Kingdom Housing Association Limited

Consolidated Report and Financial Statements

for the year ended 31 March 2026

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

Kingdom Housing Association Limited
Report and Financial Statements
for the year ended 31 March 2026

Contents	Page

BOARD OF MANAGEMENT, EXECUTIVE, ADVISERS AND REGISTRATION DETAILS

Board of Management	Linda Leslie	Chairperson
	David Redpath	Vice Chairperson
	Gavin Thomson	Chair of Audit, Finance and Risk Committee
	Loretta Mordi	Chair of Customer Services Committee
	Carol Watson	Chair of Staffing Committee
	Ian Crocker	(resigned January 2026)
	Mark Easton	
	Bradley Gilbert	
	Blair Louden	
	Graeme Mackay	(resigned November 2025)
	Sharon MacIntyre	(appointed May 2026)
	Christopher Martin	(appointed May 2026)
	Julie McKinnon	
	Stephen Swan	(resigned April 2026)
	Sinclair Young	

Key Management Personnel	Thomas Barclay	Group Chief Executive
	Leigh Grubb	Group Director of Corporate Services and Company Secretary
	Daniel Blake	Group Director of Communities

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 Semple Street, Edinburgh, EH3 8BL
Principal Banker	Bank of Scotland
Internal Auditors	Henderson Loggie LLP, The Stamp Office, Level 5, 10-14 Waterloo Place, Edinburgh, EH1 3EG.

REPORT OF THE BOARD OF MANAGEMENT

The Board of Management presents its report and audited consolidated financial statements for the year ended 31 March 2026.

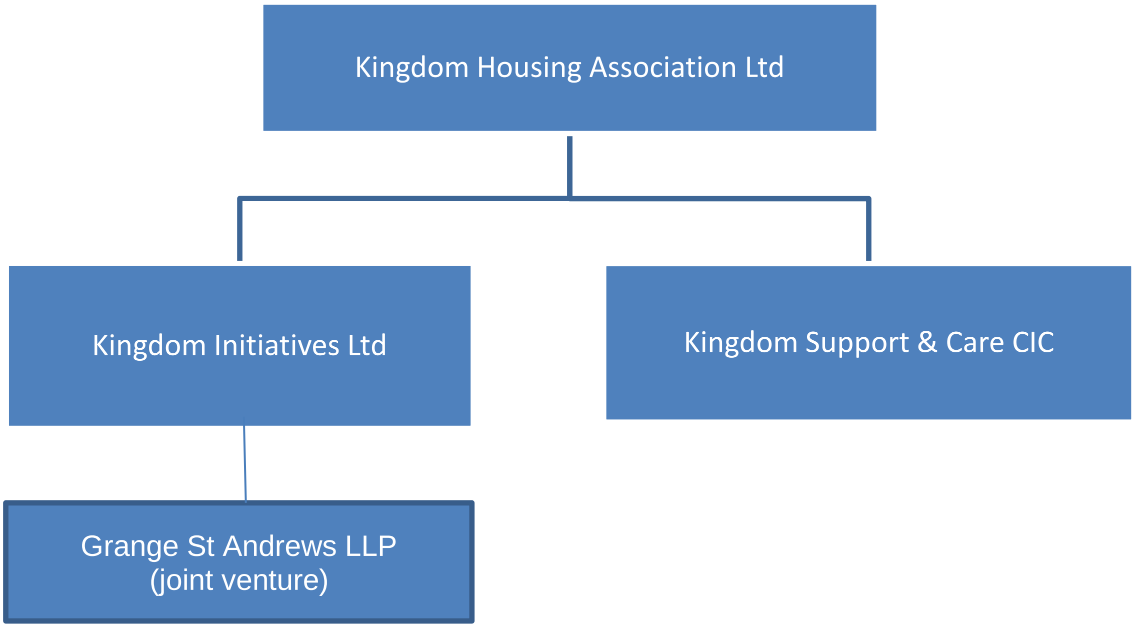
OBJECTIVES AND STRATEGY

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 rolling 5-year Corporate Plan, supported by a 30-year financial model 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 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 49% share, created to undertake a joint venture with St Andrews University (StAU) for the management of residential accommodation principally for rent to postgraduate students.

GROUP REVIEW AND REORGANISATION

During the year the Group continued to embed a comprehensive reorganisation (Fit for the Future Project) to ensure its companies were prepared for future challenges. The new structure enables collaborative, effective and agile working, providing the best services to our customers both now, in 10 years' time and beyond.

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 general members of the Board are currently unpaid. The roles of Chair and Chairs of group committees are remunerated posts. The Chief Executive and Group 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).

PERFORMANCE

Highlights of Performance for the Year - Kingdom Group

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

- 213 new affordable homes (2025: 184) completed for the Group and partner organisations;
- Completion of investment commitments in respect of properties formerly held by Fairfield Housing Association (FHA);
- 339 (2025: 372) people supported by our support and care subsidiary;
- Group financial reserves increased to £91m, which will continue to support housing and community initiatives;
- All lenders' financial covenants met and within risk tolerance;
- 517 (2025: 547) staff employed in the Group on competitive terms and conditions. KHA holds accreditations for IiP Gold 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 ongoing cost of living crisis continued to heighten risk for our tenants. Our Neighbourhoods 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.

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 factors significantly affected the results in the year:

- Turnover increased with the increase in rental income of 6% and the increase in the number of homes under Group management by 212.
- Group operating costs rose by 2% owing to the inflationary effects of a range of global and political events, offset by the reduction in non-recurring impairments and write off incurred in the prior year.
- Total comprehensive income benefited from the reduction in the pension liability from £2,038k to £1,710k. Note 20 to the financial statements provides further details. The gain does not have any impact on cash, as it relates to future liabilities.
- The Group added 194 new homes to its owned portfolio, funded from cash reserves, debt finance and from grants. Note 10 to the financial statements provides an analysis of homes owned and managed.
- The Group reduced its net current liability position from £27m last year to £12m at year end. Current liabilities include £6m of deferred capital grants that have no cash flow implications. In addition, undrawn credit facilities of £50m are available and a further £32m has been negotiated. 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	
	2026	2025		2026	2025
Turnover	£61.4m	£58.4m		£47.8m	£45.1m
Gain in respect of pension liability	£0.4m	£0.4m		£0.4m	£0.4m
Total comprehensive income	£2.0m	£1.4m		£2.2m	£1.5m
Interest cover				178%	168%
Reserves	£91.3m	£89.3m		£87.0m	£84.9m
Cash at bank at year end	£12.9m	£9.6m		£8.3m	£6.4m
Gearing				51%	49%
Housing properties	£744.8m	£698.5m		£719.3m	£672.7m
Loans due in more than one year	£243.3m	£208.4m		£243.3m	£208.4m
Deferred grants	£398.7m	£373.7m		£389.6m	£364.4m

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. KHA’s subsidiaries have proposed to pay Gift Aid payments to KHA at a sustainable level to minimise Corporation Tax payable for the Group.

In previous years, following the advice of the tax advisers, KHA offset its tax losses arising from debt servicing costs against the taxable profit of its subsidiaries, KSC and KI. Following an HMRC tax enquiry, KSC and KI each received a determination from HMRC challenging these offsets. Such offsets were used for the three years ended 31 March 2023. The tax advisers issued an appeal against the determination, which HMRC ultimately rejected. The case will now be presented before a tax tribunal. Should the case be lost the amount payable to HMRC as at 31 March 2026, including late payment interest, is estimated at £590k. A payment of £473k, the amount of tax claimed, was deposited with HMRC, without prejudice, in April 2026 to prevent further late payment interest accruing. If the case is decided in favour of KHA Group, the deposit would be withdrawn. Further details are set out in Note 31 Contingent liabilities.

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:

2026	Actual 2026	Target 2026	Actual 2025
Void loss (%)	0.78%	1.00%	0.68%
Rent and service charge income (%)	99.74%	99.00%	99.96%
Average time taken to re-let units	44 days	28 days	42 days

In response to the cost of living crisis, steps were taken to support tenants ensuring that rental income was sustained at a high level. Void loss was marginally higher than the prior year, but was still well within target. Average time to re-let homes remains higher than target.

Asset management KPIs	Actual 2026	Target 2026	Actual 2025
Emergency repairs (response target % achieved)	91.00%	95.00%	93.00%
Routine repairs (response target % achieved)	85.00%	90.00%	86.50%

The repairs results remain below target due to labour shortages.

Capital investment KPIs	Actual 2026	Target 2026	Actual 2025
New units started on site	341	279	136
Total units completed	213	220	184

Actual results significantly improved on the previous year, assisted by the restoration of government subsidies.

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. 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 2026 KHA had 89% (2025: 87%) of its loan portfolio at fixed rates of interest. The weighted average cost of funds of all KHA's borrowings has decreased to 3.68% (2025: 4.02%), reflecting a reduction in rates of interest.

KHA has revolving credit facility agreements totaling £60m in place, of which £50m was not drawn down at year end, to provide flexible funding to support its development programme. A further £32m loan facility was agreed in June 2026. 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 2026, 2,291 units (2025: 2,337 units) representing 32% (2025: 33%) of the total units owned were unencumbered and available for future lending security.

Performance - KI

During 2025-26 KI continued to manage MMR housing on behalf of KHA and others. KI lets 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:

	2026	2025
Units owned	222	222
Units managed on behalf of KHA	667	653
Units managed on behalf of Fife Council	121	121
Total units owned or managed	**1,010**	**996**

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 added 29 new MMR units and re-purposed 15 units for social housing, resulting in an increase of 14 units. The key financial statistics for KI are set out below:

KPI	Outturn 2025-26	Outturn 2024-25
Turnover for year (£000s)	£7,269	£6,792
Surplus for year after tax (£000s)	£323	£288
Operating profit margin (%)	13%	12%
Interest cover (%)	191%	172%
Gearing (%)	106%	117%
Emergency repairs completed on time (%)	91%	92%
Non-emergency repairs completed on time (%)	85%	84%
Rent and service charges collected (%)	100%	100%
Voids (%)	0.81%	0.68%
Total time to relet (days)	24	30

The increase in turnover is mainly due the annual uplift in rental. KI is not subject to covenants on its borrowings. KI was due to repay a £6m loan from KHA in 2025-26. The KHA Board refinanced the loan with a further 5 year term loan under similar terms and conditions, with interest charged at 5% per annum.

Performance – The Grange

The two-year new build programme of 61 units in St Andrews was completed in July 2024 and became operational. On 1 August 2025 all the fixed assets of The Grange were transferred to St Andrews University. The Grange is currently responsible for facilities management of the units. The Grange management accounts for the year to 31 March 2026 showed a reduction in equity of £19k (2025: increase of £39k), of which KI's share is £13k (2025: surplus of £14k).

Performance - KSC

In 2025-26 KSC supported approximately 339 individuals (2025: 372) to live in their own homes in the community, providing varying levels of support from a few hours per week to full 24/7 cover, including sleepovers. In addition, KSC provided temporary accommodation and outreach services for people who were homeless throughout West Fife. The key financial statistics for KSC are shown in the table below:

Description	2026	2025
Turnover	£11,523k	£11,151k
Operating surplus for the year	£116k	£198k
Operating profit margin (ratio of operating surplus to turnover)	1.00%	1.80%
Reserves	£2,420k	£2,492k
Net current assets	£2,796k	£2,919k
Cash at bank at year end	£3,425k	£3,103k

Staff turnover, which rose to 37% (2025: 22%) for the year, remains a key risk. The in-house personnel team continues to work to reduce staff turnover through training and development.

GOING CONCERN

The cost of living crisis continues, however, the Kingdom Group is able to absorb the financial impact. A rent increase of 4.8% was applied to social housing rents from April 2026, 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 2026-27 budgets for each group company and the 30-year Corporate Plan. For KHA the budget stress test focused on rent restrictions and potential increases in voids and bad debts to determine the likely impact on the budgeted surplus for 2026-27 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. Kingdom Group had cash reserves of almost £13m and undrawn long term loan facilities amounting to £50m at the year end, and a further £32m was agreed in June 2026. These together 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:

Significant Risks	Main mitigation controls
Economic environment and cost of living crisis. High inflation, high interest rates and customers struggling financially to pay rents.	Monitoring of Bank of England base rate. Ensure above benchmark funding. Continue to undertake robust financial viability assessments. Budget efficiencies to restrict cost increases to less than inflation. Improve Asset Management systems and procurement to enhance value for money. Maximise external financial support to customers, ensuring that they are on the appropriate level. Maximise communications with customers to identify other sources of funding.
Reduced ability to deliver on our development programme ambition due to increased costs of development, reduced Government funding and scale/type of projects.	All development projects assessed using updated viability tool. Focus on large projects. Ensure all tender returns offer value for money. Apply for above benchmark subsidy on a project by project basis. Strategic planning with Local Authority partners. Treasury strategy in place. Brixx modelling used for scenario planning.
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.	Funding agreed in advance per Scottish Government rates. Maximising income by delivering contracted hours. Budgetary cost controls in place with quarterly management accounts and variance analysis and remedial action taken where required. Monitoring of other care providers to ensure competitiveness. Growth strategy in place.
Procurement challenges, uncontrolled spend and ineffective contract management, due to non-compliance with statutory procurement regulations leading to loss of key services, fines, Housing Regulator intervention and reputational damage.	Procurement strategy and policy in place. Robust procurement procedures and contract management processes in place that are reviewed on an ongoing basis by the Procurement Working Group. External framework agreements in place for high value contracts. External audit of procurement processes showed a positive result.
KI failing to sustain and grow income base due to rent controls or slowing of growth owing to capital funding restrictions or cost of living crisis for customers.	Quarterly management accounts to Board and monthly budget variance reporting on KPIs to management. Improved arrears procedures in place. Income maximising strategy adopted. Direct debit rent payments promoted.
Material non-compliance with legal and regulation requirements due to ineffective measures and controls.	Governance policies and procedures and compliance controls in place. Internal and external audit programmes. Committee and management structures in place. Specialist external governance advisers in place.
Failure of business critical digital systems and cyber attack	Digital security policy in place. Compliance with international standards. Software kept up to date. Risk awareness through staff training and testing. Access protection provided by firewall, passwords and multi-factor authorisation. Risks and threats reported.

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:
- Delivering exceptional customer experience;
- Growing through improvement, partnership and innovation; and
- Behaving sustainably and with integrity.

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 Group will seek opportunities to increase the numbers of homes under management subject to availability of grant funding and assessment of viability. The ongoing response to the cost of living crisis forms a key part of our plans for the immediate future.

The Group, in line with the Fit for the Future project, undertook a review of its facilities, which led to the demolition of the storage depot on the Boston View site that will be replaced with an integrated new building, accommodating both a new depot and offices. The Saltire site offices will also be decommissioned.

KHA transferred the Fife Care and Repair service to Fife Council in October 2025. Staff transferred to Fife Council under the TUPE regulations. The financial impact of the transfer is not expected to be significant for KHA.

KHA will continue with the preferred partner arrangements with the Fife Housing Association 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 transferred its Cupar service to a new provider in June 2025. Staff transferred under the TUPE regulations.

POST BALANCE SHEET EVENT
In May 2026, significant ground movement was identified in Coalsnaughton, Clackmannanshire, which affected 97 houses in the area. KHA owns 40 of the houses that are affected. On 27 May, 13 of these houses were evacuated and a further 27 were evacuated on 29 May. Further details are set out in Note 33 to the accounts.

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.

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: 24 August 2026

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: 24 August 2026

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.

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: 24 August 2026

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:

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 2026 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 2026 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.

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.

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, 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, 2014 and 2025, the Data Protection Act 2018 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.

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, relating to the existence and valuation of income, 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:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**2026**	**2025**
		£000	**£000**
Turnover	3	61,389	58,372
Less: Operating expenditure	3	(50,966)	(49,750)
Loss on sale of housing properties	6	(17)	(35)
Operating surplus	5	10,406	8,587
Net surplus from joint venture	12	(13)	14
Gain/(loss) on sale of other fixed assets		5	(3)
Interest receivable and similar income	7	236	600
Interest payable and financing costs	8	(9,087)	(8,208)
Surplus on ordinary activities before taxation		1,547	990
Taxation	9	(37)	37
Surplus for the year		1,510	1,027
Other Comprehensive Income			
Actuarial gain in respect of defined benefit pension scheme	20	448	410
Total comprehensive income for the year		1,958	1,437

The notes on pages 27 to 63 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.

HOUSING ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME

	Notes	2026 £000	2025 £000
Turnover	3	47,846	45,137
Less: Operating expenditure	3	(37,759)	(36,891)
Loss on sale of housing properties	6	(17)	(35)
Operating surplus	5	10,070	8,211
Gain/(loss) on sale of other fixed assets		5	(3)
Interest receivable and similar income	7	755	1,136
Interest payable and financing costs	8	(9,080)	(8,204)
Surplus on ordinary activities before taxation		1,750	1,140
Taxation	9	(37)	(7)
Surplus for the year		1,713	1,133
Other Comprehensive Income			
Actuarial gain in respect of defined benefit pension scheme	20	448	410
Total comprehensive income for the year		2,161	1,543

The notes on pages 27 to 63 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.

CONSOLIDATED AND HOUSING ASSOCIATION STATEMENT OF FINANCIAL POSITION

	Notes	2026	2026	2025	2025
		Group	KHA	Group	KHA
		£000	£000	£000	£000
Fixed assets					
Housing properties - depreciated cost	10	744,754	719,263	698,518	672,693
Other tangible fixed assets	10	2,370	2,319	1,556	1,556
Intangible fixed assets	10	-	-	-	-
Fixed asset investments	11	-	427	-	427
Investment in joint venture	12	60	-	73	-
Total fixed assets		747,184	722,009	700,147	674,676
Current assets					
Properties held for sale	13	1,709	1,709	1,510	1,510
Stock of materials	14	625	625	686	686
Trade & other receivables:					
amounts falling due within one year	15	7,163	9,888	4,905	11,465
amounts falling due after one year	15	-	12,731	-	7,024
Cash & cash equivalents		12,866	8,259	9,612	6,395
		22,363	33,212	16,713	27,080
Payables: amounts falling due within one year	16	(34,471)	(33,576)	(43,308)	(41,999)
Net current liabilities		(12,108)	(364)	(26,595)	(14,919)
Total assets less current liabilities		735,076	721,645	673,552	659,757
Payables: amounts falling due after more than one year	17,18	(243,297)	(243,297)	(208,428)	(208,417)
Deferred capital grants	19	(398,739)	(389,619)	(373,714)	(364,444)
Defined benefit pension liability	20	(1,710)	(1,710)	(2,038)	(2,038)
		(643,746)	(634,626)	(584,180)	(574,899)
Net assets		91,330	87,019	89,372	84,858
Capital and reserves					
Share capital	21	-	-	-	-
Revenue reserves		91,234	86,923	89,275	84,761
Restricted reserve		96	96	97	97
		91,330	87,019	89,372	84,858

These Financial Statements were approved and authorised for issue by the Board of Management on 24 August 2026 and signed on its behalf by:

Linda Leslie	Gavin Thomson	Leigh Grubb
Chairperson	Chair of Audit, Finance and Risk Committee	Company Secretary

The notes on pages 27 to 63 form part of these financial statements.

STATEMENT OF CHANGES IN RESERVES

	2026 Income and expenditure reserve	2026 Restricted reserve	2025 Income and expenditure reserve	2025 Restricted reserve
GROUP				
	£000	**£000**	**£000**	**£000**
At 1 April	89,275	97	87,814	121
Surplus for the year ended 31 March	1,510	-	1,027	-
Transfer of restricted expenditure to restricted reserve	1	(1)	24	(24)
Other comprehensive income:				
Actuarial loss in respect of pension scheme	448	-	410	-
At 31 March	91,234	96	89,275	97

	Income and expenditure reserve	Restricted reserve	Income and expenditure reserve	Restricted reserve
KHA				
	£000	**£000**	**£000**	**£000**
At 1 April	84,761	97	83,194	121
Surplus for the year ended 31 March	1,713		1,133	
Transfer of restricted expenditure to restricted reserve	1	(1)	24	(24)
Other comprehensive income:				
Actuarial loss in respect of pension scheme	448		410	
At 31 March	86,923	96	84,761	97

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 63 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

	Notes	2026	2025
		£000	£000
Net cash flow from operating activities	27	21,393	14,657
Cashflow from investing activities			
Purchase of tangible fixed assets		(59,157)	(51,265)
Purchase of other fixed assets		(1,212)	(609)
Purchase of properties held for sale		(435)	(239)
Receipts of housing grants		27,205	17,255
Receipts from sales of fixed assets		8	45
Proceeds on sale of assets held for sale		219	131
Interest received		236	651
Net cash used in investing activities		(33,136)	(34,031)
Cashflow from financing activities			
Interest paid		(9,164)	(8,030)
Housing loans received		52,989	22,495
Housing loans repaid		(28,828)	(5,015)
Net cashflow from financing activities		14,997	9,450
Net increase/(decrease) in cash		3,254	(9,924)
Cash at beginning of year		9,612	19,536
Cash at end of year		12,866	9,612

The notes on pages 27 to 63 form part of these financial statements.

HOUSING ASSOCIATION CASH FLOW STATEMENT

	Notes	2026	2025
		£000	£000
Net cash flow from operating activities	28	17,138	14,015
Cashflow from investing activities			
Purchase of tangible fixed assets		(59,078)	(51,215)
Purchase of other fixed assets		(1,160)	(609)
Purchase of properties held for sale		(435)	(239)
Receipts of housing grants		29,247	17,255
Receipts from sales of fixed assets		8	45
Proceeds on sale of assets held for sale		219	131
Interest received		755	1,187
Net cash used in investing activities		(30,444)	(33,445)
Cashflow from financing activities			
Interest paid		(9,002)	(8,026)
Housing loans received		52,989	22,495
Housing loans repaid		(28,817)	(5,005)
Net cashflow from financing activities		15,170	9,464
Net increase/(decrease) in cash		1,864	(9,966)
Cash at beginning of year		6,395	16,361
Cash at end of year		8,259	6,395

The notes on pages 27 to 63 form part of these financial statements.

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 49% interest in Grange St Andrews LLP, a joint venture limited liability partnership, which is accounted for under the equity method (see (e) below).

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 Team 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. The Group had undrawn loan facilities of £50m at the year end and agreed a further £32m loan facility in June 2026 to fund development plans and meet covenants. 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 (m) below);
- Management have estimated the carrying values of office buildings and have impaired accordingly. Management have also assessed the value of material stocks held and have written down the carrying value accordingly.
- 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 2026 was £1,710k (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.

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 Scottish Government policy. 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) Fixed Assets

Non-housing tangible fixed assets are stated at cost less depreciation and impairments and comprise offices and associated fixtures and equipment, motor vehicles and computer hardware. These fixed assets are depreciated on a straight line basis over their expected useful lives. Intangible fixed assets are stated at cost less amortisation and comprise computer software and licences. The rate of amortisation is 3 to 5 years on a straight line basis. The amortisation and depreciation of fixed assets is included within operating costs in the Statement of Comprehensive Income.

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.

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.

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.

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

i) By Class of Business - Group	**Turnover**	**Operating costs**	**Loss on sale of housing properties**	**Operating surplus/(deficit)**	**Operating surplus/(deficit)**
				2026	**2025**
	£000	**£000**	**£000**	**£000**	**£000**
Social lettings (Note 4 (i))	48,418	(37,597)	-	10,821	9,690
Other activities (Note 4 (iii))	12,971	(13,369)	-	(398)	(1,068)
Loss on disposal of housing properties (Note 6)	-	-	(17)	(17)	(35)
	61,389	(50,966)	(17)	10,406	8,587
Total 2025:	58,372	(49,750)	(35)	8,587	

ii) By Class of Business - KHA	**Turnover**	**Operating costs**	**Loss on sale of housing properties**	**Operating surplus/(deficit)**	**Operating surplus/(deficit)**
				2026	**2025**
	£000	**£000**	**£000**	**£000**	**£000**
Social lettings (Note 4 (ii))	41,218	(35,243)	-	5,975	5,110
Other activities (Note 4 (iv))	6,628	(2,516)	-	4,112	3,136
Loss on disposal of housing properties (Note 6)	-	-	(17)	(17)	(35)
	47,846	(37,759)	(17)	10,070	8,211
Total 2025:	45,137	(36,891)	(35)	8,211	

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

(i) Social letting activities - Group	**General needs housing**	**Supported housing accommodation**	**Shared ownership housing**	**2026 Total**	**2025 Total**
Turnover	**£000**	**£000**	**£000**	**£000**	**£000**
Rent receivable net of service charges	40,555	670	529	41,754	38,026
Service charges	1,031	321	-	1,352	1,253
Gross income from rents & service charges	41,586	991	529	43,106	39,279
Less voids	(404)	(7)	-	(411)	(384)
Net income from rents & service charges	41,182	984	529	42,695	38,895
Grant released from deferred income and SHG recyclable	5,506	10	-	5,516	6,375
Revenue grants from Scottish Ministers	207	-	-	207	-
Other revenue grants	-	-	-	-	28
Total turnover from social letting activities	46,895	994	529	48,418	45,298

(i) Social letting activities - Group	**General needs housing**	**Supported housing accommodation**	**Shared ownership housing**	**2026 Total**	**2025 Total**
Operating costs for social letting activities	**£000**	**£000**	**£000**	**£000**	**£000**
Management & maintenance administration costs	13,194	29	401	13,624	12,792
Service costs	2,386	5	67	2,458	2,457
Planned and cyclical maintenance including major repairs costs	2,844	-	-	2,844	1,759
Reactive maintenance costs	8,083	17	-	8,100	7,966
Bad debts - rents & service charges	391	103	3	497	394
Depreciation of social housing	9,960	10	104	10,074	9,800
Impairment of social housing	-	-	-	-	440
Operating costs for social letting activities	36,858	164	575	37,597	35,607
Operating surplus/(deficit) for social letting activities	10,037	830	(46)	10,821	9,690
2025 Operating surplus/(deficit) for social letting activities	9,029	860	(199)	9,690	

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

(ii) Social letting activities - KHA	**General needs housing**	**Supported housing accommodation**	**Shared ownership housing**	**2026 Total**	**2025 Total**
Turnover	**£000**	**£000**	**£000**	**£000**	**£000**
Rent receivable net of service charges	33,458	670	529	34,657	31,375
Service charges	1,029	320	-	1,349	1,251
Gross income from rents & service charges	34,487	990	529	36,006	32,626
Less voids	(359)	(7)	-	(366)	(331)
Net income from rents & service charges	34,128	983	529	35,640	32,295
Grant released from deferred income and SHG recyclable	5,361	10	-	5,371	6,230
Revenue grants from Scottish Ministers	207	-	-	207	-
Other revenue grants	-	-	-	-	28
Total turnover from social letting activities	39,696	993	529	41,218	38,553

(ii) Social letting activities - KHA	**General needs housing**	**Supported housing accommodation**	**Shared ownership housing**	**2026 Total**	**2025 Total**
Operating costs for social letting activities	**£000**	**£000**	**£000**	**£000**	**£000**
Management & maintenance administration costs	12,577	29	401	13,007	12,239
Service costs	2,084	5	67	2,156	2,087
Planned and cyclical maintenance including major repairs costs	2,514	-	-	2,514	1,744
Reactive maintenance costs	7,400	17	-	7,417	7,151
Bad debts - rents & service charges	329	103	3	435	336
Depreciation of social housing	9,600	10	104	9,714	9,446
Impairment of social housing	-	-	-	-	440
Operating costs for social letting activities	34,504	164	575	35,243	33,443
Operating surplus/(deficit) for social letting activities	5,192	829	(46)	5,975	5,110
2025 Operating surplus/(deficit) for social letting activities	4,449	860	(199)	5,110	

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**	**2026 Total**	**2025 Total**
Turnover	**£000**	**£000**	**£000**	**£000**	**£000**
Care & repair of property	109	-	-	109	265
Kingdom Works	1,032	-	-	1,032	1,328
Development and construction of property activities	-	-	-	-	-
Support activities	-	11,435	-	11,435	11,127
Other agency/management services	-	-	37	37	40
Factoring	-	-	112	112	117
Renewable energy	-	-	184	184	173
Other activities	-	-	62	62	24
Total turnover from other activities	1,141	11,435	395	12,971	13,074

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

(iii) Other activities - Group (cont'd)	Total turnover	Operating costs - bad debts	Other operating costs	2026 Operating surplus/ (deficit)	2025 Operating surplus/ (deficit)
Operating surplus/(deficit) - Group	**£000**	**£000**	**£000**	**£000**	**£000**
Care & repair of property	109	-	(92)	17	4
Kingdom Works	1,032	-	(1,032)	-	-
Development and construction of property activities	-	-	(599)	(599)	(1,314)
Support activities	11,435	-	(11,345)	90	240
Other agency/management services	37	-	-	37	40
Factoring	112	(80)	(148)	(116)	(166)
Renewable energy	184	-	(73)	111	104
Other activities	62	-	-	62	24
Operating surplus/(deficit)	12,971	(80)	(13,289)	(398)	(1,068)
2025 Operating surplus/(deficit) for other activities	13,074	(13)	(14,129)	(1,068)	

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	2026 Total	2025 Total
Turnover	**£000**	**£000**	**£000**	**£000**	**£000**
Care & repair of property	109	-	-	109	265
Kingdom Works	1,032	-	-	1,032	1,328
Other agency/management services	-	-	-	-	80
Lease income received	-	-	3,597	3,597	3,402
Factoring	-	-	112	112	117
Renewable energy	-	-	184	184	173
Intercompany service level agreements	-	-	839	839	546
Gift aid from subsidiary companies	-	-	694	694	650
Other activities	-	-	61	61	23
Total turnover from other activities	1,141	-	5,487	6,628	6,584

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

(iv) Other activities - KHA (cont'd)	Total turnover	Operating costs - bad debts	Other operating costs	2026 Operating surplus/(deficit)	2025 Operating surplus/(deficit)
Operating surplus/(deficit) - KHA	**£000**	**£000**	**£000**	**£000**	**£000**
Care & repair of property	109	-	(92)	17	4
Kingdom Works	1,032	-	(1,032)	-	-
Development and construction of property activities	-	-	(599)	(599)	(1,314)
Other agency/management services	-	-	-	-	80
Lease income received (MMR)	3,597	-	-	3,597	3,402
Factoring	112	(80)	(148)	(116)	(166)
Renewable energy	184	-	(73)	111	104
Inter-company service level agreements	839	-	(492)	347	353
Gift aid from subsidiary companies	694	-	-	694	650
Other activities	61	-	-	61	23
Operating surplus/(deficit)	6,628	(80)	(2,436)	4,112	3,136
2025 Operating surplus/(deficit) for social letting activities	6,584	(13)	(3,435)	3,136	

5. Operating surplus

	Group 2026 £000	KHA 2026 £000	Group 2025 £000	KHA 2025 £000
Operating surplus is stated after (charging)/crediting:				
Grants released from deferred income (Note 19)	6,066	5,921	5,341	5,196
Depreciation of housing properties (Note 10)	(10,508)	(10,154)	(9,800)	(9,446)
Depreciation of other tangible fixed assets (Note 10)	(394)	(376)	(324)	(324)
Impairments of housing and office premises	-	-	(846)	(846)
Stock of materials write off	(190)	(190)	(619)	(619)
Loss on disposal of housing properties (Note 6)	(17)	(17)	(35)	(35)
Operating lease rental costs	(203)	(235)	(266)	(297)
Internal audit fees	(27)	(27)	(32)	(32)
Tax services and advice	(30)	(24)	(21)	(14)
External audit fees	(45)	(33)	(44)	(30)

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

	Group & KHA 2026 £000	Group & KHA 2025 £000
Sale proceeds	219	131
Net book value of properties	(109)	(86)
Expenses on disposal of properties	(2)	(6)
Gain on sale of housing properties	108	39
Loss on disposal of components	(125)	(74)
	(17)	(35)

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 2026: 3 (2025: 1).
The loss on disposal of components arises from the replacements of components in general rented housing properties.

7. Interest receivable and similar income

	Group 2026 £000	KHA 2026 £000	Group 2025 £000	KHA 2025 £000
Interest receivable and similar income	236	755	600	1,136

8. Interest payable and finance costs

	Group 2026 £000	KHA 2026 £000	Group 2025 £000	KHA 2025 £000
Interest payable in the year has been charged as follows:				
Loan interest	8.967	8,960	8,094	8,090
Net interest expense on defined benefit pension liability (Note 20)	120	120	114	114
	9,087	9,080	8,208	8,204

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 2026 £000	KHA 2026 £000	Group 2025 £000	KHA 2025 £000
Based upon the results for the year to 31 March:				
Corporation tax charge on income for the year on surplus on ordinary activities	(183)	(21)	(185)	-
Prior year (underprovision)/overprovision of taxation	(16)	(16)	37	(7)
Impact of Gift Aid payment	162	-	185	-
	(37)	(37)	37	(7)

Corporation tax is calculated at 25%, less marginal relief, if appropriate (2025: 25%, less marginal relief). KHA and its subsidiaries are part of the KHA tax group. 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 by £162k.

10. Fixed assets

(i) Housing properties - Group

	Shared Ownership held for letting	Housing held for letting	Housing in course of construction	Hostel held for letting	Housing properties total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2025	10,656	729,759	47,772	1,067	789,254
Additions during year	-	3,825	53,295	-	57,120
Disposals in year	(123)	(944)	-	-	(1,067)
Transfers	-	44,708	(44,708)	-	-
Transfers to property held for sale	-	-	-	-	-
At 31 March 2026	10,533	777,348	56,359	1,067	845,307
Depreciation					
At 1 April 2025	2,484	88,017	-	235	90,736
Provided during year (Note 4)	104	10,394	-	10	10,508
Impairment	-	-	-	-	-
Disposals in year	(34)	(657)	-	-	(691)
At 31 March 2026	2,554	97,754	-	245	100,553
Net book value					
At 31 March 2026	7,979	679,594	56,359	822	744,754
At 31 March 2025	8,172	641,742	47,772	832	698,518

Description	Capitalised - included in housing additions		Expensed - included in SoCI	
	2026	2025	2026	2025
	£000	£000	£000	£000
Major repairs costs-KHA	3,049	2,096	1,424	1,744
Major repairs costs-KI	29	7	157	15
Off the shelf addition	-	1,463	-	-
Development administration costs-KHA	628	474	-	-

No improvements were capitalised by the Group during the year (2025: Nil)
No interest was capitalised by the Group during the year (2025: Nil).
Included in Group housing held for letting is land amounting to £61,162k (2025: £59,832k).

10. Fixed assets (cont'd)
(ii) Housing properties – KHA

	Shared Ownership held for letting	Housing held for letting	Housing in course of construction	Hostel held for letting	Housing properties total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2025	10,656	702,325	47,772	1,067	761,820
Additions during year	-	3,795	53,295	-	57,090
Disposals in year	(123)	(932)	-	-	(1,055)
Transfers	-	44,708	(44,708)	-	-
At 31 March 2026	10,533	749,896	56,359	1,067	817,855
Depreciation					
At 1 April 2025	2,485	86,407	-	235	89,127
Provided during year	104	10,040	-	10	10,154
Disposals in year	(34)	(655)	-	-	(689)
At 31 March 2026	2,555	95,792	-	245	98,592
Net book value					
At 31 March 2026	7,978	654,104	56,359	822	719,263
At 31 March 2025	8,171	615,918	47,772	832	672,693

Included in KHA housing held for letting is land amounting to £58,197k (2025: £56,868k).

10. Fixed assets (cont'd)

Stock numbers

	General housing	Support housing accommodation	Shared ownership housing	Total
Units owned				
As at 1 April 2025 - owned by Group	6,981	16	225	7,222
As at 31 March 2026 - owned by Group	**7,178**	**16**	**222**	**7,416**
As at 1 April 2025 - owned by KHA	6,759	16	225	7,000
As at 31 March 2026 - owned by KHA	**6,956**	**16**	**222**	**7,194**
Units in management				
As at 1 April 2025 - managed by Group	7,102	16	225	7,343
As at 31 March 2026 - managed by Group	**7,317**	**16**	**222**	**7,555**
As at 1 April 2025 - managed by KHA	6,118	16	225	6,359
As at 31 March 2026 - managed by KHA	**6,318**	**16**	**222**	**6,556**

(iii) Other tangible fixed assets – Group - restated

	Heritable office property	Office under construction	Furniture and equipment	Motor vehicles	Computer hardware	Total
Cost	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2025	1,743	361	395	1,213	138	3,850
Additions during year	-	851	-	-	360	1,211
Disposals in year	-	-	(6)	(19)	(36)	(61)
At 31 March 2026	1,743	1,212	389	1,194	462	5,000
Depreciation						
At 1 April 2025	1,496	-	254	451	93	2,294
Provided during year	30	-	47	226	91	394
Disposals	-	-	(3)	(19)	(36)	(58)
At 31 March 2026	1,526	-	298	658	148	2,630
Net book value						
At 31 March 2026	217	1,212	91	536	314	2,370
At 31 March 2025	246	361	141	761	46	1,555

10. Fixed assets (cont'd)

(iv) Other tangible fixed assets – KHA - restated

	Heritable office property	Office under construction	Furniture and equipment	Motor vehicles	Computer hardware	Total
Cost	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2025	1,743	361	395	1,213	138	3,850
Additions during year	-	851	-	-	291	1,142
Disposals in year	-	-	(6)	(19)	(36)	(61)
At 31 March 2026	1,743	1,212	389	1,194	393	4,931
Depreciation						
At 1 April 2025	1,496	-	254	451	92	2,294
Provided during year	30	-	47	226	73	376
Disposals	-	-	(3)	(19)	(36)	(58)
At 31 March 2026	1,526	-	298	658	130	2,612
Net book value						
At 31 March 2026	217	1,212	91	536	263	2,319
At 31 March 2025	246	361	141	762	46	1,556

(v) Intangible fixed assets – Computer software

	Group	KHA
	£000	**£000**
Cost		
At 1 April 2025	182	161
Disposals in year	(13)	(13)
At 31 March 2026	169	148
Amortisation		
At 1 April 2025	182	161
Disposals	(13)	(13)
At 31 March 2026	169	148
Net book value		
At 31 March 2026	-	-
At 31 March 2025	-	-

11. Fixed asset investments

	KHA 2026 £000	KHA 2025 £000
Investments in subsidiaries		
Kingdom Support and Care CIC	427	427
Kingdom Initiatives Limited	-	-
	427	427

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

12. Joint venture – The Grange

The table below sets out the relevant figures derived from the management accounts for the year ended 31 March 2026:

	Group 2026 £000	Group 2025 £000
Carrying value at 1 April	73	59
Share of transactions	(13)	14
Less distributions	-	-
Carrying value at 31 March	60	73

13. Property held for sale

	Group & KHA 2026 £000	Group & KHA 2025 £000
Work in progress for other RSLs at 1 April	1,488	1,351
Cost additions during the year	199	137
Balance of work in progress for other RSLs at 31 March	1,687	1,488
Shared ownership properties for sale at 1 April	-	86
Sales	-	(86)
Shared ownership properties for sale at 31 March	-	-
Social rent properties for sale at 1 April	22	-
Net transfers from housing costs held for letting	-	22
Sales		
	22	22
Total properties held for sale	1,709	1,510

14. Stocks

	Group & KHA 2026 £000	Group & KHA 2025 £000
Stock of materials	625	686

15. Receivables

(i) Amounts falling due within one year

	Group 2026 £000	KHA 2026 £000	Group 2025 £000	KHA 2025 £000
Arrears of rent	2,898	2,425	2,797	2,306
less: Provision for bad debts	(2,364)	(1,933)	(2,275)	(1,824)
	534	492	522	482
Sundry receivables	2,829	2,093	2,749	2,100
Prepayments	506	501	401	365
Due from Grange St Andrews LLP	98	-	298	-
Due from Kingdom Initiatives Limited	-	2,540	-	1,254
Loan due from Kingdom Initiatives Limited	-	293	-	6,293
Due from Kingdom Support & Care CIC	-	773	-	36
Car loans to employees	106	106	163	163
HAG in arrears	3,090	3,090	772	772
	7,163	9,888	4,905	11,465

(ii) Amounts falling due after more than one year

	Group 2026 £000	KHA 2026 £000	Group 2025 £000	KHA 2025 £000
Loans to Kingdom Initiatives Limited	-	12,731	-	7,024

KHA provided a loan to KI amounting to £6m, which was repayable by regular instalments of interest, the last of which fell to be repaid by 1 March 2026, together with a bullet repayment of the principal. The KHA Board refinanced the loan with the principal repayable in March 2031, assuring KI's going concern status. A further loan, of which the balance outstanding after more than one year at year end was £7.0m, is repayable in regular instalments of principal and interest, the last of which falls to be repaid in 2049. The instalment of £0.3m due within one year is included in current receivables. The loans bear interest at 5.0% and 4.5% respectively and are secured by a bond and floating charge over the property and undertakings of KI.

16. Payables: Amounts falling due within one year

	Group 2026 £000	KHA 2026 £000	Group 2025 £000	KHA 2025 £000
Contractors for certified work	4,510	4,409	6,923	6,764
Trade payables	2,767	2,757	929	913
Deferred capital grants (Note 19)	6,066	5,921	6,670	6,525
Sundry payables and accruals	4,205	3,507	3,392	2,681
Prepaid rent	1,477	1,405	1,213	1,163
Other taxation & social security costs	724	478	472	254
Due to Kingdom Support & Care CIC	-	129	-	-
Due to Kingdom Initiatives	-	256	-	-
Interest payable	1,264	1,264	1,187	1,187
Corporation tax (Note 9)	21	21	-	-
HAG recyclable	2,650	2,650	1,027	1,027
Housing loans (Note 18)	10,787	10,779	21,495	21,485
	34,471	33,576	43,307	41,999

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

	Group 2026 £000	KHA 2026 £000	Group 2025 £000	KHA 2025 £000
Housing loans (Note 18)	243,297	243,297	208,428	208,417

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

18. Loans

	Group 2026 £000	KHA 2026 £000	Group 2025 £000	KHA 2025 £000
Housing loans				
Loans secured by a charge on the Group's housing, land and buildings and advanced by private lenders:	254,084	254,076	229,923	229,902

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 2.29% and 5.30% (2025: 1.92% and 6.07%).

	Group 2026 £000	KHA 2026 £000	Group 2025 £000	KHA 2025 £000
Amount falling due:				
Within one year (note 16)	10,787	10,779	21,495	21,485
In 1 year or more but less than 2 years	10,579	10,579	10,952	10,942
In 2 years or more but less than 5 years	53,171	53,171	27,071	27,070
In more than 5 years	179,547	179,547	170,405	170,405
Amounts falling due after more than 1 year (Note 17)	243,297	243,297	208,428	208,417
	254,084	254,076	229,923	229,902

19. Deferred income – Government grants/other income

	Group 2026 £000	KHA 2026 £000	Group 2025 £000	KHA 2025 £000
As at 1 April	380,384	370,969	366,542	356,981
Receivable in year	32,095	32,095	18,498	18,498
Repayable	(1,603)	(1,603)	686	686
Released to income - social lettings	(5,516)	(5,371)	(5,342)	(5,196)
Disposals	(555)	(550)	-	-
As at 31 March	404,805	395,540	380,384	370,969
Amounts to be released within 1 year	6,066	5,921	6,670	6,525
Amounts to be released in more than 1 year	398,739	389,619	373,714	364,444
	404,805	395,540	380,384	370,969

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

KHA participates in the DB Scheme, a multi-employer scheme which provides benefits to some 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 2024, which revealed a deficit of £79.5m. A recovery plan was put in place to eliminate the deficit which runs to 31 March 2030.

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 2026. The liabilities were compared at 31 March 2026 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 2026 was £1,710k (2025: £2,038k). The details are set out in the tables below:

Net defined benefit plan asset/liability	**Group & KHA**	**Group & KHA**
	2026	**2025**
	£000	**£000**
Fair value of plan assets	15,208	15,419
Present value of defined benefit obligation	(16,918)	(17,457)
Defined benefit plan liability	(1,710)	(2,038)

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

Defined benefit plan obligations at discounted cost	**Group & KHA 2026 £000**	**Group & KHA 2025 £000**
Defined benefit obligation at start of period	17,457	19,311
Expenses	29	33
Interest expense	992	932
Actuarial (gains)/losses due to scheme experience	(285)	366
Actuarial losses due to changes in demographic assumptions	174	-
Actuarial gains due to changes in financial assumptions	(308)	(2,521)
Benefits paid and expenses	(1,141)	(664)
Defined benefit obligation at end of period	16,918	17,457

Defined benefit plan assets at fair value	**Group & KHA 2026 £000**	**Group & KHA 2025 £000**
Fair value of plan assets at start of period	15,419	16,977
Interest income	872	818
Experience on plan assets (excluding amounts included in interest income) – gain/(loss)	29	(1,745)
Contributions by the employer	29	33
Benefits paid and expenses	(1,141)	(664)
Fair value of plan assets at end of period	15,208	15,419

The actual return on plan assets (including any changes in share of assets) over the year ended 31 March 2026 was £901,000 (2025: loss of £927,000).

Plan costs recognised in Statement of Comprehensive Income	**Group & KHA 2026 £000**	**Group & KHA 2025 £000**
Expenses	29	33
Net interest expense	120	114
Defined benefit costs recognised in statement of comprehensive income (SoCI)	149	147

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

Plan costs recognised in Statement of Other Comprehensive Income	**Group & KHA 2026 £000**	**Group & KHA 2025 £000**
Experience on plan assets (excluding amounts included in net interest cost) – gain/(loss)	29	(1,745)
Experience gains and losses arising on the plan liabilities - (loss)/gain	285	(366)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - loss	(174)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain	308	2,521
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain	448	410
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost)	-	-
Total amount recognised in Other Comprehensive Income - gain	448	410

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

Analysis of plan assets	**Group & KHA 2026 £000**	**Group & KHA 2025 £000**
Global Equity	2,008	1,786
Liquid Alternatives	2,908	2,839
Insurance-Linked Securities	29	59
Property	793	764
Infrastructure	1	3
Private Equity	33	13
Real Assets	1,508	1,840
Private Credit	1,961	1,923
Credit	693	656
Investment Grade Credit	638	705
Cash	6	82
Long Lease Property	-	5
Secured Income	206	356
Liability Driven Investment	4,198	4,342
Currency Hedging	(1)	26
Net Current Assets	227	20
Total assets	15,208	15,419

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 2026 % per annum**	**Group & KHA 2025 % per annum**
Discount Rate	6.14%	5.87%
Inflation (RPI)	3.29%	3.08%
Inflation (CPI)	3.03%	2.80%
Salary Growth	4.03%	3.80%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

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

The mortality assumptions adopted at 31 March 2026 imply the following life expectancies:

	Group & KHA	Group & KHA
	2026	2025
	Life expectancy at age 65 (Years)	Life expectancy at age 65 (Years)
Male retiring in 2026	20.7	20.2
Female retiring in 2026	22.9	22.7
Male retiring in 2046	21.9	21.5
Female retiring in 2046	24.4	24.2

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 £4,212k (2025: £5,713k) as at 30 September 2025, 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 over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee is seeking clarification from the Court on these items. This process is ongoing with the Court's determination expected late 2026. It is estimated that this could potentially increase the liabilities of the whole DB Scheme by £27m. This estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provisions basis. Until the Court direction is received, it is unknown whether the full, or indeed any, increase in liabilities will apply. Therefore, no adjustment and no contingent liability is recognised in these financial statements.

21. Share Capital

	2026 Number	2025 Number	2026 £	2025 £
Group and KHA				
Shares of £1 each issued and fully paid:				
At 1 April	69	63	69	63
Issued during the year	5	7	5	7
Cancelled during the year	-	(1)	-	(1)
At 31 March	74	69	74	69

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.

22. Capital commitments

	Group & KHA 2026 £000	Group & KHA 2025 £000
Housing properties:		
Expenditure contracted but not provided in the financial statements	60,920	27,627

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

23. Employees

i) Staff costs during year:	Group 2026 £000	KHA 2026 £000	Group 2025 £000	KHA 2025 £000
Wages and salaries	19,229	10,581	18,823	9,911
Social security costs	2,466	1,461	1,699	957
Other pension costs	1,499	1,216	1,359	1,060
Expenses of defined benefit pension scheme	29	29	31	31
	23,223	13,287	21,912	11,959

	Group 2026 £000	KHA 2026 £000	Group 2025 £000	KHA 2025 £000
During the year the following costs were incurred:				
Redundancy payments	28	28	188	154
Ex-gratia payments	50	50	56	56
	78	78	244	210

ii) Staff numbers:	Group 2026 No.	KHA 2026 No.	Group 2025 No.	KHA 2025 No.
Average weekly number of employees (including relief staff working on an “as required” basis)	587	268	620	261
Number of Employees as at 31 March:				
Support & Care staff	246	-	278	-
Administration staff	212	205	209	194
Maintenance staff	59	59	60	60
	517	264	547	254
Full time equivalent employees	461	256	478	245

Agency staff were employed during the year by the Group at a cost of £214k (2025: £293k).

24. Auditors' remuneration

	Group 2026 £000	KHA 2026 £000	Group 2025 £000	KHA 2025 £000
Fees payable to RSM UK AUDIT LLP:				
Audit services	45	33	44	30
Tax services and advice	30	24	21	14
Fees payable to Henderson Loggie LLP:				
Internal audit fees	27	27	22	22
Other fees	-	-	10	10

25. Remuneration of key management personnel

	Group 2026 £000	KHA 2026 £000	Group 2025 £000	KHA 2025 £000
The aggregate remuneration of directors including benefits in kind was:	604	476	535	459
Pension contributions for directors were:	72	60	57	50

	2026 Number	2026 Number	2025 Number	2025 Number
Emoluments (excluding pension contributions) were paid in the following bandings:				
£40,001 to £50,000	-	-	1	1
£60,001 to £70,000	-	-	1	-
£70,001 to £80,000	-	-	1	1
£100,001 to £110,000	2	1	1	1
£110,001 to £120,000	1	1	-	-
£130,001 to £140,000	1	1	1	1

	2026 £000	2026 £000	2025 £000	2025 £000
The total emoluments (excluding pension contributions) received by the highest paid director was:	139	139	135	135

Key management personnel of KHA are defined as the Chief Executive and the two Group directors. 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. KHA's pension contributions for the Chief Executive in the year amounted to £22,372 (2025: £20,220).

26. Payments to Members and Board members

Remuneration and payments of expenses during the year are as follows:

	Group 2026 £000	KHA 2026 £000	Group 2025 £000	KHA 2025 £000
Remuneration of Chair and Chairs of Committees	16	9	17	9
Out of pocket expenses	4	2	3	2
Total	20	11	20	11

During the year no member of the Board was a tenant of KHA (2025: nil). During the year one member of the Board was a sharing owner (2025: one). The sharing owner arrangements for this member are on normal terms.

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

	2026 £000	2025 £000
Cash generated from operations		
Surplus for the year	1,547	990
Actuarial gain in respect of defined benefit pension scheme	448	410
Depreciation and impairment of tangible fixed assets	10,508	10,240
Depreciation and impairment of other fixed assets	394	730
Decrease in pension provision/liability	(328)	(296)
Loss on disposal of assets held for sale	17	35
(Gain)/loss on disposal of other fixed assets	(5)	3
Loss/(gain) on investment in joint venture	13	(14)
Amortisation of housing property capital grant	(5,516)	(5,341)
Interest received	(236)	(600)
Interest paid	9,086	8,208
Corporation tax paid	(16)	(7)
Operating cashflows before movement in working capital	15,912	14,358
Decrease in stock	62	461
Decrease in receivables	59	655
Increase/(decrease) in payables	5,360	(817)
Total cash flows from operating activities	21,393	14,657

27. Reconciliation of surplus to net cash generated from operations – Group (cont'd)

Analysis of changes in net debt – Group

	At 1 April 2025	Cash flows	At 31 March 2026
	£000	£000	£000
Cash and cash equivalents	9,612	3,254	12,866
Debt due within one year	(21,495)	10,708	(10,787)
Debt due in more than one year	(208,428)	(34,869)	(243,297)
	(220,311)	(20,907)	(241,218)

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

	2026	2025
	£000	£000
Cash generated from operations		
Surplus for the year	1,750	1,140
Actuarial gain in respect of defined benefit pension scheme	448	410
Depreciation and impairment of tangible fixed assets	10,154	9,886
Depreciation and impairment of other fixed assets	394	730
Decrease in pension provision/liability	(328)	(296)
Loss on disposal of fixed assets held for sale	17	35
(Gain)/loss on disposal of other fixed assets	(5)	3
Interest received	(755)	(1,136)
Interest paid	9,080	8,204
Amortisation of housing property capital grant	(5,371)	(5,196)
Corporation tax paid	(16)	(7)
Operating cashflows before movement in working capital	15,368	13,773
Decrease in stock	62	461
Decrease/(increase) in receivables falling due within one year	3,893	(5,819)
(Increase)/decrease in receivables falling due in more than one year	(5,707)	6,293
Increase/(decrease) in payables	3,522	(693)
Total cash flows from operating activities	17,138	14,015

28. Reconciliation of surplus to net cash generated from operations – KHA (cont'd)

Analysis of changes in net debt – KHA

	At 1 April 2025	Cash flows	At 31 March 2026
	£000	£000	£000
Cash and cash equivalents	6,395	1,864	8,259
Debt due within one year	(21,485)	10,706	(10,779)
Debt due in more than one year	(208,417)	(34,879)	(243,296)
	(223,507)	(22,309)	(245,816)

29. Financial commitments

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

	KHA & Group 2026	KHA & Group 2025
	£000	£000
Amounts due:		
Within one year	156	117
Between 1 and 5 years	322	184
Due within more than 5 years	1,281	-
	1,759	301

30. Operating lease income

KHA has future operating lease income receivable as follows:

	2026	2025
	£000	£000
Due within 1 year	36	34
Due between 1 - 2 years	-	12
	36	46

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 2026 of £458m (2025: £444m) may be repayable to Scottish Government. The Board does not expect those circumstances to crystallise.

The Board is aware that the Court of Appeal has upheld the decision of the Virgin Media vs NTL Pension Trustees II Limited case, which put into question the validity of any amendments made in respect of a contracted-out pension scheme between 6 April 1997 and 5 April 2016. The judgement meant that some historic amendments affecting s.9(2B) rights could be void if the necessary actuarial confirmation under s.37 of the Pension Schemes Act 1993 was not obtained. On 5 June 2025, the UK Government announced its intention to introduce legislation to give affected pension schemes the ability to retrospectively obtain written confirmation that historical benefit changes met the necessary standards. This legislation received Royal Assent on 29 April 2026 and was enacted. The Board does not expect the valuation of the scheme liabilities to change.

In 2025 HMRC issued a determination for corporation tax due from KHA's subsidiary companies in respect of transfer of tax losses arising from debt servicing costs from KHA to offset taxable profits in the subsidiaries (group relief). Following an enquiry, HMRC determined these losses cannot be used for this purpose under the tax legislation. While the determination covered the years ended 31 March 2021 and 2022, KHA again used group relief for the year ended 31 March 2023. KHA Group's tax advisers issued an appeal against the determination, which was ultimately rejected. The case will now be considered by a tax tribunal. If the case were to be lost, the corporation tax that might be payable by the Group for the three years in question, including estimated late payment interest amounting to £119k, was approximately £590k as at 31 March 2026. In order to prevent late payment interest accumulating further, a deposit of £473k, the amount of the estimated tax, was lodged with HMRC, without prejudice, in April 2026. Should the case result be in favour of KHA Group, the deposit would be repaid. No penalties are anticipated as the Group companies acted in accordance with advice from our tax advisers.

32. Related party transactions

No member of the Board had a tenancy or occupancy agreement with KHA during the period.

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

A close family member of a Board member is a trustee of Castle Furniture Project. KHA's purchases from this entity amounted to £3k (2025: £6k) in the year. The balance due to the entity at year end was £nil (2025: £nil).

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 £3,943k (2025: £3,750k). KI charged KHA for purchases and expenses totaling £32k (2025: £30k).

32. Related party transactions (cont'd)

At the date of the statement of financial position the balance due by KI to KHA was £15,336k (2025: £14,571k), including the balance of loans repayable. KI made interest payments to KHA during the year of £592k (2025: £603k) in accordance with the loan agreements.

KHA charged KSC for purchases, expenses and management services provided by KHA amounting to £492k (2025: £259k). KSC charged KHA for purchases and expenses totaling £25k (2025: £24k).

At the date of the statement of financial position the balance due by KSC to KHA was £646k (2025: due by KSC to KHA £36k).

33. Post balance sheet event

In May 2026, significant ground movement was identified in Coalsnaughton, Clackmannanshire, which affected 97 houses in the area. KHA owns 40 of the houses that are affected. On 27 May, 13 of these houses were evacuated and a further 27 were evacuated on 29 May. Tenants were safely accommodated in temporary premises while investigative work was performed to determine the causes of the ground movement. The relevant organisations (Clackmannanshire Council, insurers, Mining Remediation Authority) were informed and are working together to identify the cause and extent of damage. The net book value of the 40 houses is currently c.£5.9m including land. The remaining Housing Association Grant associated with the development amounts to c. £2.9m.