

Kingdom Housing Association Limited
Consolidated Report and Financial Statements
for the year ended 31 March 2025

Registration Details

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

Kingdom Housing Association Limited
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for the year ended 31 March 2025

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BOARD OF MANAGEMENT, EXECUTIVE, ADVISERS AND REGISTRATION DETAILS

**Board of
Management**

Linda Leslie	Chairperson
David Redpath	Vice Chairperson
Gavin Thomson	Chair of Audit, Finance and Risk Committee
Loretta Mordi	Chair of Customer Services Committee
Carol Watson	Chair of Staffing Committee
Ryan Cossar	(retired March 2025)
Ian Crocker	
Mark Easton	(appointed November 2024)
Bradley Gilbert	(appointed March 2025)
Blair Louden	
Graeme Mackay	
Julie McKinnon	
Stephen Swan	
Sinclair Young	

**Key Management
Personnel**

Thomas Barclay	Group Chief Executive
Leigh Grubb	Group Director of Corporate Services and Company Secretary
Susan McDonald	Executive Director of Operations (resigned November 2024)
Daniel Blake	Group Director of Communities (appointed November 2024)
Paul White	Director, Kingdom Support and Care CIC (up to November 2024)

Registered Office Saltire Centre, Pentland Court, Glenrothes, KY6 2DA

**Registration
Numbers**

Financial Conduct Authority and Co-operative and Community Benefit Societies Act
 2014, Reg. No. SP1981R(S)
 Scottish Housing Regulator Reg. No. HEP 142
 Scottish Charity No SC000874

**Independent
Auditors**

RSM UK Audit LLP, Third Floor, 2 Sempie Street, Edinburgh, EH3 8BL

Principal Banker

Bank of Scotland

Internal Auditors

Henderson Loggie LLP, The Stamp Office, Level 5, 10-14 Waterloo Place,
 Edinburgh, EH1 3EG.

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REPORT OF THE BOARD OF MANAGEMENT

The Board of Management presents its report and audited consolidated financial statements for the year ended 31 March 2025.

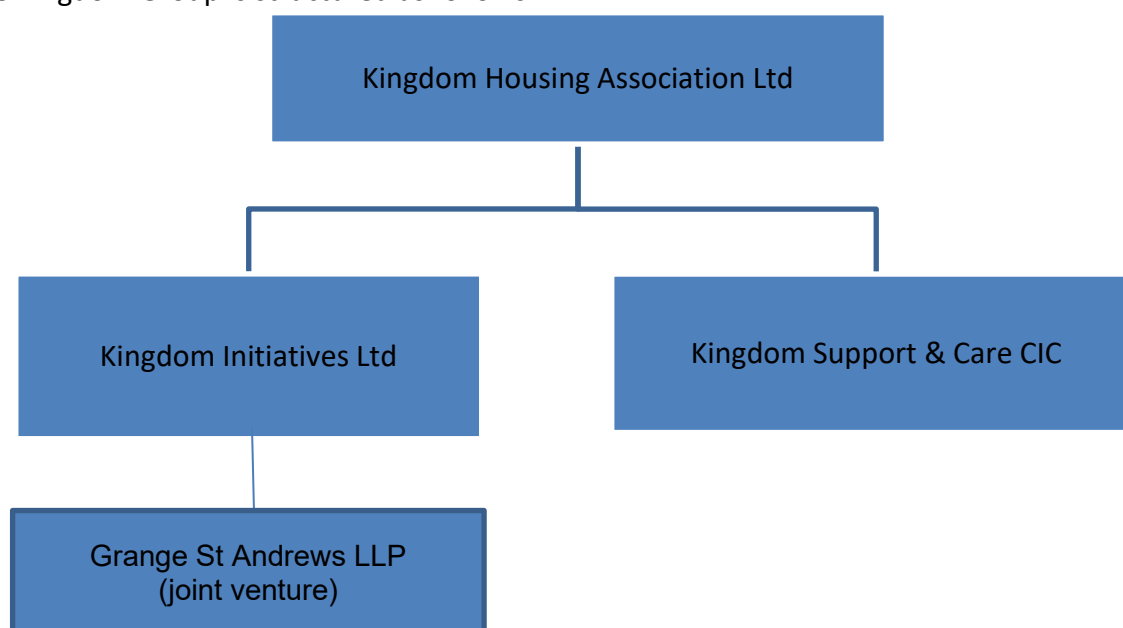
OBJECTIVES AND STRATEGY

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

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

GROUP STRUCTURE AND PRINCIPAL ACTIVITIES

The Kingdom Group is structured as follows:



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

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

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

4. Grange St Andrews LLP (The Grange)

The Grange is a limited liability partnership (registration number SO307391), of which KI has a 49% share (2024: 51%), created to undertake a joint venture with St Andrews University (StAU) for the management of residential accommodation principally for rent to postgraduate students.

GROUP REVIEW AND REORGANISATION

During the year the Group planned a comprehensive review and reorganisation (Fit for the Future Project) to ensure its companies were prepared for future challenges. The resulting revised arrangements were successfully adopted in 2025-26 and business as usual was maintained. The new structure will enable collaborative, effective and agile working, providing the best services to our customers both now, in 10 years' time and beyond.

GOVERNANCE

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

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

The Board is supported by the following:

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

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

Each subsidiary has its own Board of Directors with an appointed Chairperson, who have the legal status of director per the Companies Act. There are clear reporting arrangements between the members of the Group. The KHA Chief Executive also serves as a director of KI and KSC. All group companies operate within agreed rules, policies and financial regulations with delegated authority given to the Chief Executive and Executive Team. KI is the principal administrator of The Grange, which consequently follows the Kingdom Group policies and procedures in agreement with StAU. Copies of the statutory report and financial statements of the subsidiaries and The Grange showing further details may be obtained from the KHA offices or from Companies House (www.gov.uk/get-

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information-about-a-company).

PERFORMANCE

Highlights of Performance for the Year - Kingdom Group

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

- 184 new affordable homes (2024: 367) completed for the Group and partner organisations;
- Progress in upgrading of properties formerly held by Fairfield Housing Association (FHA);
- 372 (2024: 340) people supported by our support and care subsidiary;
- Group financial reserves increased to £89m, which will be reinvested in housing and community initiatives;
- All lenders' financial covenants met and within risk tolerance;
- 547 (2024: 558) staff employed in the Group on competitive terms and conditions. KHA holds accreditations for liP Gold, Best Companies and liYP Platinum;
- Management of the impact of the cost of living crisis on tenants and staff.

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

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

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

Financial Review of the Kingdom Group and KHA

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

- Turnover increased in line with the increase in rental income of 7% and the increase in the number of homes under Group management by 157.
- Group operating costs rose by 11% owing to the inflationary effects of a range of global and political events, as well as one-off impairments and write offs totalling £1.5m.
- Total comprehensive income benefitted from the reduction in the pension liability from £2,334k to £2,038k. Note 20 to the financial statements provides further details. The gain does not have any impact on cash, as it relates to future liabilities.
- The Group added 157 new homes to its owned portfolio, funded from cash reserves, debt finance and by an increase in grants. Note 10 to the financial statements provides an analysis of homes owned and managed.
- KHA impaired the carrying value of the Saltire Court facility by £0.4m, following the decision to transfer to the new development at Boston View. KHA also impaired a development site by £0.4m and wrote off £0.6m of materials stock.
- While the Group exhibits increased net current liabilities of £27m at year end, partly due to

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loans becoming due for repayment in 2025-26, current liabilities include £6m of deferred capital grants that have no cash flow implications. In addition, undrawn credit facilities of £45m are available and a further £20m has been negotiated. Further information is provided in the Going Concern section below.

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

Description	Group		KHA	
	2025	2024	2025	2024
Turnover	£58.4m	£54.5m	£45.1m	£41.3m
Gain/(loss) in respect of pension liability	£0.4m	(£1.5m)	£0.4m	(£1.5m)
Total comprehensive income	£1.4m	£1.0m	£1.5m	£0.6m
Interest cover			168%	186%
Reserves	£89.3 m	£88.0m	£84.9m	£83.3m
Cash at bank at year end	£9.6m	£19.5m	£6.4m	£16.4m
Gearing			49%	45%
Housing properties	£698.5m	£657.9 m	£672.7m	£631.7m
Loans due in more than one year	£208.4m	£207.8 m	£208.4m	£207.8m
Deferred grants	£373.7m	£360.6 m	£364.4m	£351.2m

As a charity, KHA is exempt from Corporation Tax in respect of its charitable activities. KHA's non-charitable trading profits and those of the subsidiaries are subject to taxation. KHA's subsidiaries have proposed to pay Gift Aid payments to KHA at a sustainable level to minimise Corporation Tax payable for the Group.

In previous years, following the advice of the tax advisers, KHA offset its tax losses arising from debt servicing costs against the taxable profit of its subsidiaries, KSC and KI. Following an HMRC tax enquiry, KSC and KI received a determination from HMRC challenging these offsets. Such offsets were used for the three years ended 31 March 2023. The tax advisers have issued an appeal against the determination. Should the appeal fail the amount payable to HMRC as at 31 March 2025, including interest, is estimated at £552k. Further details are set out in Note 31 Contingent liabilities.

Performance - Group

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

Performance - KHA

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

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Housing management KPIs	Actual	Target	Actual
	2025	2025	2024
Void loss (%)	0.68%	1.00%	1.10%
Rent and service charge income collected (%)	99.96%	99.00%	98.00%
Average time taken to re-let units	42 days	28 days	45 days

In response to the cost of living crisis, steps were taken to support tenants ensuring that rental income was sustained at a high level. Void loss showed significant improvement over last year.

Asset management KPIs	Actual	Target	Actual
	2025	2025	2024
Emergency repairs (response target % achieved)	93.00%	97.00%	95.00%
Routine repairs (response target % achieved)	86.50%	92.00%	92.00%

The repairs results were affected by external contractor performance levels leading to a below target performance.

Capital investment KPIs	Actual	Target	Actual
	2025	2025	2024
New units started on site	136	123	377
Total units completed	184	174	322

The targets were significantly curtailed compared to the previous year owing to the initial government funding reductions, affecting the ability to progress projects. However, the revised targets were surpassed.

Treasury Management

A vital element and driver of the Group's activities is treasury management, particularly given the Group's ongoing commitment to an active development programme, and the reduction in Government housing association grant in its budget. KHA carries out treasury activities supporting the funding needs of the Group within the framework of the Treasury Management Policy. The Policy allows a maximum of 100% and a minimum of 50% at fixed rates of interest. KHA has previously sought to fix most of its debt interest at favourable rates, gaining certainty on those costs. As at 31 March 2025 KHA had 87% (2024: 93%) of its loan portfolio at fixed rates of interest. The weighted average cost of funds of all KHA's borrowings has decreased to 4.02% (2024: 4.14%), reflecting a reduction in rates of interest.

KHA entered into revolving credit facility agreements totalling £50m, of which £45m was not drawn down, to provide flexible funding to support its development programme. A further £20m facility was negotiated in 2025-26.

KHA's lenders have set minimum levels of interest cover (operating surplus/interest payable) and maximum gearing covenant tests (debt/net worth) that must be met. KHA's results were well within the parameters set, therefore meeting all covenants. Private lenders require security over their lending. As at 31 March 2025, 2,337 units (2024: 2,822 units) representing 33% (2024: 41%) of the

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total units owned were unencumbered and available for future lending security.

Performance - KI

During 2024-25 KI continued to manage MMR housing on behalf of KHA and others. KI let the tenancies and is responsible for the management and maintenance of the properties in accordance with lease agreements with the landlords. The analysis of properties is shown below:

	2025	2024
Units owned	222	222
Units managed on behalf of KHA	653	657
Units managed on behalf of Fife Council	121	121
Total units owned or managed	996	1,000

The Board of KI agreed that the company would not undertake further building of units in its own right in the current 5 year planning horizon, but would continue to lease units for MMR rental from KHA and Fife Council. KHA added 7 new MMR units and re-purposed 11 units for social housing, resulting in a reduction of 4 units.

The key financial statistics for KI are set out below:

KPI	Actual	Actual
	2024-25	2023-24
Turnover for year	£6,792k	£6,468k
Operating surplus for year before tax	£244k	£285k
Operating profit margin (%)	12%	13%
Interest cover (%)	172%	170%
Gearing (%)	117%	115%
Emergency repairs completed on time (%)	92%	98%
Non-emergency repairs completed on time (%)	84%	91%
Rent and service charges collected (%)	100%	97%
Voids (%)	0.68%	1.00%
Total time to relet (days)	30	28

The increase in turnover is due to a full year of new rentals coming on stream together with the annual uplift in rental. KI is not subject to covenants on its borrowings. KI was due to repay a £6m loan from KHA in 2025-26. The KHA Board has agreed to refinance the loan.

Performance – The Grange

The two-year new build programme of 61 units in St Andrews was completed in July 2024 and became operational. The Grange is responsible for management and maintenance of the units. The Grange management accounts for the year to 31 March 2025 show a profit of £39k (2024: £116k), of which KI's share is £14k (2024: £59k).

Performance - KSC

In 2024-25 KSC supported approximately 372 individuals (2024: 340) to live in their own homes in the community, providing varying levels of support from a few hours per week to full 24/7 cover, including sleepovers. KSC delivered 414,731 hours of support, a decrease of 1.8% over the previous year. In addition, KSC provided temporary accommodation and outreach services for people who

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were homeless throughout West Fife. The key financial statistics for KSC are shown in the table below:

Description	2025	2024
Turnover	£11,151k	£10,472k
Operating surplus for the year	£198k	£120k
Operating profit margin (ratio of operating surplus to turnover)	1.80%	1.14%
Reserves	£2,492k	£2,393k
Net current assets	£2,919k	£2,820k
Cash at bank at year end	£3,103k	£3,092k

Staff turnover, which fell to 33% (2024: 35%) for the year, still remains a key risk. The in-house personnel team continues to work to reduce staff turnover through training and development.

GOING CONCERN

The cost of living crisis continues, however, the Kingdom Group is able to absorb the financial impact. A rent increase of 6% was applied to social housing rents from April 2025, enabling KHA to forecast positive future cash flows and consequent resilience. The impact of the crisis is being carefully monitored. In order to provide assurance on the financial future of the Kingdom Group stress testing was again performed based on the 2025-26 budgets for each group company and the 30-year Corporate Plan. For KHA the budget stress test focused on rent restrictions, potential increases in voids and bad debts to determine the likely impact on the budgeted surplus for 2025-26 and to determine the point at which the interest cover covenant would be broken. The outcome showed that KHA remained viable even under extreme conditions. At 31 March 2025 Kingdom Group had cash reserves of almost £10m and future long term loan facilities amounting to £45m to cover expected development spend and re-financing obligations. In addition, a further facility of £20m was negotiated in 2025-26. The conclusion from the stress testing is that KHA remains a going concern for the foreseeable future.

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

RISK MANAGEMENT

The Kingdom Group recognises its moral and statutory duty of care to its customers and employees and to safeguard its assets. It meets this duty by ensuring that risk management plays an integral part in the management of the Group at a strategic and operational level. Risk management is set out in the Group's Risk Management policy. Independent internal auditors are engaged to carry out reviews covering areas of Group operations identified by reference to risk registers maintained by the Group and agreed with the Audit, Finance & Risk Committee. Kingdom Group mitigates risk through the use of strong planning disciplines, monitoring of KPIs and the development of alternative business models, which place less reliance on government subsidy, and a review of its cost base.

Kingdom Group also has a number of insurance policies in place mitigating exposure to key risks. The risks that were scored the most critical by management are set out below together with specific mitigating actions:

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Significant Risks	Main mitigation controls
Economic environment and cost of living crisis. High inflation and increased costs resulting in customers struggling financially to pay rents.	Continue to undertake robust financial viability assessments to control our costs and enable manageable rent increases for tenants. Maximise external financial support for customers. Maximise communications with customers to identify other sources of funding.
Reduced ability to deliver on our development programme ambition due to increased costs of development and uncertainty of Government funding.	All development projects assessed using updated viability tool based on known costs. Ensure all tender returns offer value for money. Secure benchmark subsidy on a project by project basis. External funding achieved on favourable terms complying with financial covenants. Project prioritisation with Local Authority partners.
Adverse financial impact on KSC's ability to generate a surplus and reserves due to loss of contracts, contract rates that are less than costs and inability to attract new business.	Hourly contract rates agreed in advance. Budgetary cost controls in place with quarterly management accounts and variance analysis and remedial action taken as necessary. Monitoring of other care providers to ensure competitiveness.
Procurement challenges, uncontrolled spend and ineffective contract management, due to non-compliance with statutory procurement regulations leading to loss of key services, fines, Housing Regulator intervention and reputational damage.	Procurement strategy and policy in place. Robust procurement and contract management processes in place that are reviewed on an ongoing basis by the Procurement Working Group. External framework agreements in place. External audit of procurement processes showed a positive result.
KI failing to sustain and grow income base due to rent controls, slowing of growth owing to capital funding restrictions and cost of living crisis.	Quarterly management accounts to Board and monthly budget variance reporting on KPIs to management. Improved arrears procedures in place.
High sickness absence levels and high staff turnover resulting in increased costs and inability to provide effective services.	Policies in place regarding family friendly arrangements, disciplinary procedures and attendance management. Occupational health assistance available to staff. Performance reporting of absence and staff turnover to Board.

THE ENVIRONMENT AND SUSTAINABILITY

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

PLANS FOR THE FUTURE

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

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

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

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

KHA has agreed to transfer the Fife Care and Repair service to Fife Council with a planned completion date of 1 October 2025. Staff will transfer to Fife Council under the TUPE regulations. The financial impact of the transfer is not expected to be significant for KHA.

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

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

KSC transferred its Cupar service to a new provider in June 2025. Staff transferred under the TUPE regulations. The reduction in income is estimated at £690k per annum, offset by the costs of staff team transferred. As a consequence of this and 2025-26 funding from funders not meeting additional unavoidable cost increases, KSC set a deficit budget for 2025-26, along with a recovery plan. Notwithstanding, KSC plans to seek opportunities to develop, where staffing and funding permits.

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STATEMENT AS TO THE DISCLOSURE OF INFORMATION TO THE AUDITORS

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

AUDITORS

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

By Order of the Board



Linda Leslie, Chairperson
Date: 25 August 2025

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

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

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

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

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

By order of the Board



Linda Leslie, Chairperson

Date: 25 August 2025

BOARD OF MANAGEMENT'S STATEMENT OF INTERNAL FINANCIAL CONTROL

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

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

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

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

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

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

By Order of the Board



Linda Leslie, Chairperson

Date: 25 August 2025

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


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

Basis of Opinion

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

Opinion

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



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

Date: 15/09/25

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INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF KINGDOM HOUSING ASSOCIATION LIMITED

Opinion

We have audited the financial statements of Kingdom Housing Association Limited (the 'Association') and its subsidiaries (the 'group') for the year ended 31 March 2025 which comprise the Consolidated Statement of Comprehensive Income, Housing Association Statement of Comprehensive Income, Consolidated and Housing Statement of Financial Position, Statement of Changes in Reserves, Consolidated Cash Flow Statement, Housing Association Cash Flow Statement, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Association's affairs as at 31 March 2025 and of the income and expenditure of the Group and the income and expenditure of the Association for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – February 2019.

Basis for opinion

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and the Co-operative and Community Benefit Societies Act 2014 and report in accordance with regulations made under those Acts.

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Kingdom Housing Association Limited
Report and Financial Statements
for the year ended 31 March 2025

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

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.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- proper books of account have not been kept by the association in accordance with section 75; or
- a satisfactory system of control over transactions has not been maintained by the association in accordance with section 75; or
- the income account and the balance sheet are not in agreement with the books of account of the association; or
- we have not obtained all the information and explanations which, to the best of our knowledge and belief, we consider necessary for the purposes of our audit.

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on page 13, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

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

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

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Housing (Scotland) Act 2010, the Housing SORP, and the Scottish Housing Regulator's Determination of Accounting Requirements – February 2019. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are the Housing (Scotland) Acts 2006 and 2014, the Co-operative and Community Benefit Societies Act 2014, the

Kingdom Housing Association Limited
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for the year ended 31 March 2025

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

Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the Scottish Housing Regulator's regulatory framework and data protection regulations. We performed audit procedures to inquire of management whether the Association is in compliance with these laws and regulations and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. In relation to management override of controls, audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates. In relation to revenue recognition the audit procedures performed included but were not limited to performing detailed testing of other income by agreeing the amounts recognised to supporting documentation, focusing on the existence and valuation of income.

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

Use of our report

This report is made solely to the Association's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.


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

Date: 15/09/25

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Kingdom Housing Association Limited
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2025	2024
		£000	£000
Turnover	3	58,372	54,477
Less: Operating expenditure	3	(49,750)	(44,814)
(Loss)/gain on sale of housing properties	6	(35)	118
Operating surplus	5	8,587	9,781
Net surplus from joint venture	12	14	59
(Loss)/gain on sale of other fixed assets		(3)	3
Interest receivable and similar income	7	600	849
Interest payable and financing costs	8	(8,208)	(8,165)
Surplus on ordinary activities before taxation		990	2,527
Taxation	9	37	(44)
Surplus for the year		1,027	2,483
Other Comprehensive Income			
Actuarial gain/(loss) in respect of defined benefit pension scheme	20	410	(1,529)
Total comprehensive income for the year		1,437	954

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

The results relate wholly to continuing operations.

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

Kingdom Housing Association Limited
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for the year ended 31 March 2025

HOUSING ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME

	Notes	2025 £000	2024 £000
Turnover	3	45,137	41,325
Less: Operating expenditure	3	(36,891)	(32,615)
(Loss)/gain on sale of housing properties	6	(35)	118
Operating surplus	5	8,211	8,828
(Loss)/gain on sale of other fixed assets		(3)	3
Interest receivable and similar income	7	1,136	1,421
Interest payable and financing costs	8	(8,204)	(8,161)
Surplus on ordinary activities before taxation		1,140	2,091
Taxation	9	(7)	-
Surplus for the year		1,133	2,091
Other Comprehensive Income			
Actuarial gain/(loss) in respect of defined benefit pension scheme	20	410	(1,529)
Total comprehensive income for the year		1,543	562

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

The results relate wholly to continuing operations.

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

Kingdom Housing Association Limited
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for the year ended 31 March 2025

CONSOLIDATED AND HOUSING ASSOCIATION STATEMENT OF FINANCIAL POSITION

	Notes	2025 Group £000	2025 KHA £000	2024 Group £000	2024 KHA £000
Fixed assets					
Housing properties - depreciated cost	10	698,518	672,693	657,871	631,698
Other tangible fixed assets	10	1,556	1,556	1,725	1,725
Intangible fixed assets	10	-	-	-	-
Fixed asset investments	11	-	427	-	427
Investment in joint venture	12	73	-	59	-
Total fixed assets		700,147	674,676	659,655	633,850
Current assets					
Properties held for sale	13	1,510	1,510	1,437	1,437
Stock of materials	14	686	686	1,147	1,147
Trade & other receivables:					
amounts falling due within one year	15	4,905	11,465	5,402	5,487
amounts falling due after one year	15	-	7,024	-	13,316
Cash & cash equivalents		9,612	6,395	19,536	16,361
		16,713	27,080	27,522	37,748
Payables: amounts falling due within one year	16	(43,308)	(41,999)	(28,477)	(26,955)
Net current (liabilities)/assets		(26,595)	(14,919)	(955)	10,793
Total assets less current liabilities		673,552	659,757	658,700	644,643
Payables: amounts falling due after more than one year	17,18	(208,428)	(208,417)	(207,797)	(207,776)
Deferred capital grants	19	(373,714)	(364,444)	(360,634)	(351,218)
Defined benefit pension liability	20	(2,038)	(2,038)	(2,334)	(2,334)
		(584,180)	(574,899)	(570,765)	(561,328)
Net assets		89,372	84,858	87,935	83,315
Capital and reserves					
Share capital	21	-	-	-	-
Revenue reserves		89,275	84,761	87,814	83,194
Restricted reserve		97	97	121	121
		89,372	84,858	87,935	83,315

These Financial Statements were approved and authorised for issue by the Board of Management on 25 August 2025 and signed on its behalf by:



Linda Leslie
Chairperson

Gavin Thomson
Chair of Audit, Finance and Risk Committee

Leigh Grubb
Company Secretary

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

Kingdom Housing Association Limited
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STATEMENT OF CHANGES IN RESERVES

	2025	2025	2024	2024
	Income and expenditure reserve	Restricted reserve	Income and expenditure reserve	Restricted reserve
GROUP	£000	£000	£000	£000
At 1 April	87,814	121	86,860	121
Surplus for the year ended 31 March	1,027	-	2,483	-
Transfer of restricted expenditure to restricted reserve	24	(24)	-	-
Other comprehensive income: Actuarial gain/(loss) in respect of pension scheme	410	-	(1,529)	-
At 31 March	<u>89,275</u>	<u>97</u>	<u>87,814</u>	<u>121</u>
	Income and expenditure reserve	Restricted reserve	Income and expenditure reserve	Restricted reserve
KHA	£000	£000	£000	£000
At 1 April	83,194	121	82,632	121
Surplus for the year ended 31 March	1,133	-	2,091	-
Transfer of restricted expenditure to restricted reserve	24	(24)	-	-
Other comprehensive income: Actuarial gain/(loss) in respect of pension scheme	410	-	(1,529)	-
At 31 March	<u>84,761</u>	<u>97</u>	<u>83,194</u>	<u>121</u>

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

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

Kingdom Housing Association Limited
Report and Financial Statements
for the year ended 31 March 2025

CONSOLIDATED CASH FLOW STATEMENT

	Notes	2025	2024
		£000	£000
Net cash flow from operating activities	27	14,657	14,356
Cashflow from investing activities			
Purchase of tangible fixed assets		(51,265)	(44,917)
Purchase of other fixed assets		(609)	(1,010)
(Purchase)/disposal of properties held for sale		(239)	836
Receipts of housing grants		17,255	28,245
Receipts from sales of fixed assets		45	228
Proceeds on sale of assets held for sale		131	-
Interest received		651	797
Net cash used in investing activities		<u>(34,031)</u>	<u>(15,821)</u>
Cashflow from financing activities			
Interest paid		(8,030)	(8,204)
Housing loans received		22,495	-
Housing loans repaid		<u>(5,015)</u>	<u>(10,127)</u>
		<u>9,450</u>	<u>(18,331)</u>
Net decrease in cash		(9,924)	(19,796)
Cash at beginning of year		<u>19,536</u>	<u>39,332</u>
Cash at end of year		<u>9,612</u>	<u>19,536</u>

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

Kingdom Housing Association Limited
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HOUSING ASSOCIATION CASH FLOW STATEMENT

	Notes	2025 £000	2024 £000
Net cash flow from operating activities	28	14,015	13,710
Cashflow from investing activities			
Purchase of tangible fixed assets		(51,215)	(44,918)
Purchase of other fixed assets		(609)	(1,010)
Disposal/(purchase) of properties held for sale		(239)	836
Receipts of housing grants		17,255	28,245
Receipts from sales of fixed assets		45	228
Proceeds on sale of assets held for sale		131	-
Interest received		1,187	1,472
Net cash used in investing activities		<u>(33,445)</u>	<u>(15,147)</u>
Cashflow from financing activities			
Interest paid		(8,026)	(8,200)
Housing loans received		22,495	-
Housing loans repaid		(5,005)	(10,116)
		<u>9,464</u>	<u>(18,316)</u>
Net decrease in cash		(9,966)	(19,753)
Cash at beginning of year		<u>16,361</u>	<u>36,114</u>
Cash at end of year		<u>6,395</u>	<u>16,361</u>

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

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

1. Legal status

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

KHA and its subsidiaries are referred to as “the Group”. KHA has two wholly owned subsidiaries, limited by shares, Kingdom Initiatives Limited (KI), a non-charitable body, whose principal role is to support the achievement of the Group’s objectives as a Public Benefit Entity and Kingdom Support and Care Community Interest Company (KSC), a non-charitable body whose principal role is to provide support and care services to Local Authority clients and private individuals under contract. KI has a 49% share of Grange St Andrews LLP, a joint venture limited liability partnership, which is accounted for under the equity method (see (e) below).

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

2. Accounting Policies

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

a) Basis of Preparation

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”), the Housing SORP 2018 “Statement of Recommended Practice for Registered Housing Providers” and they comply with the Determination of Accounting Requirements 2019, and under the historical cost convention. There are no instruments at fair value.

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

b) Basis of Consolidation

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

c) Going Concern

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

d) Significant Judgements and Estimates

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

- The Group's loans from its funders are judged by management to be basic financial instruments under the definition in FRS 102 and are accounted for under the amortised cost method (see (p) below);
- The Group's housing assets are judged by management to be social housing and are accounted for at cost less depreciation and impairments (see (i) – (n) below and Note 10);
- Government grants are judged by management to be associated with social housing and are accounted for as deferred income and amortised on a pro rata basis over the life of each related building component (see (g) below and Note 19). In addition, the conditions associated with grants are considered by management to determine any contingent liability arising from potential repayment (see Note 31);
- Management are not aware of any impairment indicators that would trigger impairment reviews of the Group's housing assets and cause a significant reduction in value;
- Management have estimated the residual values of housing properties and the life cycles of the components of buildings and have depreciated accordingly (see (n) below);
- Management have estimated the carrying values of office buildings and have impaired accordingly. Management have also assessed the value of material stocks held and have written down the carrying value accordingly.
- The lease arrangements entered into by the Group are judged by management to be operating leases;
- Management's estimate of the defined benefit pension obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the obligation and the annual defined benefit expenses. The net defined benefit pension liability at 31 March 2025 was £2,038k (see (h) below and Note 20 for further information and analysis).
- Judgements have been made over the recoverability of receivables based on experience and accord with the Group's provisioning policy (see (p) below).

e) Fixed Asset Investments

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

f) Turnover

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

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

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

g) Government Grants: Housing Association Grant and Other Grants

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

Government grants include:

i) Acquisition and development allowances

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

ii) Clerk of works allowances

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

iii) Building components

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

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

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

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

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

Non-housing grants

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

h) Employee Benefits

Short term employee benefits and contributions to defined contribution pension plans are recognised as an expense in the period in which they are incurred. The cost of annual leave and time off in lieu earned but not taken by employees at the year end date is accrued as a liability. KHA participates in the Scottish Housing Associations' Pension Scheme (SHAPS), a defined contribution scheme administered by The Pensions Trust on a multi-employer shared basis.

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

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

i) Tangible Fixed Assets – Housing Land and Buildings

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

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

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

j) Expenditure on New Properties

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

k) Expenditure on Existing Properties and Components

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

l) Sale of Housing Properties

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

m) Depreciation

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

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

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

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

n) Fixed Assets

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

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

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

p) Financial Instruments

i) Receivables

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

ii) Payables

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

iii) Bank Loans

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

q) Apportionment of Management Expenses

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

r) Leases

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

s) Taxation

KHA as a registered charity is not subject to corporation tax on its charitable activities, but is subject to corporation tax on its non-charitable trading activities. KI and KSC are subject to corporation tax. Taxation is accrued based on taxable profits for the year.

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

Current tax is charged or credited to profit or loss, except when it relates to items charged or

credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

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

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

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

t) Contingencies

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

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

i) By Class of Business - Group	Turnover	Operating costs	Gain on sale of housing properties	Operating surplus/(deficit)	Operating surplus/(deficit)
	£000	£000	£000	2025 £000	2024 £000
Social lettings (Note 4 (i))	45,298	(35,608)	-	9,690	9,847
Other activities (Note 4 (iii))	13,074	(14,142)	-	(1,068)	(184)
(Loss)/gain on disposal of housing properties (Note 6)	-	-	(35)	(35)	118
	<u>58,372</u>	<u>(49,750)</u>	<u>(35)</u>	<u>8,587</u>	<u>9,781</u>
Total 2024:	<u>54,477</u>	<u>(44,814)</u>	<u>118</u>	<u>9,781</u>	
ii) By Class of Business - KHA	Turnover	Operating costs	Gain on sale of housing properties	Operating surplus/(deficit)	Operating surplus/(deficit)
	£000	£000	£000	£000	£000
Social lettings (Note 4 (ii))	38,553	(33,443)	-	5,110	5,576
Other activities (Note 4 (iv))	6,584	(3,448)	-	3,136	3,134
(Loss)/gain on disposal of housing properties (Note 6)	-	-	(35)	(35)	118
	<u>45,137</u>	<u>(36,891)</u>	<u>(35)</u>	<u>8,211</u>	<u>8,828</u>
Total 2024:	<u>41,325</u>	<u>(32,615)</u>	<u>118</u>	<u>8,828</u>	

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

(i) Social letting activities - Group	General needs housing	Supported housing accommodation	Shared ownership housing	2025	2024
	£000	£000	£000	Total £000	Total £000
Turnover					
Rent receivable net of service charges	36,895	626	505	38,026	34,885
Service charges	948	305	-	1,253	1,111
Gross income from rents & service charges	37,843	931	505	39,279	35,996
Less voids	(381)	(3)	-	(384)	(316)
Net income from rents & service charges	37,462	928	505	38,895	35,680
Grant released from deferred income and SHG recyclable	6,284	10	81	6,375	5,069
Revenue grants from Scottish Ministers	-	-	-	-	46
Other revenue grants	28	-	-	28	84
Total turnover from social letting activities	43,774	938	586	45,298	40,879

(i) Social letting activities - Group (cont'd)	General needs housing	Supported housing accommodation	Shared ownership housing	2025	2024
	£000	£000	£000	Total £000	Total £000
Operating costs for social letting activities					
Management & maintenance administration costs	12,371	28	393	12,792	10,705
Service costs	2,385	5	67	2,457	1,977
Planned and cyclical maintenance including major repairs costs	1,759	-	-	1,759	1,197
Reactive maintenance costs	7,720	16	230	7,966	7,316
Bad debts - rents & service charges	385	18	(9)	394	853
Depreciation of social housing	9,685	11	104	9,800	8,984
Impairment of social housing	440	-	-	440	-
Operating costs for social letting activities	34,745	78	785	35,607	31,032
Operating surplus/(deficit) for social letting activities	9,029	860	(199)	9,690	9,825

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2024 Operating surplus/(deficit) for social letting activities	9,292	725	(170)	9,825
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4. Particulars of turnover, operating costs and operating surplus/(deficit) by class of business (cont'd)

(ii) Social letting activities - KHA	General needs housing	Supported housing accommodation	Shared ownership housing	2025	2024
				Total	Total
Turnover	£000	£000	£000	£000	£000
Rent receivable net of service charges	30,244	626	505	31,375	28,703
Service charges	946	305	-	1,251	1,109
Gross income from rents & service charges	31,190	931	505	32,626	29,812
Less voids	(328)	(3)	-	(331)	(276)
Net income from rents & service charges	30,862	928	505	32,295	29,536
Grant released from deferred income and SHG recyclable	6,139	10	81	6,230	4,924
Revenue grants from Scottish Ministers	-	-	-	-	46
Other revenue grants	28	-	-	28	84
Total turnover from social letting activities	37,029	938	586	38,553	34,590

(ii) Social letting activities - KHA	General needs housing	Supported housing accommodation	Shared ownership housing	2025	2024
				Total	Total
Operating costs for social letting activities	£000	£000	£000	£000	£000
Management & maintenance administration costs	11,818	28	393	12,239	10,227
Service costs	2,015	5	67	2,087	1,610
Planned and cyclical maintenance including major repairs costs	1,744	-	-	1,744	1,114
Reactive maintenance costs	6,905	16	230	7,151	6,750
Bad debts - rents & service charges	327	18	(9)	336	683
Depreciation of social housing	9,331	11	104	9,446	8,630
Impairment of social housing	440	-	-	440	-
Operating costs for social letting activities	32,580	78	785	33,443	29,014

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Operating surplus/(deficit) for social letting activities	<u>4,449</u>	<u>860</u>	<u>(199)</u>	<u>5,110</u>	<u>5,576</u>
2024 Operating surplus/(deficit) for social letting activities	<u>5,021</u>	<u>725</u>	<u>(170)</u>	<u>5,576</u>	

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

(iii) Other activities - Group	Other revenue grants	Supporting people income	Other income	2025	2024
				Total	Total
Turnover	£000	£000	£000	£000	£000
Care & repair of property	265	-	-	265	284
Kingdom Works	1,328	-	-	1,328	1,083
Support activities	-	11,127	-	11,127	10,450
Other agency/management services	-	-	40	40	171
Sale of shared equity properties	-	-	-	-	1,241
Factoring	-	-	117	117	98
Renewable energy	-	-	173	173	219
Other activities	-	-	24	24	52
Total turnover from other activities	<u>1,593</u>	<u>11,127</u>	<u>354</u>	<u>13,074</u>	<u>13,598</u>

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

				2025	2024
(iii) Other activities - Group (cont'd)	Total turnover	Operating costs - bad debts	Other operating costs	Operating surplus/(deficit)	Operating surplus/(deficit)
Operating surplus/(deficit) - Group	£000	£000	£000	£000	£000
Care & repair of property	265	-	(261)	4	3
Kingdom Works	1,328	-	(1,328)	-	-
Development and construction of property activities	-	-	(1,314)	(1,314)	(558)
Support activities	11,127	-	(10,887)	240	98
Other agency/management services	40	-	-	40	171
Developments for sale to registered social landlords	-	-	-	-	(73)
Factoring	117	(13)	(270)	(166)	(57)
Renewable energy	173	-	(69)	104	180
Other activities	24	-	-	24	52
Operating surplus/(deficit)	13,074	(13)	(14,129)	(1,068)	(184)
2024 Operating surplus/(deficit) for other activities	13,598	(2)	(13,780)	(184)	

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

(iv) Other activities - KHA	Other revenue grants	Supporting people income	Other income	2025	2024
	£000	£000	£000	Total £000	Total £000
Turnover					
Care & repair of property	261	-	4	265	284
Kingdom Works	1,328	-	-	1,328	1,083
Other agency/management services	-	-	80	80	156
Lease income received	-	-	3,402	3,402	3,083
Sales of shared equity properties	-	-	-	-	1,241
Factoring	-	-	117	117	98
Renewable energy	-	-	173	173	219
Inter-company service level agreements	-	-	546	546	519
Gift aid from subsidiary companies	-	-	650	650	-
Other activities	-	-	23	23	52
Total turnover from other activities	1,589	-	4,995	6,584	6,735

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

				2025	2024
(iv) Other activities - KHA (cont'd)	Total	Operating costs	Other operating	Operating	Operating
	turnover	- bad debts	costs	surplus/(deficit)	surplus/(deficit)
Operating surplus/(deficit) - KHA	£000	£000	£000	£000	£000
Care & repair of property	265	-	(261)	4	3
Kingdom Works	1,328	-	(1,328)	-	-
Development and construction of property activities	-	-	(1,314)	(1,314)	(558)
Other agency/management services	80	-	-	80	156
Developments for sale to registered social landlords	-	-	-	-	(73)
Lease income received (MMR)	3,402	-	-	3,402	3,083
Factoring	117	(13)	(270)	(166)	(57)
Renewable energy	173	-	(69)	104	180
Inter-company service level agreements	546	-	(193)	353	348
Gift aid from subsidiary companies	650	-	-	650	-
Other activities	23	-	-	23	52
Operating surplus/(deficit)	6,584	(13)	(3,435)	3,136	3,134
 2024 Operating surplus/(deficit) for other activities	 6,735	 (2)	 (3,599)	 3,134	

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5. Operating surplus

	Group	KHA	Group	KHA
	2025	2025	2024	2024
	£000	£000	£000	£000
Operating surplus is stated after (charging)/crediting:				
Grants released from deferred income (Note 19)	5,341	5,196	5,070	4,902
Depreciation of housing properties (Note 10)	(9,800)	(9,446)	(8,984)	(8,548)
Depreciation of other tangible fixed assets (Note 10)	(324)	(324)	(613)	(613)
Impairments of housing and office premises	(846)	(846)	-	-
Stock of materials write off	(619)	(619)	-	-
Amortisation of intangible fixed assets (Note 10)	-	-	(2)	(3)
(Loss)/gain on disposal of housing properties (Note 6)	(35)	(35)	118	118
Operating lease rental costs	(266)	(297)	(279)	(308)
Internal audit and other fees	(32)	(32)	(17)	(17)
Tax services and advice	(21)	(14)	(17)	(8)
External audit fees	(44)	(30)	(40)	(28)

6. (Loss)/gain on sale of housing properties and disposal of components

	Group	Group
	& KHA	& KHA
	2025	2024
	£000	£000
Sale proceeds	131	225
Net book value of properties	(86)	(82)
Expenses on disposal of properties	(6)	-
Gain on sale of housing properties	39	143
Loss on disposal of components	(74)	(25)
	(35)	118

The gain on sale of Shared Ownership housing properties arises from the sale of tranches of 25%, 50% or 75% of the whole of each property. Properties sold in 2025: 1 (2024: 2).

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

7. Interest receivable and similar income

	Group	KHA	Group	KHA
	2025	2025	2024	2024
	£000	£000	£000	£000
Interest receivable and similar income	600	1,136	849	1,421

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8. Interest payable and finance costs

	Group	KHA	Group	KHA
	2025	2025	2024	2024
	£000	£000	£000	£000
Interest payable in the year has been charged as follows:				
Loan interest	8,094	8,090	8,127	8,123
Net interest expense on defined benefit pension liability (Note 20)	114	114	38	38
	<u>8,208</u>	<u>8,204</u>	<u>8,165</u>	<u>8,161</u>

9. Taxation

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

	Group	KHA	Group	KHA
	2025	2025	2024	2024
	£000	£000	£000	£000
Based upon the results for the year to 31 March:				
Corporation tax charge on income for the year on surplus on ordinary activities	(185)	-	(162)	-
Prior year over/(underprovision) of taxation	37	(7)	-	-
Impact of Gift Aid payment	185	-	118	-
	<u>37</u>	<u>(7)</u>	<u>(44)</u>	<u>-</u>

Corporation tax is calculated at 25%, less marginal relief, if appropriate (2024: 25%, less marginal relief). KHA and its subsidiaries are part of the KHA tax group. The Boards of KHA's subsidiaries have proposed to pay Gift Aid to KHA to reduce their exposure to corporation tax. The Group impact was to reduce tax suffered by £185k.

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10. Fixed assets

(i) Housing properties - Group

	Shared Ownership held for letting £000	Housing held for letting £000	Housing in course of construction £000	Hostel held for letting £000	Housing properties total £000
Cost					
At 1 April 2024	10,678	690,845	35,925	1,067	738,515
Additions during year	-	3,634	47,344	-	50,978
Disposals in year	-	(217)	-	-	(217)
Transfers	(22)	35,519	(35,497)	-	-
Transfers to property held for sale	-	(22)	-	-	(22)
At 31 March 2025	10,656	729,759	47,772	1,067	789,254
Depreciation					
At 1 April 2024	2,385	78,035	-	224	80,644
Provided during year	104	9,685	-	11	9,800
Impairment	-	440	-	-	440
Disposals in year	(5)	(143)	-	-	(148)
At 31 March 2025	2,484	88,017	-	235	90,736
Net book value					
At 31 March 2025	8,172	641,742	47,772	832	698,518
At 31 March 2024	8,293	612,810	35,925	843	657,871

Description	Capitalised - included in housing additions		Expensed - included in SoCI	
	2025	2024	2025	2024
	£000	£000	£000	£000
Major repairs costs - existing properties - KHA	2,096	3,478	1,744	1,114
Major repairs costs - existing properties - KI	7	1	15	83
Off the shelf addition	1,463	-	-	-
Development administration costs - KHA	474	986	-	-

No improvements were capitalised by the Group during the year (2024: Nil)

No interest was capitalised by the Group during the year (2024: Nil).

Included in Group housing held for letting is land amounting to £59,832k (2024: £59,081k).

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10. Fixed assets (cont'd)

(ii) Housing properties – KHA

	Shared Ownership held for letting £000	Housing held for letting £000	Housing in course of construction £000	Hostel held for letting £000	Housing properties total £000
Cost					
At 1 April 2024	10,678	663,417	35,925	1,067	711,087
Additions during year	-	3,628	47,344	-	50,972
Disposals in year	-	(217)	-	-	(217)
Transfers	(22)	35,519	(35,497)	-	-
Transfers to properties held for sale	-	(22)	-	-	(22)
At 31 March 2025	<u>10,656</u>	<u>702,325</u>	<u>47,772</u>	<u>1,067</u>	<u>761,820</u>
Depreciation					
At 1 April 2024	2,386	76,779	-	224	79,389
Provided during year	104	9,331	-	11	9,446
Impairment	-	440	-	-	440
Disposals in year	(5)	(143)	-	-	(148)
At 31 March 2025	<u>2,485</u>	<u>86,407</u>	<u>-</u>	<u>235</u>	<u>89,127</u>
Net book value					
At 31 March 2025	<u>8,171</u>	<u>615,918</u>	<u>47,772</u>	<u>832</u>	<u>672,693</u>
At 31 March 2024	<u>8,292</u>	<u>586,638</u>	<u>35,925</u>	<u>843</u>	<u>631,698</u>

Following an assessment of current housing developments, a decision was made to impair a development by £440k. No other general indicators of impairment were identified and therefore no overall impairment review was considered necessary.

Included in KHA housing held for letting is land amounting to £56,868k (2024: £56,116k).

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10. Fixed assets (cont'd)

Stock numbers

	General housing	Support housing accommodation	Shared ownership housing	Total
Units owned				
As at 1 April 2024 - Owned by Group	6,822	16	227	7,065
As at 31 March 2025 - Owned by Group	6,981	16	225	7,222
As at 1 April 2024 - Owned by KHA	6,600	16	227	6,843
As at 31 March 2025 - Owned by KHA	6,759	16	225	7,000
Units in management				
As at 1 April 2024 - managed by Group	6,943	16	227	7,186
As at 31 March 2025 - managed by Group	7,102	16	225	7,343
As at 1 April 2024 - managed by KHA	5,955	16	227	6,198
As at 31 March 2025 - managed by KHA	6,118	16	225	6,359

(iii) Other tangible fixed assets – Group and KHA

	Heritable office property	Furniture and equipment	Motor vehicles	Computer hardware	Total
Cost	£000	£000	£000	£000	£000
At 1 April 2024	1,767	257	1,236	89	3,349
Additions during year	337	160	64	49	610
Disposals in year	-	(22)	(87)	-	(109)
At 31 March 2025	<u>2,104</u>	<u>395</u>	<u>1,213</u>	<u>138</u>	<u>3,850</u>
Depreciation					
At 1 April 2024	1,035	221	280	88	1,624
Provided during year	55	35	229	5	324
Impairment	406	-	-	-	406
Disposals	-	(2)	(58)	-	(60)
At 31 March 2025	<u>1,496</u>	<u>254</u>	<u>451</u>	<u>93</u>	<u>2,294</u>
Net book value					
At 31 March 2025	<u>608</u>	<u>141</u>	<u>762</u>	<u>45</u>	<u>1,556</u>
At 31 March 2024	<u>732</u>	<u>36</u>	<u>956</u>	<u>1</u>	<u>1,725</u>

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Following the decision to move operations to the planned new development at Boston View, the Saltire office will be decommissioned. Accordingly, the carrying value of the Saltire office was impaired and written down by £406k.

10. Fixed assets (cont'd)

(iv) Intangible fixed assets – Computer software

	Group £000	KHA £000
Cost		
At 1 April 2024	184	163
Disposals in year	(2)	(2)
At 31 March 2025	<u>182</u>	<u>161</u>
Amortisation		
At 1 April 2024	184	163
Disposals	(2)	(2)
At 31 March 2025	<u>182</u>	<u>161</u>
Net book value		
At 31 March 2025	<u>-</u>	<u>-</u>
At 31 March 2024	<u>-</u>	<u>-</u>

11. Fixed asset investments

	KHA 2025 £000	KHA 2024 £000
Investments in subsidiaries		
Kingdom Support and Care CIC	427	427
Kingdom Initiatives Limited	-	-
	<u>427</u>	<u>427</u>

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

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12. Joint venture – The Grange

The table below sets out the relevant figures derived from the management accounts for the year ended 31 March 2025:

	Group 2025 £000	Group 2024 £000
Carrying value at 1 April	59	-
Share of profits	14	59
Less distributions	-	-
Carrying value at 31 March	<u>73</u>	<u>59</u>

13. Property held for sale

	Group & KHA 2025 £000	Group & KHA 2024 £000
Work in progress for other RSLs at 1 April	1,351	1,116
Cost additions during the year	137	236
Net transfers to operating costs on disposals	-	(1)
Balance of work in progress for other RSLs at 31 March	<u>1,488</u>	<u>1,351</u>
Shared ownership properties for sale at 1 April	86	32
Sales	(86)	(32)
Transfer of net book value (Note 10)	-	86
Shared ownership properties for sale at 31 March	<u>-</u>	<u>86</u>
Social rent properties for sale at 1 April	-	-
Net transfers from housing costs held for letting	22	-
	<u>22</u>	<u>-</u>
Shared equity properties for sale at 1 April	-	1,126
Sales	-	(582)
Transfer from deferred grant	-	(544)
Transfer income from sales to Note 4 Other activities	-	1,241
Transfer cost of sales to Note 4 Other activities	-	(1,241)
Shared equity properties for sale at 31 March	<u>-</u>	<u>-</u>
Total properties held for sale	<u>1,510</u>	<u>1,437</u>

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14. Stocks

	Group & KHA 2025 £000	Group & KHA 2024 £000
Stock of materials held	686	1,147
The reduction in stock levels was mainly due to a write off of £619k in the year.		

15. Receivables

(i) Amounts falling due within one year

	Group 2025 £000	KHA 2025 £000	Group 2024 £000	KHA 2024 £000
Arrears of rent	2,797	2,306	3,347	2,778
less: Provision for bad debts	(2,275)	(1,824)	(2,664)	(2,151)
	522	482	683	627
Sundry receivables	2,749	2,100	2,478	1,915
Prepayments	401	365	457	410
Due from Grange St Andrews LLP	298	-	1,041	-
Due from Kingdom Initiatives Limited	-	1,254	-	1,793
Loan due from Kingdom Initiatives Limited	-	6,293	-	-
Due from Kingdom Support & Care CIC	-	36	-	-
Interest receivable	-	-	52	52
Car loans to employees	163	163	128	127
SHG in arrears	772	772	563	563
	4,905	11,465	5,402	5,487

(ii) Amounts falling due after more than one year

	Group 2025 £000	KHA 2025 £000	Group 2024 £000	KHA 2024 £000
Loans to Kingdom Initiatives Limited	-	7,024	-	13,316

KHA has provided a loan to KI amounting to £6m, which is repayable by regular instalments of interest, the last of which falls to be repaid by 2026, together with a bullet repayment of the principal. The KHA Board has agreed to refinance the loan in 2025-26, assuring KI's going concern status. A further loan, of which the balance outstanding after more than one year at year end was £7.3m, is repayable in regular instalments of principal and interest, the last of which falls to be repaid in 2049. The instalment of £0.3m

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due within one year is included in current receivables. Both loans bear interest at 4.5% and are secured by a bond and floating charge over the property and undertakings of KI.

16. Payables: Amounts falling due within one year

	Group 2025 £000	KHA 2025 £000	Group 2024 £000	KHA 2024 £000
Contractors for certified work	6,923	6,764	7,300	7,098
Trade payables	929	913	1,713	1,650
Deferred capital grants (Note 19)	6,670	6,525	5,908	5,763
Sundry payables and accruals	3,392	2,681	3,855	2,972
Prepaid rent	1,213	1,163	819	784
Other taxation & social security costs	472	254	436	245
Due to Kingdom Support & Care CIC	-	-	-	52
Interest payable	1,187	1,187	1,008	1,008
Corporation tax	-	-	44	-
SHG recyclable	1,027	1,027	2,748	2,748
Housing loans (Note 18)	21,495	21,485	4,646	4,635
	<u>43,308</u>	<u>41,999</u>	<u>28,477</u>	<u>26,955</u>

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

	Group 2025 £000	KHA 2025 £000	Group 2024 £000	KHA 2024 £000
Housing loans (Note 18)	208,428	208,417	207,797	207,776
	<u>8</u>	<u>7</u>	<u>7</u>	<u>6</u>

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

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18. Loans

	Group 2025 £000	KHA 2025 £000	Group 2024 £000	KHA 2024 £000
Housing loans				
Loans secured by a charge on the Group's housing, land and buildings and advanced by private lenders:	229,923	229,902	212,443	212,411

The loans are repayable in a combination of regular instalments of principal and interest, and interest only with bullet repayments on maturity, up to 2057. The loans bear interest at rates between 1.92% and 6.07% (2024: 0% and 6.54%).

Amount falling due:

Within one year (note 16)	21,495	21,485	4,646	4,635
In 1 year or more but less than 2 years	10,952	10,942	11,317	11,307
In 2 years or more but less than 5 years	27,071	27,070	26,580	26,569
In more than 5 years	170,405	170,405	169,900	169,900
Amounts falling due after more than 1 year (Note 17)	208,428	208,417	207,797	207,776
	229,923	229,902	212,443	212,411

19. Deferred income – Government grants/other income

	Group 2025 £000	KHA 2025 £000	Group 2024 £000	KHA 2024 £000
As at 1 April	366,542	356,981	344,599	334,893
Receivable in year	18,498	18,498	27,597	27,597
Repayable	686	686	(41)	(41)
Released to income - social lettings	(5,342)	(5,196)	(5,069)	(4,924)
Released to income - other activities	-	-	(544)	(544)
As at 31 March	380,384	370,969	366,542	356,981
Amounts to be released within 1 year	6,670	6,525	5,908	5,763
Amounts to be released in more than 1 year	373,714	364,444	360,634	351,218
	380,384	370,969	366,542	356,981

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

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

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

Sufficient information is available in respect of the DB Scheme to enable KHA to account for its obligation on a defined benefit basis. For accounting purposes, a valuation of the DB Scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for the accounting year end 31 March 2025. The liabilities were compared at 31 March 2025 with KHA's fair share of the DB Scheme's total assets to calculate KHA's share of the net deficit or surplus.

Under the defined benefit pension accounting approach, KHA's share of the DB Scheme's net deficit as at 31 March 2025 was £2,038k (2024: £2,334k). The details are set out in the tables below:

Net defined benefit plan asset/liability	Group & KHA 2025 £000	Group & KHA 2024 £000
Fair value of plan assets	15,419	16,977
Present value of defined benefit obligation	(17,457)	(19,311)
Defined benefit (liability), (deficit) of plan to be recognised	<u>(2,038)</u>	<u>(2,334)</u>

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

Defined benefit plan obligations at discounted cost	Group & KHA 2025 £000	Group & KHA 2024 £000
Defined benefit obligation at start of period	19,311	19,402
Expenses	33	30
Interest expense	932	930
Actuarial losses (gains) due to scheme experience	366	(110)
Actuarial losses (gains) due to changes in demographic assumptions	-	(115)
Actuarial losses (gains) due to changes in financial assumptions	(2,521)	(164)
Benefits paid and expenses	(664)	(662)
Defined benefit obligation at end of period	<u>17,457</u>	<u>19,311</u>
Defined benefit plan assets at fair value	Group & KHA 2025 £000	Group & KHA 2024 £000
Fair value of plan assets at start of period	16,977	18,635
Interest income	818	892
Experience on plan assets (excluding amounts included in interest income) - (loss)	(1,745)	(1,918)
Contributions by the employer	33	30
Benefits paid and expenses	(664)	(662)
Fair value of plan assets at end of period	<u>15,419</u>	<u>16,977</u>

The actual return on plan assets (including any changes in share of assets) over the period ended 31 March 2025 was a loss of £927,000 (2024: loss of £1,026,000).

Plan costs recognised in Statement of Comprehensive Income	Group & KHA 2025 £000	Group & KHA 2024 £000
Expenses	33	30
Net interest expense	114	38
Defined benefit costs recognised in statement of comprehensive income (SoCI)	<u>147</u>	<u>68</u>

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

Plan costs recognised in Statement of Other Comprehensive Income	Group & KHA 2025 £000	Group & KHA 2024 £000
Experience on plan assets (excluding amounts included in net interest cost) - (loss)	(1,745)	(1,918)
Experience gains and losses arising on the plan liabilities - (loss)/gain	(366)	110
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain/(loss)	-	115
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain	2,521	164
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain/(loss)	410	(1,529)

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

Analysis of plan assets	Group & KHA 2025 £000	Group & KHA 2024 £000
Global Equity	1,786	1,953
Absolute Return	-	763
Distressed Opportunities	-	625
Credit Relative Value	-	598
Alternative Risk Premia	-	611
Liquid Alternatives	2,839	-
Emerging Markets Debt	-	297
Risk Sharing	-	1,019
Insurance-Linked Securities	59	105
Property	764	718
Infrastructure	3	1,626
Private Equity	13	13
Real Assets	1,840	-
Private Debt	-	683
Opportunistic Illiquid Credit	-	676
Private Credit	1,923	-
Credit	656	-
Investment Grade Credit	705	-
High Yield	-	3
Cash	82	440
Long Lease Property	5	126
Secured Income	356	567
Liability Driven Investment	4,342	6,140
Currency Hedging	26	(7)
Net Current Assets	20	21
Total assets	<u>15,419</u>	<u>16,977</u>

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

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

Key assumptions	Group & KHA	Group & KHA
	2025	2024
	% per annum	% per annum
Discount Rate	5.87%	4.91%
Inflation (RPI)	3.08%	3.14%
Inflation (CPI)	2.80%	2.78%
Salary Growth	3.80%	3.78%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

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

	Group & KHA	Group & KHA
	2025	2024
	Life expectancy at age 65 (Years)	Life expectancy at age 65 (Years)
Male retiring in 2025	20.2	20.2
Female retiring in 2025	22.7	22.7
Male retiring in 2045	21.5	21.4
Female retiring in 2045	24.2	24.1

KHA participates in a multi-employer pension scheme (DB Scheme). Should KHA leave the DB Scheme the amount of employer debt has been estimated as £5,713k (2024: £6,166k) as at 30 September 2024, the date of the latest estimation available. However, the estimates are not reliable. At the present time KHA has no intention of leaving the DB Scheme.

KHA has been notified by the Trustee of the DB Scheme that it has performed a review comparing the historic changes made to the DB Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee is seeking clarification from the Court on these items. This process is ongoing with the Court's determination expected late 2025. It is estimated that this could potentially increase the liabilities of the whole DB Scheme by £27m. This estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provisions basis. Until the Court direction is received, it is unknown whether the full, or indeed any, increase in liabilities will apply. Therefore, no adjustment and no contingent liability is recognised in these financial statement.

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21. Share Capital

	2025	2024	2025	2024
	Number	Number	£	£
Group and KHA				
Shares of £1 each issued and fully paid:				
At 1 April	63	63	63	63
Issued during the year	7	4	7	4
Cancelled during the year	(1)	(4)	(1)	(4)
At 31 March	<u>69</u>	<u>63</u>	<u>69</u>	<u>63</u>

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

22. Capital commitments

	Group & KHA 2025 £000	Group & KHA 2024 £000
Housing properties:		
Expenditure contracted but not provided in the financial statements	<u>27,627</u>	<u>28,016</u>

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

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23. Employees

	Group	KHA	Group	KHA
	2025	2025	2024	2024
	£000	£000	£000	£000
i) Staff costs during year:				
Wages and salaries	18,823	9,911	17,268	8,858
Social security costs	1,699	957	1,543	863
Other pension costs	1,359	1,060	1,214	940
Expenses of defined benefit pension scheme	31	31	28	28
	<u>21,912</u>	<u>11,959</u>	<u>20,053</u>	<u>10,689</u>

	Group	KHA	Group	KHA
	2025	2025	2024	2024
	£000	£000	£000	£000
During the year the following costs were incurred:				
Redundancy payments	188	154	-	-
Ex-gratia payments	56	56	-	-
	<u>244</u>	<u>210</u>	<u>-</u>	<u>-</u>

	Group	KHA	Group	KHA
	2025	2025	2024	2024
	No.	No.	No.	No.
ii) Staff numbers:				
Average weekly number of employees (including relief staff working on an “as required” basis)	<u>620</u>	<u>261</u>	<u>602</u>	<u>252</u>
<u>Number of Employees as at 31 March:</u>				
Support & Care staff	278	-	276	-
Administration staff	209	194	226	211
Maintenance staff	60	60	56	56
	<u>547</u>	<u>254</u>	<u>558</u>	<u>267</u>
Full time equivalent employees	<u>478</u>	<u>245</u>	<u>485</u>	<u>256</u>

Agency staff were employed during the year by the Group at a cost of £293k (2024: £485k).

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24. Auditors' remuneration

	Group 2025 £000	KHA 2025 £000	Group 2024 £000	KHA 2024 £000
Fees payable to RSM UK AUDIT LLP:				
Audit services	44	30	40	28
Tax services and advice	21	14	17	8
Fees payable to Henderson Loggie LLP:				
Internal audit fees	22	22	17	17
Other fees	10	10	-	-

25. Remuneration of key management personnel

	Group 2025 £000	KHA 2025 £000	Group 2024 £000	KHA 2024 £000
The aggregate remuneration of 5 directors (2024 – 6 directors) including benefits in kind was:	535	459	525	413
Pension contributions of directors were:	57	50	58	49
Emoluments (excluding pension contributions) were paid in the following bandings:				
£10,001 to £20,000	-	-	1	1
£40,001 to £50,000	1	1	2	2
£60,001 to £70,000	1	-	-	-
£70,001 to £80,000	1	1	-	-
£90,001 to £100,000	-	-	2	1
£100,001 to £110,000	1	1	-	-
£130,001 to £140,000	1	1	1	1
The total emoluments (excluding pension contributions) received by the highest paid director was:	135	135	132	132

With effect from November 2024 key management personnel were defined as the Chief Executive and the two Group directors. The Chief Executive is an ordinary member of KHA's Pension Scheme. No enhanced or special terms apply to his membership and KHA does not contribute to any other pension on his behalf. KHA's pension contributions for the Chief Executive in the year amounted to £20,220 (2024: £20,028).

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26. Payments to Members and Board members

The Board decided to remunerate the role of Chairs of the Board and Committees with effect from 1 April 2024. Remuneration and payments of expenses during the year are as follows:

	Group	KHA	Group	KHA
	2025	2025	2024	2024
	£000	£000	£000	£000
Remuneration of Chair and Chairs of Committees	17	9	-	-
Out of pocket expenses	3	2	3	2
Total	20	11	3	2

During the year no member of the Board was a tenant of KHA (2024: nil). During the year one member of the Board was a sharing owner (2024: one). The sharing owner arrangements for this member are on normal terms.

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

	2025	2024
	£000	£000
Cash generated from operations		
Surplus for the year	990	2,527
Actuarial gain/(loss) in respect of defined benefit pension scheme	410	(1,529)
Depreciation and impairment of tangible fixed assets	10,240	8,984
Depreciation and impairment of other fixed assets	730	613
Amortisation of intangible assets	-	2
(Decrease)/increase in pension provision/liability	(296)	1,567
Gain or loss on disposal of fixed assets	-	(118)
Gain or loss on disposal of assets held for sale	35	-
Gain or loss on disposal of other fixed assets	3	(3)
Gain on investment in joint venture	(14)	(59)
Amortisation of housing property capital grant	(5,341)	(5,070)
Interest received	(600)	(849)
Interest paid	8,208	8,165
Corporation tax paid	(7)	(44)
Operating cashflows before movement in working capital	14,358	14,186
Decrease/(increase) in stock	461	(320)
Decrease/(increase) in receivables	655	(994)
(Decrease)/increase in payables	(817)	1,484
Total cash flows from operating activities	14,657	14,356

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

Analysis of changes in net debt – Group

	At 1 April 2024	Cash flows	At 31 March 2025
	£000	£000	£000
Cash and cash equivalents	19,536	(9,924)	9,612
Debt due within one year	(4,646)	(16,849)	(21,495)
Debt due in more than one year	<u>(207,797)</u>	<u>(631)</u>	<u>(208,428)</u>
	<u>(192,907)</u>	<u>(27,404)</u>	<u>(220,311)</u>

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

	2025 £000	2024 £000
Cash generated from operations		
Surplus for the year	1,140	2,091
Actuarial gain/(loss) in respect of defined benefit pension scheme	410	(1,529)
Depreciation and impairment of tangible fixed assets	9,886	8,630
Depreciation and impairment of other fixed assets	730	613
Amortisation of intangible assets	-	2
(Decrease)/increase in pension provision/liability	(296)	1,567
Gain or loss on disposal of fixed assets held for sale	35	(118)
Gain or loss on disposal of other fixed assets	3	(3)
Interest received	(1,136)	(1,421)
Interest paid	8,204	8,161
Amortisation of housing property capital grant	(5,196)	(4,925)
Corporation tax (received)/paid	<u>(7)</u>	<u>-</u>
Operating cashflows before movement in working capital	13,773	13,068
Decrease/(increase) in stock	461	(320)
Increase in receivables falling due within one year	(5,819)	(893)
Decrease in receivables falling due in more than one year	6,293	293
(Decrease)/increase in payables	<u>(693)</u>	<u>1,562</u>
Total cash flows from operating activities	<u>14,015</u>	<u>13,710</u>

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

Analysis of changes in net debt – KHA

	At 1 April 2024	Cash flows	At 31 March 2025
	£000	£000	£000
Cash and cash equivalents	16,361	(9,966)	6,395
Debt due within one year	(4,635)	(16,850)	(21,485)
Debt due in more than one year	<u>(207,776)</u>	<u>(641)</u>	<u>(208,417)</u>
	<u>(196,050)</u>	<u>(27,457)</u>	<u>(223,507)</u>

29. Financial commitments

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

	KHA & Group 2025 £000	KHA & Group 2024 £000
Amounts due:		
Within one year	117	130
Between 1 and 5 years	<u>184</u>	<u>301</u>
	<u>301</u>	<u>431</u>

30. Operating lease income

KHA has future operating lease income receivable as follows:

	2025 £000	2024 £000
Due within 1 year	34	33
Due between 1 - 2 years	12	16
Due between 3 - 5 years	<u>-</u>	<u>11</u>
	<u>46</u>	<u>60</u>

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

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31. Contingent liabilities

Repayment of Housing Association Grant is not required on any component disposals. There are certain circumstances under which the total grant received by KHA and KI as at 31 March 2025 of £444m (2024: £426m) may be repayable to Scottish Government. The Board does not expect those circumstances to crystallise.

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

HMRC has issued a determination for corporation tax due from KHA's subsidiary companies in respect of transfer of tax losses from KHA to offset taxable profits in the subsidiaries (group relief), which it considers cannot be used for this purpose under the tax legislation. The determination covers the years ended 31 March 2021 and 2022. HMRC are currently reviewing the year ended 31 March 2023, where KHA again used group relief. KHA Group's tax advisers have issued an appeal against the determination. If the appeal were to fail, the corporation tax that might be payable by the Group for the three years in question, including estimated interest amounting to £80k, is approximately £552k. Interest continues to accumulate on the balances outstanding at the Bank of England base rate plus 4%. No penalties are anticipated as the Group companies acted in accordance with advice from our tax advisers. In the event of losses arising, the Group companies affected will seek compensation from the tax advisers.

32. Related party transactions

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

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

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

A close family member of a Board member is a trustee of Castle Furniture Project. KHA's purchases from this entity amounted to £6k (2024: £10k) in the year. The balance due to the entity at year end was £nil (2024: £nil).

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

KHA charged KI for purchases, expenses and management services provided by KHA amounting to £3,750k (2024: £3,531k). KI charged KHA for purchases and expenses totaling £30k (2024: £29k).

32. Related party transactions (cont'd)

At the date of the statement of financial position the balance due by KI to KHA was £14,517k (2024: £15,109k), including the balance of loans repayable. KI made interest payments to KHA during the year of £603k (2024: £616k) in accordance with the loan agreements.

KHA charged KSC for purchases, expenses and management services provided by KHA amounting to £259k (2024: £230k). KSC charged KHA for purchases and expenses totaling £24k (2024: £22k).

At the date of the statement of financial position the balance due by KSC to KHA was £36k (2024: due by KHA to KSC £52k).