

**Kingdom Housing Association Limited**  
**Consolidated Report and Financial Statements**  
**for the year ended 31 March 2022**

Registration Details

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

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**BOARD OF MANAGEMENT, EXECUTIVE, ADVISERS AND REGISTRATION DETAILS**

<b>Board of Management</b>	Linda Leslie	Chairperson (appointed Chairperson October 2021)
	Laurie Naumann	Vice Chairperson
	Freya Lees	Vice Chairperson (Chairperson to October 2021)
	Gavin Thomson	Chair of Audit & Financial Compliance Committee
	Loretta Mordi	
	Tom Barr	
	Laura Brotherton	
	Graeme Mackay	
	Charles Oliver	
	David Redpath	
	Stephen Swan	
	Carol Watson	
	Alan Hobbett	
Ian Crocker		
Dorothy MacCloy	(appointed September 2021)	
<b>Key Management Personnel</b>	William Banks	Chief Executive and Company Secretary
	Ken Tudhope	Executive Director of Finance
	Susan McDonald	Executive Director of Operations
	Norah Smith	Executive Director, Kingdom Support & Care CIC
<b>Registered Office</b>	Saltire Centre, Pentland Court, Glenrothes, KY6 2DA	
<b>Registration Numbers</b>	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	
<b>Independent Auditors</b>	RSM UK Audit LLP Third Floor 2 Semple Street Edinburgh EH3 8BL	
<b>Principal Banker</b>	Bank of Scotland	
<b>Internal Auditors</b>	Henderson Loggie LLP	

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

The Board of Management presents its report and audited consolidated financial statements for the year ended 31 March 2022.

**LEGAL STATUS**

Kingdom Housing Association Limited (KHA) is incorporated in Scotland and registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 as a mutual society (registration number SP1981R(S)) and is a Registered Social Landlord HEP 142 with the Scottish Housing Regulator (SHR). It is also a Scottish Charity registered with the Office of the Scottish Charity Regulator (OSCR) No. SC000874.

KHA has two wholly owned subsidiary companies which are:

- Kingdom Initiatives Limited (KI) that is registered with Companies House under the Companies Act 2006 (registration number SC383963) and is a non-charitable company limited by shares.
- Kingdom Support and Care Community Interest Company (KSC) that is registered with Companies House under the Companies Act 2006, registration number SC545491 and is a Community Interest Company that is a non-charitable company limited by shares.

These consolidated financial statements include the results of KHA, KI and KSC (the Group) for the year ended 31 March 2022 and have been prepared using the application of FRS102 and the Statement of Recommended Practice for Registered Social Landlords 2018.

**OBJECTIVES AND STRATEGY**

The mission statement of the Kingdom Group is to provide 'more than a home' and this is reflected in the provision and maintenance of affordable high quality houses. KI complements KHA's mission in areas of activity in which KHA may not operate. KSC provides support and care services to enable people affected by disability to live in their own homes.

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.

**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 Governing Body of KHA is a Board of Management (the Board), which has a minimum of 7 and a maximum of 15 members. As at 31 March 2022 there were 15 members (2021: 14) of the Board with a wide range of skills and experience, of whom none were co-opted (2021: none). None of the Board members were tenants and one was a sharing owner. Of the Board one member is a director of KI (Loretta Mordi) and one is a director of KSC (Linda Leslie).

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The Chief Executive, William Banks, was appointed Chief Executive of Fairfield Housing Association (FHA) in April 2020 to assist its governance improvement programme. The programme also led to KHA providing administrative, governance and financial services to FHA through a Service Level Agreement. Following extensive discussions and agreement with the relevant regulators, the Fairfield Housing Association (FHA) and KHA Boards of Management and a large majority of FHA tenants, the assets, liabilities and activities of FHA were transferred to KHA with effect from 1 December 2021. KHA's results therefore reflect the impact of this transfer for the final four months of the year. The transfer resulted in a gain of £13,770k in the year for KHA (see Note 21 for details). FHA ceased trading on 1 December 2021 and has been wound up.

The Board is supported by the following committees:

- Audit & Financial Compliance Committee;
- Senior Management Remuneration & Succession Planning Committee;
- Policy Committee.

In addition, there is an 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](http://www.housingregulator.gov.scot/landlord-performance).

Each subsidiary has its own Board of Directors with an appointed Chairperson. There are clear reporting arrangements between the members of the Group with minutes of the KI and KSC Board meetings being presented to the KHA Board and a standing agenda item on the KI and KSC Board papers for any items to be referred from and to KHA. The KHA Chief Executive (William Banks) also serves as a director of KI and KSC. Garry Dickson was a director of both KI and KSC until September 2021 upon his resignation from KI.

All group companies operate within agreed rules, policies and financial regulations with delegated authority given to the Chief Executive and Executive Team. Key performance indicators and regular operational reports are provided to the Boards of KHA, KI and KSC to enable them to monitor progress in meeting the agreed objectives.

Summaries of the operations of the subsidiaries are included in this strategic report. Copies of the statutory report and financial statements of the subsidiaries showing further details may be obtained from the KHA offices or from Companies House ([www.gov.uk/get-information-about-a-company](http://www.gov.uk/get-information-about-a-company)).

## **PRINCIPAL ACTIVITIES AND BUSINESS MODELS**

### **KHA**

KHA's principal activity is the provision and management of affordable housing using Scottish Secure Tenancies throughout East Central Scotland. KHA owns and manages a wide range of housing for rent and seeks to increase the number of properties it has available by building new properties and acquiring existing properties using an appropriate mix of subsidy, mainly from the Scottish Government and local authorities, supplemented by private finance and its own resources. KHA is committed to maintaining a development programme to provide affordable housing. KHA also has a significant number of shared ownership properties and also provides accommodation for homeless people.

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**KI**

The principal activities of KI are to manage properties through Scottish Private Residential Tenancy agreements at mid-market rents (MMR), where the rent is based upon a percentage of the appropriate Local Housing Allowance and hence higher than social rents. The majority of these properties are leased to KI by KHA and Fife Local Authority. Last year KI's strategy was changed and KI will no longer directly develop MMR properties. MMR properties will be developed by KHA and leased to KI to manage. KI now focuses on a range of activities not allowed to be undertaken by KHA as a Scottish charity, such as joint commercial ventures, development of private homes for sale or rent and other income generating initiatives, utilising the Kingdom Group's expertise and infrastructure.

**KSC**

The principal activities of KSC are to provide support and care services to individuals across the Fife and Falkirk local authority areas under contract. The service enables individuals to continue to live independently in their own homes in their communities, despite medical conditions and disabilities.

**PERFORMANCE**

**Highlights of Performance for the Year - Kingdom Group**

The main highlights of the year are set out below and more detail is provided in the individual company reports:

- 465 new affordable homes (2021: 349) completed for the Group and partner organisations;
- Provided high quality homes and services to our tenants and other customers;
- 360 (2021: 334) people supported by our support and care subsidiary;
- Group financial reserves increased to £85.3m, which will be reinvested in housing and community initiatives;
- Successfully transferred the activities, net assets and staff from FHA to KHA under the terms of the transfer of engagements arrangement;
- 487 (2021: 480) staff employed in the Group on good terms and conditions and hold accreditations for IiP Gold, IiYP Gold and Best Companies;
- Continued to manage the challenge of the Coronavirus pandemic for our tenants and staff.

The Group has a track record of collaborative working and we recognise the success that can be delivered through this approach. KHA is part of 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. This alliance works to provide new affordable housing in Fife. KHA is currently the lead developer in Fife.

The Coronavirus pandemic continues to affect the business. However, processes and procedures to reduce risk to an acceptable level have allowed recovery as far as possible to the new form of business as usual. Our housing team continues to work with our tenants to mitigate the difficulties. We shall continue to closely monitor the situation and the financial impact throughout the crisis.

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**Financial Performance Report for the Kingdom Group and KHA**

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

Description	Group		KHA	
	2022	2021	2022	2021
Turnover	£47.85m	£37.71m	£37.48m	£28.16m
Gain/(loss) in respect of pension liability	£1.91m	(£3.16m)	£1.91m	(£3.16m)
Gain from business combination	£13.77m	-	£13.77m	-
Total comprehensive income	£22.31m	£2.46m	£21.82m	£1.24m
Interest cover (ratio of surplus/interest payable)			237%	225%
Reserves	£85.25m	£62.94m	£81.38m	£59.56m
Cash at bank at year end	£9.80m	£38.59m	£6.56m	£36.60m
Gearing (ratio of net debt/net worth)			40%	32%
Housing properties	£578.3m	£482.9m	£551.8m	£460.4m
Loans due in more than one year	£152.5m	£147.4m	£152.4m	£147.3m
Deferred grants	£327.6m	£295.3m	£317.9m	£285.5m

The key results and ratios demonstrate that the Kingdom Group and KHA remain financially strong. The surplus generated in the year and the historic reserves earned to date will be used to meet the Group's future commitments and obligations to;

- maintain the homes rented at the Scottish Housing Quality Standard, while continuing to manage the homes and deliver services to our customers; and
- re-invest funds to deliver new affordable rented homes for future tenants throughout East Central Scotland.

The operating results for the year reflect annual inflation and the increase in numbers of new homes with rises in turnover and operating costs. Rents were increased for 2021-22 by 2.25% and the number of properties under Group management increased by 1,124, of which 514 were due to the transfer of properties from FHA.

Three issues significantly affected the results for the year. Firstly, the transfer of net assets from FHA resulted in a gain of £13,770k. The details are set out in Note 21 to the accounts. Secondly a surplus of £1,400k was realised on the sale of properties to Fife Council. In addition, there was a gain of £1.9m resulting from a decrease in the defined benefit pension scheme liability. However, this was a largely non-cash transaction and did not impact the operational aspects of the Group. Further details are set out in Note 19.

At the year end KHA showed net current liabilities of £1.8m. At the time KHA was in the process of concluding a new long term loan arrangement for £15 million, which was received in June 2022. There is also a private placement agreement in place with the final tranche of £10 million to be drawn down in December 2022.

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. However, KHA has substantial tax losses available, which are available to offset taxable profits throughout the Group.

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A vital element and driver of the Group's activities is treasury management. KHA carries out treasury activities supporting the funding needs of the Group within the framework of an approved Treasury Management Policy. The Policy allows a maximum of 100% and a minimum of 50% at fixed rates of interest. While current variable interest rates are low, there are risks of future upward movement. KHA has therefore sought to fix most of its debt interest gaining certainty on those costs. As at 31 March 2022 KHA had 95% (2021: 95%) of its loan portfolio at fixed rates of interest. The weighted average cost of funds of all KHA's borrowings is 3.07% (2021: 3.11%).

KHA's lenders have set minimum levels of interest cover (operating surplus/interest payable) and a 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 2022, 1,686 units (2021: 1,920 units) representing 32% (2021: 37%) of the total units owned were unencumbered and available for future lending security.

Cash balances at the year end reduced to £9.8m reflecting the acceleration of building activity. KHA invested the surplus funds to maximise interest return while balancing counterparty risk and term to meet projected cash flow forecasting requirements.

Kingdom Group realises the importance of making prompt payment to its suppliers and has a policy to settle 90% of the value of outstanding invoices within 21 days. The performance for the year was 86%, which was adversely affected by the introduction of new ordering systems which are taking time to bed in.

***Coronavirus and Going Concern – Kingdom Group***

The current and ongoing impact of the Coronavirus pandemic has and is being managed satisfactorily. However, in order to provide assurance on the financial future of the Kingdom Group stress testing has again been performed based on the 2022-23 budgets for each group company and the 30 year Corporate Plan. For KHA the budget stress test focused on potential increases in voids and bad debts to determine the likely impact on the budgeted surplus for 2022-23 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 2022 Kingdom Group had cash reserves of £10m. The conclusion from the stress testing is that KHA remains a going concern for the foreseeable future.

Similarly, KI stress testing confirmed that it also remained a going concern for the foreseeable future, with additional long term finance of £3.4m provided by KHA in 2021-22 which has enabled KI to complete its build programme. KHA will continue to provide appropriate financial support in line with covenants.

KSC provides an essential public service funded by Local Authorities, which have extended KSC's contracts. Consequently, KSC remains a going concern.

**Performance – KHA**

The objectives of KHA are delivered through its principal operational departments, comprising Housing Management, Asset Management and Capital Investment. Support for the operational departments and the subsidiary companies is provided by the Finance, Human Resources and Digital departments. 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 publically available ([www.housingregulator.gov.scot/landlord-performance](http://www.housingregulator.gov.scot/landlord-performance)). The significant achievements and performance of



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the departments are set out below.

**Housing Management**

KHA owns properties in Fife, Clackmannanshire, Falkirk and Perth and Kinross Council areas. KHA manages the tenancies of its own stock in all of these areas except Perth and Kinross, where there was a management agreement with FHA until 1 December 2021, when FHA ceased trading and its activities and net assets were transferred to KHA. KHA also manages the tenancies of stock owned by Fife Council. The narrative below sets out the scale of operations and the significant performance achievements for the year. At 31 March 2022 KHA was managing 5,491 properties (2021: 4,520). The social housing stock comprises houses and flats, with around 55% represented by houses and 45% by flats (2021: 58% and 42%). Most of the housing stock was built after 1982. A breakdown of the stock in management is provided below:

Description	2022	2021
Social rented	5,244	4,288
Shared ownership	231	229
Supported housing accommodation	16	3
<b>Total</b>	<b>5,491</b>	<b>4,520</b>

Housing management performance is measured by reference to a number of KPIs. The significant KPIs are shown below:

Description	Actual	Target	Actual
	2022	2022	2021
Void loss (%)	0.72%	1.00%	1.23%
Rent and service charge income (%)	99.69%	98.00%	98.67%
Average time taken to re-let units	43 days	30 days	54.5 days

Performance in 2021-22 continued to be affected by the impacts of the Coronavirus pandemic, reflected particularly in the re-let times. We have continued to respond to the impacts of Welfare Reform and the impact of the Coronavirus pandemic, ensuring that KHA and tenants are prepared for the future. We have continued to support tenants to secure the appropriate benefits and maximise their income so that KHA sustains rental income.

We further developed the use of digital platforms to facilitate and support customer engagement, including delivery of on-line customer conferences and to support customer consultations. We increased the range of opportunities for customers to participate in decision making and have supported the development of our Tenant Scrutiny Panel. We continue to receive external recognition of the quality of our customer engagement services, winning the Excellence in Scrutiny award at the CIH Scottish Housing Awards in November 2021.

**Asset Management**

Maintaining our housing stock to the highest possible quality standards is a key priority for us and this is reflected in our Asset Management Strategy, through our approach to areas such as:

- Quality reactive repairs services and voids turnaround times and standards;
- Planned replacement and improvement programmes; and
- Reactive and proactive customer services, which maintain good levels of satisfaction.

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In total around 12,000 repairs are carried out each year, mostly by the in-house repairs service. The service includes a small repairs team who carry out our kitchen replacements programmes and property adaptations. The use of in-house services provides us with more control over maintenance scheduling, achieves cost efficiencies and allows us to maintain good customer satisfaction levels.

We measure our performance across all repairs categories and the main performance outputs are summarised below:

Repairs and maintenance service KPIs	Actual	Target	Actual
	2022	2022	2021
Emergency repairs (response target % achieved)	97.21%	97.00%	97.02%
Routine repairs (response target % achieved)	89.91%	92.00%	90.92%

There was a reduction in repairs carried out due to the restrictions imposed during the Coronavirus pandemic with routine internal work not allowed during the lockdown at the start of the year until late April. In addition, performance was affected by Coronavirus related absences with illness and staff self-isolating due to being close contacts, as well as a general shortage of trade operatives.

**Capital Investment**

Most of our development activity is in Fife, but our operations extend into adjacent Local Authority areas. It has been another active year in respect of our development activity, where we continued to provide a new supply of affordable housing to meet a wide range of housing needs. The principal KPIs are shown below:

Description	Actual	Target	Actual
	2022	2022	2021
New units started on site (KHA + KI)	376	307	504
Total units completed (KHA + KI)	465	449	341
Tenant satisfaction with quality of new home	94%	94%	98%

In addition to the increased project completions, we have continued to develop proposals for our future pipeline programme, working in collaboration with our partner housing associations and others. We continue to do all that we can to mitigate the impacts on our Affordable Housing Supply Programmes due to current exceptional inflationary and supply chain pressures arising from national, European and global economic impacts arising from the pandemic, energy crisis and war in Europe to name only three factors. The projects developed are designed and built to fully meet Housing for Varying Needs Standards and Secured by Design Gold Standard accreditation. The majority of our projects secure enhanced greener standard subsidy, which allows us to achieve elements of the building regulations Silver Standard for Sustainability.

Maintaining high quality standards is a key objective that results in high quality housing that:

- Reduces long term management and maintenance costs through lower turnover.
- Reduces repairs, voids and management costs and enhances component life cycles.
- Sustains tenancies, improves tenants’ health & well-being and addresses issues associated with fuel poverty.

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**Performance - KI**

During 2021-22 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:

	<b>2022</b>	<b>2021</b>
Units owned	180	115
Units managed on behalf of KHA	545	457
Units managed on behalf of Fife Council	121	121
<b>Total units</b>	<b>846</b>	<b>693</b>

During the year, KI completed the developments at Pilmuir Street in Dunfermline and Elm Grove in Alloa.

On 13 October 2021 KI and the University of St Andrews established a Limited Liability Partnership, Grange St Andrews LLP, to undertake the provision of accommodation principally for post-graduates. The LLP was dormant at the year end, pending commencement of the project.

The key financial statistics of KI are set out below:

<b>Description</b>	<b>2022</b>	<b>2021</b>
Turnover	£4,186k	£3,620k
(Deficit)/surplus for the year	(£48k)	£251k
Operating profit margin	11.75%	14.67%
Net profit margin	(1.15%)	6.94%
Interest cover	112%	240%
Net current (liabilities)	(£872k)	(£1,297k)
Reserves	£1,983k	£2,031k
Gearing	79%	77%

The decrease in profit margin and interest cover is due to new rentals coming on stream. During the year KI drew down the remaining £1.5 million of the £8.5 million facility from KHA. A further drawdown of £3.4 million from another KHA loan was made enabling KI to complete its build programme. The increased funding, together with subsidies received from Scottish Government, is reflected in the increase in the book value of housing properties in 2021-22.

KI's Statement of Financial Position shows net current liabilities, but it has positive cash flows, total reserves of £1.98 million and is appropriately supported by KHA.

**Performance - KSC**

In 2021-22 KSC supported approximately 360 individuals (2021: 334) to live in their own homes in the community, providing varying levels of support from a few hours per week to full 24/7 cover, including sleepovers. In addition, at James Bank in Dunfermline, KSC provided temporary accommodation and outreach services for people who were homeless.

The performance data for KSC are shown in the table below:

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<b>Description</b>	<b>2022</b>	<b>2021</b>
Turnover	£8,853k	£8,055k
Surplus for the year	£546k	£973k
Net profit margin (ratio of surplus to turnover)	6.19%	12.08%
Reserves	£1,887k	£1,341k
Net current assets	£2,314k	£1,768k
Cash at bank at year end	£2,802k	£1,819k

During 2021-22, KSC consolidated its business through implementation of as many planned services as possible. Due to the pandemic, we were unable to progress planned expansion into new geographic areas. While the hours of support in total were less than budget, funders agreed to pay for 90% of contracted hours of support until November 2021. In addition, funding was also received in respect of staff absence and cover costs as well as costs of PPE. These, together with efficiencies, led to a positive impact on income, but a reduced profit margin. Both Local Authority framework contracts have been extended until 2023.

Work has continued during 2021-22 to control staff turnover, which was 36% (2021: 21%) for the year, through training and development and this effort will continue in the coming year 2022-23. The reasons for the level of turnover include uncertainty in the sector, low salaries, significant choice of providers, alternative employment opportunities and the level of lone working, challenge encountered in care services, as well as the pandemic.

We have continued to invest in training for staff and are well placed to meet the Scottish Social Services Council registration requirements.

KSC underwent inspections from the Care Inspectorate in August 2021 for one registration (Care at Home and Housing Support Service) and grades of 5 (Good) were achieved across the board for the adult service in the two quality themes inspected. Other services have not been inspected due to the pandemic.

**Digital**

Digital remains an essential support service for all the functions of the Kingdom Group. During the year the Digital Team have been involved in several projects. The key projects included the review and procurement of a new housing system, data migration and further enhancing the repairs systems. The new housing system project commenced in January 2022 and will go live in October 2022. This will migrate data from both the current housing systems in use; the Orchard system for KHA and Kypera for Perth properties (formerly owned by Fairfield Housing Association). Cyber security has remained a recognised strategic risk and good progress has been made with staff awareness training. Overall our good security posture has ensured customer data is protected.

**Human Resources, Health and Safety & Wellbeing, Payroll and Learning & Development**

One of Kingdom’s strategic objectives is to be an employer of choice. Our values are reflected in CARES (Customer, Accountable, Respect, Efficient and Supportive) and these underpin how we aim to manage and develop our people. We fully embrace our responsibilities for disabled staff. Consulting and communication with our staff is key to our objective of being employer of choice, achieved through regular electronic communication, team meetings and the employee forum. The staff numbers are set out in Note 23 to the financial statements.

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The key achievements in the year are summarised below:

- A key target is to reduce levels of sick leave to below 6 days per annum per employee. Owing to the pandemic, the actual result was 12.8 days in 2021-22 compared to 4.3 days in 2020-21.
- We continue to enjoy positive employee engagement and hold liP Gold, liYP Gold and Best Companies 'outstanding' accreditations.
- Continuing a programme of wellbeing initiatives for our people which have resulted in us being shortlisted for a Fife Business Award.
- We launched our 'Kingdom Academy' - a single structured portal for our people to access a broad range of learning and development tools, information and activities.

In response to the Covid-19 crisis, we have taken a number of measures including developing additional supports for employees’ mental, physical and financial wellbeing and are seeking to continue many of those as we develop what our workplace will look like post-pandemic.

**Community Initiatives**

Kingdom Group delivers various projects that provide potential benefits to our tenants and residents who live in the communities where we operate. Examples include education initiatives in local schools, support to community groups, energy advice services and public art and financial inclusion projects. This approach has been very successful to date and has been further enhanced through the formalisation of Community Benefits clauses in our procurement and contract documents.

**Charitable Fund and donations**

During the 2021-22 Kingdom Group supported many organisations donating £15,072 (2021: £8,070) from the Community Initiatives and Charitable Funds. Kingdom helped many community groups over the year including sponsorship of music and sporting events and clubs, gala days and horticultural shows.

**Care and Repair**

KHA is funded by Fife Council to manage and commission all of the major permanent disability adaptations in the private housing sector in the area. Funding has been secured up to March 2023 for the services we provide. The adaptations are grant funded on an individual basis, with the clients’ requirements firstly assessed by Occupational Therapy to make daily life easier and allow them to continue to live in their own homes for as long as possible. We also provide a Small Repairs Service, assisting older homeowners to maintain the integrity of their properties, together with advice and guidance on non-adaptation matters. The performance for the year is tabulated below:

Description	Performance	
	2022	2021
Permanent disability adaptations completed	114	159
Upgrades to Tolerable Standard	33	81
Small Repairs Service - repairs completed	688	363

The number of disability adaptations decreased due to the Coronavirus pandemic, with low referral numbers in the first 6 months of 2021-22. An increased number of referrals in the latter half of 2021-22 have resulted in a high number of cases being carried into 2022-23. The Small Repairs Service achieved significantly higher activity than in 2020-21.

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**Kingdom Works**

Kingdom Works is our employability project. The service continues to achieve good results with high success rates, which are tabulated below:

Description of KPI	2022		2021	
	Actual	Target	Actual	Target
People assisted	669	630	673	516
People into training	467	360	386	355
People gaining employment	315	280	278	264
People employed at 6 months	202	150	128	124

Due to the continuing Coronavirus pandemic, Kingdom Works continued with the revised delivery model offering services by telephone, e-mail and video conferencing, with increased use of e-learning for our participants. This ensured continuity of services and allowed all contracts to be delivered and fulfilled timeously.

The highest risk to the project is the reliance on funding to support the initiatives. We have a successful track record of securing funding and have secured funding up to March 2023, with funding in principle until March 2025. We will continue to identify and source funding that will enhance the services and extend the project beyond this date.

**RISK MANAGEMENT**

The Kingdom Group recognises its moral and statutory duty of care to its customers, 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 & Financial Compliance Committee.

Kingdom Group mitigates risk through the use of strong planning disciplines, monitoring of key performance indicators 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. Major risks and specific mitigating actions are managed on software called Decision Time and are set out below:

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**for the year ended 31 March 2022**

<b>Significant Risks</b>	<b>Main mitigation controls</b>
Risk of serious harm to a supported person due to staff action or inaction.	Health & Safety manual in place and staff induction carried out for all staff. Health & Safety policies and procedures and staff training in place, including infection control. Risk assessments carried out. Robust PPE supply chain in place.
Adverse financial impact on KSC due to reductions in funding, below inflation funding increases and competition in the sector.	Business plan in place. Regular cost control and reporting procedures in place. Ongoing focus on income generation and efficiency. Confirmations of funding from Local Authorities during Covid pandemic. Monitoring of competition.
Sustainability legislation and/or regulation leading to increased maintenance and improvement costs.	Asset Management Strategy and planning in place. Compliance monitoring and action plans in place to maintain energy and electrical testing standards. Monitoring of consultations and information published on Scottish Governments proposals.
The risk of a cyber attack on Kingdom's digital infrastructure, applications, networks, devices and data.	Robust systems in place that are regularly tested and training provided to all staff.
Escalating employment costs, leading to financial instability.	Specialist employment advisors retained. Employment policies and procedures in place. Monitoring of employment legislation relating to Covid -19, options identified and actions implemented. Job evaluation project largely complete.
Procurement challenges and ineffective contract management.	Robust procurement and contract management processes in place to ensure contracts are correctly awarded and managed to ensure performance and cost efficiency.
Covid -19 risks leading to limitations in delivery of services.	Arrangements in place to address backlog and safe access. Weekly monitoring of tenant accounts and proactive engagement with tenants to provide support and assistance to improve household financial viability.

**THE ENVIRONMENT & SUSTAINABILITY**

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

**PLANS FOR THE FUTURE**

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

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

In the short term KHA is integrating the former business and staff of FHA.

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KHA and KI are continuing to face a number of significant challenges, among them public sector funding pressures, welfare reforms affecting our tenants and the cost of living crisis. The cost of living and recovery from the effects of the Coronavirus pandemic form a key part of our plans for the immediate future.

Looking further ahead, KHA and KI will seek to optimise the development of new properties within the constraints set by the levels of subsidy and a level of borrowing that can be serviced in accordance with the various conditions set by lenders. 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.

KHA and KI have development plans for the next 5 years which include more than 2,000 homes being built for affordable housing letting along with Fife Alliance developments. KI is also exploring potential projects to further develop its business and complement that of the Group.

The Corporate Plan is reviewed annually and the Group's development capacity forecasted. A further increase in the provision of new affordable housing has been planned over the next five year period, as well as development of our activities to improve customer services.

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

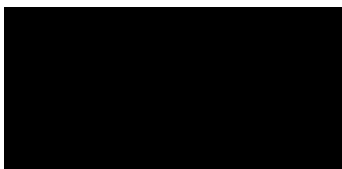
**STATEMENT AS TO THE DISCLOSURE OF INFORMATION TO THE AUDITORS**

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: 15 August 2022



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

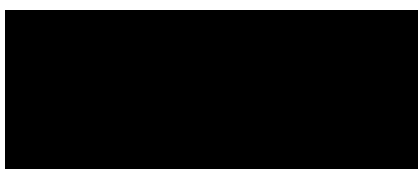
The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the RSL and of the surplus or deficit for that period. In preparing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

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

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

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

By order of the Board



Linda Leslie, Chairperson

Date: 15 August 2022

## **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:

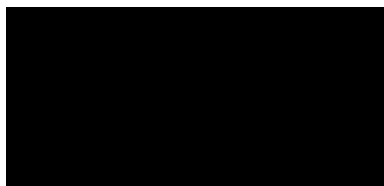
- a) An appropriate control environment has been created by careful recruitment, training and appraisal of suitably qualified staff and provision of comprehensive guidance on the standards and controls in the form of formal policies and procedures to be applied throughout KHA.
- b) The system of internal 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.

**Kingdom Housing Association Limited**  
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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: 15 August 2022

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

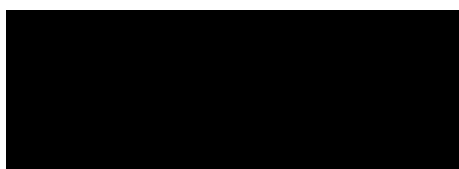
In addition to our audit of the Financial Statements, we have reviewed your statement on page 16 concerning the Association's compliance with the information required by the Regulatory Standards for systemically important Registered Social Landlords in respect of internal financial controls contained 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 17 to 18 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: 26 August 2022

**Kingdom Housing Association Limited**  
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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 2022 which comprise the consolidated statement of comprehensive income, Housing Association statement of comprehensive income, consolidated statement of financial position, Housing Association statement of financial position, consolidated statement of changes in reserves, Housing Association statement of changes in reserves, consolidated statement of cash flows, Housing Association statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Association's affairs as at 31 March 2022 and of the income and expenditure of the Group and the income and expenditure of the Association for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – February 2019.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

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

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**Matters on which we are required to report by exception**

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

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

**Responsibilities of the Board**

As explained more fully in the Board's responsibilities statement set out on page 16, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Housing SORP 2018, the Housing (Scotland) Act 2010 and the Scottish Housing Regulator's Determination of Accounting Requirements – February 2019. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

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

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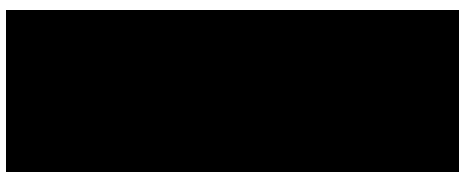
**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF KINGDOM HOUSING ASSOCIATION LIMITED  
(Cont'd)**

The group audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

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

**Use of our report**

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



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

26 August 2022



**Kingdom Housing Association Limited**  
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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>Notes</b>	<b>2022</b>	<b>2021</b>
		<b>£000</b>	<b>£000</b>
Turnover	3	47,849	37,708
Less: Operating expenditure	3	(38,528)	(27,880)
Gain on sale of housing properties	6	1,908	225
Operating surplus	5	<u>11,229</u>	<u>10,053</u>
Business combination - Excess of fair value of assets over the fair value of liabilities acquired	21	13,770	-
Gain on sale of other fixed assets		1	-
Interest receivable and similar income	7	30	174
Interest payable and financing costs	8	(4,622)	(4,602)
Surplus on ordinary activities before taxation		<u>20,408</u>	<u>5,625</u>
Taxation	9	-	-
Surplus for the year		<u>20,408</u>	<u>5,625</u>
<b>Other Comprehensive Income</b>			
Actuarial gain/(loss) in respect of defined benefit pension scheme	19	1,906	(3,162)
Total comprehensive income for the year		<u>22,314</u>	<u>2,463</u>

The notes on pages 30 to 65 form part of these financial statements.

The results relate wholly to continuing operations.

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

**Kingdom Housing Association Limited**  
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**HOUSING ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME**

	<b>Notes</b>	<b>2022</b>	<b>2021</b>
		<b>£000</b>	<b>£000</b>
Turnover	3	37,479	28,160
Less: Operating expenditure	3	(29,199)	(19,838)
Gain on sale of housing properties	6	1,908	225
Operating surplus	5	10,188	8,547
Business combination - Excess of fair value of assets over the fair value of liabilities acquired	21	13,770	-
Gain on sale of other fixed assets		1	-
Interest receivable and similar income	7	570	453
Interest payable and financing costs	8	(4,619)	(4,600)
Surplus on ordinary activities before taxation	5	19,910	4,400
Taxation	9	-	-
Surplus for the year		19,910	4,400
<b>Other Comprehensive Income</b>			
Actuarial gain/(loss) in respect of defined benefit pension scheme	19	1,906	(3,162)
Total comprehensive income for the year		21,816	1,238

The notes on pages 30 to 65 form part of these financial statements.

The results relate wholly to continuing operations.

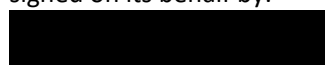
There were no unrecognised surpluses or deficits in the current year other than those included in the statement of comprehensive income.

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

	Notes	2022 Group £000	2022 KHA £000	2021 Group £000	2021 KHA £000
<b>Fixed assets</b>					
Housing properties - depreciated cost	10	578,286	551,788	482,858	460,368
Other tangible fixed assets	10	1,261	1,261	1,218	1,218
Intangible fixed assets	10	30	30	60	60
Fixed asset investments	11	-	427	-	427
Total fixed assets		579,577	553,506	484,136	462,073
<b>Current assets</b>					
Property held for sale	12	642	642	5,365	5,365
Stock and work in progress	13	351	351	573	573
Trade & other receivables:					
amounts falling due within one year	14	9,451	9,425	10,064	9,495
amounts falling due after one year	14	-	13,902	-	9,314
Cash & cash equivalents		9,799	6,564	38,591	36,598
		20,243	30,884	54,593	61,345
<b>Payables: amounts falling due within one year</b>	15	(34,460)	(32,646)	(30,655)	(28,569)
<b>Net current (liabilities)/assets</b>		(14,217)	(1,762)	23,938	32,776
<b>Total assets less current liabilities</b>		565,360	551,744	508,074	494,849
<b>Payables: amounts falling due after more than one year</b>					
Deferred capital grants	16,17	(152,466)	(152,425)	(147,378)	(147,327)
Deferred capital grants	18	(327,640)	(317,940)	(295,277)	(285,480)
Defined benefit pension liability	19	-	-	(2,479)	(2,479)
		(480,106)	(470,365)	(445,134)	(435,286)
<b>Net assets</b>		85,254	81,379	62,940	59,563
<b>Capital and reserves</b>					
Share capital	20	-	-	-	-
Revenue reserves		85,123	81,248	62,940	59,563
Restricted reserve		131	131	-	-
		85,254	81,379	62,940	59,563

These Financial Statements were approved and authorised for issue by the Board of Management on 15 August 2022 and signed on its behalf by:



Linda Leslie, Chairperson

The notes on pages 30 to 65 form part of these financial statements.

**Kingdom Housing Association Limited**  
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**STATEMENT OF CHANGES IN RESERVES**

	<b>2022</b>	<b>2022</b>	<b>2021</b>
	<b>Income and expenditure reserve</b>	<b>Restricted reserve</b>	<b>Income and expenditure reserve</b>
<b>GROUP</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 April	62,940	-	60,477
Surplus for the year ended 31 March	20,408	-	5,625
Restricted reserve acquired from business combination	(131)	131	-
Other comprehensive income:			
Actuarial gain/(loss) in respect of pension scheme	1,906	-	(3,162)
At 31 March	85,123	131	62,940
	<b>Income and expenditure reserve</b>	<b>Restricted reserve</b>	<b>Income and expenditure reserve</b>
<b>KHA</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 April	59,563	-	58,325
Surplus for the year ended 31 March	19,910	-	4,400
Restricted reserve acquired from business combination	(131)	131	-
Other comprehensive income:			
Actuarial gain/(loss) in respect of pension scheme	1,906	-	(3,162)
At 31 March	81,248	131	59,563

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 30 to 65 form part of these financial statements.

**Kingdom Housing Association Limited**  
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**CONSOLIDATED CASH FLOW STATEMENT**

	<b>Notes</b>	<b>2022</b>	<b>2021</b>
		<b>£000</b>	<b>£000</b>
<b>Net cashflow from operating activities</b>	27	816	6,155
<b>Cashflow from investing activities</b>			
Purchase of tangible fixed assets		(82,591)	(62,764)
Purchase of other fixed assets		53	(46)
Disposal/(purchase) of additions to held for sale		4,723	(3,400)
Receipts of housing grants		38,521	45,517
Receipts from sales of fixed assets		3,116	469
Interest received		30	427
Cash received on business combination		2,562	-
Net cash used in investing activities		<u>(33,586)</u>	<u>(19,797)</u>
<b>Cashflow from financing activities</b>			
Interest paid		(4,642)	(4,638)
Housing loans received		8,620	-
Housing loans repaid		-	(646)
		<u>3,978</u>	<u>(5,284)</u>
Net decrease in cash		(28,792)	(18,926)
Cash at beginning of year		<u>38,591</u>	<u>57,517</u>
Cash at end of year		<u>9,799</u>	<u>38,591</u>

The notes on pages 30 to 65 form part of these financial statements.

**Kingdom Housing Association Limited**  
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**for the year ended 31 March 2022**

**HOUSING ASSOCIATION CASH FLOW STATEMENT**

	<b>Notes</b>	<b>2022</b>	<b>2021</b>
		<b>£000</b>	<b>£000</b>
<b>Net cash flow from operating activities</b>	28	(11,628)	11,184
<b>Cashflow from investing activities</b>			
Purchase of tangible fixed assets		(77,496)	(55,378)
Purchase of other fixed assets		53	(47)
Disposal/(purchase) of assets held for sale		4,722	(3,423)
Receipts of housing grants		44,077	32,583
Receipts from sales of fixed assets		3,116	469
Interest received		570	706
Cash received on business combination		2,562	-
Net cash used in investing activities		<u>(22,396)</u>	<u>(25,090)</u>
<b>Cashflow from financing activities</b>			
Interest paid		(4,640)	(4,635)
Housing loans received		8,630	-
Housing loans repaid		-	(635)
		<u>3,990</u>	<u>(5,270)</u>
Net decrease in cash		(30,034)	(19,176)
Cash at beginning of year		<u>36,598</u>	<u>55,774</u>
Cash at end of year		<u>6,564</u>	<u>36,598</u>

The notes on pages 30 to 65 form part of these 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.

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 v) 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 potential ongoing impact of the Coronavirus pandemic, 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.

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

**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 (r) 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 18). In addition, the conditions associated with grants are considered by management to determine any contingent liability arising from potential repayment (see Note 31);
- Management are not aware of any impairment indicators that would trigger impairment reviews of the Group's housing assets and cause a significant reduction in value;
- Management have estimated the residual values of housing properties and the life cycles of the components of buildings and have depreciated accordingly (see (n) below);
- The lease arrangements entered into by the Group are judged by management to be operating leases;
- Management's estimate of the defined benefit pension obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the obligation and the annual defined benefit expenses. The net defined benefit pension liability at 31 March 2022 was £nil (see (h) below and Note 19 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 (r) 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 company 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 company.

**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.



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

**g) Government Grants: Housing Association Grant and Other Grants**

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

**Government grants include:**

**i) Acquisition and development allowances**

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

**ii) Clerk of works allowances**

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

**iii) Furlough scheme**

Furlough grants are to aid the retention of staff. These are taken to income when they are due to be received.

**iv) 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 15) and allowances receivable are shown as grants receivable in receivables (Note 14).

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.

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**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

**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 15).

**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 19).

**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.

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**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

**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 the sharing owner may increase his/her 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) Properties Managed by Agents**

KHA used an agent, Fairfield Housing Association Ltd (FHA), to manage a number of its properties. There was a management agreement in place that sets out the service levels required by KHA. The cost of managing the properties was charged to expenditure on an accruals basis. The agency agreement with FHA ended on 1 December 2021 co-terminously with the execution of the transfer of engagement.

**n) 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**

Land	Infinite
Structure	100 years
Bathroom	35 years
Electrics	20 - 30 years
Doors	30 years
Electric Heating	20 years
Gas Heating	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

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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.

**o) Other Tangible Fixed Assets**

Other tangible fixed assets are stated at cost less depreciation and impairment. The rates of depreciation are as follows:

Office property	10 – 50 years
Housing and office furniture and fittings	5 - 10 years
Motor vehicles	5 years
Computer hardware	3 years

**p) Intangible Fixed Assets**

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

**q) 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.

**r) 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.

**s) 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.

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**t) Leases**

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

**u) 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 and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

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

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

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

**v) 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	2022 £000	2021 £000
Social lettings (Note 4 (i))	30,294	(21,777)	-	8,517	8,999
Other activities (Note 4 (iii))	17,555	(16,751)	-	804	829
Gain on disposal of housing properties (Note 6)	-	-	1,908	1,908	225
	<u>47,849</u>	<u>(38,528)</u>	<u>1,908</u>	<u>11,229</u>	<u>10,053</u>
Total 2021:	<u>37,708</u>	<u>(27,880)</u>	<u>225</u>	<u>10,053</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))	26,134	(20,606)	-	5,528	6,507
Other activities (Note 4 (iv))	11,345	(8,593)	-	2,752	1,815
Gain on sale of housing properties (Note 6)	-	-	1,908	1,908	225
	<u>37,479</u>	<u>(29,199)</u>	<u>1,908</u>	<u>10,188</u>	<u>8,547</u>
Total 2021:	<u>28,160</u>	<u>(19,838)</u>	<u>225</u>	<u>8,547</u>	

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

<b>(i) Social letting activities - Group</b>	<b>General needs housing</b>	<b>Supported housing accommodation</b>	<b>Shared ownership housing</b>	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>Total £000</b>	<b>Total £000</b>
<b>Turnover</b>					
Rent receivable net of service charges	25,031	567	494	26,092	23,636
Service charges	537	118	2	657	670
Gross income from rents & service charges	25,568	685	496	26,749	24,306
Less voids	(300)	4	(1)	(297)	(443)
Net income from rents & service charges	25,268	689	495	26,452	23,863
Grant released from deferred income	3,661	10	85	3,756	3,578
Revenue grants from Scottish Ministers (Furlough & Hsg Advocacy)	69	-	-	69	136
Other revenue grants	17	-	-	17	-
<b>Total turnover from social letting activities</b>	<b>29,015</b>	<b>699</b>	<b>580</b>	<b>30,294</b>	<b>27,577</b>
				<b>Total</b>	<b>Total</b>
<b>Operating costs for social letting activities</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Management & maintenance administration costs	6,388	17	242	6,647	6,259
Service costs	1,111	3	40	1,154	936
Planned and cyclical maintenance including major repairs costs	1,085	-	-	1,085	1,242
Reactive maintenance costs	5,991	15	223	6,229	3,760
Bad debts - rents & service charges	236	(54)	(55)	127	553
Depreciation of social housing	6,415	11	109	6,535	5,828
<b>Operating costs for social letting activities</b>	<b>21,226</b>	<b>(8)</b>	<b>559</b>	<b>21,777</b>	<b>18,578</b>
<b>Operating surplus for social letting activities</b>	<b>7,789</b>	<b>707</b>	<b>21</b>	<b>8,517</b>	<b>8,999</b>
2021 Operating surplus for social letting activities	8,317	511	171	8,999	

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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	2022	2021
	£000	£000	£000	Total £000	Total £000
<b>Turnover</b>					
Rent receivable net of service charges	20,868	567	494	21,929	20,073
Service charges	537	118	2	657	670
Gross income from rents & service charges	21,405	685	496	22,586	20,743
Less voids	(222)	4	(1)	(219)	(399)
Net income from rents & service charges	21,183	689	495	22,367	20,344
Grant released from deferred income	3,586	10	85	3,681	3,510
Revenue grants from Scottish Ministers (Furlough & Hsg Advocacy)	69	-	-	69	136
Other revenue grants	17	-	-	17	-
<b>Total turnover from social letting activities</b>	<b>24,855</b>	<b>699</b>	<b>580</b>	<b>26,134</b>	<b>23,990</b>
				<b>Total</b>	<b>Total</b>
<b>Operating costs for social letting activities</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Management & maintenance administration costs	6,034	17	242	6,293	5,802
Service costs	1,000	3	40	1,043	849
Planned and cyclical maintenance including major repairs costs	1,064	-	-	1,064	1,232
Reactive maintenance costs	5,561	15	223	5,799	3,478
Bad debts - rents & service charges	169	(54)	(55)	60	468
Depreciation of social housing	6,227	11	109	6,347	5,654
<b>Operating costs for social letting activities</b>	<b>20,055</b>	<b>(8)</b>	<b>559</b>	<b>20,606</b>	<b>17,483</b>
<b>Operating surplus for social letting activities</b>	<b>4,800</b>	<b>707</b>	<b>21</b>	<b>5,528</b>	<b>6,507</b>
2021 Operating surplus for social letting activities	5,826	511	170	6,507	



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

<b>(iii) Other activities - Group</b>	<b>Other revenue grants</b>	<b>Supporting people income</b>	<b>Other income</b>	<b>2022 Total</b>	<b>2021 Total</b>
<b>Turnover</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Wider role activities undertaken to support the community	-	-	-	-	-
Care & repair of property	560	-	-	560	269
Kingdom Works	1,048	-	-	1,048	887
Development and construction of property activities	-	-	-	-	-
Support activities	-	8,833	-	8,833	8,034
Other agency/management services	-	-	301	301	31
Developments for sale to registered social landlords	-	-	6,372	6,372	546
Developments and improvements for sale, (including first tranche shared ownership sales) to non-registered social landlords	-	-	-	-	-
Factoring	-	-	162	162	81
Renewable energy	-	-	138	138	122
Other activities	-	-	141	141	161
<b>Total turnover from other activities</b>	<b>1,608</b>	<b>8,833</b>	<b>7,114</b>	<b>17,555</b>	<b>10,131</b>

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

				2022	2021
(iii) Other activities - Group (cont'd)	Total turnover	Operating costs - bad debts	Other operating costs	Operating surplus/ (deficit)	Operating surplus/ (deficit)
	£000	£000	£000	£000	£000
Wider role activities undertaken to support the community	-	-	-	-	-
Care & repair of property	560	-	(439)	121	3
Kingdom Works	1,048	-	(1,048)	-	-
Development and construction of property activities	-	-	(537)	(537)	(231)
Support activities	8,833	-	(8,304)	529	954
Other agency/management services	301	-	-	301	31
Developments for sale to registered social landlords (Note 12)	6,372	-	(6,223)	149	(71)
Developments and improvements for sale, (including first tranche shared ownership sales) to non-registered social landlords	-	-	-	-	-
Factoring	162	(12)	(84)	66	6
Renewable energy	138	-	-	138	113
Other activities	141	-	(104)	37	24
<b>Operating surplus / (deficit)</b>	<b>17,555</b>	<b>(12)</b>	<b>(16,739)</b>	<b>804</b>	<b>829</b>
2021 Operating surplus/ (deficit) for other activities	10,131	4	(9,306)	829	

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

<b>(iv) Other activities - KHA</b>	<b>Other revenue grants</b>	<b>Supporting people income</b>	<b>Other income</b>	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>Total £000</b>	<b>Total £000</b>
Wider role activities undertaken to support the community	-	-	-	-	-
Care & repair of property	559	-	1	560	269
Kingdom Works	1,048	-	-	1,048	887
Development and construction of property activities	-	-	-	-	-
Support activities	-	-	-	-	-
Other agency/management services	-	-	301	301	31
Developments for sale to registered social landlords	-	-	6,372	6,372	546
Lease rent received	-	-	2,251	2,251	1,839
Factoring	-	-	162	162	81
Renewable energy	-	-	138	138	122
Inter-company service level agreements	-	-	372	372	233
Furlough scheme	-	-	-	-	-
Other activities	-	-	141	141	162
<b>Total turnover from other activities</b>	<b>1,607</b>	<b>-</b>	<b>9,738</b>	<b>11,345</b>	<b>4,170</b>

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

				2022	2021
(iv) Other activities - KHA (cont'd)	Total turnover	Operating costs - bad debts	Other operating costs	Operating surplus/(deficit)	Operating surplus/(deficit)
	£000	£000	£000	£000	£000
Wider role activities undertaken to support the community	-	-	-		-
Care & repair of property	560	-	(439)	121	3
Kingdom Works	1,048	-	(1,048)	-	-
Development and construction of property activities	-	-	(537)	(537)	(231)
Other agency/management services	301	-	-	301	-
Developments for sale to registered social landlords	6,372	-	(6,223)	149	-
Lease rent received	2,251	-	-	2,251	31
Factoring	162	(12)	(84)	66	(71)
Renewable energy	138	-	-	138	1,839
Gain on pension valuation	-	-	-	-	6
Inter-company service level agreements	372	-	(146)	226	113
Furlough Scheme	-	-	-	-	100
Other activities	141	-	(104)	37	25
<b>Operating surplus/(deficit)</b>	<b>11,345</b>	<b>(12)</b>	<b>(8,581)</b>	<b>2,752</b>	<b>1,815</b>
2021 Operating surplus/(deficit) for social letting activities	4,170	4	(2,359)	1,815	

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**5. Operating surplus**

	<b>Group</b>	<b>KHA</b>	<b>Group</b>	<b>KHA</b>
	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Operating surplus is stated after charging /crediting:				
Grants released from deferred income (Note 18)	10,950	10,875	4,578	4,510
Depreciation of housing properties (Note 10)	6,535	6,347	5,828	5,654
Depreciation of other tangible fixed assets (Note 10)	50	50	41	41
Amortisation of intangible fixed assets (Note 10)	30	30	35	35
Gain on disposal of housing properties	1,908	1,908	225	225
Operating lease rental costs	101	127	146	172
Internal audit fees	10	10	14	14
Tax services and advice	8	4	7	3
External audit fees	34	23	39	28

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

	<b>Group</b>	<b>Group</b>
	<b>&amp; KHA</b>	<b>&amp; KHA</b>
	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Sale proceeds	3,115	469
Net book value of properties	(1,084)	(223)
Expenses on disposal of properties	(6)	(3)
Gain on sale of housing properties	2,025	243
Loss on disposal of components	(117)	(18)
	<u>1,908</u>	<u>225</u>

The gain on sale of Shared Ownership housing properties arises from the sale of tranches of 25%, 50% or 75% of the whole of each property. Properties sold in 2022: 8 (2021: 8).

A surplus of £1.4 million was realised in respect of the sale of properties to Fife Council.

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

**7. Interest receivable and similar income**

	<b>Group</b>	<b>KHA</b>	<b>Group</b>	<b>KHA</b>
	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Interest receivable and similar income	30	570	174	453

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**8. Interest payable and finance costs**

	<b>Group</b>	<b>KHA</b>	<b>Group</b>	<b>KHA</b>
	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Interest payable in the year has been charged as follows:				
Loan interest	4,584	4,581	4,602	4,600
Net interest expense on defined benefit pension liability (Note 19)	38	38	-	-
	<u>4,622</u>	<u>4,619</u>	<u>4,602</u>	<u>4,600</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.

	<b>Group</b>	<b>KHA</b>	<b>Group</b>	<b>KHA</b>
	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Based upon the results for the year to 31 March:				
Corporation tax (charge)/receipt on income for the year on surplus on ordinary activities:	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Corporation tax is calculated at 19%, (2021: 19%). KHA and its subsidiaries are part of the KHA tax group, allowing certain taxable profits and losses to be offset within the Group. Interest on loans incurred by KHA is a tax allowable expense, which is used to offset profits in group companies through group relief.

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**10. Fixed assets**

**(i) Housing properties - Group**

	Shared Ownership held for letting	Housing held for letting	Housing in course of construction	Hostel held for letting	Housing properties total
	£000	£000	£000	£000	£000
<b>Cost</b>					
At 1 April 2021	11,223	474,396	55,245	1,067	541,931
Acquired through business combination (Note 21)	-	18,570	-	-	18,570
Additions during year	-	30,047	59,285	-	89,332
Disposals in year	(247)	(1,731)	-	-	(1,978)
Transfers	-	15,799	(15,799)	-	-
Transfers to property held for sale	-	-	(4,835)	-	(4,835)
At 31 March 2022	10,976	537,081	93,896	1,067	643,020
<b>Depreciation</b>					
At 1 April 2021	2,184	56,697	-	192	59,073
Provided during year	109	6,415	-	11	6,535
Disposals in year	(50)	(824)	-	-	(874)
At 31 March 2022	2,243	62,288	-	203	64,734
<b>Net book value</b>					
At 31 March 2022	8,733	474,793	93,896	864	578,286
At 31 March 2021	9,039	417,699	55,245	875	482,858

Description	Capitalised - included in housing additions		Expensed - included in SoCI		Total	
	2022	2021	2022	2021	2022	2021
	£000	£000	£000	£000	£000	£000
Major repairs costs-KHA	1,807	630	-	1,178	1,807	1,808
Major repairs costs-KI	-	-	-	10	-	10
Development administration costs	784	960	-	-	784	960

Included in KHA housing held for letting is land of £48,056k (2021: £42,436k).

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

No interest was capitalised during the year (2021: Nil).

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**10. Fixed assets (cont'd)**

**(ii) Housing properties – KHA**

	<b>Shared Ownership held for letting</b>	<b>Housing held for letting</b>	<b>Housing in course of construction</b>	<b>Hostel held for letting</b>	<b>Housing properties total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost</b>					
At 1 April 2021	11,223	461,316	45,442	1,067	519,048
Acquired through business combination (Note 21)	-	18,570	-	-	18,570
Additions during year	-	30,044	55,092	-	85,136
Disposals in year	(247)	(1,731)	-	-	(1,978)
Transfers	-	8,530	(8,530)	-	-
Transfers to property held for sale	-	-	(4,835)	-	(4,835)
At 31 March 2022	<u>10,976</u>	<u>516,729</u>	<u>87,169</u>	<u>1,067</u>	<u>615,941</u>
<b>Depreciation</b>					
At 1 April 2021	2,185	56,303	-	192	58,680
Provided during year	109	6,227	-	11	6,347
Disposals in year	(50)	(824)	-	-	(874)
At 31 March 2022	<u>2,244</u>	<u>61,706</u>	<u>-</u>	<u>203</u>	<u>64,153</u>
<b>Net book value</b>					
At 31 March 2022	<u>8,732</u>	<u>455,023</u>	<u>87,169</u>	<u>864</u>	<u>551,788</u>
At 31 March 2021	<u>9,038</u>	<u>405,013</u>	<u>45,442</u>	<u>875</u>	<u>460,368</u>



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**10. Fixed assets (cont'd)**

**Stock numbers**

	<b>General housing</b>	<b>Support housing accommodation</b>	<b>Shared ownership housing</b>	<b>Total</b>
<b>Units owned</b>				
As at 1 April 2021 - Owned by Group	5,085	3	240	5,328
As at 31 March 2022 - Owned by Group	<b>5,948</b>	<b>16</b>	<b>231</b>	<b>6,195</b>
As at 1 April 2021 - Owned by KHA	4,970	3	240	5,213
As at 31 March 2022 - Owned by KHA	<b>5,768</b>	<b>16</b>	<b>231</b>	<b>6,015</b>
<b>Units in management</b>				
As at 1 April 2021 - managed by Group	4,969	3	229	5,201
As at 31 March 2022 - managed by Group	<b>6,078</b>	<b>16</b>	<b>231</b>	<b>6,325</b>
As at 1 April 2021 - managed by KHA	4,288	3	229	4,520
As at 31 March 2022 - managed by KHA	<b>5,244</b>	<b>16</b>	<b>231</b>	<b>5,491</b>
As at 1 April 2021 - managed by Fairfield	252	-	11	263
As at 31 March 2022 - managed by Fairfield	-	-	-	-

Fairfield Housing Association (FHA) operated in the Perth area managing KHA properties under a management agreement up to 1 December 2021, when the assets and liabilities of FHA were transferred to KHA. The management fees payable in the year to FHA were £58,736 (2021: £81,252), of which £nil was a creditor at the year end (2021: £22,744).

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**10. Fixed assets (cont'd)**

**(iii) Other tangible fixed assets – Group**

	<b>Heritable office property</b>	<b>Furniture and equipment</b>	<b>Motor vehicles</b>	<b>Computer hardware</b>	<b>Total</b>
<b>Cost</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 April 2021	1,751	209	270	321	2,551
Acquired through business combination (Note 21)	135	-	1	10	146
Additions during year	-	12	-	-	12
Disposals in year	-	-	(30)	(176)	(206)
Transfers to under construction	(141)	-	-	-	(141)
At 31 March 2022	<u>1,745</u>	<u>221</u>	<u>241</u>	<u>155</u>	<u>2,362</u>
<b>Depreciation</b>					
At 1 April 2021	580	208	226	319	1,333
Provided during year	31	3	10	6	50
Disposals	(76)	-	(30)	(176)	(282)
At 31 March 2022	<u>535</u>	<u>211</u>	<u>206</u>	<u>149</u>	<u>1,101</u>
<b>Net book value</b>					
At 31 March 2022	<u>1,210</u>	<u>10</u>	<u>35</u>	<u>6</u>	<u>1,261</u>
At 31 March 2021	<u>1,171</u>	<u>1</u>	<u>44</u>	<u>2</u>	<u>1,218</u>

**(iv) Other tangible fixed assets – KHA**

	<b>Heritable office property</b>	<b>Furniture and equipment</b>	<b>Motor vehicles</b>	<b>Computer hardware</b>	<b>Total</b>
<b>Cost</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 April 2021	1,750	206	270	321	2,547
Acquired through business combination (Note 21)	135	-	1	10	146
Additions during year	-	12	-	-	12
Disposals in year	-	-	(30)	(176)	(206)
Transfers to under construction	(141)	-	-	-	(141)
At 31 March 2022	<u>1,744</u>	<u>218</u>	<u>241</u>	<u>155</u>	<u>2,358</u>
<b>Depreciation</b>					
At 1 April 2021	580	205	226	318	1,329
Provided during year	31	3	10	6	50
Disposals	(76)	-	(30)	(176)	(282)
At 31 March 2022	<u>535</u>	<u>208</u>	<u>206</u>	<u>148</u>	<u>1,097</u>
<b>Net book value</b>					
At 31 March 2022	<u>1,209</u>	<u>10</u>	<u>35</u>	<u>7</u>	<u>1,261</u>
At 31 March 2021	<u>1,170</u>	<u>1</u>	<u>44</u>	<u>3</u>	<u>1,218</u>

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**10. Fixed assets (cont'd)**

**(v) Intangible fixed assets – Computer software**

	<b>Group</b>	<b>KHA</b>
	<b>£000</b>	<b>£000</b>
<b>Cost</b>		
At 1 April 2021	619	598
Disposals in year	(274)	(274)
At 31 March 2022	<u>345</u>	<u>324</u>
<b>Amortisation</b>		
At 1 April 2021	559	538
Provided during year	30	30
Disposals	(274)	(274)
At 31 March 2022	<u>315</u>	<u>294</u>
<b>Net book value</b>		
At 31 March 2022	<u>30</u>	<u>30</u>
At 31 March 2021	<u>60</u>	<u>60</u>

**11. Fixed asset investments**

<b>KHA:</b>	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Investments in subsidiaries</b>		
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.

On 13 October 2021 KI and the University of St Andrews established a Limited Liability Partnership, Grange St Andrews LLP, to undertake the provision of accommodation principally for post-graduates. The LLP was dormant at the year end, pending commencement of the project.

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**12. Property held for sale**

	<b>Group</b>	<b>KHA</b>	<b>Group</b>	<b>KHA</b>
	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Work in progress for other RSLs at 1 April	5,236	5,236	2,154	2,131
Cost additions during the year	3,343	3,343	4,707	4,634
Net transfers to operating costs on disposals	(13,414)	(13,414)	(1,625)	(1,529)
Net transfers to housing costs under construction	4,835	4,835	-	-
Balance of work in progress for other RSLs at 31 March	-	-	5,236	5,236
Shared ownership properties for sale at 1 April	129	129	56	56
Transfers & Sales	(97)	(97)	73	73
Shared ownership properties for sale at 31 March	32	32	129	129
Shared equity properties for sale at 1 April	-	-	-	-
Additions	610	610	-	-
Shared equity properties for sale at 31 March	610	610	-	-
Total properties held for sale	642	642	5,365	5,365

**13. Stocks and work in progress**

	<b>Group</b>	<b>KHA</b>	<b>Group</b>	<b>KHA</b>
	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Stock of materials held by Maintenance Team	351	351	573	573

**14. Receivables**

**(i) Amounts falling due within one year**

	<b>Group</b>	<b>KHA</b>	<b>Group</b>	<b>KHA</b>
	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Arrears of rent	1,819	1,612	1,643	1,458
less: Provision for bad debts	(1,306)	(1,138)	(1,177)	(1,038)
	513	474	466	420
Sundry receivables	4,318	3,703	2,089	1,576
Prepayments	326	314	145	121
Due from Kingdom Initiatives Limited	-	649	-	484
Corporation tax (Note 9)	-	-	-	-
Interest receivable	-	-	1	1
Car loans to employees	165	156	228	214
SHG in arrears	4,129	4,129	7,135	6,679
	9,451	9,425	10,064	9,495

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**14. Receivables (cont'd)**

**(ii) Amounts falling due after more than one year**

	<b>Group</b>	<b>KHA</b>	<b>Group</b>	<b>KHA</b>
	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Loans to KI	-	13,902	-	9,314

KHA has provided a loan to KI amounting to £6 million, which is repayable by regular instalments of interest and a bullet repayment, the last of which falls to be repaid by 2026. A further loan, of which the balance outstanding at year end was £7.9 million, is repayable in regular instalments of principal and interest, the last of which falls to be repaid in 2049. The instalment 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. A loan of £500k to KSC was approved in March 2020; no draw downs have been made.

**15. Payables: Amounts falling due within one year**

	<b>Group</b>	<b>KHA</b>	<b>Group</b>	<b>KHA</b>
	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Contractors for certified work	8,840	8,444	6,831	5,537
Trade payables	756	739	6,494	6,461
Deferred capital grants (Note 18)	4,555	4,420	7,345	7,231
Sundry payables and accruals	3,609	2,532	4,698	4,178
Prepaid rent	663	629	523	505
Other taxation & social security costs	331	176	275	154
Due to Kingdom Support & Care CIC	-	10	-	24
Interest payable	862	862	841	841
Corporation tax (Note 9)	-	-	-	-
SHG repayable	2,640	2,640	1,636	1,636
Housing loans (Note 17)	12,204	12,194	2,012	2,002
	<u>34,460</u>	<u>32,646</u>	<u>30,655</u>	<u>28,569</u>

**16. Payables: Amounts falling due after more than one year**

	<b>Group</b>	<b>KHA</b>	<b>Group</b>	<b>KHA</b>
	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Housing loans (Note 17)	152,466	152,425	147,378	147,327

The current instalments due on the above loans are included in Note 15 above.

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**17. Loans**

	<b>Group</b>	<b>KHA</b>	<b>Group</b>	<b>KHA</b>
	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Housing loans</b>				
Loans secured by a charge on the Group's housing, land and buildings and advanced by private lenders:	<u>164,670</u>	<u>164,619</u>	<u>149,390</u>	<u>149,329</u>

The loans are repayable in a combination of annual instalments of principal and interest, and interest only with bullet repayments on maturity, up to 2049. The loans bear interest at rates between 0% and 4.525% (2021: 0.36% and 4.725%).

**Amount falling due:**

Within one year (note 15)	<u>12,204</u>	<u>12,194</u>	<u>2,012</u>	<u>2,002</u>
In 1 year or more but less than 2 years	2,354	2,343	12,031	12,021
In 2 years or more but less than 5 years	20,265	20,234	16,863	16,832
In more than 5 years	<u>129,847</u>	<u>129,848</u>	<u>118,484</u>	<u>118,474</u>
Amounts falling due after more than 1 year (Note 16)	<u>152,466</u>	<u>152,425</u>	<u>147,378</u>	<u>147,327</u>
	<u>164,670</u>	<u>164,619</u>	<u>149,390</u>	<u>149,329</u>

**18. Deferred income – Government grants/other income**

	<b>Group</b>	<b>KHA</b>	<b>Group</b>	<b>KHA</b>
	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
As at 1 April	302,622	292,711	267,756	259,714
Receivable in year	41,678	41,679	39,699	37,762
Repayable	(284)	(284)	(255)	(255)
Released to income - social lettings	(3,756)	(3,681)	(3,578)	(3,510)
Released to income - other activities	<u>(8,065)</u>	<u>(8,065)</u>	<u>(1,000)</u>	<u>(1,000)</u>
As at 31 March	<u>332,195</u>	<u>322,360</u>	<u>302,622</u>	<u>292,711</u>
Amounts to be released within 1 year	4,555	4,420	7,345	7,231
Amounts to be released in more than 1 year	<u>327,640</u>	<u>317,940</u>	<u>295,277</u>	<u>285,480</u>
	<u>332,195</u>	<u>322,360</u>	<u>302,622</u>	<u>292,711</u>

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**19. Defined Benefit Pension Scheme Liability (the DB Scheme)**

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

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2018, which revealed a deficit of £121m. A recovery plan is in place to eliminate the deficit, which will run to either 30 September 2022 or 31 March 2023, depending on funding levels. KHA's share of additional contributions for the year was £723k (2021: £683k), net of DB Scheme expenses, which will increase by 3% annually. DB Scheme expenses were £23k for the year and will remain fixed at this level until 31 March 2023.

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 was 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 2022. The liabilities were compared at 31 March 2022 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 2022 was £nil (2021: £2,479k). The details are set out in the tables below:

<b>Net defined benefit plan asset/liability</b>	<b>Group &amp; KHA 2022 £000</b>	<b>Group &amp; KHA 2021 £000</b>
Fair value of plan assets	29,268	24,960
Present value of defined benefit obligation	(28,981)	(27,439)
Unrecognised surplus	(287)	-
Defined benefit (liability), (deficit) of plan to be recognised	<u>-</u>	<u>(2,479)</u>
	<b>Group &amp; KHA 2022 £000</b>	<b>Group &amp; KHA 2021 £000</b>
<b>Reconciliation of the impact of the asset ceiling</b>		
Impact on asset ceiling at 1 April	-	115
Effect of asset ceiling included in the net interest cost	-	10
Actuarial gains on asset ceiling	287	(125)
Impact on asset ceiling at 31 March	<u>287</u>	<u>-</u>

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

<b>Defined benefit plan obligations at discounted cost</b>	<b>Group &amp; KHA 2022 £000</b>	<b>Group &amp; KHA 2021 £000</b>
Defined benefit obligation at start of period	27,439	22,860
Expenses	23	23
Interest expense	584	530
Actuarial losses (gains) due to scheme experience	873	(103)
Actuarial losses (gains) due to changes in demographic assumptions	92	-
Actuarial losses (gains) due to changes in financial assumptions	(3,228)	4,969
Benefits paid and expenses	(412)	(840)
Liabilities acquired from business combination	3,610	-
Defined benefit obligation at end of period	<u>28,981</u>	<u>27,439</u>
	<b>Group &amp; KHA 2022 £000</b>	<b>Group &amp; KHA 2021 £000</b>
<b>Defined benefit plan assets at fair value</b>		
Fair value of plan assets at start of period	24,960	22,975
Interest income	546	540
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(60)	1,579
Contributions by the employer	746	706
Benefits paid and expenses	(412)	(840)
Assets acquired from business combination	3,488	-
Fair value of plan assets at end of period	<u>29,268</u>	<u>24,960</u>

The actual return on plan assets (including any changes in share of assets) over the period ended 31 March 2022 was £1,151,000 (2021: £2,119,000).

<b>Plan costs recognised in Statement of Comprehensive Income</b>	<b>Group &amp; KHA 2022 £000</b>	<b>Group &amp; KHA 2021 £000</b>
Expenses	23	23
Net interest expense	38	-
Defined benefit costs recognised in statement of comprehensive income (SoCI)	<u>61</u>	<u>23</u>



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

<b>Plan costs recognised in Statement of Other Comprehensive Income</b>	<b>Group &amp; KHA 2022 £000</b>	<b>Group &amp; KHA 2021 £000</b>
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(60)	1,579
Experience gains and losses arising on the plan liabilities - gain (loss)	(873)	103
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(92)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	3,218	(4,969)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	2,193	(3,287)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	(287)	125
Total amount recognised in Other Comprehensive Income - gain (loss)	1,906	(3,162)

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

Analysis of plan assets	Group & KHA	Group & KHA
	2022	2021
	£000	£000
Global Equity	5,787	3,861
Absolute Return	1,342	1,230
Distressed Opportunities	1,049	853
Credit Relative Value	939	719
Alternative Risk Premia	1,209	1,001
Emerging Markets Debt	1,090	1,006
Risk Sharing	954	892
Insurance-Linked Securities	613	521
Property	758	448
Infrastructure	1,827	1,394
Private Debt	737	588
Opportunistic Illiquid Credit	970	639
High Yield	285	654
Opportunistic Credit	102	682
Cash	81	9
Corporate Bond Fund	1,850	1,883
Liquid Credit	187	431
Long Lease Property	843	579
Secured Income	1,564	1,371
Over 15 Year Gilts	12	12
Liability Driven Investment	7,082	6,001
Currency Hedging	(107)	-
Net Current Assets	94	186
Total assets	<u>29,268</u>	<u>24,960</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.

Key assumptions	Group & KHA	Group & KHA
	2022	2021
	% per annum	% per annum
Discount Rate	2.79%	2.19%
Inflation (RPI)	3.51%	3.26%
Inflation (CPI)	3.16%	2.87%
Salary Growth	4.16%	3.87%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

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

The mortality assumptions adopted at 31 March 2022 imply the following life expectancies:

	<b>Group &amp; KHA 2022</b>	<b>Group &amp; KHA 2021</b>
	<b>Life expectancy at age 65 (Years)</b>	<b>Life expectancy at age 65 (Years)</b>
Male retiring in 2022	21.6	21.5
Female retiring in 2022	23.9	23.4
Male retiring in 2042	22.9	22.8
Female retiring in 2042	25.4	25.0

**20. Share Capital**

	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>	<b>£</b>	<b>£</b>
<b>Group and KHA</b>				
Shares of £1 each issued and fully paid:				
At 1 April	59	61	59	61
Issued during the year	8	3	8	3
Cancelled during the year	(6)	(5)	(6)	(5)
At 31 March	<u>61</u>	<u>59</u>	<u>61</u>	<u>59</u>

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

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**21. Business combination**

On 1 December 2021 KHA acquired the assets and liabilities of FHA at their fair values for nil consideration. The financial impact is set out in the table below:

	<b>Group &amp; KHA</b>	<b>Group &amp; KHA</b>	<b>Group &amp; KHA</b>
	<b>Initial book value</b>	<b>Fair value adjustment</b>	<b>Fair value at date of acquisition</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Housing Properties	28,403	(9,833)	18,570
Office Property	203	(68)	135
Motor Vehicles	1	-	1
Furniture & Equipment	18	(8)	10
Arrear of Rent & Service charges	52	-	52
Other Debtors	60	(4)	56
Other Taxation & Social security	3	-	3
Cash	2,562	-	2,562
<b>Total Assets</b>	<u>31,302</u>	<u>(9,913)</u>	<u>21,389</u>
Housing Loans	6,660	-	6,660
Deferred Grants	18,200	(18,200)	-
Rent received in advance	63	-	63
Amounts due to Kingdom Housing	577	-	577
Other Creditors	154	-	154
Accruals & Deferred income	43	-	43
Pension provision	122	-	122
<b>Total Liabilities</b>	<u>25,819</u>	<u>(18,200)</u>	<u>7,619</u>
<b>Net Assets</b>	<u>5,483</u>	<u>8,287</u>	<u>13,770</u>

The housing properties transferred were valued on the basis of Existing Use Value for Social Housing (EUV-SH) and the office premises were valued on the basis of open market value. The valuations were undertaken by Jones Lang LaSalle, independent professional valuers. The excess of fair value of the assets acquired over the fair value of liabilities acquired of £13,770k has been recognised in the Statement of Comprehensive Income. As part of the fair value assessment of housing assets and liabilities the deferred grant income balance of £18,200k was extinguished.

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**22. Capital commitments**

	<b>Group</b>	<b>KHA</b>	<b>Group</b>	<b>KHA</b>
	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Housing properties:</b>				
Expenditure contracted but not provided in the financial statements	54,393	54,394	78,190	74,196

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

**23. Employees**

	<b>Group</b>	<b>KHA</b>	<b>Group</b>	<b>KHA</b>
	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>i) Staff costs during year:</b>				
Wages and salaries	13,504	6,691	11,998	6,101
Social security costs	1,169	629	1,001	574
Other pension costs	721	526	636	450
Expenses of defined benefit pension scheme	24	24	23	23
	<u>15,418</u>	<u>7,870</u>	<u>13,658</u>	<u>7,148</u>

There were no redundancy costs incurred during the year included in the staff costs (2021: no redundancy costs incurred).

	<b>Group</b>	<b>KHA</b>	<b>Group</b>	<b>KHA</b>
	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
<b>ii) Staff numbers:</b>				
Average weekly number of employees (including relief staff working on an "as required" basis)	528	216	490	199
<b><u>Number of Employees as at 31 March:</u></b>				
Support & Care staff	251	-	265	-
Administration staff	200	188	175	161
Maintenance staff	36	36	40	40
	<u>487</u>	<u>224</u>	<u>480</u>	<u>201</u>
Full time equivalent employees	420	212	408	190

Agency staff were employed during the year by the Group at a cost of £370,264 (2021: £60,165).

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**24. Auditors' remuneration**

	<b>Group</b>	<b>KHA</b>	<b>Group</b>	<b>KHA</b>
	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Fees payable to RSM UK AUDIT LLP:				
Audit services	34	23	34	23
Tax services and advice	8	4	8	3
	<hr/>	<hr/>	<hr/>	<hr/>
Fees payable to Henderson Loggie LLP:				
Internal audit fees	10	10	14	14
	<hr/>	<hr/>	<hr/>	<hr/>

**25. Remuneration of key management personnel**

	<b>Group</b>	<b>KHA</b>	<b>Group</b>	<b>KHA</b>
	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
The aggregate remuneration of 4 directors (2021 – 6 directors) including benefits in kind was:	<hr/>	<hr/>	<hr/>	<hr/>
	412	302	562	454
Pension contributions of directors were:	<hr/>	<hr/>	<hr/>	<hr/>
	32	25	39	32

	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
Emoluments (excluding pension contributions) were paid in the following bandings:				
£30,001 to £40,000	1	1	-	-
£50,001 to £60,000	-	-	1	1
£80,001 to £90,000	1	1	2	1
£90,001 to £100,000	1	-	1	1
£120,001 to £130,000	-	-	1	1
£130,001 to £140,000	1	1	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	132	132	127	127
	<hr/>	<hr/>	<hr/>	<hr/>

Key management personnel are defined to include the Chief Executive and other members of the Executive Management Team. The management structure was changed in the year with the appointment of an Executive Operational Director, reducing the number of key personnel to four. 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 were 8% (2021: 8%) and amounted to £10,442 (2021: £10,042).

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**25. Remuneration of key management personnel (cont'd)**

During the year one key management personnel had a car loan from Kingdom Group. The balances of car loans due to KHA and the Group at 31 March 2022 were £nil (2021: £nil) and £nil (2021: £337), respectively. The maximum balance outstanding for KHA and the Group during the year was £337 (2021: £12,206) and £337 (2021: £16,582) respectively. Interest is charged on these loans at a rate equivalent to the Bank of England base rate on the day of the inception of the loan and is the same for other eligible employees of Kingdom Group.

**26. Payments to Members and Board members**

No Member of KHA received any fee or remuneration during the year (2021: Nil). Members of the Board were reimbursed for out of pocket travel expenses amounting to £nil (2021: £1,370). During the year no member of the Board was a tenant of KHA (2021: nil). During the year one member of the Board was a sharing owner (2021: one). The sharing owner arrangements for this member are on normal terms. KI employed one member of staff for part of the year. Recharges are made for time spent by KHA staff on KI business. The amount charged during the period was £92k (2021: £82k).

**27. Reconciliation of surplus to net cash generated from/(used in) operations – Group**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Cash generated from operations</b>		
Surplus for the year	20,408	5,625
Business combination - excess of fair value of assets over fair value of liabilities acquired	(13,770)	-
Actuarial gain/(loss) in respect of defined benefit pension scheme	1,785	(3,162)
Depreciation of tangible fixed assets	6,535	5,828
Depreciation of other fixed assets	50	41
Amortisation of intangible assets	30	35
(Decrease)/increase in pension provision/liability	(2,479)	2,479
Gain or loss on disposal of fixed assets	(1,908)	-
Gain or loss on disposal of assets held for sale	-	(225)
Gain or loss on disposal of other fixed assets	(1)	-
Amortisation of housing property capital grant	(10,950)	(4,578)
Corporation tax (received)/paid	-	-
Issue/(write off) of share capital	-	-
Interest received	(30)	(174)
Interest paid	4,622	4,602
Operating cashflows before movement in working capital	<u>4,292</u>	<u>10,471</u>
Decrease/(increase) in stock	222	(250)
Decrease/(increase) in receivables	3,728	(11,848)
(Decrease)/increase in payables	<u>(7,426)</u>	<u>7,782</u>
Total cash flow from operating activities	816	6,155
Corporation tax received/(paid)	-	-
<b>Total cash flows from operating activities</b>	<u>816</u>	<u>6,155</u>

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

**Analysis of changes in net debt – Group**

	<b>At 1 April 2021</b>	<b>Cash flows</b>	<b>Other changes</b>	<b>At 31 March 2022</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cash and cash equivalents	38,591	(28,792)	-	9,799
Debt due within one year	(2,012)	(10,192)	-	(12,204)
Debt due in more than one year	(147,378)	(5,088)	-	(152,466)
	<u>(110,799)</u>	<u>(44,072)</u>	<u>-</u>	<u>(154,871)</u>

**28. Reconciliation of surplus to net cash generated from/(used in) operations – KHA**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Cash generated from operations</b>		
Surplus for the year	19,910	4,400
Business combination - excess of fair value of assets over fair value of liabilities acquired	(13,770)	-
Actuarial gain/(loss) in respect of defined benefit pension scheme	1,785	(3,162)
Depreciation of tangible fixed assets	6,347	5,654
Depreciation of other fixed assets	50	41
Amortisation of intangible assets	30	35
(Decrease)/increase in pension provision/liability	(2,479)	2,479
Issue/(write off) of share capital	-	-
Gain or loss on disposal of fixed assets	(1,908)	(225)
Gain or loss on disposal of other fixed assets	(1)	-
Interest received	(570)	(453)
Interest paid	4,619	4,600
Corporation tax (received)/paid	-	-
Amortisation of housing property capital grant	(10,875)	(4,510)
Operating cashflows before movement in working capital	<u>3,138</u>	<u>8,859</u>
Increase/(decrease) in stock	222	(250)
(Increase) in receivables falling due within one year	(2,369)	(289)
(Increase) in receivables falling due in more than one year	(4,587)	(4,761)
(Decrease)/increase in payables	(8,032)	7,625
Total cash flow from operating activities	<u>(11,628)</u>	<u>11,184</u>
Corporation tax (received)/paid	<u>-</u>	<u>-</u>
<b>Total cash flows from operating activities</b>	<u>(11,628)</u>	<u>11,184</u>



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

**Analysis of changes in net debt – KHA**

	<b>At 1 April 2021 £000</b>	<b>Cash flows £000</b>	<b>Other changes £000</b>	<b>At 31 March 2022 £000</b>
Cash and cash equivalents	36,598	(30,034)	-	6,564
Debt due within one year	(2,002)	(10,192)	-	(12,194)
Debt due in more than one year	(147,327)	(5,097)	-	(152,424)
	<u>(112,731)</u>	<u>(45,323)</u>	<u>-</u>	<u>(158,054)</u>

**29. Financial commitments**

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

	<b>Group 2022 £000</b>	<b>KHA 2022 £000</b>	<b>Group 2021 £000</b>	<b>KHA 2021 £000</b>
Amounts due:				
Within one year	179	61	436	97
Between 1 and 5 years	105	85	263	134
	<u>284</u>	<u>146</u>	<u>699</u>	<u>231</u>

**30. Operating lease income**

KHA has future operating lease income receivable as follows:

	<b>2022 £000</b>	<b>2021 £000</b>
Due within 1 year	30	26
Due between 1 - 2 years	17	4
Due between 3 - 5 years	36	4
	<u>83</u>	<u>34</u>

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

**31. Contingent liabilities**

KHA participates in a multi-employer pension scheme. Should KHA leave the scheme the amount of employer debt has been estimated as £13,632k (2021: £18,498k) as at 30 September 2021, the date of the latest estimation available. At the present time KHA has no intention of leaving the Scheme. KHA has been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over recent years. The Trustee has been advised to seek clarification from the Court on potential changes to the pension liability. This process is ongoing and is understood that the matter is unlikely to be resolved before the end of 2024 at the earliest. This could potentially impact the value of Scheme liabilities. However, until the outcome of the Court process is known, it is not possible to calculate the impact of this issue on the liabilities with any accuracy for the purposes of the 31 March 2022 financial statements, particularly on an individual employer basis. Consequently, the issue is a contingent liability. Accordingly, no adjustment has been made in these financial statements in respect of the issue.

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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 2022 of £382m (2021: £341m) may be repayable to Scottish Government. The Board does not expect those circumstances to crystallise.

**32. Related party transactions**

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

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.

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 £2,209k (2021: £2,022k). KI charged KHA for purchases and expenses totaling £27k (2021: £33k).

KHA received no gift aid from KI in respect of the year (2021: £nil).

At the date of the statement of financial position the balance due by KI to KHA was £14,551k (2021: £9,838k), including the balance of loans repayable. KI made interest payments to KHA during the year of £540k (2021: £279k) in accordance with the loan agreements.

KHA charged KSC for purchases, expenses and management services provided by KHA amounting to £737k (2021: £815k). KSC charged KHA for purchases and expenses totaling £19k (2021: £21k).

At the date of the statement of financial position the balance due to KSC by KHA was £10k (2021: £24k).

In April 2020 the Chief Executive, Bill Banks, was appointed Chief Executive of Fairfield Housing Association (FHA) in accordance with arrangements to improve the governance of FHA. KHA provided administrative, governance and financial services to FHA under the terms of a Service Level Agreement. FHA provided a property management service to KHA for its properties in the Perth area. On 1 December 2021 all of FHA's business, assets and liabilities were transferred to KHA under a transfer of arrangements agreement and FHA subsequently ceased trading and was wound up.