



KEY HOUSING ASSOCIATION LIMITED
ANNUAL REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

KEY HOUSING ASSOCIATION LIMITED

LEGAL AND ADMINISTRATIVE DETAILS

Scottish Charity registration number SC006652

Financial Conduct Authority registration number 1938R (S)

Scottish Housing Regulator registration number HEP141

Registered office 70 Renton Street
Glasgow
G4 OHT

Members of the Board

Sheenagh Simpson (Chairperson)
John Paterson (Vice Chairperson)
Anne McGuigan (Vice Chairperson)
Angus Turner (Vice Chairperson - Appeals)
David Meechan
David Le Sage
Gillian Anderson
Jack Crombie
Rebecca O'Donnell
Karen Jamieson
Musab Hems
Dee Fraser (co-opted 10 May 2023)
Paul Hush (co-opted 12 June 2023)
Brian Hemsley (co-opted 2 November 2023)

Executive Officers

Andrea Wood, Chief Executive
Alison Wood, Head of Finance
Gordon Anderson, Head of Housing
Jean Ramsay, Head of Support
Grace Semple, Head of HR
(Retired 29 March 2024)
Glenn Harold, Director of People &
Organisational Development
(appointed 15 April 2024)

Secretary

Andrea Wood

Bankers

Virgin Money
1st Floor, 40 St
Vincent Place,
Glasgow, G1 2HL

Solicitors

BTO Solicitors
48 St Vincent Street
Glasgow
G2 5HS

External Auditor

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

Internal Auditor

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

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KEY HOUSING ASSOCIATION LIMITED

REPORT OF THE MEMBERS OF THE BOARD (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2024

The Board has pleasure in presenting its report together with the audited consolidated financial statements for the year ended 31 March 2024.

Structure, Governance and Management

Background

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

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

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

Employee issues

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

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

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

Objectives and activities

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

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

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

Governance - Board Control and Accountability - Standing Orders and Code of Conduct, Policy on Gifts and Hospitality, Policy on Payments, Benefits and Corporate Accountability, Policy on Disclosure of Interest, Policy for Payment of Board Member Expenses, Delegation of Authority from the Board, Complaints Procedure, Membership Policy, Risk Management Strategy, Equal Opportunities Policy, Participation Policy, Health and Safety Policy, Whistleblowing, Openness & Confidentiality, Sustainability, Information and Communication Technologies, IT Strategy, Data Protection, Insurances, Anti-fraud and Corruption, Media Guidelines, Performance Measurements and Business Continuity Planning.

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

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

Development - Development Procurement, CDM Regulations and Building Defects.

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

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

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

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

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

Achievements and performance

Key remain a well-respected and prominent provider in the social care sector. Our attention as we emerged from the pandemic in 2020/2021 remained on the health and safety of the people we support, and our staff and we have continued to focus on their wellbeing as we navigated our way back to a more normal working environment.

At 31 March 2024, Key supported 1,429 people in 17 local authority areas with total direct support of 51,223 hours per week. This is line with the position at 31 March 2023.

Key employ 1,761 contracted staff (358 full time and 1,403 part-time) and on average a further 430 on a relief basis. This compares to 1,772 contracted staff (344 full-time and 1,428 part-time) and on average a further 402 on a relief basis as at 31 March 2023. Details regarding the average number of staff employed during the year is included in note 9 of the financial statements.

Much of the policy focus for our support activity has been dominated in recent years by a growing demand for social care (particularly by older people and those with very complex support needs), the Independent Review of Social Care (with the associated recommendations for a National Care Service) and Self-directed Support (SDS). Although Scotland has a strong legislative and policy basis that covers social care and integration, this has been undermined by poor implementation linked to a lack of adequate resourcing and current issues such as workforce challenges.

The cost-of-living crisis and the resulting strain on public funding has created a very challenging environment, which has been compounded by difficulties in staff recruitment, a significant issue across the health and social care sector. Demand for our services continues to grow, particularly for people with very complex needs, and the need to ensure there is capacity in our workforce, and suitable housing, is seen as a priority for Key and Community Lifestyles.

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

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

We have also maintained a focus on supporting people with very complex needs, including those who previously lived in hospital environments, to be supported in their own tenancies in the community. For example, this year, in one local authority, we supported a young man to move into his new house after 22 years living in out-of-area institutional settings and he is thriving in his specially designed home with bespoke assistive technologies and housing adaptations.

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

Our new recruitment campaign, launched in 2023, has improved recruitment in some areas and we have maintained our positive track record of retaining staff with our annual turnover remaining consistently lower than the sector average. Absence rates are also lower than the sector average.

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

During the year to 31 March 2024, additional funding was made available from the Scottish Government, via local authorities to ensure that all social care staff were being paid at least the Real Living Wage of £10.90 per hour. This resulted in increases to funding across all local authority areas which in turn allowed a salary increase for all staff, backdated to 1 April 2023.

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

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

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

All but two of our Branches have now been inspected by the Care Inspectorate for the first time since before the pandemic. All were awarded grades of good or very good for the quality theme related to supporting people's wellbeing.

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

KEY HOUSING ASSOCIATION LIMITED

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Financial review

Key Housing Association Limited generated a surplus of £2,011,515 (2023 - £615,098) and had reserves of £18,888,808 (2023 - £21,447,307). Included in other comprehensive income was £4,570,000 of an actuarial loss (2023 - £823,163 *actuarial loss*) to give total comprehensive income of (£2,558,485) (2023 - (£208,065)). This has been a more challenging financial year for Key. At the same time, inflationary pressures have had an impact on our costs and staffing shortages have resulted in increased use of agency staff with an associated financial premium.

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

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

Community Lifestyles has continued to focus its work on Glasgow, providing highly individualised support to people with often very complex needs. The net income for the year to 31 March 2024 for Community Lifestyles Limited was £164,689 (2023 - £279,584). Included in other comprehensive income was £45,000 of an actuarial loss (2023 - £35,041 *of an actuarial loss*) in respect of SHAPS to give total comprehensive income of £119,689 (2023 - £244,543). Community Lifestyles Limited has reserves of £8,076,515 as at 31 March 2024 (2023 - £7,956,826). As at 31 March 2024, Community Lifestyles supported 388 people with total direct support of 15,058 hours per week.

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

The Group's surplus for the year was £2,176,204 (2023 - £894,682) with reserves of £26,965,323 (2023 - £29,404,133). Included in other comprehensive income was £4,615,000 of an actuarial loss (2023 - £858,204 *actuarial loss*) to give total comprehensive income of (£2,438,796) (2023: £36,478).

Value for money

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

The main elements of these initiatives are described below:

Central services and costs

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

Head office costs

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

Support service activity

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

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

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

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

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

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

Statement on internal financial control

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

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

- I) the reliability of financial information used within Association or Group or for publication;
- ii) the maintenance of proper accounting records; and
- iii) the safeguarding of assets against unauthorised use or disposition.

It is the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements of such systems are:

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

The Members of the Board have reviewed the effectiveness of the system of internal control in existence in the Association and Group for the year ended 31 March 2024. In the opinion of the Members of the Board, no weaknesses were found in the internal controls which would result in material loss, contingencies, or uncertainties requiring disclosure in the financial statements or the auditor's report.

KEY HOUSING ASSOCIATION LIMITED

REPORT OF THE MEMBERS OF THE BOARD (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2024

Going concern

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

Plans for future periods

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

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

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

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

The vision set out by the Independent Review of Social Care (published in 2021) supports these strategies however progress in achieving the associated recommendations has been limited.

The National Care Service (Scotland) Bill was introduced by the Scottish Government in June 2022 and proposed transferring responsibility for social care, social work and some community health functions - including staff and assets such as buildings and equipment - from local councils to care boards which would be overseen by Scottish Ministers. It was described as the most significant reform to public services since the creation of the NHS.

A public consultation was held during 2023/24 during which major concerns about the Bill were raised, not least about the lack of detail relating to the impact and costs of National Care Service. The Bill was delayed whilst a new financial memorandum was developed and further discussions between COSLA and Scottish Government took place. As a result, a new deal was struck whereby Local Authorities will retain responsibility for the delivery of services within a National Care Service through reformed Integrated Joint Boards. The Bill has passed its first stage at Parliament.

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

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

Objective 1

To achieve a housing service that meets individual needs and enables housing choice.

Objective 2

To achieve a service that provides housing that is well managed and maintained.

Objective 3

To achieve a housing service that is adequately funded.

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

KEY HOUSING ASSOCIATION LIMITED

REPORT OF THE MEMBERS OF THE BOARD (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2024

Principal risks and uncertainties

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

Principal risks identified through the Association's strategic risk register which have the potential to seriously affect the performance, future prospects or reputation of the Association are detailed below along with mitigating actions being taken by the Association. These risk areas were reassessed and updated during 2023/24.

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

Risk	Actions to mitigate
Board not equipped to control organisation	Regular review of Board profile and performance. Comprehensive delegation guidelines. Clear remits for Audit Committee. System of Review Groups, and regular in-house training programme.
Failure to meet regulatory requirements	SHR requirements regularly reviewed and measures/arrangements in place to ensure compliance. Head of Housing coordinating returns and notifications as required. Operational Manager in regular contact with Care Inspectorate relationship manager and coordinating reporting and notification requirements. Health and Safety Personnel reviewing and coordinating information from the HSE.
Failure to meet regulatory requirements of SHR	New SHR Framework introduced and Board aware of requirements. Governance, Regulation and Compliance Manager in place to support regulatory requirements. Comprehensive self- assessment of compliance against SHR Regulatory Framework with annual review. Governance session training on Regulatory responsibilities provided annually.
Pension scheme deficit grows; or loss of income inhibits capacity to meet deficit	Following the 2018 scheme revaluation, concessionary payments have been paid to end of current agreement. Revaluation expected 2025/26 Assets (housing stock) revalued in 2016 to meet future liability on balance sheet.
Failure to meet requirements of SPSO Complaints Handling Procedures	Regular review of compliance introduced.
Failure to meet Health and Safety statutory requirements	Comprehensive Health and safety Policies and Procedures to ensure risks are assessed and necessary action taken Fulltime H&S Advisor role

Principal risks and uncertainties (continued)

Risk	Actions to mitigate
IT infrastructure inadequate to meet needs/system overload/ breakdown	<p>ICT resource/need reviewed weekly by senior management team</p> <p>Replacement Schedule in place and specified within ICT budgets</p> <p>Servers located in buildings with fire protection and data copied off site each day</p> <p>Evolve support/development team in place and regular project management meetings.</p> <p>Implementation of emails accounts for the workforce.</p> <p>Specialist IT staff and Network Manager in post.</p> <p>Business Continuity Team includes all sections, with full IT support</p>
Increased cyber security risks	<p>Increased access controls are in place since move to Microsoft 365.</p> <p>External 24/7 managed detection and response service utilized to protect systems.</p> <p>Email protection service in place.</p> <p>Staff awareness raised and training in Place</p> <p>User access permissions framework in place which limits the scope of any breach.</p> <p>Cyber incident plan developed with clear response steps to limit damage</p> <p>Back-ups saved off site.</p>

Principal risks and uncertainties (continued)

For Support activity:

Risks	Actions to mitigate
Workforce negativity and inflexibility	<p>Non-support staff working hybrid arrangements since 2022.</p> <p>Management Development Program in place to assist local management teams to provide fair and responsive support</p> <p>A focus on staff wellbeing and mental health. 90 Mental Health First Aiders now in place</p> <p>Good communication systems and use fo the Hub to share good practice and thank staff.</p> <p>Supportive management, with regular professional supervision.</p>
Overstretched services/ insufficient resources to support managers	<p>Continual review of management resources (including admin support) in local services through deployment meetings.</p> <p>Deployment monitoring meetings happening 4-weekly / 6 monthly budget meetings</p> <p>Comprehensive policies, procedures and training.</p> <p>Serious incident reporting system and follow up.</p> <p>Access to independent counselling and wellbeing resources via the Hub</p> <p>Developing quality assurance systems in line with new National Care Standards.</p> <p>Codes of Conduct distributed to all workers and used as a basis for initial and ongoing professional development.</p>
Procedures and training against abuse are inadequate to keep people safe	<p>Comprehensive guidance on Adult Protection is included in initial training for support workers and managers.</p> <p>Whistleblowing policy.</p> <p>Codes of Conduct distributed to all workers.</p> <p>Respect and Protect materials distributed to all services.</p> <p>Zero tolerance of abuse emphasised in training and in professional practice expectation.</p> <p>Financial Internal audit programme, and management checks, to back up rigorous Financial Procedures.</p> <p>Monitoring of policies, and procedures and practice, by managers.</p>

KEY HOUSING ASSOCIATION LIMITED

**REPORT OF THE MEMBERS OF THE BOARD (INCORPORATING THE STRATEGIC REPORT)
FOR THE YEAR ENDED 31 MARCH 2024**

Principal risks and uncertainties (continued)

For Support activity (continued)

<p>Health and Safety training and audit inadequate to keep workers and service users safe</p>	<p>Comprehensive Health & Safety policies/ procedures updated and published. Update Health and safety training included in management induction programme. FT H&S training officer and H&S Advisor. Comprehensive H & S training programme embedded in ITP. Clear guidelines for Risk Assessment. Whistleblowing policy. Serious incident analysis. Use of accredited Behavioural Support Strategy (BSS).</p>
<p>Recruitment difficulties</p>	<p>Recruitment working group established and new campaign launched 2023 Accelerated Recruitment Strategy in place and on-line application introduced. Rigorous recruitment process with competency framework being developed. Competitive terms and conditions in our sector. Local approaches to recruitment where appropriate. Review of contracts and work/life balance approaches.</p>
<p>Losing financial viability</p>	<p>Regular deployment analysis, budget review and operational reviews. Quarterly reports on service funding and development to Board. Positive attitude to controlled growth. Intensive Housing Management funding to be maintained.</p>
<p>Losing services/not winning/missing tenders</p>	<p>Ensuring sufficient staff resources to progress tender processes and a co-ordinated approach to tender submissions. Regular review of service costs/profile and planning to adjust costs where required(including management structures and time). Registered with Public Contracts Scotland tender notification service.</p>
<p>Not being able to evidence improved outcomes for the people we support, for evidence based self-assessment and tendering</p>	<p>Information systems gather accurate information and knowledge across Key for evidence based self-assessments Working with TAG to reflect C I requirements involvement. Development of comprehensive and outcome focused framework for continual improvement</p>
<p>Breach of employment legislation / tribunal claims</p>	<p>Local managers given appropriate training, guidance and personnel support Access to legal advice</p>

Principal risks and uncertainties (continued)

For Housing activity:

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

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

Risks	Actions to mitigate
Poor satisfaction rating from tenants on quality of service received	<p>Range of mechanisms in place including annual satisfaction survey, establishment of tenant engagement group and regular consultations as required (for example on rent increases).</p> <p>Overall focus on tenant satisfaction in all activity.</p>
Failure to meet requirements of the SHR (including adhering to all statutory and good practice in relation to tenant safety)	<p>Board review of compliance against regulatory framework takes place annually.</p> <p>Governance, Regulation and Compliance Manager in place with oversight of regulatory updates and reviews.</p> <p>Full review of policies, procedures and practice in relation to our duties for tenant safety completed in 2023.</p> <p>Reporting requirements captured and routine systems in place.</p>
Failure to consider rental affordability	<p>Rent setting policy has comparability and affordability as key factors to be considered. Majority of stock classified as supported accommodation in benefits terms.</p> <p>Issue of affordability of rents (unsupported base line) considered against a range of measures.</p> <p>Commitment to explore value for money with the My Home Group</p>
Housing stock fails to meet needs of tenants, without long term flexibility of use	<p>Active housing remodeling programme taken forward over last 15 years but there remain a small number of larger shared properties with no active proposals to change. Whilst meeting the needs of the current tenants this will be reviewed should this position change and/or appropriate funding is available.</p>

KEY HOUSING ASSOCIATION LIMITED

REPORT OF THE MEMBERS OF THE BOARD (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2024

Statement of the Board's Responsibilities

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group and the Association will continue in business; and
- Prepare a statement on internal control.

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

Disclosure of information to the auditor

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

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

Auditor

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

By order of the Board



Andrea Wood
Secretary

Date: 21 August 2024

KEY HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEY HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

Opinion

We have audited the financial statements of Key Housing Association Limited (the "Association") and its subsidiaries (the "Group") for the year ended 31 March 2024 which comprise the Consolidated and Association Statements of Comprehensive Income, the Consolidated and Association Statements of Changes in Capital and Reserves, the Consolidated and Association Statements of Financial Position, the Consolidated and Association Statements of Cash Flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and Association's affairs as at 31 March 2024 and of the Group's and Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefits Societies (Group Accounts) Regulations 1969, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements issued by the Scottish Housing Regulator.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

KEY HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEY HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

Other information (continued)

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Board

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEY HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

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

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

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

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

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

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

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

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

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

KEY HOUSING ASSOCIATION LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEY HOUSING ASSOCIATION LIMITED ON
THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

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

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

Use of our report

This report is made solely to the Association's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Azets Audit Services

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

Date: 29 August 2024

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

KEY HOUSING ASSOCIATION LIMITED

REPORT OF THE AUDITOR TO THE BOARD OF KEY HOUSING ASSOCIATION LIMITED ON INTERNAL FINANCIAL CONTROL FOR THE YEAR ENDED 31 MARCH 2024

In addition to our audit of the Financial Statements, we have reviewed your statements on page 6 concerning the Group's and the Association's compliance with the information required by the Regulatory Standards in respect of internal financial control contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements on corporate governance matters within Bulletin 2009/4 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Group's and the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

In our opinion the Statement on internal financial control on page 6 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial control and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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

Azets Audit Services

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

Date: 29 August 2024

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

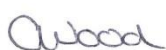
KEY HOUSING ASSOCIATION LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2024**

	Notes	2024 £	2023 £
Turnover	4	87,968,248	83,922,838
Operating expenditure	4	(85,890,087)	(82,970,776)
Operating surplus	4, 8	2,078,161	952,062
Interest receivable and other income	11	190,684	47,255
Interest payable and similar charges	11	(102,605)	(96,572)
Movement in market value of investments	16	9,964	(8,063)
Surplus before tax		2,176,204	894,682
Taxation	12	-	-
Surplus for the year		2,176,204	894,682
Other comprehensive income			
Actuarial (loss) in respect of pension scheme	22	(4,615,000)	(858,204)
Total comprehensive income for the year		(2,438,796)	36,478

The results for the year relate wholly to continuing activities.

The financial statements were authorised for issue by the Members of the Board on 21 August 2024 and were signed on its behalf by:



Andrea Wood
Secretary



Sheenagh Simpson
Chairperson



David Meehan
Board member

The notes form part of these financial statements.

KEY HOUSING ASSOCIATION LIMITED**ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2024**

	Notes	2024 £	2023 £
Turnover	5	69,480,507	65,659,532
Operating expenditure	5	(67,465,893)	(64,964,993)
Operating surplus	5, 8	2,014,614	694,539
Interest receivable and other income	11	88,542	25,194
Interest payable and similar charges	11	(101,605)	(96,572)
Movement in market value of investments	16	9,964	(8,063)
Surplus before tax		2,011,515	615,098
Taxation	12	-	-
Surplus for the year		2,011,515	615,098
Other comprehensive income			
Actuarial (loss) in respect of pension scheme	22	(4,570,000)	(823,163)
Total comprehensive income for the year		(2,558,485)	(208,065)

The results for the year relate wholly to continuing activities.

The financial statements were authorised for issue by the Members of the Board on 21 August 2024 and were signed on its behalf by:



Andrea Wood
Secretary



Sheenagh Simpson
Chairperson



David Meechan
Board member

The notes form part of these financial statements.

KEY HOUSING ASSOCIATION LIMITED

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

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

**CONSOLIDATED STATEMENT OF CHANGES IN CAPITAL AND RESERVES
AS AT 31 MARCH 2023**

	Note	<i>Share Capital £</i>	<i>Revenue Reserve £</i>	<i>Total Reserves £</i>
Balance at 1 April 2022		274	29,367,430	29,367,704
Total comprehensive income for the year		-	36,478	36,478
Shares cancelled during the year		(51)	-	(51)
Shares issued in the year		2	-	2
Balance at 31 March 2023		<u>225</u>	<u>29,403,908</u>	<u>29,404,133</u>

The notes form part of these financial statements.

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

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

**ASSOCIATION STATEMENT OF CHANGES IN CAPITAL AND RESERVES
AS AT 31 MARCH 2023**

	Note	Share Capital £	Revenue Reserve £	Total Reserves £
Balance at 1 April 2022		274	21,655,147	21,655,421
Total comprehensive income for the year		-	-	-
Shares cancelled during the year		(51)	(208,065)	(208,065)
			-	(51)
Shares issued during the year		2	-	2
		<hr/>	<hr/>	<hr/>
Balance at 31 March 2023		225	21,447,082	21,447,307

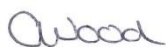
The notes form part of these financial statements.

KEY HOUSING ASSOCIATION LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

	Note	2024	2023
Tangible fixed assets			
Housing properties	13	14,521,183	14,727,982
Other fixed assets	14	3,775,939	3,933,511
		<u>18,297,122</u>	<u>18,661,493</u>
Current assets			
Debtors	15	8,066,303	8,443,572
Stock		10,049	12,096
Investments	16	628,774	1,172,224
Cash and cash equivalents	17	17,368,073	14,983,606
		<u>26,073,199</u>	<u>24,611,498</u>
Creditors: amounts falling due within one year	18	<u>(11,151,366)</u>	<u>(10,626,846)</u>
		<u>14,921,833</u>	<u>13,984,652</u>
Total assets less current liabilities		33,218,955	32,646,145
Creditors: amounts falling after more than one year	19	(305,100)	(526,012)
Pension – defined benefit liability	22	<u>(5,948,532)</u>	<u>(2,716,000)</u>
		<u><u>26,965,323</u></u>	<u><u>29,404,133</u></u>
Capital and reserves			
Share capital	24a	211	225
Revenue reserve	24b	26,965,112	29,403,908
		<u>26,965,323</u>	<u>29,404,133</u>

The financial statements were authorised for issue by the Members of the Board on 21 August 2024 and were signed on its behalf by:



Andrea Wood
Secretary



Sheenagh Simpson
Chairperson



David Meechan
Board member

Regulated number: 1938R(S)

The notes form part of these financial statements.

KEY HOUSING ASSOCIATION LIMITED

ASSOCIATION STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

	Notes	2024 £	2023 £
Tangible fixed assets			
Housing properties	13	14,521,183	14,727,982
Other fixed assets	14	2,047,283	2,150,016
		<u>16,568,466</u>	<u>16,877,998</u>
Current assets			
Debtors	15	6,131,502	7,494,819
Stock		10,049	12,096
Investments	16	1	543,450
Cash and cash equivalents	17	9,957,612	7,109,685
		<u>16,099,164</u>	<u>15,160,050</u>
Creditors: amounts falling due within one year	18	<u>(7,609,190)</u>	<u>(7,386,729)</u>
Net current assets		<u>8,489,974</u>	<u>7,773,321</u>
Total assets less current liabilities		25,058,440	24,651,319
Creditors: amounts falling due after more than one year	19	(305,100)	(526,012)
Pension – defined benefit liability	22	<u>(5,864,532)</u>	<u>(2,678,000)</u>
Net assets		<u>18,888,808</u>	<u>21,447,307</u>
Capital and reserves			
Share capital	24a	211	225
Revenue reserve	24b	<u>18,888,597</u>	<u>21,447,082</u>
		<u>18,888,808</u>	<u>21,447,307</u>

The financial statements were authorised for issue by the Members of the Board on 21 August 2024 and were signed on its behalf by:



Andrea Wood
Secretary



Sheenagh Simpson
Chairperson



David Meechan
Board member

Regulated number: 1938R(S)

The notes form part of these financial statements.

KEY HOUSING ASSOCIATION LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 £	2023 £
Net cash generated from operating activities	25a	2,277,689	516,018
Cash flow from investing activities			
Payments to acquire and improve housing stock		(307,313)	(125,896)
Housing Grant Received		35,000	-
Purchase of other property, plant and equipment		(65,511)	(61,082)
Proceeds from sale of property, plant and equipment		10,750	2,199
Interest received		190,684	47,255
		<u>(136,390)</u>	<u>(137,524)</u>
Cash flow from financing activities			
Proceeds received from disposal of current asset investments		553,414	-
Shares issued		4	-
Interest paid		(5,605)	(20,572)
Repayment of borrowings		(304,645)	(127,830)
(Deposit to) current asset investments		-	(4,693)
		<u>243,168</u>	<u>(153,095)</u>
Net change in cash and cash equivalents		2,384,467	225,399
Cash and cash equivalents at beginning of year		14,983,606	14,758,207
Cash and cash equivalents at end of the year		17,368,073	14,983,606

The notes form part of these financial statements.

(i) Analysis of changes in net debt

	At 1 April 2023 £	Cash flows £	Other non- cash changes £	At 31 March 2024 £
Cash and cash equivalents				
Cash	14,983,606	2,384,467	-	17,368,073
	<u>14,983,606</u>	<u>2,384,467</u>	<u>-</u>	<u>17,368,073</u>
Investments - deposit accounts	628,774	-	-	628,774
Borrowings				
Debt due within one year	(56,758)	56,758	-	-
Debt due after one year	(247,887)	247,887	-	-
	<u>(304,645)</u>	<u>304,645</u>	<u>-</u>	<u>-</u>
Total	15,307,735	2,689,112	-	17,996,847

KEY HOUSING ASSOCIATION LIMITED

ASSOCIATION STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 £	2023 £
Net cash generated from operating activities	25b	2,821,015	(894,465)
Cash flow from investing activities			
Payments to acquire and improve housing stock		(307,313)	(125,896)
Housing Grant received		35,000	-
Purchase of other property, plant and equipment		(43,235)	(36,244)
Proceeds from sale of property, plant and equipment		10,750	2,199
Interest received		88,542	25,194
		(216,256)	(134,747)
Cash flow from financing activities			
Proceeds received from disposal of current asset investments		553,414	-
Shares issued		4	-
Interest paid		(5,605)	(20,572)
Repayment of borrowings		(304,645)	(127,830)
		243,168	(148,402)
Net change in cash and cash equivalents		2,847,927	(1,177,614)
Cash and cash equivalents at beginning of year		7,109,685	8,287,299
Cash and cash equivalents at end of the year		9,957,612	7,109,685

The notes form part of these financial statements.

(i) Analysis of changes in net debt

	At 1 April 2023 £	Cash flows £	Other non- cash changes £	At 31 March 2024 £
Cash and cash equivalents				
Cash	7,109,685	2,847,927	-	9,957,612
	7,109,685	2,847,927	-	9,957,612
Borrowings				
Debt due within one year	(56,758)	56,758	-	-
Debt due after one year	(247,887)	247,887	-	-
	(304,645)	304,645	-	-
Total	6,805,040	3,152,572	-	9,957,612

KEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

1. General information

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

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

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

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

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

2. Principal accounting policies

Basis of accounting

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

The effect of events relating to the year ended 31 March 2024, which occurred before the date of approval of the financial statements by the Board have been included in the statements to the extent required to show a true and fair view of the state of affairs as at 31 March 2024 and of the results for the year ended on that date.

Basis of consolidation

These financial statements consolidate those of Key Housing Association Limited and its subsidiary undertakings, Community Lifestyles Limited and KHA Developments Limited (dormant from 1 April 2020), drawn up to 31 March 2024 as obliged by statute. Surpluses or deficits on intra-group transactions are eliminated in full.

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

Turnover

Association

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

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

Community Lifestyles Limited

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

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

KHA Developments Limited

This company was dormant during the current and prior year.

Going concern

The Board expect the Association and the Group to generate a surplus in 2024/25 and 2025/26 and the Board is satisfied that the Association and the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, the financial statements have been prepared on a going concern basis which presumes the realisation of assets and liabilities in the normal course of business.

Government Capital Grants

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

2. Principal accounting policies (continued)

Government Revenue Grants

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

Non-government capital and revenue grants

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

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

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

Interest receivable

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

Interest payable

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

Operating leases

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

Fixed assets and depreciation

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

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

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

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

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

2. Principal accounting policies (continued)

Fixed assets and depreciation (continued)

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

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

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

Investments

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

Debtors

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

Rental arrears

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

Cash and cash equivalents

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

Creditors

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

Financial instruments

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

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

2. Principal accounting policies (continued)

Financial instruments (continued)

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

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

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

Loans

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

Investments in subsidiary

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

Retirement benefits (note 22)

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

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

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

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

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

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

Defined Contribution Scheme

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

Reserves

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

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

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

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

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

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

Estimate

Basis of estimation

Valuation of Housing Properties

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

Useful lives of property, plant and equipment

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

The main components of housing properties and their useful lives

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

Recoverable amount of rental and other trade receivables

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

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

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

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

	Turnover 2024 £	Operating expenditure 2024 £	Operating surplus 2024 £	Operating surplus 2023 £
Affordable lettings (note 6)	6,692,181	6,343,124	349,057	534,843
Other activities (note 7a)	81,276,067	79,546,963	1,729,104	417,219
Total 2024	87,968,248	85,890,087	2,078,161	
<i>Total 2023</i>	<i>83,922,838</i>	<i>82,970,776</i>		<i>952,062</i>

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

	Turnover 2024 £	Operating expenditure 2024 £	Operating surplus 2024 £	Operating surplus 2023 £
Affordable lettings (note 6)	6,692,181	6,343,124	349,057	534,843
Other activities (note 7b)	62,788,326	61,122,769	1,665,557	159,696
Total 2024	69,480,507	67,465,893	2,014,614	
<i>Total 2023</i>	<i>65,659,532</i>	<i>64,964,993</i>		<i>694,539</i>

KEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

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

	General Needs	Supported	2024	2023
	Housing	Housing	Total	Total
	£	£	£	£
Rent receivable net of service charges	482,428	5,500,104	5,982,532	5,572,675
Service charges	24,152	718,355	742,507	658,270
Gross income from rents and service charges	506,580	6,218,459	6,725,039	6,230,945
Less voids	(5,459)	(34,724)	(40,183)	(34,210)
Net income from rents and services	501,121	6,183,735	6,684,856	6,196,735
Amortisation of deferred government capital grants	-	7,325	7,325	6,625
Total turnover from affordable letting activities	501,121	6,191,060	6,692,181	6,203,360
Management and maintenance administration costs	155,687	990,298	1,145,985	950,847
Service costs	75,364	3,293,022	3,368,386	3,136,780
Planned and cyclical maintenance costs including major repairs	102,095	649,408	751,503	598,436
Reactive maintenance costs	76,505	486,634	563,139	478,517
Depreciation of social housing	69,844	444,267	514,111	503,937
Operating expenditure for affordable letting activities	479,495	5,863,629	6,343,124	5,668,517
Operating surplus on affordable letting activities 2024	21,626	327,431	349,057	
<i>Operating Surplus on affordable letting activities, 2023</i>	70,150	464,693		534,843

KEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

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

	Grants from Scottish Ministers 2024 £	Support funding 2024 £	Total turnover 2024 £	Operating expenditure 2024 £	Operating surplus 2024 £	Operating surplus 2023 £
Development activities	146,479	-	146,479	140,975	5,504	9,796
Care activities	-	81,129,588	81,129,588	79,405,988	1,723,600	407,423
Total from other activities 2024	146,479	81,129,588	81,276,067	79,546,963	1,729,104	
<i>Total from other activities 2023</i>	<i>117,742</i>	<i>77,601,736</i>	<i>77,719,478</i>	<i>77,302,259</i>		<i>417,219</i>

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

	Grants from Scottish Ministers 2024 £	Support funding 2024 £	Other Agency / Management Services 2024 £	Total turnover 2024 £	Operating expenditure 2024 £	Operating surplus 2024 £	Operating surplus 2023 £
Development activities	146,479	-	-	146,479	140,975	5,504	9,796
Care activities	-	61,743,927	897,920	62,641,847	60,981,794	1,660,053	149,900
Total from other activities 2024	146,479	61,743,927	897,920	62,788,326	61,122,769	1,665,557	
<i>Total from other activities 2023</i>	<i>117,742</i>	<i>58,458,559</i>	<i>879,871</i>	<i>59,456,172</i>	<i>59,296,476</i>		<i>159,696</i>

KEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

8. Operating Surplus

	Consolidated		Association	
	2024	2023	2024	2023
	£	£	£	£
Operating surplus is stated after:				
Depreciation:				
- property	495,150	482,656	495,150	482,656
- other fixed assets	190,694	208,247	113,579	125,331
- loss on disposal of components	18,962	21,281	18,962	21,281
Loss on disposal of fixed assets	21,819	861	21,819	861
External auditor's remuneration exc VAT:				
- external audit services	40,175	35,500	23,625	22,500
Internal auditor's remuneration:				
- internal audit services	15,120	16,286	15,120	12,586
Operating lease costs:				
- motor vehicles	49,669	70,958	49,669	70,958
- land and buildings	460,168	349,839	460,168	349,839

9. Remuneration

Board members are not remunerated.

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

	2024	2023
More than £60,000 but not more than £70,000	2	3
More than £70,000 but not more than £80,000	5	4
More than £80,000 but not more than £90,000	1	2
More than £90,000 but not more than £100,000	2	1
More than £100,000 but not more than £110,000	-	-
More than £110,000 but not more than £120,000	1	1

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

Emoluments of those earning > £60,000	Consolidated		Association	
	2024	2023	2024	2023
	£	£	£	£
Salary	894,683	858,751	894,683	858,751
Pension contributions	39,968	38,336	39,968	38,336
	<u>934,651</u>	<u>897,087</u>	<u>934,651</u>	<u>897,087</u>

KEY HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

9. Remuneration (continued)

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

Key management emoluments	Consolidated		Association	
	2024	2023	2024	2023
	£	£	£	£
Salary	460,255	442,332	460,255	442,332
Employers' national insurance	57,236	55,082	57,236	55,082
Pension contributions	20,767	19,957	20,767	19,957
	<u>538,258</u>	<u>517,371</u>	<u>538,258</u>	<u>517,371</u>

The emoluments excluding pension contributions of the highest paid director who is the Chief Executive were £117,097 (2023 - £112,092).

The Chief Executive is an ordinary member of the Scottish Housing Association Pension Scheme (SHAPS) as described in note 22. No enhanced or special terms apply to membership. The Chief Executive had no personal pension arrangements. Pension contributions in respect of the Chief Executive amounted to £5,211 (2023 - £5,008).

	Consolidated		Association	
	2024	2023	2024	2023
	£	£	£	£
Expenses paid to members of the Board	<u>1,275</u>	<u>356</u>	<u>1,275</u>	<u>356</u>

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

Wages and salaries	67,389,958	65,927,667	51,933,735	50,822,986
Social security costs	6,388,373	6,449,126	4,834,723	4,887,512
Pension costs	1,341,406	1,303,269	1,047,679	1,024,853
Pension costs – Past service scheme expenses	69,084	62,609	68,000	61,777
	<u>75,188,821</u>	<u>73,742,671</u>	<u>57,884,137</u>	<u>56,797,128</u>

In addition to expenditure on direct salaries, the group incurred £3,209,515 (2023 - £2,812,761) expenditure on the use of agency staff. For Key this was £2,733,155 (2023 - £2,343,624).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

9. Remuneration (continued)

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

	Consolidated		Association	
	2024 Average weekly Nos	2023 Average Weekly Nos	2024 FTE Nos	2023 FTE Nos
Head Office	100	99	94	92
Services	2,627	2,647	2,122	2,153
	<u>2,727</u>	<u>2,746</u>	<u>2,216</u>	<u>2,245</u>
	2024 Average weekly Nos	2023 Average Weekly Nos	2024 FTE Nos	2023 FTE Nos
Head Office	100	99	94	92
Services	2,085	2,096	1,622	1,638
	<u>2,185</u>	<u>2,195</u>	<u>1,716</u>	<u>1,730</u>

10. Creditor payments

The group policy is to pay purchase invoices at the end of the month following receipt. On average, invoices are paid within 30 days (2023 - 30 days) of receipt.

11. Interest receivable and payable

	Consolidated		Association	
	2024 £	2023 £	2024 £	2023 £
Interest receivable and similar income				
Bank deposit interest	189,095	45,461	86,953	23,400
Union commission	1,589	1,794	1,589	1,794
	<u>190,684</u>	<u>47,255</u>	<u>88,542</u>	<u>25,194</u>
Interest payable and similar charges:				
Bank loans and other loan	(5,605)	(20,572)	(5,605)	(20,572)
Defined benefit pension liability – interest charge (note 22)	(97,000)	(76,000)	(96,000)	(76,000)
	<u>(102,065)</u>	<u>(96,572)</u>	<u>(101,605)</u>	<u>(96,572)</u>

KEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

12. Taxation

Group

The Association and Community Lifestyles Limited have charitable status and thus no corporation tax is due from their charitable activities (2023 - £nil).

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

Association

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

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

	2024	2023
	£	£
Cost		
At 1 April 2023	18,606,856	18,518,303
Additions	307,313	125,896
Disposals	(42,747)	(37,343)
At 31 March 2024	<u>18,871,422</u>	<u>18,606,856</u>
Property Depreciation		
At 1 April 2023	3,878,874	3,412,280
Charge for the year	495,150	482,656
Disposals	(23,785)	(16,062)
At 31 March 2024	<u>4,350,239</u>	<u>3,878,874</u>
Net Book Value at 31 March 2024	<u>14,521,183</u>	<u>14,727,982</u>

Total cost of components capitalised for the year amounted to £242,143 (2023 - £125,896). The amount spent on maintenance of housing properties held for letting can be seen in Note 6. In addition, during the year a housing property was purchased in Annan with a purchase price of £65,170 (2023 - £nil). This has been capitalised and is included in housing property additions.

Additions to Housing Properties during the year includes £nil capitalised interest (2023 - £nil) and £nil capitalised administration costs (2023 - £nil). All housing properties are freehold. Properties with a cost of £nil (2023 - £nil) and accumulated depreciation of £nil (2023 - £nil) have been disposed in the year. Components with a cost of £42,747 (2023- £37,343) and accumulated depreciation of £23,785 (2023 - £16,062) have been disposed of for £nil (2023 - £nil) net proceeds.

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

Included in freehold housing properties is land with a historic cost allocation of £1,622,017 (2023 - £1,615,500).

KEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

14. Fixed Assets – Other - Consolidated

	Motor Vehicles £	Office Equipment £	Wemyss Bay Lodge £	Office Accomm- odation £	Total £
Cost					
At 1 April 2023	128,544	603,710	132,227	4,542,791	5,407,272
Additions	-	65,511	-	-	65,511
Disposals	(51,675)	(96,383)	-	-	(148,058)
At 31 March 2024	<u>76,869</u>	<u>572,838</u>	<u>132,227</u>	<u>4,542,791</u>	<u>5,324,725</u>
Depreciation					
At 1 April 2023	115,469	335,166	35,264	987,862	1,473,761
Charge for year	6,538	63,541	4,408	116,207	190,694
Disposals	(51,675)	(63,994)	-	-	(115,669)
At 31 March 2024	<u>70,332</u>	<u>334,713</u>	<u>39,672</u>	<u>1,104,069</u>	<u>1,548,786</u>
Net Book Value					
At 31 March 2024	<u>6,537</u>	<u>238,125</u>	<u>92,555</u>	<u>3,438,722</u>	<u>3,775,939</u>
At 31 March 2023	<u>13,075</u>	<u>268,544</u>	<u>96,963</u>	<u>3,554,929</u>	<u>3,933,511</u>

Fixed Assets – Other - Association

	Motor Vehicles £	Office Equipment £	Wemyss Bay Lodge £	Office Accommodaton £	Total £
Cost					
At 1 April 2023	128,544	377,274	132,227	2,488,646	3,126,691
Additions	-	43,235	-	-	43,235
Disposals	(51,675)	(96,383)	-	-	(148,058)
At 31 March 2024	<u>76,869</u>	<u>324,126</u>	<u>132,227</u>	<u>2,488,646</u>	<u>3,021,868</u>
Depreciation					
At 1 April 2023	115,469	203,482	35,264	622,460	976,675
Charge for year	6,538	40,387	4,408	62,246	113,579
Disposals	(51,675)	(63,994)	-	-	(115,669)
At 31 March 2024	<u>70,332</u>	<u>179,875</u>	<u>39,672</u>	<u>684,706</u>	<u>974,585</u>
Net Book Value					
At 31 March 2024	<u>6,537</u>	<u>144,251</u>	<u>92,555</u>	<u>1,803,940</u>	<u>2,047,283</u>
At 31 March 2023	<u>13,075</u>	<u>173,792</u>	<u>96,963</u>	<u>1,866,186</u>	<u>2,150,016</u>

KEY HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

15. Debtors: falling due within one year

	Consolidated		Association	
	2024	2023	2024	2023
	£	£	£	£
Rent arrears	138,382	92,878	138,382	92,878
Less provision for bad debts	(30,769)	(32,809)	(30,769)	(32,809)
Arrears for rent and service charge	107,613	60,069	107,613	60,069
Other debtors and prepayments	753,697	857,666	644,123	695,221
Local authority revenue grant receivable	7,204,993	7,525,837	5,347,052	5,568,349
Amounts owed by subsidiary undertakings	-	-	32,714	1,171,180
	8,066,303	8,443,572	6,131,502	7,494,819

16. Investments

Consolidated	2024	2023
	£	£
Quoted investments (see below)	-	543,450
Balances held in deposit accounts (> 3 months)	628,774	628,774
	628,774	1,172,224
Association	2024	2023
	£	£
Investment in subsidiary undertaking:		
- KHA Developments Limited	1	1
Quoted investments (see below)	-	543,450
	1	543,451

Key Housing Association Limited owns 1 ordinary £1 share in KHA Developments Limited (SC341478). The investment is held at cost. This represents a 100% shareholding in KHA Developments Limited, a company registered in Scotland, whose principal activity is that of acting as the design and build subsidiary of Key Housing Association Limited. There was no financial activity in the year for KHA Developments Limited. The net liabilities at 31 March 2024 were (£1,040) (2023: (£1,040)).

Key Housing Association Limited has 100% control over its subsidiary undertaking Community Lifestyles Limited, a company limited by guarantee whose principal activity is the support of adults with learning disabilities. KEY is the only member of Community Lifestyles Limited and approves the appointment of the directors of Community Lifestyles Limited. Community Lifestyles Limited made a surplus of £164,689 (2023 – £279,584) for the year ended 31 March 2024. Included in other comprehensive income was an actuarial loss of £45,000 (2023 - actuarial loss of £35,041) in respect of SHAPS to give total comprehensive income of £119,689 (2023 - £244,543). Community Lifestyles Limited has reserves of £8,076,515 as at 31 March 2024 (2023 - £7,956,826).

KEY HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

16. Investments (continued)

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

	Consolidated 2024	Consolidated 2023	Association 2024	Association 2023
	£	£	£	£
Quoted investments				
Market value at 1 April 2023	543,450	551,513	543,450	551,513
Movement in market value	9,964	(8,063)	9,964	(8,063)
Divested in current year	(553,414)	-	(553,414)	-
Market value at 31 March 2024	-	543,450	-	543,450

17. Cash and cash equivalents

	Consolidated 2024	2023	Association 2024	2023
	£	£	£	£
Cash - Current account	15,695,226	13,317,395	8,817,490	5,969,563
Cash equivalents - Deposit accounts (< 3 months)	1,672,847	1,666,211	1,140,122	1,140,122
	17,368,073	14,983,606	9,957,612	7,109,685

18. Creditors: falling due within one year

	Consolidated 2024	2023	Association 2024	2023
	£	£	£	£
Bank loans (note 20)	-	56,758	-	56,758
Trade creditors	134,086	59,048	134,086	59,048
Pension creditor	404,058	435,108	341,996	379,516
Other creditors	3,773,945	3,638,180	1,852,492	1,883,914
Social security and other taxes	1,376,881	1,311,039	1,023,918	989,041
Accruals and deferred grant income	5,237,648	4,955,580	3,993,089	3,791,108
Prepayments of rent and service charge	217,423	164,508	217,423	164,508
Amounts due to subsidiary undertakings	-	-	38,861	56,211
Deferred Government capital grant (note 21)	7,325	6,625	7,325	6,625
	11,151,366	10,626,846	7,609,190	7,386,729

KEY HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

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

	Consolidated		Association	
	2024	2023	2024	2023
	£	£	£	£
Bank loans (note 20)	-	247,887	-	247,887
Deferred Government capital grant (note21)	305,100	278,125	305,100	278,125
	<u>305,100</u>	<u>526,012</u>	<u>305,100</u>	<u>526,012</u>

20. Loans: Consolidated and Association

	2024	2023
	£	£
Total bank loans outstanding:		
Payable in one year or less	-	56,758
Payable within one to two years	-	59,180
Payable within two to five years	-	188,707
Payable over five years	-	-
	-	304,645
Less: payable within one year	-	(56,758)
Total bank loans due after one year	-	247,887

All bank loans were repaid during the year. Bank loans are secured over by a fixed charge over certain properties of the Association. The process to release this security will commence in 2024/25.

The net book value of housing properties secured at the year-end date was £5,107,625 (2023: £5,180,363).

21. Deferred capital grants: Consolidated and Association

	2024	2023
	£	£
Gross grant		
At 1 April 2023	331,246	331,246
Grants received in year	35,000	-
At 31 March 2024	<u>366,246</u>	<u>331,246</u>
Amortisation of grant		
At 1 April 2023	46,496	39,871
Amortisation	7,325	6,625
At 31 March 2024	<u>53,821</u>	<u>46,496</u>
Net grant at 31 March 2024	<u>312,425</u>	<u>284,750</u>
Payable in one year or less	7,325	6,625
Payable within one to two years	7,325	6,625
Payable within two to five years	21,975	19,875
Payable over five years	275,800	251,625
Total	<u>312,425</u>	<u>284,750</u>

22. Retirement benefits

Defined benefit scheme

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

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The Scheme offers six benefit structures to employers, namely:

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

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

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

There was an additional annual employer past service deficit contribution of £1,479,468 (net of administration costs) (2023 - £1,935,417) made in the year ended 31 March 2024 for the Group including £1,479,468 (2023 - £1,922,163) for the Association.

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

The last triennial valuation of the Scheme was performed as at 30 September 2018. The valuation revealed a deficit of £121m. A recovery plan has been put in place to eliminate the deficit which will run to 30 September 2022 for the majority of employers, although certain employers have different arrangements.

The Scheme is classified as a 'last man standing arrangement'. Therefore, the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

22. Retirement benefits (continued)

Defined benefit scheme (continued)

The SHAPS defined benefit pension liability is accounted for as a defined benefit pension scheme. In accordance with FRS 102 section 28, the operating and financing costs of pension and post retirement schemes (determined by TPT) are recognised separately in the Statement of Comprehensive Income. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise. The difference between actual and expected returns on assets during the year, including changes in the actuarial assumptions, is recognised in Other Comprehensive Income.

Group

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

	31 March 2024 £'000	31 March 2023 £'000
Fair value of plan assets	42,310	45,129
Present value of defined benefit obligation	<u>(48,259)</u>	<u>(47,845)</u>
Defined benefit liability to be recognised	<u>(5,949)</u>	<u>(2,716)</u>

Reconciliation of opening and closing balances of the defined benefit obligation

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Defined benefit obligation at start of period	47,845	68,791
Current service cost	-	-
Expenses	68	63
Interest expense	2,288	1,889
Actuarial (losses)/gains due to scheme experience	551	(2,349)
Actuarial (losses)/gains due to changes in demographic assumptions	(316)	(1,174)
Actuarial losses/(gains) due to changes in financial assumptions	213	(17,278)
Benefits paid and expenses	<u>(2,390)</u>	<u>(2,097)</u>
Defined benefit liability at the end of the period	<u>48,259</u>	<u>47,845</u>

KEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

22. Retirement benefits (continued)

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

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Fair value of plan assets at start of the period	45,129	65,074
Interest income	2,191	1,813
Experience on plan assets (excluding amounts included in interest income) – (loss)	(4,167)	(21,657)
Contributions by the employer	1,547	1,996
Benefits paid and expenses	(2,390)	(2,097)
Fair value of plan assets at end of period	42,310	45,129

Defined benefit costs recognised in the Statement of Comprehensive Income

	Period from 31 March 2023 to 31 March 2024 £'000	Period from 31 March 2022 to 31 March 2023 £'000
Current service cost	-	-
Admin expenses	68	63
Net interest expense	97	76
Defined benefit costs recognised in Statement of Comprehensive Income	165	139

Defined benefit costs recognised in Other Comprehensive Income

	Year Ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Experience on plan assets (excluding amounts included in net interest cost) – (loss)	(4,167)	(21,657)
Experience gains and losses arising on the plan liabilities – (loss)/gain	(551)	2,349
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain	316	1,174
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – (loss)/gain	(213)	17,276
Total amount recognised in other comprehensive income – actuarial (loss)	(4,615)	(858)

KEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

22. Retirement benefits (continued)

Fund allocation for employer's calculated share of assets	31 March 2024 £'000	31 March 2023 £'000
Global Equity	4,866	1,191
Absolute Return	1,901	615
Distressed Opportunities	1,557	1,388
Credit Relative Value	1,490	1,721
Alternative Risk Premia	1,524	261
Fund of Hedge Funds	-	-
Emerging Markets Debt	741	349
Risk Sharing	2,539	3,290
Insurance-Linked Securities	263	1,256
Property	1,789	1,879
Infrastructure	4,052	4,862
Private Debt	1,703	2,015
Private Equity	33	-
Opportunistic Illiquid Credit	1,684	1,995
High Yield	7	228
Opportunistic Credit	-	3
Cash	1,096	189
Corporate Bond Fund	-	59
Liquid Credit	-	2
Long Lease Property	315	1,513
Secured Income	1,412	3,018
Over 15 Year Gilts	-	-
Liability Driven Investment	15,301	19,109
Current Hedging	(15)	101
Net Current Assets	52	85
Total Assets	42,310	45,129

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

Assumptions as at	31 March 2024	31 March 2024
	% per annum	% per annum
	Key Housing Association	Community Lifestyles
Discount rate	4.87	4.90
Inflation (RPI)	3.19	3.15
Inflation (CPI)	2.76	2.78
Salary growth	3.76	3.78
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**22. Retirement benefits (continued)**

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

	Life expectancy at age 65 (years)
Male retiring in 2024	20.2
Female retiring in 2024	22.7
Male retiring in 2044	21.4
Female retiring in 2044	24.1

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

Member data summary**Active members**

	Number	Total earnings (£'000s p.a.)	Average age (unweighted)
Males	24	917	57
Females	45	1,758	56
Total	69	2,675	56

Deferred members

	Number	Deferred pensions (£'000s p.a.)	Average age (unweighted)
Males	43	113	58
Females	113	275	56
Total	156	388	57

Pensioners

	Number	Pensions (£'000s p.a.)	Average age (unweighted)
Males	82	587	69
Females	223	1,101	69
Total	305	1,688	69

KEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

22. Retirement benefits (continued)

Association

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

	31 March 2024 £'000	31 March 2023 £'000
Fair value of plan assets	41,684	44,476
Present value of defined benefit obligation	(47,549)	(47,154)
Defined benefit liability to be recognised	(5,865)	(2,678)

Reconciliation of opening and closing balances of the defined benefit obligation

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Defined benefit obligation at start of period	47,154	67,728
Current service cost	-	-
Expenses	67	62
Interest expense	2,255	1,860
Actuarial losses/(gains) due to scheme experience	547	(2,283)
Actuarial (gains) due to changes in demographic assumptions	(312)	(1,160)
Actuarial losses/(gains) due to changes in financial assumptions	217	(16,982)
Benefits and expenses	(2,379)	(2,071)
Defined benefit liability at the end of the period	47,549	47,154

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

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Fair value of plan assets at start of the period	44,476	64,027
Interest income	2,159	1,784
Experience on plan assets (excluding amounts included in interest income) (loss)	(4,118)	(21,244)
Contributions by the employer	1,546	1,980
Benefits paid and expenses	(2,379)	(2,071)
Fair value of plan assets at end of period	41,684	44,476

22. Retirement benefits (continued)

Defined benefit costs recognised in the Statement of Comprehensive Income

	Period from 31 March 2023 to 31 March 2024 £'000	<i>Period from 31 March 2022 to 31 March 2023 £'000</i>
Current service cost	-	-
Admin expenses	67	62
Net interest expense	96	76
	<u> </u>	<u> </u>
Defined benefit costs recognised in Statement of Comprehensive Income	163	138
	<u> </u>	<u> </u>

Defined benefit costs recognised in Other Comprehensive Income

	Year ended 31 March 2024 £'000	<i>Year ended 31 March 2023 £'000</i>
Experience on plan assets (excluding amounts included in net interest cost) – (loss)	(4,118)	<i>(21,244)</i>
Experience gains and losses arising on the plan liabilities – (loss)/gain	(547)	<i>2,283</i>
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain	312	<i>1,160</i>
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – (loss)/gain	(217)	<i>16,978</i>
	<u> </u>	<u> </u>
Total amount recognised in other comprehensive income – actuarial (loss)	(4,570)	<i>(823)</i>
	<u> </u>	<u> </u>

KEY HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

22. Retirement benefits (continued)

Fund allocation for employer's calculated share of assets	31 March 2024	<i>31 March 2023</i>
	£,000	<i>£,000</i>
Global Equity	4,794	<i>1,174</i>
Absolute Return	1,873	<i>606</i>
Distressed Opportunities	1,534	<i>1,368</i>
Credit Relative Value	1,468	<i>1,696</i>
Alternative Risk Premia	1,501	<i>257</i>
Emerging Markets Debt	730	<i>344</i>
Risk Sharing	2,501	<i>3,242</i>
Insurance Linked Securities	259	<i>1,238</i>
Property	1,763	<i>1,852</i>
Infrastructure	3,992	<i>4,792</i>
Private Equity	33	
Private Debt	1,678	<i>1,986</i>
Opportunistic Illiquid Credit	1,659	<i>1,966</i>
High Yield	7	<i>225</i>
Opportunistic Credit	-	<i>3</i>
Cash	1,080	<i>186</i>
Corporate Bond Fund	-	<i>58</i>
Liquid Credit	-	<i>2</i>
Long Lease Property	310	<i>1,491</i>
Secured Income	1,391	<i>2,974</i>
Over 15 Year Gilts	-	<i>-</i>
Liability Driven Investments	15,075	<i>18,832</i>
Net Current Assets	51	<i>100</i>
Current Hedging	(15)	<i>84</i>
Total Assets	41,684	<i>44,476</i>

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

Assumptions as at	31 March 2024 % per annum
Discount rate	4.87%
Inflation (RPI)	3.19%
Inflation (CPI)	2.76%
Salary growth	3.76%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance

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

	Life expectancy at age 65 (years)
Male retiring in 2024	20.2
Female retiring in 2024	22.7
Male retiring in 2044	21.4
Female retiring in 2044	24.1

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

22. Retirement benefits (continued)

Member data summary

Active members

	Number	Total earnings (£'000s p.a.)	Average age (unweighted)
Males	21	791	57
Females	44	1,733	56
Total	65	2,524	56

Deferred members

	Number	Deferred pensions (£'000s p.a.)	Average age (unweighted)
Males	41	109	58
Females	110	272	56
Total	151	381	57

Pensioners

	Number	Pensions (£'000s p.a.)	Average age (unweighted)
Males	80	583	69
Females	221	1,098	69
Total	301	1,681	69

Pension contributions by Scheme – Group and Association

Defined contribution - SHAPS

There are 142 active members of the SHAPS DC scheme as at 31 March 2024 for the Group and 128 for Key only. The Group and KEY contribute 4.7% as an employer contribution. Total employer contributions for the year were £257,934 (2023 - £257,278) for the Group and £232,927 (2023 - £234,369) for KEY only. Included in the year end creditors balance is £43,913 (2023 - £41,556) for the Group and £39,504 (2023 - £37,255) for KEY only in respect of pension contributions payable. This represents one month's contributions as well as outstanding contributions for new members.

Defined contribution - Other

The Group also offers a defined contribution pension scheme under SHAPS. Employer contributions for the year were £14,320 (2023 - £16,961) for the Group and £13,126 (2023 - £15,823) for Key Housing Association Limited only. Included in creditors as at 31 March 2024 is £2,065 (2023 - £2,228) in respect of the defined contribution scheme for the group and £1,884 (2023 - £2,057) for Key Housing Association Limited only. This represents one month's contribution. As at 31 March 2024 there were 20 (2023 - 21) active members of the scheme employed by the Group and 19 (2023 - 19) by Key Housing Association Limited.

Auto Enrolment

From 1 November 2013, eligible employees in KEY who were not active members of the SHAPS scheme were automatically enrolled into the Flexible Retirement Plan with contribution levels meeting minimum statutory requirements. From 1 April 2014, eligible employees in Community Lifestyles were similarly enrolled. Employer contributions for the year were £1,069,170 (2023 - £1,029,030) for the Group and £801,644 (2023 - £774,661) for KEY. As at the year-end there were £226,962 (2023 - £264,396) pension contributions outstanding for the Group and £169,792 (2023 - £213,553) for KEY. There were 1,637 (2023 - 1,819) active members for the Group as at 31 March 2024 and 1,307 (2023 - 1,491) for KEY only.

At the year-end £129,046 (2023 - £124,915) was included in the pension creditor in respect of the past service deficit payment and pension management costs due to be paid at the year-end for the Group and £128,956 (2023 - £124,846) for KEY only. There was also £2,072 (2023 - £2,012) in respect of the death in service element for the Group and £1,860 (2023 - £1,805) for KEY.

22. Retirement benefits (continued)

Employer debt on withdrawal

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

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

The Association has been notified by TPT of the estimated employer debt on withdrawal from the Scheme based on the financial position of the scheme as at 30 September 2023. As of this date the estimated employer debt for the Association was £14,919,224 (2022 - £17,916,383) and for Community Lifestyles Limited was £234,044 (2022 - £289,649).

Review of historic benefit changes

The Trustee has carried out a review comparing the benefits provided to Scheme members with the requirements of the Scheme documentation. It has received legal advice that there is sufficient uncertainty regarding the effect of some benefit changes that the Court should be asked to provide clarity, to provide the Trustee with the certainty it needs to properly administer the Scheme.

Preparation for the Court case is progressing to schedule and the Court has provided an expected window for the hearing during February 2025, with the judgment currently expected in Q2 2025.

Should the Court decide that the historic benefit changes need to be applied differently, then some member benefits would need to be increased, which would increase the value placed on Scheme liabilities. No allowance has been made for potential additional liabilities within the estimate provided above.

23. Operating lease commitments – Consolidated and Association

	Land & Buildings	Other	<i>Land & Buildings</i>	<i>Other</i>
	2024	2024	2023	2023
	£	£	£	£
Annual commitments expiring within the following periods post year end:				
One year or less	427,622	40,076	322,926	60,379
Between two and five years	708,809	23,702	457,299	52,281
In five years or more	1,959,324	-	4,950	-
	<u>3,095,755</u>	<u>63,778</u>	<u>785,175</u>	<u>112,660</u>

KEY HOUSING ASSOCIATION LIMITED

**NOTES THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

24a. Share capital – Consolidated and Association

	2024	2023
	£	£
Shares of £1 each fully paid and issued at:		
Brought forward at 1 April	225	274
Shares issued during the year	4	2
Shares cancelled during the year	(18)	(51)
	<hr/>	<hr/>
Shares of £1 each fully paid at 31 March	211	225
	<hr/> <hr/>	<hr/> <hr/>

The Association issued 4 (2023 - two) shares in the year. The shares have limited rights with no rights to dividends, redemptions or winding up. Each shareholder has the right to vote at the General Meetings.

24b. Revenue reserves

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

KEY HOUSING ASSOCIATION LIMITED

**NOTES THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

25a. Net cash inflow from operating activities: Consolidated

	2024	2023
	£	£
Surplus for the year	2,176,204	894,682
<u>Adjustments for non-cash items</u>		
Depreciation of tangible fixed assets including loss on disposal of components	704,806	712,184
Carrying amount of tangible fixed asset disposals	32,389	3,057
Increase/(decrease) in creditors	580,578	430,852
Decrease in debtors	377,269	326,198
Decrease/(increase) in stock	2,047	35,957
Interest charge in respect of the defined benefit pension liability	97,000	76,000
<u>Adjustments for investing or financing activities</u>		
Net proceeds from sale of tangible fixed assets	(10,750)	(2,199)
Interest payable	5,605	20,572
Interest receivable	(190,684)	(47,255)
SHAPS past service deficit payment	(1,479,468)	(1,935,417)
Shares cancelled	(18)	(51)
Release of deferred Government Capital grants	(7,325)	(6,625)
Movement in market value of investments	(9,964)	8,063
Net cash inflow from operating activities	<u>2,277,689</u>	<u>516,018</u>

25b. Net cash inflow from operating activities: Association

	2024	2023
	£	£
Surplus for the year	2,011,515	615,098
<u>Adjustments for non-cash items</u>		
Depreciation of tangible fixed assets including loss on disposal of components	627,691	629,268
Carrying amount of tangible fixed asset disposals	32,389	3,057
Increase/(Decrease) in creditors	278,518	(18,651)
Decrease/(Increase) in debtors	1,363,317	(307,597)
Decrease in stock	2,047	35,957
Interest charge in respect of the defined benefit pension liability	96,000	76,000
<u>Adjustments for investing or financing activities</u>		
Net proceeds from sale of tangible fixed assets	(10,750)	(2,199)
Interest payable	5,605	20,572
Interest receivable	(88,542)	(25,194)
SHAPS past service deficit payment	(1,479,468)	(1,922,163)
Shares cancelled	(18)	(51)
Release of deferred Government Capital Grant	(7,325)	(6,625)
Movement in market value of investments	(9,964)	8,063
Net cash inflow from operating activities	<u>2,821,015</u>	<u>(894,465)</u>

KEY HOUSING ASSOCIATION LIMITED

**NOTES THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

26. Capital commitments – Consolidated and Association

	2024	<i>2023</i>
	£	£
Contracted for but not provided for in the financial statements	-	-
	<u> </u>	<u> </u>
Authorised by the Management Committee but not contracted for	-	-
	<u> </u>	<u> </u>

27. Housing stock – Consolidated and Association

	2024	<i>2023</i>
	No of units	<i>No of units</i>
New build - mainstream	97	<i>103</i>
New build – supported	595	<i>588</i>
Rehabilitation - mainstream	-	-
Rehabilitation - supported	22	<i>22</i>
	<u> </u>	<u> </u>
	714	<i>713</i>
	<u> </u>	<u> </u>

	2024	<i>2023</i>
	No of units	<i>No of units</i>
Registered accommodation:		
Number of bed spaces	-	-
	<u> </u>	<u> </u>
	-	-
	<u> </u>	<u> </u>

There are no new units under development for either year. One unit was purchased during the year.

There were 6 units transferred from management mainstream to management supported in the year.

28. Legislative provisions

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

29. Related parties

Subsidiary undertakings

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

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

The transactions between the two entities during the year have consisted of net recharges totaling £881,120 (2023 - £879,871) by Key Housing Association to Community Lifestyles Limited for staff costs and other overheads. There was also a total of £234,948 (2023 - £223,828) of recharges from Community Lifestyles Limited to Key Housing Association Limited for staff costs and other overheads. At 31 March 2024, Community Lifestyles Limited owed Key Housing Association Limited £32,714 (2023 - £1,171,180) in respect of sundry items. Included in the year end creditors is £38,861 (2023 - £56,211) in respect of sundry items payable to Community Lifestyles Limited.

Members of the Board

During the year the Association had no (2023 - none) member of the Board who was also a tenant. The tenancies of these members of the Board are on normal terms and the members cannot use their position to their advantage. The total rent charged in the year relating to Board members who are tenants is £nil (2023 - £nil). The total prepaid rent relating to Board members who are tenants included within creditors at the year end is £nil (2023 - £nil).