or surplus.

Under the defined benefit pension accounting approach, KHA's share of the DB Scheme's net deficit as at 31 March 2024 was £2,334k (2023: £767k). The details are set out in the tables below:

Net defined benefit plan asset/liability	Group & KHA 2024 £000	Group & KHA 2023 £000
Fair value of plan assets	16,977	18,635
Present value of defined benefit obligation	<u>(19,311)</u>	<u>(19,402)</u>
Defined benefit liability of plan to be recognised	<u>(2,334)</u>	<u>(767)</u>

Reconciliation of the impact of the asset ceiling	Group & KHA 2024 £000	Group & KHA 2023 £000
Impact on asset ceiling at 1 April	-	287
Effect of asset ceiling included in the net interest cost	-	15
Actuarial gains on asset ceiling	<u>-</u>	<u>(302)</u>
Impact on asset ceiling at 31 March	<u>-</u>	<u>-</u>

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20. Defined Benefit Pension Scheme Liability (the DB Scheme) (cont'd)

Defined benefit plan obligations at discounted cost	Group & KHA 2024 £000	Group & KHA 2023 £000
Defined benefit obligation at start of period	19,402	28,981
Expenses	30	25
Interest expense	930	798
Actuarial gains due to scheme experience	(110)	(621)
Actuarial gains due to changes in demographic assumptions	(115)	(435)
Actuarial gains due to changes in financial assumptions	(164)	(8,630)
Benefits paid and expenses	<u>(662)</u>	<u>(716)</u>
Defined benefit obligation at end of period	<u>19,311</u>	<u>19,402</u>
	Group & KHA 2024 £000	Group & KHA 2023 £000
Defined benefit plan assets at fair value		
Fair value of plan assets at start of period	18,635	29,268
Interest income	892	813
Loss on plan assets (excluding amounts included in interest income)	(1,918)	(11,223)
Contributions by the employer	30	493
Benefits paid and expenses	<u>(662)</u>	<u>(716)</u>
Fair value of plan assets at end of period	<u>16,977</u>	<u>18,635</u>

The actual return on plan assets (including any changes in share of assets) over the period ended 31 March 2024 was a loss of £1,026,000 (2023: loss of £10,410,000).

Plan costs recognised in Statement of Comprehensive Income	Group & KHA 2024 £000	Group & KHA 2023 £000
Expenses	30	25
Net interest expense	<u>38</u>	<u>-</u>
Defined benefit costs recognised in statement of comprehensive income (SoCI)	<u>68</u>	<u>25</u>

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20. Defined Benefit Pension Scheme Liability (the DB Scheme) (cont'd)

Plan costs recognised in Statement of Other Comprehensive Income	Group & KHA 2024 £000	Group & KHA 2023 £000
Loss on plan assets (excluding amounts included in net interest cost)	(1,918)	(11,223)
Gains arising on the plan liabilities	110	621
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain	115	435
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain	<u>164</u>	<u>8,630</u>
Total actuarial losses (before restriction due to some of the surplus not being recognisable)	(1,529)	(1,537)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain	<u>-</u>	<u>302</u>
Total loss recognised in Other Comprehensive Income	<u><u>(1,529)</u></u>	<u><u>(1,235)</u></u>

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20. Defined Benefit Pension Scheme Liability (the DB Scheme) (cont'd)

Analysis of plan assets	Group & KHA	Group & KHA
	2024	2023
	£000	£000
Global Equity	1,953	492
Absolute Return	763	254
Distressed Opportunities	625	573
Credit Relative Value	598	711
Alternative Risk Premia	611	108
Emerging Markets Debt	297	144
Risk Sharing	1,019	1,358
Insurance-Linked Securities	105	519
Property	718	776
Infrastructure	1,626	2,008
Private Equity	13	-
Private Debt	683	832
Opportunistic Illiquid Credit	676	824
High Yield	3	94
Opportunistic Credit	-	1
Cash	440	78
Corporate Bond Fund	-	24
Liquid Credit	-	1
Long Lease Property	126	625
Secured Income	567	1,246
Liability Driven Investment	6,140	7,890
Currency Hedging	(7)	35
Net Current Assets	21	42
Total assets	16,977	18,635

None of the fair values of the assets shown above include any direct investments in KHA's own financial instruments or any property occupied by, or other assets used by KHA.

Key assumptions	Group & KHA	Group & KHA
	2024	2023
	% per annum	% per annum
Discount Rate	4.91%	4.86%
Inflation (RPI)	3.14%	3.19%
Inflation (CPI)	2.78%	2.77%
Salary Growth	3.78%	3.77%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

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20. Defined Benefit Pension Scheme Liability (the DB Scheme) (cont'd)

The mortality assumptions adopted at 31 March 2024 imply the following life expectancies:

	Group & KHA	Group & KHA
	2024	2023
	Life expectancy	Life expectancy
	at age 65	at age 65
	(Years)	(Years)
Male retiring in 2024	20.2	20.5
Female retiring in 2024	22.7	23
Male retiring in 2044	21.4	21.7
Female retiring in 2044	24.1	24.4

KHA participates in a multi-employer pension scheme (DB Scheme). Should KHA leave the DB Scheme the amount of employer debt has been estimated as £6,166k (2023: £8,132k) as at 30 September 2023, the date of the latest estimation available. However, the estimates are not reliable. At the present time KHA has no intention of leaving the DB Scheme. KHA has been notified by the Trustee of the DB Scheme that it has performed a review comparing the historic changes made to the DB Scheme's benefits with the requirements of the DB Scheme documentation. The Trustee has received legal advice that there is sufficient uncertainty regarding the effect of some benefit changes that the Court should be asked to provide clarity, in order to provide the Trustee with the certainty it needs to properly administer the DB Scheme. Preparation for the Court case is progressing to schedule and the Court has provided a window for the hearing during February 2025, with the judgement currently expected in calendar quarter two of 2025. Should the Court decide that the historic benefit changes need to be applied differently, then some member benefits would need to be increased, which would increase the DB Scheme liabilities. It is unknown whether the full, or any, increase in liabilities will apply. Therefore, it is not possible to calculate the impact of this issue on the DB Scheme liabilities with any accuracy for the purposes of the 31 March 2024 financial statements, particularly on an individual employer basis. Consequently, the issues are not recognised as contingent liabilities.

21. Share Capital

	2024	2023	2024	2023
	Number	Number	£	£
Group and KHA				
Shares of £1 each issued and fully paid:				
At 1 April	63	61	63	61
Issued during the year	4	4	4	4
Cancelled during the year	(4)	(2)	(4)	(2)
At 31 March	<u>63</u>	<u>63</u>	<u>63</u>	<u>63</u>

A £1 share entitles the holder (Member) to attend the Annual General Meeting and any Special or Emergency General Meeting of KHA and to cast their vote. In addition, it entitles a Member at those meetings to nominate others for the Board and/or to stand for the Board subject to the Board membership policy. Shares cannot be traded, the liability of the Member is limited to the £1 share and a share does not entitle a Member to a distribution of any surplus of KHA. These rights may be suspended or lost after missing usually 3 Annual General Meetings without submission of apologies.

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22. Capital commitments

	Group	KHA	Group	KHA
	2024	2024	2023	2023
	£000	£000	£000	£000
Housing properties:				
Expenditure contracted but not provided in the financial statements	28,016	28,016	14,863	14,742

The capital commitments will be financed from existing cash balances, reinvestment of surpluses and further borrowings.

23. Employees

	Group	KHA	Group	KHA
	2024	2024	2023	2023
	£000	£000	£000	£000
i) Staff costs during year:				
Wages and salaries	17,268	8,858	15,793	8,144
Social security costs	1,543	863	1,459	816
Other pension costs	1,214	940	1,085	832
Expenses of defined benefit pension scheme	28	28	25	25
	<u>20,053</u>	<u>10,689</u>	<u>18,362</u>	<u>9,817</u>

There were no redundancy costs incurred during the year included in the staff costs (2023: no redundancy costs incurred).

	Group	KHA	Group	KHA
	2024	2024	2023	2023
	Number	Number	Number	Number
ii) Staff numbers:				
Average weekly number of employees (including relief staff working on an "as required" basis)	602	252	581	247
<u>Number of Employees as at 31 March:</u>				
Support & Care staff	276	-	271	-
Administration staff	226	211	224	210
Maintenance staff	56	56	45	45
	<u>558</u>	<u>267</u>	<u>540</u>	<u>255</u>
Full time equivalent employees	<u>485</u>	<u>256</u>	<u>470</u>	<u>244</u>

Agency staff were employed during the year by the Group at a cost of £485k (2023: £552k).

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24. Auditors' remuneration

	Group	KHA	Group	KHA
	2024	2024	2023	2023
	£000	£000	£000	£000
Fees payable to RSM UK AUDIT LLP:				
Audit services	40	28	38	25
Tax services and advice	17	8	10	5
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fees payable to Henderson Loggie LLP:				
Internal audit fees	17	17	21	21
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

25. Remuneration of key management personnel

	Group	KHA	Group	KHA
	2024	2024	2023	2023
	£000	£000	£000	£000
The aggregate remuneration of 6 directors (2023 – 6 directors) including benefits in kind was:	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	525	413	555	436
Pension contributions of directors were:	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	58	49	52	44
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	2024	2024	2023	2023
	Number	Number	Number	Number
Emoluments (excluding pension contributions) were paid in the following bandings:				
£10,001 to £20,000	1	1	1	1
£40,001 to £50,000	2	2	1	-
£50,001 to £60,000	-	-	1	-
£90,001 to £100,000	2	1	2	2
£130,001 to £140,000	1	1	-	-
£140,001 to £150,000	-	-	1	1
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	132	132	145	145
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	2024	2024	2023	2023
	£000	£000	£000	£000
The total emoluments (excluding pension contributions) received by the highest paid director was:	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	132	132	145	145
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Key management personnel are defined to include the Chief Executive and other members of the Executive Team. The Chief Executive is an ordinary member of KHA's Pension Scheme. No enhanced or special terms apply to his membership and KHA does not contribute to any other pension on his behalf. There were two Chief Executives in post during the year. KHA's pension contributions for the Chief Executives in the year amounted to £574 and £19,454 respectively (2023: £14,062).

26. Payments to Members and Board members

No Member of KHA received any fee or remuneration during the year (2023: £nil). Members of the Board were reimbursed for out of pocket travel expenses amounting to £2,195 (2023: £971). During the year no

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member of the Board was a tenant of KHA (2023: nil). During the year one member of the Board was a sharing owner (2023: one). The sharing owner arrangements for this member are on normal terms.

The Board has decided to remunerate the role of Chairs of the Board and Committees with effect from 1 April 2024.

27. Reconciliation of surplus to net cash generated from operations – Group

	2024	2023
	£000	£000
Cash generated from operations		
Surplus for the year	2,527	2,962
Actuarial loss in respect of defined benefit pension scheme	(1,529)	(1,235)
Depreciation of tangible fixed assets	8,984	7,864
Depreciation of other fixed assets	613	53
Amortisation of intangible assets	2	28
Increase in pension provision/liability	1,567	767
Gain on disposal of fixed assets	(118)	(169)
Gain on disposal of other fixed assets	(3)	-
Amortisation of housing property capital grant	(5,070)	(4,578)
Gain on investment in joint venture	(59)	-
Corporation tax payable	(44)	-
Interest received	(849)	(26)
Interest paid	8,165	5,492
Operating cashflows before movement in working capital	<u>14,186</u>	<u>11,158</u>
Increase in stock	(320)	(476)
(Increase)/decrease in receivables	(994)	1,528
Increase in payables	1,484	25
Total cash generated from operating activities	<u>14,356</u>	<u>12,235</u>
Total cash flows from operating activities	<u><u>14,356</u></u>	<u><u>12,235</u></u>

Analysis of changes in net debt – Group

	At 1 April		Other	At 31
	2023	Cash flows	changes	March
	£000	£000	£000	2024
				£000
Cash and cash equivalents	39,332	(19,796)	-	19,536
Debt due within one year	(2,265)	(2,371)	(10)	(4,646)
Debt due in more than one year	(220,295)	12,498	-	(207,797)
	<u>(183,228)</u>	<u>(9,669)</u>	<u>(10)</u>	<u>(192,907)</u>

28. Reconciliation of surplus to net cash generated from operations – KHA

2024	2023
£000	£000

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Cash generated from operations

Surplus for the year	2,091	2,609
Actuarial loss in respect of defined benefit pension scheme	(1,529)	(1,235)
Depreciation of tangible fixed assets	8,630	7,542
Depreciation of other fixed assets	613	53
Amortisation of intangible assets	2	28
Increase in pension provision/liability	1,567	767
Gain on disposal of fixed assets	(118)	(169)
Gain on disposal of other fixed assets	(3)	-
Interest received	(1,421)	(654)
Interest paid	8,161	5,489
Amortisation of housing property capital grant	(4,925)	(4,448)
Operating cashflows before movement in working capital	<u>13,068</u>	<u>9,982</u>
Increase in stock	(320)	(476)
(Increase)/decrease in receivables falling due within one year	(893)	1,213
Decrease in receivables falling due in more than one year	293	293
Increase in payables	<u>1,562</u>	<u>53</u>
Total cash generated from operating activities	<u>13,710</u>	<u>11,065</u>
Total cash flows from operating activities	<u><u>13,710</u></u>	<u><u>11,065</u></u>

Analysis of changes in net debt – KHA

	At 1 April 2023 £000	Cash flows £000	At 31 March 2024 £000
Cash and cash equivalents	36,114	(19,753)	16,361
Debt due within one year	(2,265)	(2,370)	(4,635)
Debt due in more than one year	<u>(220,263)</u>	<u>12,487</u>	<u>(207,776)</u>
	<u><u>(186,414)</u></u>	<u><u>(9,636)</u></u>	<u><u>(196,050)</u></u>

29. Financial commitments

The annual commitments under non-cancellable operating leases, comprising mainly property leases and vehicle fleet leases, are as follows:

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	Group	KHA	Group	KHA
	2024	2024	2023	2023
	£000	£000	£000	£000
Amounts due:				
Within one year	130	127	115	98
Between 1 and 5 years	301	301	280	277
	<u>431</u>	<u>428</u>	<u>395</u>	<u>375</u>

30. Operating lease income

KHA has future operating lease income receivable as follows:

	2024	2023
	£000	£000
Due within 1 year	33	33
Due between 1 - 2 years	16	15
Due between 3 - 5 years	11	26
	<u>60</u>	<u>74</u>

The operating lease income is due from KSC for office accommodation.

31. Contingent liabilities

Repayment of Housing Association Grant is not required on any component disposals. There are certain circumstances under which the total grant received by KHA and KI as at 31 March 2024 of £426m (2023: £399m) may be repayable to Scottish Government. The Board does not expect those circumstances to crystallise.

32. Related party transactions

No member of the Board had a tenancy or occupancy agreement with KHA during the period. As at the date of the statement of financial position no member of the Board had outstanding balances due to KHA.

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During the year one member of the Board was a sharing owner. The shared owner arrangements for this member are on normal terms.

At the date of these financial statements, no member of the Board was a councillor or an employee of a related local authority.

A close family member of a Board member is an employee of Thorntons Law LLP and trustee of Castle Furniture Project. KHA's purchases from these entities amounted to £14k (2023: £9k) and £10k (2023: £22k) respectively in the year. The balances due to the entities at year end were £nil (2023: £3k) and £nil (2023: £6k), respectively.

At the date of these financial statements one Board member of KHA also serves on the Board of KI and one Board member serves on the Board of KSC.

KHA charged KI for purchases, expenses and management services provided by KHA amounting to £3,531k (2023: £3,174k). KI charged KHA for purchases and expenses totaling £29k (2023: £27k).

At the date of the statement of financial position the balance due by KI to KHA was £15,109k (2023: £15,291k), including the balance of loans repayable. KI made interest payments to KHA during the year of £616k (2023: £629k) in accordance with the loan agreements.

KHA charged KSC for purchases, expenses and management services provided by KHA amounting to £230k (2023: £261k). KSC charged KHA for purchases and expenses totaling £22k (2023: £21k).

At the date of the statement of financial position the balance due by KHA to KSC was £52k (2023: due by KSC to KHA £14k).