



**KEY HOUSING ASSOCIATION LIMITED**  
**ANNUAL REPORT AND CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2025**

**KEY HOUSING ASSOCIATION LIMITED**

**LEGAL AND ADMINISTRATIVE DETAILS**

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**Scottish Charity registration number** SC006652

**Financial Conduct Authority registration number** 1938R(S)

**Scottish Housing Regulator registration number** HEP141

**Registered office**

70 Renton Street  
Glasgow  
G4 0HT

**Members of the Board**

Sheenagh Simpson (Chairperson)  
John Paterson (Vice Chairperson)  
Anne McGuigan (Vice Chairperson)  
Angus Turner (retired 11 September 2024)  
David Meechan  
David Le Sage  
Gillian Anderson  
Jack Crombie  
Rebecca O'Donnell  
Karen Jamieson  
Musab Hemsli (retired 11 September 2024)  
Dee Fraser  
Paul Hush  
Brian Hemsley  
Rebecca O'Donnell (retired 15 September 2025)  
Daniel McCafferty (co-opted 9 December 2024)

**Executive Officers**

Andrea Wood, Chief Executive  
Alison Wood, Director of Finance  
Gordon Anderson, Director of Housing  
Jean Ramsay, Director of Support  
Glenn Harrold, Director of People (Appointed 15 April 2024)

**Secretary**

Andrea Wood

**Bankers**

Virgin Money  
1<sup>st</sup> Floor,  
St Vincent Place,  
Glasgow, G1 2HL

**Solicitors**

BTO Solicitors  
48 St Vincent Street  
Glasgow  
G2 5HS

**External Auditor**

Azets Audit Services  
Chartered Accountants  
Titanium 1  
King's Inch Place  
Renfrew  
PA4 8WF

**Internal Auditor**

TIAA Ltd  
Unit 53-55 Gosport Business Centre  
Gosport  
PO13 0FQ

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## KEY HOUSING ASSOCIATION LIMITED

### REPORT OF THE MEMBERS OF THE BOARD (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2025

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The Board has pleasure in presenting its report together with the audited consolidated financial statements for the year ended 31 March 2025.

#### Structure, Governance and Management

##### Background

Key Housing Association Limited (hereafter referred to as “the Association”) is a Registered Social Landlord incorporated under the Co-operative and Community Benefit Societies Act 2014, which provides housing and support to people with disabilities. The Group refers to Key Housing Association Limited (Key), Community Lifestyles Limited (Community Lifestyles) and KHA Developments Limited (KHA).

Community Lifestyles provides individualised home and community support services to people with disabilities mainly in housing not provided by the Association. Support services provided by Key and Community Lifestyles are funded through contracts with local authorities. Community Lifestyles is a registered charity and is limited by guarantee. It remains under control of Key Housing Association Limited.

The principal activity of KHA is the redevelopment of housing which is used for the support of adults with disabilities. KHA is a limited company. It remains under control of Key Housing Association Limited, which holds 100% of the share capital of KHA.

We continue to have a service level agreement with The Advisory Group (TAG) which was set up by Key in 1996 to enable people with learning disabilities to have a stronger voice in the services they use and in their local communities. TAG is now an independent charity (SCIO), run for and by disabled people.

##### Employee issues

The Group has an equal opportunities policy which seeks to ensure that, in its role as employer, landlord and service provider, it does not discriminate against people on the grounds of sex (including gender re-assignment), marital or civil partnership status, pregnancy or maternity, religion or belief, sexual orientation, age, disability, colour, race, nationality or ethnic or national origins.

In respect of health and safety and welfare at work, the Group has a health and safety policy and a training programme covering a comprehensive range of relevant health and safety issues, including emergency aid and moving and handling. The Group has a health and safety advisor role as well as a health and safety committee for all office-based health and safety issues.

In employee relations, the Group recognises Trade Union representation for support service based and office-based employees and senior management meet regularly with Union representatives to discuss, and where appropriate negotiate, relevant matters relating to the activities of the Group.

##### Objectives and activities

The Group's Board agrees objectives and strategies for the Group normally within a 3–5-year strategic plan timescale. Our current Strategic Plan was developed for the period 2020-2025 and is designed to reflect our longer-term ambitions and allow for regular review and adaptation of our objectives in line with the ever-changing environment. The plan also incorporates the long-term funding of the Group.

The plan consists of two main parts, reflecting Support Activity and Housing Activity, each containing a range of strategies and targets designed to meet Key's objectives, and a Risk Analysis. The accompanying risk register is reviewed regularly.

To support our activities the Group operates a policy framework which is reviewed and updated on an annual basis. Areas of policy include Board control and responsibility, housing management, maintenance, development, finance, and HR. These include the following specific policies:

**Governance** - Board Control and Accountability - Standing Orders and Code of Conduct, Policy on Gifts and Hospitality, Policy on Payments, Benefits and Corporate Accountability, Policy on Disclosure of Interest, Policy for Payment of Board Member Expenses, Delegation of Authority from the Board, Complaints Procedure,

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Membership Policy, Risk Management Strategy, Equal Opportunities Policy, Participation Policy, Health and Safety Policy, Whistleblowing, Openness & Confidentiality, Sustainability, Information and Communication Technologies, IT Strategy, Data Protection, Insurances, Anti-fraud and Corruption, Media Guidelines, Performance Measurements and Business Continuity Planning.

**Housing Management** - Allocations Policies, Rent Policy, Arrears Policy, Estate Management Policy, Harassment Policy, Voids Management Policy, Recovery of Charges, Sub-letting, Lodgers, Assignment, Charging for Services, Legal Action, Abandonment, Furnished Lets and Anti-Social Behaviour.

**Maintenance** - Maintenance Standards, Tenant Feedback on Repairs and Maintenance, Monitoring of Emergency Repairs and Pre and Post inspections.

**Development** - Development Procurement, CDM Regulations and Building Defects.

**Finance** - Treasury Management Policy, Internal Audit, Charging for Services, Reserves and Purchasing and Procurement.

**Human Resources** - Training, Staff Retirals, Criminal Convictions, Salaries, Support Through Illness, Staff Welfare, No Smoking, Whistleblowing, Redundancy and Grievance Policy.

The treasury management policy aims to ensure that the Group's funds are safeguarded and wisely invested, and that loan finance is negotiated within parameters agreed by the Board.

The rent policy aims to achieve a committed rental income that enables the Association to offer a high-quality management and maintenance service to all tenants. The policy ensures that rents are viable, affordable and sustainable in the local housing context.

The long-term stock maintenance and repair policy aims to maintain a cost effective, responsive and reactive repair service to all tenants within the parameters of a 10-year strategic and 3-year implementation programme for planned and major repairs. This is within a longer term 60-year major repair profile.

#### **Achievements and performance**

Key remain a well-respected and prominent provider in the social care sector. At 31 March 2025, Key supported 1,442 people in 17 local authority areas with total direct support of 50,170 hours per week.

Key employ 1,750 contracted staff (352 full time and 1,398 part-time) and on average a further 431 on a relief basis. This compares to 1,761 contracted staff (358 full-time and 1,403 part-time) and on average a further 430 on a relief basis. Details regarding the average number of staff employed during the year is included in note 9 of the financial statements.

Social care in Scotland is at a critical juncture with widespread recognition of the need for reform to make the provision of social care support fairer, more sustainable, and centred on human rights. Translating this ambition into reality is proving difficult, and the sector are currently facing financial, workforce, and structural challenges.

Although Scotland has a strong legislative and policy basis that covers social care and integration, this has been undermined by poor implementation linked to a lack of adequate resourcing. Following the Independent Review of Adult Social Care in 2021, the Scottish Government proposed creating a National Care Service (NCS). Initially this represented a major structural change, aiming to bring consistency, better quality, and fair work conditions across the sector. A combination of financial uncertainties, planning issues, and stakeholder opposition led to insufficient parliamentary support for the NCS bill, making it impractical for the government to proceed with the proposed reforms.

Despite this, the profile for our services remains dominated by a strong commitment to Self-directed Support and we have continued to work closely with a number of local authorities on increasingly individualised approaches to support. We see this as a very positive commitment to ensuring people who need support can have as much control and choice as possible, and that support remains flexible and responsive to their outcomes.

This approach is particularly important for Scotland's "Coming Home" agenda which aims to address the issue of individuals with learning disabilities being placed in out-of-area residential settings or remaining in hospitals longer than necessary. We have maintained our focus on supporting people with very complex needs, including those

**REPORT OF THE MEMBERS OF THE BOARD (INCORPORATING THE STRATEGIC REPORT)  
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who previously lived in hospital environments, and this year supported more people to move to their own tenancies in the community. Our approach means that people are living good lives, with personalised support, in specially designed home with bespoke assistive technologies and housing adaptations. Demand for our services continues to grow and the need to ensure there is capacity in our workforce, and suitable housing, is seen as a priority for the coming years. .

Our strategic plan sets out our intention to continue to deliver flexible, responsive, individual support and to promote, develop and extend this approach in order to meet increased demand and complexity of need. We have continued to extend our approach to people with dementia, autism, mental ill-health, and long-term conditions as well as younger and older people.

Having a flexible, positive and skilled workforce is the most essential element in sustaining our delivery of high-quality personalised services. Difficulties in recruitment and a higher turnover of staff have been frequently cited challenges for the sector and we have employed a number of strategies to ensure we continue to be seen as a good employer.

Our new recruitment campaign, launched in 2024, and the introduction of our on-line application system has improved recruitment and we have maintained our positive track record of retaining staff with our annual turnover remaining consistently lower than the sector average. Absence rates are also lower than the sector average.

However, despite a commitment to Fair Work back in 2019, our sectors salaries continue to fall behind those of other social care workers in the Public Sector. This year Key have again actively campaigned for fairer funding, which can properly reward the workforce for the vital work they do and will continue to call for greater parity for our sector.

During the year to 31 March 2025, additional funding was made available from the Scottish Government, via local authorities to ensure that all social care staff were being paid at least the Real Living Wage of £12.00 per hour. This resulted in increases to funding across all local authority areas which in turn allowed a salary increase for all staff, backdated to 1 April 2024.

We continued to invest in resources and initiatives to support staff throughout the year and increased the number of Mental Health First Aiders across Scotland. We retained our focus on staff training, increasing the number face-to-face opportunities for learning as well as maintaining our remote and virtual inputs. Key also continued to develop its work as an accredited SVQ centre, with a focus on management qualifications, to progress accreditation in accordance with the requirements of the Scottish Social Services Council and retained a 'High Confidence' rating from the SQA gain this year.

We have continued making progress in adopting digital technologies and remote ways of working with Teams and Microsoft 365 offering ways of communicating and engaging with colleagues across Scotland.

Our partnership with TAG (an independent charity run for and by disabled people) continues to go from strength to strength and over the past two years TAG have facilitated regional consultation events with people we support and their families in nearly all the areas we work in. These sessions were designed to explore how people felt they were being supported related to human rights principles (being respected and listened to, having choice and control and being fully involved). 100% of people who attended knew how to raise a concern about their support or make a complaint and were confident in doing so.

All of our Branches have now been inspected by the Care Inspectorate with 100% being awarded grades of good or very good across all quality themes. A range of satisfaction surveys were completed in 2024/25 with excellent feedback from staff and other stakeholders. 97% of staff said they were proud to work for Key, and 100% of external stakeholders agreed that our services were responsive and that staff treated people with dignity and respect.

Key Housing have a full repairs and replacement program in place and engage tenants in-person through the My Home group. We have continued to identify opportunities to work with others to increase the supply of leased properties and a cluster of housing has been developed in the North of Scotland in partnership with a developer and NHS Highland. The first three people have now moved into their house as part of the Coming Home agenda to find alternatives to out-of-area placements, and to eradicate delayed discharge for people with learning disabilities.

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#### Financial review

Key Housing Association Limited generated a surplus of £1,797,248 (2024 - £2,011,515) and had reserves of £21,137,586 (2024 - £18,888,808). Included in other comprehensive income was £451,544 of an actuarial gain (2024 - £4,570,000 *actuarial loss*) to give total comprehensive income of £2,248,792 (2024 - (£2,558,485)). The financial challenges of prior years have continued in this financial year with inflationary pressures continuing to impact on our costs. Recruitment has continued to be an issue in some areas and staffing shortages have resulted in continued use of agency staff with an associated financial premium. The temporary cessation of the monthly payments towards the SHAPS final salary pension scheme deficit has had a positive impact on cash flow.

In order to mitigate the risk in relation to the Scottish Housing Association Pension Scheme (SHAPS), the Association closed the defined benefit scheme on 1 April 2014 with all members transferring to the defined contribution scheme. Further details regarding SHAPS can be found in note 22 of the financial statements. The risks associated with the pension scheme, and how these are managed, are included within principal risks and uncertainties detailed below.

Key continued to meet obligations to support staff in terms of both Real Living Wage, and latterly Scottish Government requirements and were able to secure additional funding during the year to enable salary increases to all staff.

Community Lifestyles has continued to focus its work in Glasgow, providing highly individualised support to people with often very complex needs. The net income for the year to 31 March 2025 for Community Lifestyles Limited was (£120,519) (2024 - *surplus* £164,689). Included in other comprehensive income was £4,000 of an actuarial gain (2024 - £45,000 *of an actuarial loss*) in respect of SHAPS to give total comprehensive income of (£116,519) (2024 - £119,689). Community Lifestyles Limited has reserves of £7,959,996 as at 31 March 2025 (2024 - £8,076,515). As at 31 March 2025, Community Lifestyles supported 356 people with total direct support of 14,650 hours per week.

There was no financial activity in the year for KHA Developments Limited as it was dormant from 1 April 2020.

The Group's surplus for the year was £1,676,729 (2024 - £2,176,204) with reserves of £29,097,582 (2024 - £26,965,323). Included in other comprehensive income was £455,444 of an actuarial gain (2024 - £4,615,000 *actuarial loss*) to give total comprehensive income of £2,132,273 (2024 - (£2,438,796)).

#### Value for money

Key continue to monitor value for money across all areas of housing and support activity.

The main elements of these initiatives are described below:

#### **Central services and costs**

We undertake regular reviews of expenditure, such as telecommunications, insurance, cleaning services and printing and stationery. We review our procurement strategy regularly to ensure that maximum savings are achieved, and in line with regulatory requirements supplies/services over £50,000 are advertised on the Public Contracts Scotland website. Cost savings have however been offset by inflationary increases during the year in some areas.

#### **Head office costs**

Our offices have returned to normal following covid although most office-based staff can take advantage of a blended approach with some home working. This has resulted in some cost savings however again these have been offset by inflationary cost increases during the year in some areas.

***Support service activity***

Following Covid, the funding of our support services has returned to fully spot purchased arrangements with funding based on agreed levels of support or individual budgets for self-directed support arrangements. A number of local authorities monitor actual support delivery and adjust funding accordingly.

Issues with staff recruitment in the social care sector have resulted in an increased use of external agency staff in some of our services to ensure that we can deliver essential support. This has resulted in some additional expenditure and although separately funded in a small number of support arrangements, more generally has had a negative impact on our financial performance. A clear focus on reducing agency use is beginning to see positive outcomes in most areas. Other local service costs have also been affected by cost increases.

The integrated management system (Evolve) is used across all of Key local services as well as Community Lifestyles Limited. This assists with the monitoring of deployment, staffing costs and direct support delivery. Evolve continues to provide increased efficiency with direct links to payroll.

Evolve is now critically important to our operations and is a particular focus of our business continuity arrangements. As such we have developed a detailed plan to develop a successor to Evolve which will provide long term sustainability for this system. We are also in the process of developing a new HR database.

We continue to monitor and review our central and local service management structures and make efficiencies where possible. In Glasgow we continue to operate a consortium arrangement between the Association and Community Lifestyles Limited, with co-location of management teams at Kerr Street.

The Consortium is ranked highly on the Glasgow framework. Key has also been successful in a number of other framework agreements throughout the year which cover both local authorities with existing services as well as new areas.



**REPORT OF THE MEMBERS OF THE BOARD (INCORPORATING THE STRATEGIC REPORT)  
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**Statement on internal financial control**

The Board is responsible for keeping proper books of account with respect to the Association's and Group's transactions and its assets and liabilities, and for maintaining a satisfactory system of control over the Association's and the Group's books of account and transactions. The Board is also responsible for safeguarding the assets of the Association and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

- I) the reliability of financial information used within the Association or the Group or for publication;
- ii) the maintenance of proper accounting records; and
- iii) 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 misstatement or loss. Key elements of such systems are:

- i) Formal policies and procedures to restrict the unauthorised use of the Association's or the Group's assets;
- ii) Experienced and suitably qualified staff take responsibility for important business functions;
- iii) Forecasts and budgets are prepared which allow the Members of the Board to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term. Managements accounts are prepared and significant variances from budget are investigated as appropriate;
- iv) Major business risks and the financial implications are identified and monitored;
- v) All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures by the Board;
- vi) The appointment by the Board of an internal auditor to carry out a programme of internal audit of the Association's and the Group's policies and control systems;
- vii) The Board reviews reports from management, the internal auditor and external auditor to provide reasonable assurance that the control procedures in place are being followed; and
- (viii) Formal practices have been established for instituting appropriate action to correct weaknesses identified from the reports of the external auditor and internal auditor.

The Members of the Board have reviewed the effectiveness of the system of internal control in existence in the Association and the Group for the year ended 31 March 2025. In the opinion of the Members of the Board, no weaknesses were found in the internal controls which would result in material loss, contingencies, or uncertainties requiring disclosure in the financial statements or the auditor's report.

**REPORT OF THE MEMBERS OF THE BOARD (INCORPORATING THE STRATEGIC REPORT)  
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**Going concern**

After making enquiries, the Board has a reasonable expectation that the Group and the Association have adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. The Board receive regular cash flow and financial reports during the year to enable an informed assessment to be made. For this reason, it continues to adopt the going concern basis in the financial statements.

**Plans for future periods**

Our strategic plan for 2020-2025 sets out our intention to continue to deliver flexible, responsive, individual support and to promote, develop and extend this approach in order to meet increased demand and complexity of need.

The main objectives within the Strategic Plan for support activity for Key are as follows:

- 1. To deliver high quality personalised support and innovative housing solutions**
- 2. To increase opportunities for citizenship, inclusion, and participation**
- 3. To have a skilled, committed, creative and well-supported workforce**
- 4. To be a collaborative partner**

For each objective there is a range of strategies and targets detailing how the objectives are to be achieved, with timescales. The drivers of these strategies include our continued commitment to Self-directed Support, the development of more innovative and creative supports, better engagement and more opportunity for the workforce and increased collaboration with others.

Despite the uncertain landscape, we will continue to maintain our focus on the initiatives in our plan which will help people live good lives of their choice, and ensure our workforce is valued for the work they do. Our focus on community connecting, harnessing digital solutions, collaboration, and inclusion are approaches which will support our vision-that people can stay in their own homes and communities, surrounded by people who care about them and living the life of their choice.

For the past 30 years, in Glasgow, our subsidiary Community Lifestyles provided support in partnership with Key. With the agreement of both Boards, we have taken steps to alter the structure of our Group and remove the formal arrangements associated with having a wholly owned subsidiary. As such, all of Lifestyle's services and staff were transferred to Key on the 31<sup>st</sup> May 2025.

Although there will be no changes to the support delivery as a result of the transfer, the staff will now be employees of Key and the contracts with local authority funders have been transferred over. All assets and liabilities have also been transferred over to Key Housing Association from this date.

For Key's Housing activity, the Housing Strategic Plan reflects the following objectives:

- 1. To achieve a housing service that meets individual needs and enables housing choice.**
- 2. To achieve a service that provides housing that is well managed and maintained.**
- 3. To achieve a housing service that is adequately funded.**

We continue to work with our local authority partners to explore options for securing new housing, particularly for people with very complex needs who have requirements for assistive technology and specialist housing adaptations.

**REPORT OF THE MEMBERS OF THE BOARD (INCORPORATING THE STRATEGIC REPORT)  
FOR THE YEAR ENDED 31 MARCH 2025**

**Principal risks and uncertainties**

The Group is committed to ensuring that it responds to, and manages, any challenges that may impact on the organisation, and recognises that a certain amount of risk is inevitable if the organisation is to achieve its priorities. A risk management framework is in place to assist with taking informed decisions regarding the risks that impact on Association's priorities, whether Strategic or Operational.

Principal risks identified through the Association's strategic risk register which have the potential to seriously affect the performance, future prospects or reputation of the Association are detailed below along with mitigating actions being taken by the Association. These risk areas were reassessed and updated during 2024/25.

In terms of Group wide risks, the main risks identified are:

<b>Risk</b>	<b>Actions to mitigate</b>
Board not equipped to control organisation	<ul style="list-style-type: none"> <li>• Regular review of Board profile and performance.</li> <li>• Comprehensive delegation guidelines.</li> <li>• Clear remits for Audit Committee.</li> <li>• System of Review Groups, and regular in-house training programme.</li> </ul>
Failure to meet regulatory requirements	<ul style="list-style-type: none"> <li>• SHR requirements regularly reviewed and measures/arrangements/training in place to ensure compliance.</li> <li>• Comprehensive self-assessment of compliance against SHR regulatory framework with annual review</li> <li>• Governance, Regulation and Compliance Manager in place to support regulatory requirements</li> <li>• Governance session training on Regulatory responsibilities provided annually.</li> <li>• Operational Manager in regular contact with Care Inspectorate relationship manager and coordinating reporting and notification requirements.</li> <li>• Health and Safety Personnel reviewing and coordinating information from the HSE.</li> </ul>
Pension scheme deficit grows; or loss of income inhibits capacity to meet deficit	<ul style="list-style-type: none"> <li>• Following the 2018 scheme revaluation, concessionary payments have been paid to end of current agreement. Revaluation expected 2025/26</li> </ul>
Failure to meet requirements of SPSO Complaints Handling Procedures	<ul style="list-style-type: none"> <li>• Regular review of compliance introduced.</li> <li>• SPSO requirements monitored, and updates applied</li> </ul>
Failure to meet Health and Safety statutory requirements	<ul style="list-style-type: none"> <li>• Comprehensive Health and safety Policies and Procedures to ensure risks are assessed and necessary action taken</li> <li>• Fulltime H&amp;S Advisor role</li> </ul>
Increased cyber security risks	<ul style="list-style-type: none"> <li>• Increased access controls are in place</li> <li>• External 24-7 managed detection and response service utilised to protect systems.</li> <li>• Email protection service in place</li> <li>• Annual cyber security training provided to all staff.</li> <li>• User access permissions framework in place which limits the scope of any breach.</li> <li>• Cyber incident response plan developed and offsite backups</li> </ul>
IT infrastructure inadequate to meet needs/system overload/ breakdown	<ul style="list-style-type: none"> <li>• Work underway to replace all in-house and third-party systems with cloud-based services by 2030</li> <li>• In-house ability to host and maintain current systems including Evolve and HR.</li> </ul>

## KEY HOUSING ASSOCIATION LIMITED

### REPORT OF THE MEMBERS OF THE BOARD (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2025

#### Principal risks and uncertainties (continued)

For Support activity:

Risks	Actions to mitigate
Workforce negativity and inflexibility	<ul style="list-style-type: none"> <li>• Management Development programme to assist local management teams to provide fair and responsive management.</li> <li>• Developing reward and recognition policies and new focus on staff wellbeing and mental health. Over 30 Mental Health First Aiders now in place.</li> <li>• Developing use of enhanced Support Worker role, to support managers and improve career opportunities.</li> <li>• Enhanced communication systems and comprehensive training.</li> <li>• Supportive management, with regular professional supervision.</li> </ul>
Overstretched services/ insufficient resources to support managers	<ul style="list-style-type: none"> <li>• Continual review of management resources (including admin support) in local services through deployment meetings.</li> <li>• Deployment monitoring meetings happening 4-weekly / 6 monthly budget meetings.</li> <li>• Comprehensive policies, procedures and training.</li> <li>• Serious incident reporting system and follow up.</li> <li>• Access to independent counselling and wellbeing resources via the new Hub.</li> <li>• Codes of Conduct distributed and used as a basis for initial and ongoing professional development.</li> </ul>
Procedures and training against abuse are inadequate to keep people safe	<ul style="list-style-type: none"> <li>• Comprehensive guidance on Adult Protection is included in initial training for support workers and managers.</li> <li>• Codes of Conduct distributed to all workers.</li> <li>• Respect and Protect materials distributed to all services.</li> <li>• Zero tolerance of abuse emphasised in training and in professional practice expectation.</li> <li>• Financial Internal audit programme, and management checks, to back up rigorous Financial Procedures.</li> </ul>
Health and Safety training and audit inadequate to keep workers and service users safe	<ul style="list-style-type: none"> <li>• Comprehensive Health &amp; Safety policies/ procedures updated and published.</li> <li>• Update Health and safety training included in management induction programme</li> <li>• FT H&amp;S training officer and H&amp;S advisor</li> <li>• Comprehensive H &amp; S training programme embedded in induction.</li> <li>• Clear guidelines for Risk Assessment.</li> <li>• Whistleblowing policy</li> <li>• Serious incident analysis.</li> <li>• Use of accredited Behavioural Support Strategy (BSS)</li> </ul>
Recruitment Difficulties	<ul style="list-style-type: none"> <li>• New recruitment system, See Me Hired, introduced in 2025 and enhanced reporting mechanisms in place.</li> <li>• Rigorous recruitment process with competency framework being developed.</li> <li>• Competitive terms and conditions in our sector.</li> <li>• Review of contracts and work/life balance approaches</li> </ul>
Losing financial viability / failure to manage additional costs	<ul style="list-style-type: none"> <li>• Considered approach to managing additional costs for a three-year period.</li> <li>• Active focus on increasing hourly rates and positive attitude to controlled growth.</li> <li>• Regular deployment analysis, budget review and operational reviews.</li> <li>• Quarterly reports on service funding and development to Board.</li> </ul>
Breach of employment legislation / tribunal claims	<ul style="list-style-type: none"> <li>• Local managers given appropriate training, guidance and personnel support</li> <li>• Access to legal advice</li> </ul>
Not being able to evidence improved outcomes for the people we support, for evidence based self-assessment and tendering	<ul style="list-style-type: none"> <li>• Information systems to gather accurate information and knowledge across Key for evidence based self-assessments</li> <li>• Working with TAG to reflect Care Inspectorate requirements for involvement.</li> <li>• Development of comprehensive and outcome focused framework for continual improvement via new systems</li> </ul>

## KEY HOUSING ASSOCIATION LIMITED

### REPORT OF THE MEMBERS OF THE BOARD (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2025

#### Principal risks and uncertainties (continued)

For Housing activity:

In our Housing activity, the main risk areas relate to compliance with the regulatory requirements from the Scottish Housing Regulator, a continued focus on rent affordability/value for money and the promotion of tenant safety.

The main risks and actions to mitigate these are as follows:

Risks	Actions to mitigate
Poor satisfaction rating from tenants on quality of service received	Range of mechanisms in place including annual satisfaction survey, establishment of tenant engagement group and regular consultations as required (for example on rent increases).  Overall focus on tenant satisfaction in all activity.
Failure to meet requirements of the SHR (including adhering to all statutory and good practice in relation to tenant safety)	Board review of compliance against regulatory framework takes place annually.  Governance, Regulation and Compliance Manager in place with oversight of regulatory updates and reviews.  Full review of policies, procedures and practice in relation to our duties for tenant safety completed in 2024.  Reporting requirements captured and routine systems in place.
Failure to consider rental affordability	Rent setting policy has comparability and affordability as key factors to be considered. Majority of stock classified as supported accommodation in benefits terms.  Issue of affordability of rents (unsupported base line) considered against a range of measures.  Commitment to explore value for money with the My Home Group
Housing stock fails to meet needs of tenants, without long term flexibility of use	Active housing remodeling programme taken forward over last 15 years but there remain a small number of larger shared properties with no active proposals to change. Whilst meeting the needs of the current tenants this will be reviewed should this position change and/or appropriate funding is available.

## KEY HOUSING ASSOCIATION LIMITED

### REPORT OF THE MEMBERS OF THE BOARD (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2025

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#### Statement of the Board's Responsibilities

Housing Association legislation requires the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Association and of the income and expenditure of the Group and the Association for the year ended on that date. In preparing those financial statements the Board are required to:-

- Select suitable accounting policies and then apply them consistently;
- Make judgements 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;
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group and the Association will continue in business; and
- Prepare a statement on internal control.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Association and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefits Societies (Group Accounts) Regulations 1969, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements. The Board is also responsible for safeguarding the assets of the Group and the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Disclosure of information to the auditor

To the knowledge and belief of each of the persons who are members of the Board at the time this report is approved:

- So far as each Board member is aware, there is no relevant audit information of which the auditor is unaware; and
- He/she has taken all the steps that he/she ought to have taken as a Member of the Board in order to make him/her aware of any relevant audit information, and to establish that the auditor is aware of that information.

#### Auditor

Azets Audit Services have expressed their willingness to continue in office as auditor and will be proposed for reappointment at the Annual General Meeting.

By order of the Board



Date: 20 August 2025

## KEY HOUSING ASSOCIATION LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEY HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

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#### Opinion

We have audited the financial statements of Key Housing Association Limited (the "Association") and its subsidiaries (the "Group") for the year ended 31 March 2025 which comprise the Consolidated and Association Statements of Comprehensive Income, the Consolidated and Association Statements of Changes in Capital and Reserves, the Consolidated and Association Statements of Financial Position, the Consolidated and Association Statements of Cash Flows and the 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 Financial Reporting Standard 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 the Association's affairs as at 31 March 2025 and of the Group's and the Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefits Societies (Group Accounts) Regulations 1969, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements issued by the Scottish Housing Regulator.

#### 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 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 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.

#### 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEY HOUSING ASSOCIATION LIMITED ON  
THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2025**

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**Other information (continued)**

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 in relation to which 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 by the Association; or
- the Association has not kept proper accounting records; or
- the Association's financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

**Responsibilities of the Board**

As explained more fully in the Statement of the Board's Responsibilities 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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Group's and 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 intend to liquidate the Group or 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. 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.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

***The extent to which the audit was considered capable of detecting irregularities including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the FRC's website, to detect material misstatements in respect of irregularities, including fraud.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEY HOUSING ASSOCIATION LIMITED ON  
THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2025**

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**Auditor's responsibilities for the audit of the financial statements (continued)**

We obtain and update our understanding of the Group and the Association, their activities, their control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the Group and the Association are complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the Group and the Association that were contrary to applicable laws and regulations, including fraud.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Group and the Association through discussions with the Board members and the senior management team, and from our knowledge and experience of the RSL sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Group and the Association, including the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefits Societies (Group Accounts) Regulations 1969, Part 6 of the Housing (Scotland) Act 2010, the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator, and taxation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of the senior management team and the Board and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of the Board and relevant sub-committees;
- enquiring of the senior management team and the Board as to actual and potential litigation and claims;
- reviewing legal and professional fees paid in the year for indication of any actual and potential litigation and claims; and
- reviewing correspondence with HMRC, the Scottish Housing Regulator, OSCR and the Group's and the Association's legal advisors.

We assessed the susceptibility of the Group's and the Association's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of the senior management team and the Board as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEY HOUSING ASSOCIATION LIMITED ON  
THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2025**

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**Auditor's responsibilities for the audit of the financial statements (continued)**

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**Use of our report**

This report is made solely to the Association's members, as a body, in accordance with Section 87 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, as a body, 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.



**Azets Audit Services**  
**Statutory Auditor**  
**Chartered Accountants**  
Titanium 1  
King's Inch Place  
Renfrew  
PA4 8WF

Date: 22 August 2025

Azets Audit Services is eligible for appointment as auditor of the Group and the Association by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

## KEY HOUSING ASSOCIATION LIMITED

### REPORT OF THE AUDITOR TO THE BOARD OF KEY HOUSING ASSOCIATION LIMITED ON INTERNAL FINANCIAL CONTROL FOR THE YEAR ENDED 31 MARCH 2025

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In addition to our audit of the Financial Statements, we have reviewed your statements on page 6 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial control 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 on corporate governance matters within Bulletin 2009/4 issued by the Financial Reporting Council. 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 page 6 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial control and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the Members of the Board and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Board's Statement on internal financial control appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial control contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial control.



**Azets Audit Services**  
**Statutory Auditor**  
**Chartered Accountants**  
Titanium 1  
King's Inch Place  
Renfrew  
PA4 8WF

Date: 22 August 2025

Azets Audit Services is eligible for appointment as auditor of the Group and the Association by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

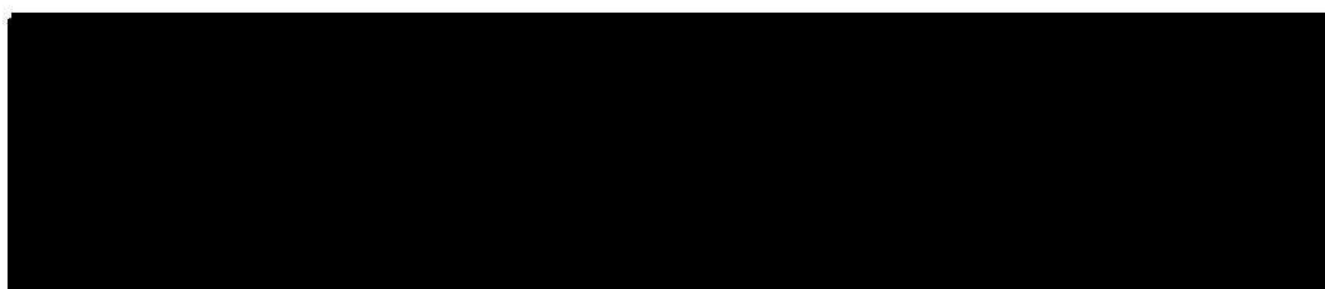
# KEY HOUSING ASSOCIATION LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2025

	Notes	2025 £	2024 £
<b>Turnover</b>	4	<b>92,544,822</b>	87,968,248
Operating expenditure	4	(90,825,997)	(85,890,087)
<b>Operating surplus</b>	4, 8	<b>1,718,825</b>	2,078,161
Interest receivable and other income	11	242,904	190,684
Interest payable and similar charges	11	(285,000)	(102,605)
Movement in market value of investments	16	-	9,964
<b>Surplus before tax</b>		<b>1,676,729</b>	2,176,204
Taxation	12	-	-
<b>Surplus for the year</b>		<b>1,676,729</b>	2,176,204
<b>Other comprehensive income</b>			
Actuarial gain/(loss) in respect of pension scheme	22	455,544	(4,615,000)
<b>Total comprehensive income for the year</b>		<b>2,132,273</b>	(2,438,796)

The results for the year relate wholly to continuing activities.

The financial statements were authorised for issue by the Members of the Board on 20 August 2025 and were signed on its behalf by:



The notes form part of these financial statements.



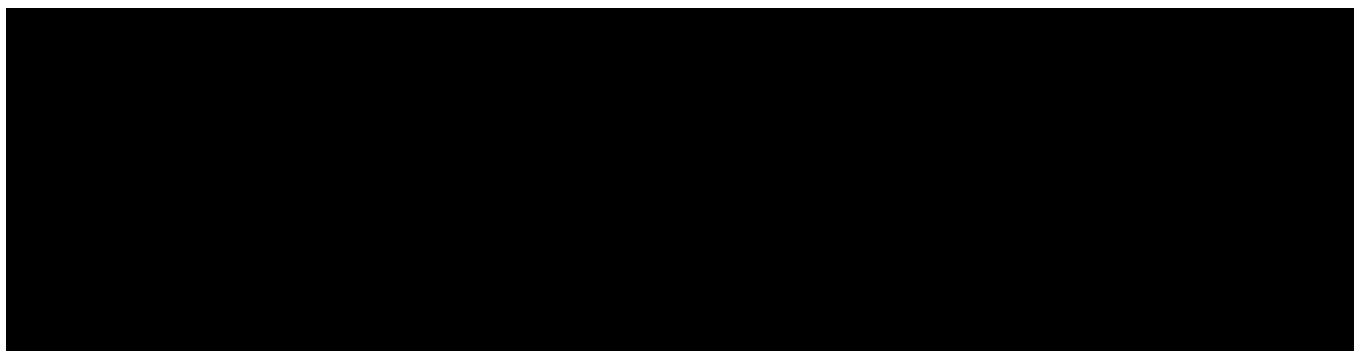
# KEY HOUSING ASSOCIATION LIMITED

## ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2025

	Notes	2025 £	2024 £
<b>Turnover</b>	5	<b>72,890,637</b>	69,480,507
Operating expenditure	5	<b>(70,930,195)</b>	(67,465,893)
<b>Operating surplus</b>	5, 8	<b>1,960,442</b>	2,014,614
Interest receivable and other income	11	<b>116,806</b>	88,542
Interest payable and similar charges	11	<b>(280,000)</b>	(101,605)
Movement in market value of investments	16	-	9,964
<b>Surplus before tax</b>		<b>1,797,248</b>	2,011,515
Taxation	12	-	-
<b>Surplus for the year</b>		<b>1,797,248</b>	2,011,515
<b>Other comprehensive income</b>			
Actuarial gain/(loss) in respect of pension scheme	22	<b>451,544</b>	(4,570,000)
<b>Total comprehensive income for the year</b>		<b>2,248,792</b>	(2,558,485)

The results for the year relate wholly to continuing activities.

The financial statements were authorised for issue by the Members of the Board on 20 August 2025 and were signed on its behalf by:



The notes form part of these financial statements.

**KEY HOUSING ASSOCIATION LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN CAPITAL AND RESERVES  
AS AT 31 MARCH 2025**

	<b>Note</b>	<b>Share Capital £</b>	<b>Revenue Reserve £</b>	<b>Total Reserves £</b>
Balance at 1 April 2024		211	26,965,112	26,965,323
Total comprehensive income for the year		-	2,132,273	2,132,273
Shares cancelled during the year	24a	(16)	-	(16)
Shares issued in the year	24a	2	-	2
Balance at 31 March 2025		<u>197</u>	<u>29,097,385</u>	<u>29,097,582</u>

**CONSOLIDATED STATEMENT OF CHANGES IN CAPITAL AND RESERVES  
AS AT 31 MARCH 2024**

	<b>Note</b>	<b>Share Capital £</b>	<b>Revenue Reserve £</b>	<b>Total Reserves £</b>
Balance at 1 April 2023		225	29,403,908	29,404,133
Total comprehensive income for the year		-	(2,438,796)	(2,438,796)
Shares cancelled during the year	24a	(18)	-	(18)
Shares issued in the year	24a	4	-	4
Balance at 31 March 2024		<u>211</u>	<u>26,965,112</u>	<u>26,965,323</u>

The notes form part of these financial statements.

**KEY HOUSING ASSOCIATION LIMITED****ASSOCIATION STATEMENT OF CHANGES IN CAPITAL AND RESERVES  
AS AT 31 MARCH 2025**

	<b>Note</b>	<b>Share Capital £</b>	<b>Revenue Reserve £</b>	<b>Total Reserves £</b>
Balance at 1 April 2024		<b>211</b>	<b>18,888,597</b>	<b>18,888,808</b>
Total comprehensive income for the year		-	<b>2,248,792</b>	<b>2,248,792</b>
Shares cancelled during the year	24a	<b>(16)</b>	-	<b>(16)</b>
Shares issued during the year	24a	<b>2</b>	-	<b>2</b>
Balance at 31 March 2025		<b>197</b>	<b>21,137,389</b>	<b>21,137,586</b>

**ASSOCIATION STATEMENT OF CHANGES IN CAPITAL AND RESERVES  
AS AT 31 MARCH 2024**

	<b>Note</b>	<b>Share Capital £</b>	<b>Revenue Reserve £</b>	<b>Total Reserves £</b>
Balance at 1 April 2023		<b>225</b>	<b>21,447,082</b>	<b>21,447,307</b>
Total comprehensive income for the year		-	<b>(2,558,485)</b>	<b>(2,558,485)</b>
Shares cancelled during the year	24a	<b>(18)</b>	-	<b>(18)</b>
Shares issued during the year	24a	<b>4</b>	-	<b>4</b>
Balance at 31 March 2024		<b>211</b>	<b>18,888,597</b>	<b>18,888,808</b>

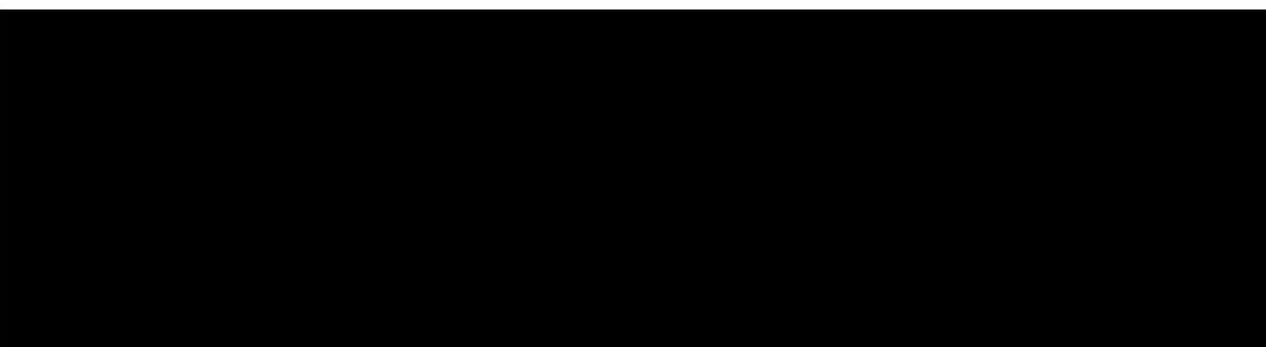
The notes form part of these financial statements.

# KEY HOUSING ASSOCIATION LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2025

	Notes	2025 £	2024 £
<b>Tangible fixed assets</b>			
Housing properties	13	14,822,107	14,521,183
Other fixed assets	14	3,671,337	3,775,939
		<u>18,493,444</u>	<u>18,297,122</u>
<b>Current assets</b>			
Debtors	15	9,089,527	8,066,303
Stock		10,049	10,049
Investments	16	657,486	628,774
Cash and cash equivalents	17	18,143,875	17,368,073
		<u>27,900,937</u>	<u>26,073,199</u>
<b>Creditors: amounts falling due within one year</b>	18	<u>(11,348,024)</u>	<u>(11,151,366)</u>
<b>Net current assets</b>		<u>16,552,913</u>	<u>14,921,833</u>
<b>Total assets less current liabilities</b>		<u>35,046,357</u>	<u>33,218,955</u>
<b>Creditors: amounts falling due after more than one year</b>	19	<u>(297,775)</u>	<u>(305,100)</u>
<b>Pension – defined benefit liability</b>	22	<u>(5,651,000)</u>	<u>(5,948,532)</u>
<b>Net assets</b>		<u>29,097,582</u>	<u>26,965,323</u>
<b>Capital and reserves</b>			
Share capital	24a	197	211
Revenue reserve	24b	29,097,385	26,965,112
		<u>29,097,582</u>	<u>26,965,323</u>

The financial statements were authorised for issue by the Members of the Board on 20 August 2025 and were signed on its behalf by:



Regulated number: 1938R(S)

The notes form part of these financial statements.

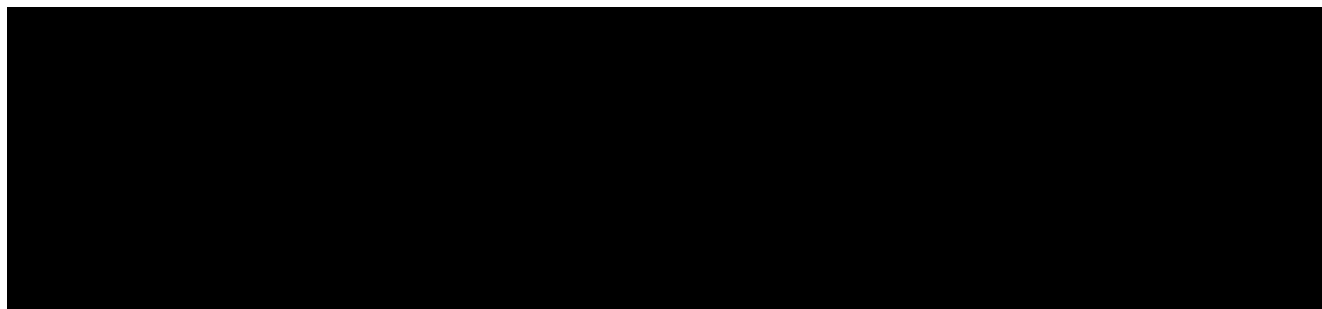


# KEY HOUSING ASSOCIATION LIMITED

## ASSOCIATION STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2025

	Notes	2025 £	2024 £
<b>Tangible fixed assets</b>			
Housing properties	13	14,822,107	14,521,183
Other fixed assets	14	2,001,804	2,047,283
		<u>16,823,911</u>	<u>16,568,466</u>
<b>Current assets</b>			
Debtors	15	7,082,974	6,131,502
Stock		10,049	10,049
Investments	16	1	1
Cash and cash equivalents	17	10,889,716	9,957,612
		<u>17,982,740</u>	<u>16,099,164</u>
<b>Creditors: amounts falling due within one year</b>	18	<u>(7,805,290)</u>	<u>(7,609,190)</u>
<b>Net current assets</b>		<u>10,177,450</u>	<u>8,489,974</u>
<b>Total assets less current liabilities</b>		<b>27,001,361</b>	<b>25,058,440</b>
<b>Creditors: amounts falling due after more than one year</b>	19	<b>(297,775)</b>	<b>(305,100)</b>
Pension – defined benefit liability	22	<u>(5,566,000)</u>	<u>(5,864,532)</u>
<b>Net assets</b>		<u><b>21,137,586</b></u>	<u><b>18,888,808</b></u>
<b>Capital and reserves</b>			
Share capital	24a	197	211
Revenue reserve	24b	21,137,389	18,888,597
		<u><b>21,137,586</b></u>	<u><b>18,888,808</b></u>

The financial statements were authorised for issue by the Members of the Board on 20 August 2025 and were signed on its behalf by:



Regulated number: 1938R(S)

The notes form part of these financial statements.

KEY HOUSING ASSOCIATION LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2025

	Notes	2025 £	2024 £
<b>Net cash generated from operating activities</b>	25a	<b>1,579,460</b>	<b>2,277,689</b>
<b>Cash flow from investing activities</b>			
Payments to acquire and improve housing stock		(886,854)	(307,313)
Housing grant received		-	35,000
Purchase of other property, plant and equipment		(146,798)	(65,511)
Proceeds from sale of property, plant and equipment		15,800	10,750
Interest received		242,904	190,684
		<b>(774,948)</b>	<b>(136,390)</b>
<b>Cash flow from financing activities</b>			
Proceeds received from disposal of current asset investments		-	553,414
Shares issued		2	4
Interest paid		-	(5,605)
Repayment of borrowings		-	(304,645)
(Deposit to)/withdrawal from current asset investments		(28,712)	-
		<b>(28,710)</b>	<b>243,168</b>
<b>Net change in cash and cash equivalents</b>		<b>775,802</b>	<b>2,384,467</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>17,368,073</b>	<b>14,983,606</b>
<b>Cash and cash equivalents at end of the year</b>		<b>18,143,875</b>	<b>17,368,073</b>

The notes form part of these financial statements.

(i) Analysis of changes in net debt

	At 1 April 2024	Cash flows	Other non- cash changes	At 31 March 2025
	£	£	£	£
<b>Cash and cash equivalents</b>				
Cash	17,368,073	775,802	-	18,143,875
<b>Investments - deposit accounts</b>	<b>628,774</b>	<b>28,712</b>	<b>-</b>	<b>657,486</b>
<b>Borrowings</b>				
Debt due within one year	-	-	-	-
Debt due after one year	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b>17,996,847</b>	<b>804,514</b>	<b>-</b>	<b>18,801,361</b>

# KEY HOUSING ASSOCIATION LIMITED

## ASSOCIATION STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2025

	Notes	2025 £	2024 £
<b>Net cash generated from operating activities</b>	25b	<b>1,816,095</b>	<b>2,821,015</b>
<b>Cash flow from investing activities</b>			
Payments to acquire and improve housing stock		(886,854)	(307,313)
Housing grant received		-	35,000
Purchase of other property, plant and equipment		(129,745)	(43,235)
Proceeds from sale of property, plant and equipment		15,800	10,750
Interest received		116,806	88,542
		<b>(883,993)</b>	<b>(216,256)</b>
<b>Cash flow from financing activities</b>			
Proceeds received from disposal of current asset investments		-	553,414
Shares issued		2	4
Interest paid		-	(5,605)
Repayment of borrowings		-	(304,645)
		<b>2</b>	<b>243,168</b>
<b>Net change in cash and cash equivalents</b>		<b>932,104</b>	<b>2,847,927</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>9,957,612</b>	<b>7,109,685</b>
<b>Cash and cash equivalents at end of the year</b>		<b>10,889,716</b>	<b>9,957,612</b>

The notes form part of these financial statements.

### (i) Analysis of changes in net debt

	At 1 April 2024	Cash flows	Other non- cash changes	At 31 March 2025
	£	£	£	£
<b>Cash and cash equivalents</b>				
Cash	9,957,612	932,104	-	10,889,716
<b>Borrowings</b>				
Debt due within one year	-	-	-	-
Debt due after one year	-	-	-	-
	-	-	-	-
<b>Total</b>	<b>9,957,612</b>	<b>932,104</b>	<b>-</b>	<b>10,889,716</b>

**1. General information**

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and comply with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefits Societies (Group Accounts) Regulations 1969, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements issued by the Scottish Housing Regulator. The principal accounting policies are set out below.

The preparation of financial statements in compliance with FRS 102 requires the use of certain accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies (see note 3).

The presentation currency is pounds sterling, and the financial statements are rounded to the nearest whole number.

The Association is a Co-operative and Community Benefit Society limited by shares and is incorporated in the United Kingdom. The Association is a registered social landlord in Scotland and its registered number is HEP141. The registered address is available on the first page of the financial statements.

The Association is defined as a public benefit entity and thus the Association complies with all disclosure requirements relating to public benefit entities.

**2. Principal accounting policies**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention, subject to the revaluation of certain fixed assets, and in accordance with applicable accounting standards. However, please note that on transition to FRS 102, an existing use value was used as deemed cost for housing properties.

The effect of events relating to the year ended 31 March 2025, which occurred before the date of approval of the financial statements by the Board have been included in the statements to the extent required to show a true and fair view of the state of affairs as at 31 March 2025 and of the results for the year ended on that date.

**Basis of consolidation**

These financial statements consolidate those of Key Housing Association Limited and its subsidiary undertakings, Community Lifestyles Limited and KHA Developments Limited (dormant from 1 April 2020), drawn up to 31 March 2025 as obliged by statute. Surpluses or deficits on intra-group transactions are eliminated in full.

2. Principal accounting policies (continued)

**Turnover**

***Association***

Turnover represents rental income earned in the period and grants of a revenue nature from local authorities and the Scottish Government for the provision of support services in the period which are recognised in line with the provision of the service.

Income from rental and service charges is recognised when the Association is entitled to it, it is probable it will be received, and it can be measured reliably.

***Community Lifestyles Limited***

All incoming resources are included in the Statement of Financial Activities when the charitable company is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- All income is included in the Statement of Financial Activities when the charitable company is entitled to the income after any performance conditions have been met, it is probable that the income will be received, and the amount can be measured reliably.
- Investment income is included when receivable.

***KHA Developments Limited***

This company was dormant during the current and prior year.

**Going concern**

The Board expect the Association and the Group to generate a surplus in 2025/26 and 2026/27 and the Board is satisfied that the Association and the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, the financial statements have been prepared on a going concern basis which presumes the realisation of assets and liabilities in the normal course of business.

**Government Capital Grants**

Government Capital Grants, at amounts approved by The Scottish Government or local authorities, are paid directly to the Group as required to meet its liabilities during the development process. This is treated as a deferred Government capital grant and is released to income in accordance with the accrual model over the useful life of the asset it relates to on completion of the development phase. The accrual model requires the Group to recognise income on a systematic basis over the period in which the Group recognises the related costs for which the grant is intended to compensate.

## 2. Principal accounting policies (continued)

### Government Revenue Grants

Government revenue grants are recognised using the accrual model which means the Group recognises the grant in income on a systematic basis over the period in which the Group recognises the related costs for which the grant is intended to compensate.

### Non-government capital and revenue grants

Non-government capital and revenue grants are recognised using the performance model. If there are no performance conditions attached the grants are recognised as revenue when the grants are received or receivable.

A grant that imposes specific future performance related conditions on the recipient is recognised as revenue only when the performance related conditions are met.

A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

### Interest receivable

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

### Interest payable

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

### Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

### Fixed assets and depreciation

Housing properties are stated at deemed cost based on an Existing Use Value at 1 April 2014. From this date, housing properties have been accounted for under historical cost. The cost of properties includes land cost, all construction costs, professional fees, and development administration costs.

The Group separately identifies the major components which comprise its housing properties, and charges depreciation, so as to write off the cost of each component to its estimated residual value, on a straight line basis, over its estimated useful economic life.

The Association depreciates the major components of its housing properties over the following years with the corresponding annual rates:

Land	Not depreciated
Buildings	50 years (2%)
Kitchens	18 years (5.56%)
Bathrooms	20 years (5%)
Heating systems	15 years (6.67%)
Roof structure and coverings	50 years (2%)
Windows	25 years (4%)

No depreciation is charged on assets during the course of construction.

**2. Principal accounting policies (continued)**

**Fixed assets and depreciation (continued)**

Other tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on the following basis:

Motor vehicles	-	20% - 33% per annum straight line method
Office Accommodation	-	2.5% per annum straight line method
Office Equipment		
- Equipment and Furniture	-	10% per annum reducing balance method
- Computer Equipment	-	25% per annum reducing balance method
- Photocopier	-	20% per annum reducing balance method
Wemyss Bay Lodge	-	3.33% per annum straight line method

Depreciation is charged on these fixed assets from the year of purchase, but no charge is made in the year of disposal.

**Investments**

Quoted investments are included in the financial statements at market value which is defined as mid-price.

**Debtors**

Short term debtors are measured at transaction price, less any impairment.

**Rental arrears**

Rental arrears represent amounts due by tenants for rental of social housing properties at the year end. Rental arrears are reviewed regularly by management and written down to the amount deemed recoverable. Any provision deemed necessary is shown alongside gross rental arrears in Note 15.

**Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**Financial instruments**

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans from banks.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method.

## 2. Principal accounting policies (continued)

### Financial instruments (continued)

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a rental arrear deferred beyond normal Group terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets are derecognised when contractual rights to the cash flows from the assets expire, or when the Group has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation, or expiry.

### Loans

Mortgage loans are advanced by private institutions and local authorities under the terms of individual mortgage deeds in respect of each property or housing development. Advances are only available in respect of those developments which have been given approval for by the Scottish Government.

### Investments in subsidiary

The investment in the subsidiary, KHA Developments Limited, is stated at cost, less any provisions required where there has been a permanent diminution in their value.

### Retirement benefits (note 22)

The Group and the Association participates in The Scottish Housing Associations' Defined Benefits Pension Scheme (SHAPS) and retirement benefits to employees of the Group and Association are funded by the contributions from all participating employers and employees in the scheme. Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating entities taken as a whole.

The SHAPS is accounted for as a defined benefit scheme and as such the amount charged to the Statement of Comprehensive Income in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost is included within other finance costs/income. Actuarial gains and losses arising from new valuations and from updating valuations to the reporting date are recognised in Other Comprehensive Income.

Defined benefit schemes are funded, with the assets held separately from the Association in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each reporting date.

The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the Statement of Financial Position only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the reporting date. A pension scheme liability is recognised to the extent that the Association has a legal or constructive obligation to settle the liability.

The defined benefit scheme was closed to future accrual on 1 April 2014.



**2. Principal accounting policies (continued)**

**Defined Contribution Scheme**

The Group and the Association also participates in defined contribution schemes with SHAPS and with Standard Life. The pension costs charged against operating profits are contributions payable to the respective scheme in respect of the financial year.

**Reserves**

In line with recommended practice, the reserves which had been previously designated for specific purposes are no longer disclosed separately within the financial statements. These included reserves for major repairs and future trading commitments as well as other smaller reserves. The Group and the Association continue to internally monitor these sums.

**3. Judgements in applying policies and key sources of estimation uncertainty**

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The members of the Board consider the following to be critical judgements in preparing the financial statements:

- The categorisation of housing properties as property, plant, and equipment in line with the requirements of the SORP; and
- The amount disclosed as 'operating surplus' is representative of activities that would normally be regarded as 'operating'.

The Board are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied as follows:

**Estimate**

**Basis of estimation**

Valuation of Housing Properties

Housing Properties are held at deemed cost which is based on an existing use valuation at the date of transition of 1 April 2014. The assumptions used in the existing use value were reviewed and are considered reasonable.

Useful lives of property, plant and equipment

The useful lives of property, plant and equipment are based on the knowledge of senior management at the Association, with reference to expected asset life cycles.

The main components of housing properties and their useful lives

The cost of housing properties is split into separately identifiable components. These components were identified by knowledgeable and experienced staff members and based on costing models.

Recoverable amount of rental and other trade receivables

Rental arrears and other trade receivables are reviewed by appropriately experienced senior management team members on a case by case basis with the balance outstanding together with the payment history of the individual tenant being taken into account.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2025

## 3. Judgements in applying policies and key sources of estimation uncertainty (continued)

<u>Estimate</u>	<u>Basis of estimation</u>
The obligations under the SHAPs pension scheme	This has relied on the actuarial assumptions of a qualified actuary which have been reviewed and are considered reasonable and appropriate.
Investments at market value	This has relied on the valuation prepared by investment managers as at the year end.

## 4. Particulars of turnover, operating expenditure and operating surplus - Consolidated

	Turnover 2025 £	Operating expenditure 2025 £	Operating surplus 2025 £	Operating surplus 2024 £
Affordable lettings (note 6)	7,164,863	6,722,770	442,093	349,057
Other activities (note 7a)	85,379,959	84,103,227	1,276,732	1,729,104
<b>Total 2025</b>	<b>92,544,822</b>	<b>90,825,997</b>	<b>1,718,825</b>	
<i>Total 2024</i>	<i>87,968,248</i>	<i>85,890,087</i>		<i>2,078,161</i>

## 5. Particulars of turnover, operating expenditure and operating surplus – The Association

	Turnover 2025 £	Operating expenditure 2025 £	Operating surplus 2025 £	Operating surplus 2024 £
Affordable lettings (note 6)	7,164,863	6,722,770	442,093	349,057
Other activities (note 7b)	65,725,774	64,207,425	1,518,349	1,665,557
<b>Total 2025</b>	<b>72,890,637</b>	<b>70,930,195</b>	<b>1,960,442</b>	
<i>Total 2024</i>	<i>69,480,507</i>	<i>67,465,893</i>		<i>2,014,614</i>

KEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2025

6. Particulars of turnover, operating expenditure and operating surplus from affordable letting activities – Consolidated and Association

	General Needs Housing £	Supported Housing £	2025 Total £	2024 Total £
Rent receivable net of service charges	512,416	5,935,916	6,448,332	5,982,532
Service charges	28,916	731,136	760,052	742,507
<b>Gross income from rents and service charges</b>	<b>541,332</b>	<b>6,667,052</b>	<b>7,208,384</b>	<b>6,725,039</b>
<b>Less voids</b>	<b>(6,837)</b>	<b>(44,009)</b>	<b>(50,846)</b>	<b>(40,183)</b>
<b>Net income from rents and services</b>	<b>534,495</b>	<b>6,623,043</b>	<b>7,157,538</b>	<b>6,684,856</b>
Amortisation of deferred government capital grants	-	7,325	7,325	7,325
<b>Total turnover from affordable letting activities</b>	<b>534,495</b>	<b>6,630,368</b>	<b>7,164,863</b>	<b>6,692,181</b>
Management and maintenance administration costs	156,727	1,008,926	1,165,653	1,145,985
Service costs	78,910	3,509,473	3,588,383	3,368,386
Planned and cyclical maintenance costs including major repairs	107,897	694,583	802,480	751,503
Reactive maintenance costs	78,027	502,297	580,324	563,139
Depreciation of social housing	78,780	507,150	585,930	514,111
<b>Operating expenditure for affordable letting activities</b>	<b>500,341</b>	<b>6,222,429</b>	<b>6,722,770</b>	<b>6,343,124</b>
<b>Operating Surplus on affordable letting activities, 2025</b>	<b>34,154</b>	<b>407,939</b>	<b>442,093</b>	<b>-</b>
<i>Operating Surplus on affordable letting activities, 2024</i>	<i>21,626</i>	<i>327,431</i>	<i>-</i>	<i>349,057</i>

KEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2025

7a. Particulars of turnover, operating expenditure and operating surplus from other activities – Consolidated

	Grants from Scottish Ministers	Support funding	Total turnover	Operating expenditure	Operating surplus	Operating surplus
	2025 £	2025 £	2025 £	2025 £	2025 £	2024 £
Development activities	78,360	-	78,360	119,540	(41,180)	5,504
Care activities	-	85,301,599	85,301,599	83,983,687	1,317,912	1,723,600
<b>Total from other activities 2025</b>	<b>78,360</b>	<b>85,301,599</b>	<b>85,379,959</b>	<b>84,103,227</b>	<b>1,276,732</b>	
<i>Total from other activities 2024</i>	<i>146,479</i>	<i>81,129,588</i>	<i>81,276,067</i>	<i>79,546,963</i>		<i>1,729,104</i>

7b. Particulars of turnover, operating expenditure and operating surplus from other activities – Association

	Grants from Scottish Ministers	Support funding	Other Agency / Management Services	Total turnover	Operating expenditure	Operating surplus / (deficit)	Operating surplus/(deficit)
	2025 £	2025 £	2025 £	2025 £	2025 £	2025 £	2024 £
Development activities	78,360	-	-	78,360	119,540	(41,180)	5,504
Care activities	-	64,729,834	917,580	65,647,414	64,087,885	1,559,529	1,660,053
<b>Total from other activities 2025</b>	<b>78,360</b>	<b>64,729,834</b>	<b>917,580</b>	<b>65,725,774</b>	<b>64,207,425</b>	<b>1,518,349</b>	
<i>Total from other activities 2024</i>	<i>146,479</i>	<i>61,743,927</i>	<i>897,920</i>	<i>62,788,326</i>	<i>61,122,769</i>		<i>1,665,557</i>

# KEY HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 8. Operating Surplus

	Consolidated		Association	
	2025	2024	2025	2024
	£	£	£	£
Operating surplus is stated after:				
<b>Depreciation:</b>				
- property	539,417	495,150	539,417	495,150
- other fixed assets	196,104	190,694	119,928	113,579
- loss on disposal of components	46,513	18,962	46,513	18,962
<b>Loss on disposal of fixed assets</b>	<b>39,496</b>	<b>21,819</b>	<b>39,496</b>	<b>21,819</b>
<b>External auditor's remuneration exc VAT:</b>				
- external audit services	43,518	40,175	25,467	23,625
<b>Internal auditor's remuneration:</b>	<b>16,813</b>	<b>15,120</b>	<b>16,813</b>	<b>15,120</b>
- internal audit services				
<b>Operating lease costs:</b>				
- motor vehicles	35,166	49,669	35,166	49,669
- land and buildings	484,840	460,168	484,840	460,168

### 9. Remuneration

Board members are not remunerated.

The number of employees in the year whose emoluments (excluding pension contributions) exceeded £60,000 were as follows:

	2025	2024
More than £60,000 but not more than £70,000	3	2
More than £70,000 but not more than £80,000	6	5
More than £80,000 but not more than £90,000	1	1
More than £90,000 but not more than £100,000	2	2
More than £100,000 but not more than £110,000	1	-
More than £110,000 but not more than £120,000	-	1
More than £120,000 but not more than £130,000	1	-

Total emoluments paid to employees whose emoluments (excluding pension contributions) exceeded £60,000 were as follows:

Emoluments of those earning > £60,000	Consolidated		Association	
	2025	2024	2025	2024
	£	£	£	£
Salary	1,143,328	894,683	1,143,328	894,683
Pension contributions	51,163	39,968	51,163	39,968
	<u>1,194,491</u>	<u>934,651</u>	<u>1,194,491</u>	<u>934,651</u>

# KEY HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 9. Remuneration (continued)

The Association considers key management personnel to be the Board and the senior management team of the Association as detailed on the first page of the accounts under Executive Officers.

Key management emoluments	Consolidated		Association	
	2025	2024	2025	2024
	£	£	£	£
Salary	499,688	460,255	499,688	460,255
Employers' national insurance	62,678	57,236	62,678	57,236
Pension contributions	22,567	20,767	22,567	20,767
	<u>584,933</u>	<u>538,258</u>	<u>584,933</u>	<u>538,258</u>

The emoluments excluding pension contributions of the highest paid director who is the Chief Executive were £123,507 (2024 - £117,097).

The Chief Executive is an ordinary member of the Scottish Housing Association Pension Scheme (SHAPS) as described in note 22. No enhanced or special terms apply to membership. The Chief Executive had no personal pension arrangements. Pension contributions in respect of the Chief Executive amounted to £5,598 (2024 - £5,211).

	Consolidated		Association	
	2025	2024	2025	2024
	£	£	£	£
Expenses paid to members of the Board	<u>1,344</u>	<u>1,275</u>	<u>1,344</u>	<u>1,275</u>

Staff costs (including Directors' emoluments) during the year:

Wages and salaries	72,468,805	67,389,958	55,530,824	51,933,735
Social security costs	7,155,573	6,388,373	5,379,543	4,834,723
Pension costs	1,399,287	1,341,406	1,094,975	1,047,679
Pension costs – Past service scheme expenses	71,157	69,084	70,040	68,000
	<u>81,094,822</u>	<u>75,188,821</u>	<u>62,075,382</u>	<u>57,884,137</u>

In addition to expenditure on direct salaries, the group incurred £2,014,935 (2024 - £3,209,515) expenditure on the use of agency staff. For Key this was £1,811,747 (2024 - £2,733,155).

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2025**9. Remuneration (continued)**

The average weekly number of persons employed and the full time equivalent (FTE) was as follows:

	<b>Consolidated</b>			
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>Average</b>	<b>Average</b>	<b>FTE</b>	<b>FTE</b>
	<b>weekly</b>	<b>Weekly</b>	<b>Nos</b>	<b>FTE</b>
	<b>Nos</b>	<b>Nos</b>	<b>Nos</b>	<b>Nos</b>
Head Office	<b>102</b>	<b>100</b>	<b>96</b>	<b>94</b>
Services	<b>2,648</b>	<b>2,627</b>	<b>2,108</b>	<b>2,122</b>
	<b>2,750</b>	<b>2,727</b>	<b>2,204</b>	<b>2,216</b>
	<b>Association</b>			
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>Average</b>	<b>Average</b>	<b>FTE</b>	<b>FTE</b>
	<b>weekly</b>	<b>Weekly</b>	<b>Nos</b>	<b>FTE</b>
	<b>Nos</b>	<b>Nos</b>	<b>Nos</b>	<b>Nos</b>
Head Office	<b>102</b>	<b>100</b>	<b>96</b>	<b>94</b>
Services	<b>2,106</b>	<b>2,085</b>	<b>1,608</b>	<b>1,622</b>
	<b>2,208</b>	<b>2,185</b>	<b>1,704</b>	<b>1,716</b>

**10. Creditor payments**

The group policy is to pay purchase invoices at the end of the month following receipt. On average, invoices are paid within days (2024 - 30 days) of receipt.

**11. Interest receivable and payable**

	<b>Consolidated</b>		<b>Association</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Interest receivable and similar income</b>				
Bank deposit interest	<b>241,392</b>	<b>189,095</b>	<b>115,294</b>	<b>86,953</b>
Union commission	<b>1,512</b>	<b>1,589</b>	<b>1,512</b>	<b>1,589</b>
	<b>242,904</b>	<b>190,684</b>	<b>116,806</b>	<b>88,542</b>
<b>Interest payable and similar charges:</b>				
Bank loans and other loan	-	(5,605)	-	(5,605)
Defined benefit pension liability – interest charge (note 22)	<b>(285,000)</b>	<b>(97,000)</b>	<b>(280,000)</b>	<b>(96,000)</b>
	<b>(285,000)</b>	<b>(102,605)</b>	<b>(280,000)</b>	<b>(101,605)</b>

## KEY HOUSING ASSOCIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

#### 12. Taxation

##### Group

The Association and Community Lifestyles Limited have charitable status and thus no corporation tax is due from their charitable activities (2024 - £nil).

KHA Developments Limited did not trade during the year so no tax is payable.

##### Association

The Association has charitable status and thus no corporation tax is due from its charitable activities.

#### 13. Fixed assets – Housing Land and Buildings – Consolidated and Association

	2025 £	2024 £
<b>Cost</b>		
At 1 April 2024	18,871,422	18,606,856
Additions	886,854	307,313
Disposals	(97,029)	(42,747)
At 31 March 2025	19,661,247	18,871,422
<b>Property Depreciation</b>		
At 1 April 2024	4,350,239	3,878,874
Charge for the year	539,417	495,150
Disposals	(50,516)	(23,785)
At 31 March 2025	4,839,140	4,350,239
<b>Net Book Value at 31 March 2025</b>	<b>14,822,107</b>	<b>14,521,183</b>

Total cost of components capitalised for the year amounted to £886,854 (2024 - £307,313). The amount spent on maintenance of housing properties held for letting can be seen in Note 6.

Additions to Housing Properties during the year includes £nil capitalised interest (2024 - £nil) and £nil capitalised administration costs (2024 - £nil). All housing properties are freehold. Properties with a cost of £nil (2024 - £nil) and accumulated depreciation of £nil (2024 - £nil) have been disposed in the year. Components with a cost of £97,029 (2024 - £42,747) and accumulated depreciation of £50,516 (2024 - £23,785) have been disposed of for £nil (2024 - £nil) net proceeds.

The housing properties were revalued as at 1 April 2014 by Graham & Sibbald Limited and this value was used as the deemed cost from that date in accordance with FRS 102.

Included in freehold housing properties is land with a historic cost allocation of £1,622,017 (2024 - £1,622,017).



# KEY HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 14. Fixed Assets – Other – Consolidated

Cost	Motor Vehicles £	Office Equipment £	Wemyss Bay Lodge £	Office Accommodation £	Total £
At 1 April 2024	76,869	572,838	132,227	4,542,791	5,324,725
Additions	-	146,798	-	-	146,798
Disposals	(41,999)	(163,221)	-	-	(205,220)
At 31 March 2025	34,870	556,415	132,227	4,542,791	5,266,303
<b>Depreciation</b>					
At 1 April 2024	70,332	334,713	39,672	1,104,069	1,548,786
Charge for year	3,337	72,152	4,408	116,207	196,104
Disposals	(38,799)	(111,125)	-	-	(149,924)
At 31 March 2025	34,870	295,740	44,080	1,220,276	1,594,966
<b>Net Book Value</b>					
At 31 March 2025	-	260,675	88,147	3,322,515	3,671,337
At 31 March 2024	6,537	238,125	92,555	3,438,722	3,775,939

### Fixed Assets – Other - Association

Cost	Motor Vehicles £	Office Equipment £	Wemyss Bay Lodge £	Office Accommodation £	Total £
At 1 April 2024	76,869	324,126	132,227	2,488,646	3,021,868
Additions	-	129,745	-	-	129,745
Disposals	(41,999)	(163,221)	-	-	(205,220)
At 31 March 2025	34,870	290,650	132,227	2,488,646	2,946,393
<b>Depreciation</b>					
At 1 April 2024	70,332	179,875	39,672	684,706	974,585
Charge for year	3,337	49,937	4,408	62,246	119,928
Disposals	(38,799)	(111,125)	-	-	(149,924)
At 31 March 2025	34,870	118,687	44,080	746,952	944,589
<b>Net Book Value</b>					
At 31 March 2025	-	171,963	88,147	1,741,694	2,001,804
At 31 March 2024	6,537	144,251	92,555	1,803,940	2,047,283

# KEY HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 15. Debtors: falling due within one year

	Consolidated 2025 £	2024 £	Association 2025 £	2024 £
Rent arrears	193,814	138,382	193,814	138,382
Less: provision for bad debts	(36,876)	(30,769)	(36,876)	(30,769)
Arrears for rent and service charge	156,938	107,613	156,938	107,613
Other debtors and prepayments	715,388	753,697	581,493	644,123
Local authority revenue grant receivable	8,217,201	7,204,993	6,282,034	5,347,052
Amounts owed by subsidiary undertakings	-	-	62,509	32,714
	<u>9,089,527</u>	<u>8,066,303</u>	<u>7,082,974</u>	<u>6,131,502</u>

### 16. Investments

Consolidated	2025 £	2024 £
Quoted investments (see below)	-	-
Balances held in deposit accounts (> 3 months)	657,486	628,774
	<u>657,486</u>	<u>628,774</u>
Association	2025 £	2024 £
Investment in subsidiary undertaking:		
- KHA Developments Limited	1	1
Quoted investments (see below)	-	-
	<u>1</u>	<u>1</u>

Key Housing Association Limited owns 1 ordinary £1 share in KHA Developments Limited (SC341478). The investment is held at cost. This represents a 100% shareholding in KHA Developments Limited, a company registered in Scotland, whose principal activity is that of acting as the design and build subsidiary of Key Housing Association Limited. There was no financial activity in the year for KHA Developments Limited. The net liabilities at 31 March 2025 were (£1,040) (2024: (£1,040)).

Key Housing Association Limited has 100% control over its subsidiary undertaking Community Lifestyles Limited, a company limited by guarantee whose principal activity is the support of adults with learning disabilities. KEY is the only member of Community Lifestyles Limited and approves the appointment of the directors of Community Lifestyles Limited. Community Lifestyles Limited made a deficit of £120,519 (2024 –surplus of £164,689) for the year ended 31 March 2025. Included in other comprehensive income was an actuarial gain of £4,000 (2024 - actuarial loss of £45,000) in respect of SHAPS to give total comprehensive income of (£116,519) (2024 - £119,689). Community Lifestyles Limited has reserves of £7,959,996 as at 31 March 2025 (2024 - £8,076,515).

# KEY HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 16. Investments (continued)

The Group and Key Housing Association Limited have quoted investments held via James Hay as follows:

	<b>Consolidated 2025</b>	Consolidated 2024	<b>Association 2025</b>	Association 2024
	£	£	£	£
<b>Quoted investments</b>				
Market value at 1 April 2024	-	543,450	-	543,450
Movement in market value	-	9,964	-	9,964
Divested in current year	-	(553,414)	-	(553,414)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Market value at 31 March 2025	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

### 17. Cash and cash equivalents

	<b>Consolidated 2025</b>	2024	<b>Association 2025</b>	2024
	£	£	£	£
Cash - Current account	16,433,758	15,695,226	9,720,365	8,817,490
Cash equivalents - Deposit accounts (< 3 months)	1,710,117	1,672,847	1,169,351	1,140,122
	<u>18,143,875</u>	<u>17,368,073</u>	<u>10,889,716</u>	<u>9,957,612</u>

### 18. Creditors: falling due within one year

	<b>Consolidated 2025</b>	2024	<b>Association 2025</b>	2024
	£	£	£	£
Bank loans (note 20)	-	-	-	-
Trade creditors	44,411	134,086	44,411	134,086
Pension creditor	314,990	404,058	243,687	341,996
Other creditors	3,920,470	3,773,945	2,038,430	1,852,492
Social security and other taxes	1,502,571	1,376,881	1,105,299	1,023,918
Accruals and deferred grant income	5,327,095	5,237,648	4,043,568	3,993,089
Prepayments of rent and service charge	231,162	217,423	231,162	217,423
Amounts due to subsidiary undertakings	-	-	91,408	38,861
Deferred Government capital grant (note 21)	7,325	7,325	7,325	7,325
	<u>11,348,024</u>	<u>11,151,366</u>	<u>7,805,290</u>	<u>7,609,190</u>

# KEY HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 19. Creditors: amounts falling due after more than one year

	Consolidated 2025 £	2024 £	Association 2025 £	2024 £
Bank loans (note 20)	-	-	-	-
Deferred Government capital grant (note 21)	297,775	305,100	297,775	305,100
	<u>297,775</u>	<u>305,100</u>	<u>297,775</u>	<u>305,100</u>

### 20. Loans: Consolidated and Association

#### Total bank loans outstanding:

Payable in one year or less	-	-
Payable within one to two years	-	-
Payable within two to five years	-	-
Payable over five years	-	-

Less: payable within one year

Total bank loans due after one year

2025 £	2024 £
-	-
-	-
-	-
-	-
-	-
-	-
-	-

The net book value of housing properties secured at the year-end date was £nil (2024 - £5,180,363). All securities were released on 18 November 2024.

### 21. Deferred capital grants: Consolidated and Association

#### Gross grant

At 1 April 2024	366,246	331,246
Grants received in year	-	35,000
At 31 March 2025	<u>366,246</u>	<u>366,246</u>

#### Amortisation of grant

At 1 April 2024	53,821	46,496
Amortisation	7,325	7,325
At 31 March 2025	<u>61,146</u>	<u>53,821</u>

Net grant at 31 March 2025

Payable in one year or less	7,325	7,325
Payable within one to two years	7,325	7,325
Payable within two to five years	21,975	21,975
Payable over five years	268,475	275,800
Total	<u>305,100</u>	<u>312,425</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2025

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**22. Retirement**

**benefits Defined**

**benefit scheme**

Key Housing Association Limited and Community Lifestyles Limited participate in the Scottish Housing Associations' Pension Scheme (the "Scheme"). The Scheme is a multi-employer defined benefit scheme which provides benefits to some 150 non-associated employers. The Scheme is funded.

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 offers six benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate;
- Career average revalued earnings with a 1/60th accrual rate;
- Career average revalued earnings with a 1/70th accrual rate;
- Career average revalued earnings with a 1/80th accrual rate;
- Career average revalued earnings with a 1/120th accrual rate contracted in; and
- Defined contribution.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. The DC option can be introduced by the employer on the first day of any month after giving a minimum of three months' prior notice.

Key Housing Association Limited and Community Lifestyle Limited have elected to operate the Defined Contributions Option for existing and new entrants. The defined benefit scheme was closed to future accrual on 1 April 2014. However, the Association and Community Lifestyles Limited are still required to fund the past service deficit liability in respect of the defined benefit scheme.

There was an additional annual employer past service deficit contribution of £126,988 (net of administration costs) (2024 - £1,479,468) made in the year ended 31 March 2025 for the Group including £126,988 (2024 - £1,479,468) for the Association.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

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

The Scheme is classified as a 'last-man standing arrangement'. Therefore the company 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. For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2024. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2025 to 28 February 2026 inclusive. The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2025**22. Retirement benefits (continued)****Group****Present values of defined benefit obligation, fair value of assets and defined benefit liability**

	<b>31 March 2025</b>	<i>31 March 2024</i>
	<b>£'000</b>	<i>£'000</i>
Fair value of plan assets	<b>39,008</b>	<i>42,310</i>
Present value of defined benefit obligation	<b>(44,659)</b>	<i>(48,259)</i>
<b>Defined benefit liability to be recognised</b>	<b><u>(5,651)</u></b>	<i><u>(5,949)</u></i>

**Reconciliation of opening and closing balances of the defined benefit obligation**

	<b>Year ended</b>	<i>Year ended</i>
	<b>31 March</b>	<i>31 March</i>
	<b>2025</b>	<i>2024</i>
	<b>£'000</b>	<i>£'000</i>
Defined benefit obligation at start of period	<b>48,259</b>	<i>47,845</i>
Current service cost	<b>-</b>	<i>-</i>
Expenses	<b>71</b>	<i>68</i>
Interest expense	<b>2,296</b>	<i>2,288</i>
Actuarial (gains)/losses due to scheme experience	<b>900</b>	<i>551</i>
Actuarial (gains)/losses due to changes in demographic assumptions	<b>(4,575)</b>	<i>(316)</i>
Actuarial (gains) due to changes in financial assumptions	<b>-</b>	<i>213</i>
Benefits paid and expenses	<b>(2,292)</b>	<i>(2,390)</i>
<b>Defined benefit liability at the end of the period</b>	<b><u>44,659</u></b>	<i><u>48,259</u></i>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2025

## 22. Retirement benefits (continued)

## Reconciliation of opening and closing balances of the fair value of plan assets

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Fair value of plan assets at start of the period	42,310	45,129
Interest income	2,011	2,191
Experience on plan assets (excluding amounts included in interest income) – (loss)/gain	(3,339)	(4,167)
Contributions by the employer	318	1,547
Benefits paid and expenses	(2,292)	(2,390)
<b>Fair value of plan assets at end of period</b>	<b>39,008</b>	<b>42,310</b>

## Defined benefit costs recognised in the Statement of Comprehensive Income

	Period from 31 March 2024 to 31 March 2025 £'000	Period from 31 March 2022 to 31 March 2024 £'000
Current service cost	-	-
Admin expenses	71	68
Net interest expense	285	97
<b>Defined benefit costs recognised in Statement of Comprehensive Income</b>	<b>356</b>	<b>165</b>

## Defined benefit costs recognised in Other Comprehensive Income

	Year Ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Experience on plan assets (excluding amounts included in net interest cost) – (loss)/gain	(3,339)	(4,167)
Experience gains and losses arising on the plan liabilities – gain/(loss)	(900)	(551)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain/(loss)	-	316
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	4,695	(213)
<b>Total amount recognised in other comprehensive income – actuarial gain/ (loss)</b>	<b>456</b>	<b>(4,615)</b>

# KEY HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 22. Retirement benefits (continued)

#### Fund allocation for employer's calculated share of assets

	31 March 2025 £'000	31 March 2024 £'000
Global Equity	4,519	4,866
Absolute Return	-	1,901
Distressed Opportunities	-	1,557
Credit Relative Value	-	1,490
Alternative Risk Premia	-	1,524
Liquid Alternatives	7,182	-
Emerging Markets Debt	-	741
Risk Sharing	-	2,539
Insurance-Linked Securities	148	263
Property	1,932	1,789
Infrastructure	8	4,052
Private Equity	34	33
Real Assets	4,656	-
Private Debt	-	1,703
Opportunistic Illiquid Credit	-	1,684
Private Credit	4,865	-
Credit	1,659	-
Investment Grade Credit	1,784	-
High Yield	-	7
Cash	208	1,096
Corporate Bond Fund	-	-
Liquid Credit	-	-
Long Lease Property	13	315
Secure Income	901	1,412
Liability Driven Investment	10,982	15,301
Currency Hedging	65	(15)
	52	52
Net Current Assets	39,008	42,310
Total Assets		

The main financial assumptions used by the Scheme Actuary, TPT, in their FRS 102 calculations are as follows:

Assumptions as at	31 March 2025	31 March 2025
	% per annum	% per annum
	Key Housing Association	CommunityLifestyles
Discount rate	5.73	5.82
Inflation (RPI)	3.13	3.1
Inflation (CPI)	2.76	2.79
Salary growth	3.76	3.79
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2025**22. Retirement benefits (continued)**

The mortality assumptions adopted at 31 March 2025 imply the following life expectancies:

	Life expectancy at age 65 (years)
Male retiring in 2025	20.2
Female retiring in 2025	22.7
Male retiring in 2044	21.5
Female retiring in 2044	24.2

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2017 model with an allowance for smoothing of recent mortality experience and long term rates of 1.25% p.a. for males and 1% p.a. for females.

**Member data summary****Active members**

	Number	Total earnings (£'000s p.a.)	Average age (unweighted)
Males	20	917	57
Females	38	1,698	56
<b>Total</b>	<b>58</b>	<b>2,615</b>	<b>57</b>

**Deferred members**

	Number	Deferred pensions (£'000s p.a.)	Average age (unweighted)
Males	42	113	58
Females	105	258	57
<b>Total</b>	<b>147</b>	<b>371</b>	<b>57</b>

**Pensioners**

	Number	Pensions (£'000s p.a.)	Average age (unweighted)
Males	81	616	70
Females	233	1,208	70
<b>Total</b>	<b>314</b>	<b>1,824</b>	<b>70</b>

KEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2025

22. Retirement benefits (continued)

Association

Present values of defined benefit obligation, fair value of assets and defined benefit liability

	31 March 2025 £'000	31 March 2024 £'000
Fair value of plan assets	38,399	41,684
Present value of defined benefit obligation	(43,965)	(47,549)
<b>Defined benefit liability to be recognised</b>	<b>(5,566)</b>	<b>(5,865)</b>

Reconciliation of opening and closing balances of the defined benefit obligation

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Defined benefit obligation at start of period	47,549	47,154
Current service cost	-	-
Expenses	70	67
Interest expense	2,261	2,255
Actuarial (gains)/losses due to scheme experience	854	547
Actuarial (gains)/losses due to changes in demographic assumptions		(312)
Actuarial (gains) due to changes in financial assumptions	(4,489)	217
Benefits paid and expenses	(2,280)	(2,379)
<b>Defined benefit liability at the end of the period</b>	<b>43,965</b>	<b>47,549</b>

Reconciliation of opening and closing balances of the fair value of plan assets

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Fair value of plan assets at start of the period	41,684	44,476
Interest income	1,981	2,159
Experience on plan assets (excluding amounts included in interest income) (loss)/gain	(3,303)	(4,118)
Contributions by the employer	317	1,546
Benefits paid and expenses	(2,280)	(2,379)
<b>Fair value of plan assets at end of period</b>	<b>38,399</b>	<b>41,684</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2025

## 22. Retirement benefits (continued)

## Defined benefit costs recognised in the Statement of Comprehensive Income

	Period from 31 March 2024 to 31 March 2025 £'000	Period from 31 March 2022 to 31 March 2024 £'000
Current service cost	-	-
Admin expenses	70	67
Net interest expense	280	96
<b>Defined benefit costs recognised in Statement of Comprehensive Income</b>	<b>350</b>	<b>163</b>

## Defined benefit costs recognised in Other Comprehensive Income

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Experience on plan assets (excluding amounts included in net interest cost) – (loss)/gain	(3,303)	(4,118)
Experience gains and losses arising on the plan liabilities – gain/(loss)	(854)	(547)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain/(loss)		312
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	4,609	(217)
<b>Total amount recognised in other comprehensive income – Actuarial gain/(loss)</b>	<b>452</b>	<b>(4,570)</b>

# KEY HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 22. Retirement benefits (continued)

#### Fund allocation for employer's calculated share of assets

	31 March 2025 £'000	31 March 2024 £'000
Global Equity	4,448	4,794
Absolute Return	-	1,873
Distressed Opportunities	-	1,534
Credit Relative Value	-	1,468
Alternative Risk Premia	-	1,501
Liquid Alternatives	7,070	-
Emerging Markets Debt	-	730
Risk Sharing	-	2,501
Insurance-Linked Securities	146	259
Property	1,902	1,763
Infrastructure	8	3,992
Private Equity	33	33
Real Assets	4,583	-
Private Debt	-	1,678
Opportunistic Illiquid Credit	-	1,659
Private Credit	4,789	-
Credit	1,633	-
Investment Grade Credit	1,756	7
High Yield	-	1,080
Cash	205	-
Corporate Bond Fund	-	-
Liquid Credit	13	310
Long Lease Property	887	1,391
Secure Income	10,811	15,075
Liability Driven Investment	64	(15)
Currency Hedging	51	51
Net Current Assets		
Total assets	38,399	41,684

The main financial assumptions used by the Scheme Actuary, TPT, in their FRS 102 calculations are as follows:

Assumptions as at	31 March 2025 % per annum
Discount rate	5.73%
Inflation (RPI)	3.13%
Inflation (CPI)	2.76%
Salary growth	3.76%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2025

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**22. Retirement benefits (continued)**

The mortality assumptions adopted at 31 March 2025 imply the following life expectancies:

	<b>Life expectancy at age 65 (years)</b>
Male retiring in 2025	<b>20.2</b>
Female retiring in 2025	<b>22.7</b>
Male retiring in 2044	<b>21.5</b>
Female retiring in 2044	<b>24.2</b>

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2017 model with an allowance for smoothing of recent mortality experience and long term rates of 1.25% p.a. for males and 1% p.a. for females.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2025**22. Retirement benefits (continued)****Member data summary****Active members**

	<b>Number</b>	<b>Total earnings (£'000s p.a.)</b>	<b>Average age (unweighted)</b>
Males	17	776	57
Females	37	1,670	56
<b>Total</b>	<b>54</b>	<b>2,446</b>	<b>57</b>

**Deferred members**

	<b>Number</b>	<b>Deferred pensions (£'000s p.a.)</b>	<b>Average age (unweighted)</b>
Males	40	109	58
Females	102	255	57
<b>Total</b>	<b>142</b>	<b>364</b>	<b>57</b>

**Pensioners**

	<b>Number</b>	<b>Pensions (£'000s p.a.)</b>	<b>Average age (unweighted)</b>
Males	79	612	70
Females	231	1205	70
<b>Total</b>	<b>310</b>	<b>1817</b>	<b>70</b>

**Pension contributions by Scheme – Group and Association****Defined contribution - SHAPS**

There are 138 active members of the SHAPS DC scheme as at 31 March 2025 for the Group and 122 for Key only. The Group and KEY contribute 4.7% as an employer contribution. Total employer contributions for the year were £277,481 (2024 - £257,934) for the Group and £248,024 (2024 - £232,927) for KEY only. Included in the year end creditors balance is £51,465 (2024 - £43,913) for the Group and £46,963 (2024 - £39,504) for KEY only in respect of pension contributions payable. This represents one month's contributions as well as outstanding contributions for new members.

**Defined contribution - Other**

The Group also offers a defined contribution pension scheme under SHAPS. Employer contributions for the year were £12,813 (2024 - £14,320) for the Group and £11,531 (2024 - £13,126) for Key Housing Association Limited only. Included in creditors as at 31 March 2025 is £1,839 (2024 - £2,065) in respect of the defined contribution scheme for the group and £1,648 (2024 - £1,884) for Key Housing Association Limited only. This represents one month's contribution. As at 31 March 2025 there were 11 (2024 - 20) active members of the scheme employed by the Group and 10 (2024 - 19) by Key Housing Association Limited.

**Auto Enrolment**

From 1 November 2013, eligible employees in KEY who were not active members of the SHAPS scheme were automatically enrolled into the Flexible Retirement Plan with contribution levels meeting minimum statutory requirements. From 1 April 2014, eligible employees in Community Lifestyles were similarly enrolled. Employer contributions for the year were £1,108,994 (2024 - £1,069,170) for the Group and £835,420 (2024 - £801,644) for KEY. As at the year-end there were £247,957 (2024 - £226,962) pension contributions outstanding for the Group and £183,002 (2024 - £169,792) for KEY. There were 1,591 (2024 - 1,637) active members for the Group as at 31 March 2025 and 1,257 (2024 - 1,307) for KEY only.

At the year-end £5,930 (2024 - £129,046) was included in the pension creditor in respect of the past service deficit payment and pension management costs due to be paid at the year-end for the Group and £5,837 (2024 - £128,956) for KEY only. There was also £7,800 (2024 - £2,072) in respect of the death in service element for the Group and £6,238 (2024 - £1,860) for KEY.

**22. Retirement benefits (continued)****Employer debt on withdrawal**

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up. The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any "orphan" liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The Association has been notified by TPT of the estimated employer debt on withdrawal from the Scheme based on the financial position of the scheme as at 30 September 2024. As of this date the estimated employer debt for the Association was £13,350,909 (2024 - £14,919,224) and for Community Lifestyles Limited was £213,797 (2025 - £234,044).

**Review of historic benefit changes**

The Trustee of the defined benefit pension scheme has carried out a review comparing the benefits provided to Scheme members with the requirements of the Scheme documentation. It received legal advice that there was sufficient uncertainty regarding the effect of some benefit changes to ask the Court to provide the Trustee with the certainty it needs to properly administer the scheme. The Court case has taken place but the outcome is outstanding.

Should the court decide that the historic benefit changes need to be applied differently, then some member benefits would need to be increased, which would increase the value placed on the Scheme liabilities. No allowance has been made for potential additional liabilities with current valuation and no adjustments have been made in these financial statements in respect of this.

**23. Operating lease commitments – Consolidated and The Association**

	<b>Land &amp; Buildings</b>	<b>Other</b>	<i>Land &amp; Buildings</i>	<i>Other</i>
Annual commitments expiring within the following periods post year end:	<b>2025</b>	<b>2025</b>	<b>2024</b>	<b>2024</b>
	£	£	£	£
One year or less	<b>479,011</b>	<b>28,847</b>	427,622	40,076
Between two and five years	<b>699,688</b>	<b>16,424</b>	708,809	23,702
In five years or more	<b>2,012,757</b>	-	1,959,324	-
	<b><u>3,191,456</u></b>	<b><u>45,271</u></b>	<b><u>3,095,755</u></b>	<b><u>63,778</u></b>

## KEY HOUSING ASSOCIATION LIMITED

### NOTES THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

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#### 24a. Share capital – Consolidated and Association

	2025 £	2024 £
<b>Shares of £1 each fully paid and issued at:</b>		
Brought forward at 1 April	211	225
Shares issued during the year	2	4
Shares cancelled during the year	(16)	(18)
	<hr/>	<hr/>
Shares of £1 each fully paid at 31 March	<b>197</b>	<b>211</b>
	<hr/>	<hr/>

The Association issued two (2024 - *four*) shares in the year. The shares have limited rights with no rights to dividends, redemptions or winding up. Each shareholder has the right to vote at the General Meetings.

#### 24b. Revenue reserves

The revenue reserve includes all current and prior year retained surpluses or deficits.



# KEY HOUSING ASSOCIATION LIMITED

## NOTES THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 25a. Net cash inflow from operating activities: Consolidated

	2025 £	2024 £
Surplus for the year	1,676,729	2,176,204
<u>Adjustments for non-cash items</u>		
Depreciation of tangible fixed assets including loss on disposal of components	782,034	704,806
Carrying amount of tangible fixed asset disposals	55,296	32,389
Increase/(decrease) in creditors	196,658	580,578
Decrease in debtors	(1,023,224)	377,269
Decrease/(increase) in stock	-	2,047
Interest charge in respect of the defined benefit pension liability	285,000	97,000
<u>Adjustments for investing or financing activities</u>		
Net proceeds from sale of tangible fixed assets	(15,800)	(10,750)
Interest payable	-	5,605
Interest receivable	(242,904)	(190,684)
SHAPS past service deficit payment	(126,988)	(1,479,468)
Shares cancelled	(16)	(18)
Release of deferred Government Capital grants	(7,325)	(7,325)
Movement in market value of investments	-	(9,964)
Net cash inflow from operating activities	<u>1,579,460</u>	<u>2,277,689</u>

### 25b. Net cash inflow from operating activities: Association

	2025 £	2024 £
Surplus for the year	1,797,248	2,011,515
<u>Adjustments for non-cash items</u>		
Depreciation of tangible fixed assets including loss on disposal of components	705,858	627,691
Carrying amount of tangible fixed asset disposals	55,296	32,389
(Decrease) in creditors	196,100	278,518
(Increase) in debtors	(951,472)	1,363,317
Decrease/(increase) in stock	-	2,047
Interest charge in respect of the defined benefit pension liability	280,000	96,000
<u>Adjustments for investing or financing activities</u>		
Net proceeds from sale of tangible fixed assets	(15,800)	(10,750)
Interest payable	-	5,605
Interest receivable	(116,806)	(88,542)
SHAPS past service deficit payment	(126,988)	(1,479,468)
Shares cancelled	(16)	(18)
Release of deferred Government Capital Grant	(7,325)	(7,325)
Movement in market value of investments	-	(9,964)
Net cash inflow from operating activities	<u>1,816,095</u>	<u>2,821,015</u>

# KEY HOUSING ASSOCIATION LIMITED

## NOTES THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 26. Capital commitments – Consolidated and Association

	2025 £	2024 £
Contracted for but not provided for in the financial statements	-	-
Authorised by the Management Committee but not contracted for	-	-

### 27. Housing stock – Consolidated and Association

	2025 No of units	2024 No of units
New build - mainstream	96	97
New build – supported	596	595
Rehabilitation - mainstream	-	-
Rehabilitation - supported	22	22
	714	714

	2025 No of units	2024 No of units
<b>Registered accommodation:</b>		
Number of bed spaces	-	-
	-	-

There are no new units under development for either year.

There was one unit transferred from management mainstream to management supported in the year.

**28. Legislative provisions**

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014 and registered with the Financial Conduct Authority.

**29. Related parties**

**Subsidiary undertakings**

In August 1995, Key Housing Association set up a subsidiary company, Community Lifestyles Limited. This company provides individualised home and community support services to adults with learning difficulties, mainly in housing not provided by the Association. This is provided under contracts with local authorities, mainly Glasgow City Council.

From August 1998 Community Lifestyles Limited became a registered charity and limited by guarantee. It remains under the control of Key Housing Association Limited.

The transactions between the two entities during the year have consisted of net recharges totaling £917,580 (2024 - £881,120) by Key Housing Association to Community Lifestyles Limited for staff costs and other overheads. There was also a total of £246,814 (2024 - £234,948) of recharges from Community Lifestyles Limited to Key Housing Association Limited for staff costs and other overheads. At 31 March 2025, Community Lifestyles Limited owed Key Housing Association Limited £62,509 (2024 - £32,714) in respect of sundry items. Included in the year end creditors is £91,408 (2024 - £38,861) in respect of sundry items payable to Community Lifestyles Limited.

**Members of the Board**

During the year the Association had no (2024 - *none*) member of the Board who was also a tenant. The tenancies of these members of the Board are on normal terms and the members cannot use their position to their advantage. The total rent charged in the year relating to Board members who are tenants is £nil (2024 - £nil). The total prepaid rent relating to Board members who are tenants included within creditors at the year end is £nil (2024 - £nil).

**30. Post Balance Sheet Event**

On 31 May 2025, all Community Lifestyles' employees and services were transferred over to Key Housing Association. All assets and liabilities were also transferred over on this date.