

KEY UNLOCKING FUTURES LTD

England & Wales · Charity number 1154772

Details

Status Registered

Legal form Charitable company

Company number [08699413](#)

Registered 2013-11-27

Register [View on the Charity Commission register](#)

Contact

Address Sumner House
21 King Street
Leyland
Lancashire
PR25 2LW

Phone 03333204555

Website www.keycharity.org.uk

Activities

Objects: 4. THE CHARITY'S OBJECTS (OBJECTS) ARE SPECIFICALLY RESTRICTED TO THE FOLLOWING: 4.1 THE PREVENTION OR RELIEF OF POVERTY FOR THOSE WHO ARE OR ARE LIKELY TO BECOME HOMELESS 4.2 THE RELIEF OF THOSE IN NEED WHO ARE IN NEED, HARDSHIP OR DISTRESS BY OF REASON OF YOUTH, AGE, ILL HEALTH (PHYSICAL OR MENTAL INCLUDING SUBSTANCE ABUSE OR DEPENDENCY INCLUDING ALCOHOL AND DRUGS), DISABILITY, FINANCIAL HARDSHIP OR OTHER DISADVANTAGE INCLUDING AS A CONSEQUENCE OF RELATIONSHIP AND FAMILY BREAKDOWN, 4.3 THE PROVISION OF SHELTER AND SUPPORT SERVICES TO VICTIMS OF DOMESTIC ABUSE, 4.4 THE ADVANCEMENT OF EDUCATION OF THE PUBLIC GENERALLY ON ISSUES AFFECTING THE SAID BENEFICIARIES, AND 4.5 GO PROMOTE SOCIAL INCLUSION BY PREVENTING PEOPLE FROM BECOMING SOCIALLY EXCLUDED, RELIEVING THE NEEDS OF THOSE PEOPLE WHO ARE SOCIALLY EXCLUDED AND ASSISTING THEM TO INTEGRATE INTO SOCIETY FOR THE PURPOSE OF THIS CLAUSE 'SOCIALLY EXCLUDED' MEANS BEING EXCLUDING FROM SOCIETY OR PART OF SOCIETY, AS A RESULT OF ONE OR MORE OF THE FOLLOWING FACTORS UNEMPLOYMENT, FINANCIAL HARDSHIP, YOUTH OR OLD AGE, ILL HEALTH (PHYSICAL OR MENTAL), SUBSTANCE ABUSE OR DEPENDENCY INCLUDING ALCOHOL AND DRUGS, DISCRIMINATION ON THE GROUNDS OF SEX, RACE, DISABILITY, ETHNIC ORIGIN, RELIGION, BELIEF, CREED, SEXUAL ORIENTATION OR GENDER RE-ASSIGNMENT, POOR EDUCATIONAL OR SKILLS ATTAINMENT, RELATIONSHIP AND FAMILY BREAKDOWN, POOR HOUSING (THAT IS HOUSING THAT DOES NOT MEET BASIC HABITABLE STANDARDS, CRIME (EITHER AS A VICTIM OF CRIME OR AS AN OFFENDER REHABILITATING INTO SOCIETY).

Activities: The provision of advice, counselling, accommodation and housing support services

Classification

- **How:** Provides Buildings/facilities/open Space, Provides Services, Provides Advocacy/advice/information
- **What:** General Charitable Purposes, Education/training, Disability, The Prevention Or Relief Of Poverty, Accommodation/housing, Economic/community Development/employment
- **Who:** Children/young People, The General Public/mankind

Geography

- Lancashire

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£1,719,003	£1,459,857	£1,228,836	40
2024-03-31	£1,505,241	£1,403,980	£969,690	37
2023-03-31	£1,257,420	£1,110,491	£868,429	32
2022-03-31	£1,032,782	£883,906	£721,500	26
2021-03-31	£767,901	£581,646	£572,624	18

Trustees

Name	Role	Appointed
Dr Linda Charles-Ozuzu		2024-06-12
Esme Davies		2020-01-29
Kathy Stacey		2024-06-12
Matthew Stickland		2024-06-12
Samantha Haslam		2020-03-11
Timothy Cooper		2025-04-23

KEY UNLOCKING FUTURES LTD

England & Wales - Charity number 1154772

Accounts



KEY UNLOCKING FUTURES LIMITED

**Financial statements for the year ended
31 March 2025**

Charity registration number: 1154772

Company registration number: 8699413

Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2025

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Key Unlocking Futures Limited

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Members of the board of trustees and registered office

Charitable Trustees	Ronald Barham	Resigned 26 April 2024
	Linda Charles-Ozuzu	Appointed 12 June 2024
	Timothy Cooper	Chair. Appointed 23 April 2025
	Esme Davies	
	Penelope Fell	Former Chair. Resigned 31 January 2025
	Samantha Haslam	Deputy Chair. Interim chair from 31 January 2025 to 23 April 2025
	Joanna Heaton-Marriott	Appointed 12 June 2024
	James Shutt	
	Kathleen Stacey	Appointed 12 June 2024
	Matthew Stickland	Appointed 12 June 2024
	Neil Townsend	Resigned 2 September 2024
Company Secretary	Progress Housing Group Limited	
Principal office	Unit 2 Balfour Court, Leyland, Lancashire, PR25 2TF	
Registered office	Sumner House, 21 King Street, Leyland, Lancashire, PR25 2LW	
Auditors	Beever and Struthers, One Express, 1 George Leigh Street, Manchester, M4 5DL	
Company details	Registered charity number: 1154772 Company number: 8699413	

Key Unlocking Futures Limited

Financial statements for the year ended 31 March 2025

Trustees' report

Memorandum and Articles of Association

Key Unlocking Futures Limited (Key) is governed by its Articles of Association.

Strategic report

Objects

Key's objects (Objects) are specifically restricted to the following:

- the prevention or relief of poverty for those who are vulnerable or homeless and are in conditions of need, hardship and distress;
- the relief of those in need who are vulnerable or homeless and in conditions of need, hardship or distress;
- The provision of shelter and support services to victims of domestic abuse;
- the advancement of education of the public generally on issues affecting the said beneficiaries; and
- the advancement of citizenship or community development.

During the year Key's trustees have agreed a new business plan. Whilst Key's mission remains the same, the strategic aims and values have been updated to reflect Key's current stage of development and the future ambition.

Mission and values

Mission

Helping people build better lives.

Strategic Aims

- Preventing homelessness
- Helping people facing domestic abuse
- Supporting people with their health and wellbeing with a big focus on emotional and mental health
- Strengthening communities
- To achieve continuity in the delivery of high quality services.

Values

- Value 1: Great place to work - We foster a supportive and inclusive culture at Key. Our employees tell us that working for Key is a good experience and that they feel we are a friendly team who help and support each other.
- Value 2: Working in partnership - We have a strong network of relationships with other services and are always keen to develop new relationships with like-minded organisations recognising the benefits this brings to the people we support.
- Value 3: Working with kindness – Key is focused on flexible person led approaches to build resilient individuals so that they can move through difficult times and bringing genuine empathy, patience, and respect offering a human approach to our interactions valuing each person's unique potential.

Key Unlocking Futures Limited

Financial statements for the year ended 31 March 2025

Trustees' report (continued)

Mission and values (continued)

- Value 4: Quality services - We will continue to provide high quality support by asking service users and stakeholders if we are getting it right as well as providing learning opportunities across the team.

Public benefit

At Key we work to provide support that aligns with our charitable objectives listed on page 4. Key offers an approach that is trauma aware.

We make all our services free to access, ensuring money is never a barrier to getting help. While some services need referrals through specific channels, we always make sure everyone we support aligns with our charitable aims.

The benefits of Key's services to its clients include:

Supporting people facing homelessness:

- Connecting people with safe, affordable housing options
- Providing support in our accommodation services
- Offering practical help with daily living skills so people can keep their homes and avoid repeated homelessness

Helping Those in Hardship and Distress

- Providing advocacy and information to navigate challenging situations
- Supporting people through crisis periods
- Building resilience and coping strategies
- Offering therapeutic support to help people work through difficulties
- Providing opportunities for peer support

Domestic Abuse Services

- Running refuge accommodation for those fleeing domestic abuse
- Providing outreach support to survivors in the community
- Helping people understand healthy versus unhealthy relationship patterns
- Supporting families to rebuild their lives after abuse

Education and Awareness

- Running workshops and training sessions to have a greater appreciation of neurodiversity
- Helping families of children with autism improve their knowledge and strategies
- Promoting understanding of domestic abuse and relationship health and wellbeing
- Sharing information about housing rights and support options
- Supporting the White Ribbon campaign and The Making Work Pay in supported accommodation campaigns.

Community Development

- Operating The Base in Leyland as a neighbourhood hub offering a place based partnership approach
- Running The Base-One Stop to provide affordable, quality food

Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2025

Trustees’ report (continued)

Public benefit (continued)

- Creating spaces for people to connect and support each other
- Operating a community café and clothes exchange

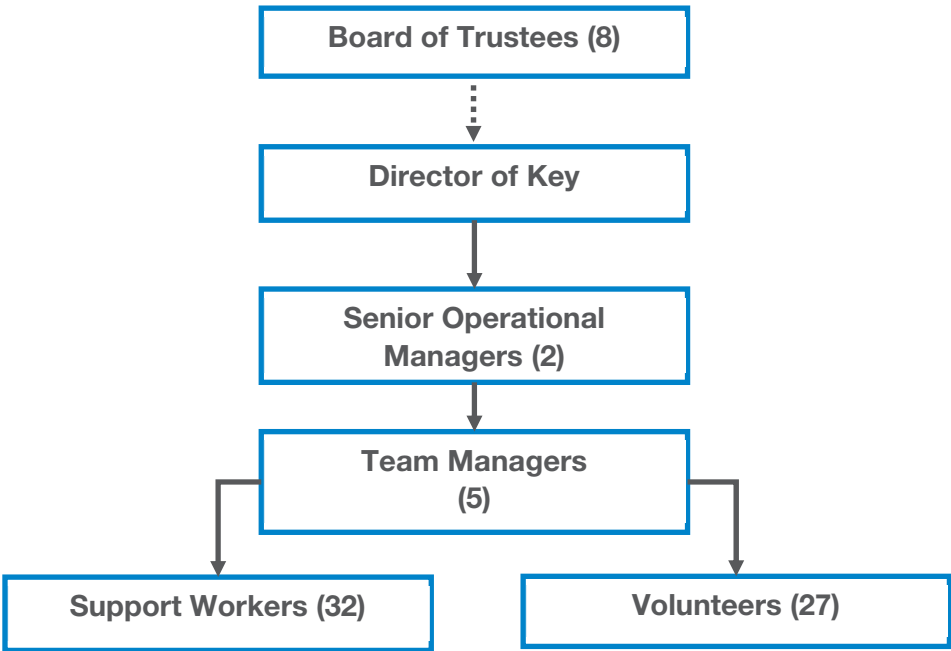
The trustees ensure through their strategic and business planning and policy decisions that the work of Key meets both its charitable Objects and its public benefit obligations.

The trustees have due regard to guidance produced by the Charity Commission.

Financial Review

Income has increased from £1,505k in 2024 to £1,719k in 2025. Costs have increased from £1,404k to £1,460k resulting in net income of £259k (2024: £101k). The net income has increased in the year due to successful implementation of management efficiencies and the securing of additional funding sources that included flexible contributions to overhead costs. Total funds are £1,229k as at 31 March 2025 (31 March 2024: £970k).

Organisational structure



The Key's Board actively establishes and drives the strategic direction of Key, while deliberately delegating all operational activities to the Director of Key in accordance with the Standing Orders. The Board maintains clear strategic oversight while empowering the Director to execute day-to-day operations with defined authority.

Key Unlocking Futures Limited

Financial statements for the year ended 31 March 2025

Trustees' report (continued)

Organisational structure (continued)

Key is linked to Progress Housing Group (the Group) by way of a Grouping Deed. Key's Board of Trustees (the board) retains responsibility for establishing Key's strategic direction and setting and managing its budget and generating its own income. This being said, if the board should fail to manage the charity effectively, the Grouping Deed sets out how Progress Housing Group Limited (the Parent) can step in to rectify the situation or to make any changes.

The Group has two sub committees, Group Audit and Risk Committee and Group Governance Committee, which support all Group companies including Key. In order to manage Key effectively as a member of a group structure, Key works within the Group's wider financial regulations as well as adopting a number of the Group's policies and procedures.

Key has adopted the Charity Governance Code for larger charities.

New trustees

New trustees are recruited using an open and transparent recruitment process that meets best practice with appropriate induction and training provided on appointment.

Significant activities

Funding Partnerships & Strategic Growth

This landmark 30th anniversary year saw Key secure vital funding partnerships that fuel our mission:

- Lancashire County Council continues to invest in our early intervention service for children and young people's emotional wellbeing, recognising our therapeutic expertise and results-driven approach
- Our crucial role in the Domestic Abuse Services Lancashire partnership has been reaffirmed with renewed funding from Lancashire County Council
- South Ribble Council has recommitted funding for our essential drop-in services supporting young people facing homelessness
- The Big Lotteries Community Fund has strategically bolstered our staffing capacity across family therapy and drop-in services
- Progress Housing Group continues to fund our specialised tenancy support services, demonstrating their confidence in our proven intervention model

Transformative Impact

In our 30th year, Key's unwavering commitment to strength-based, trauma-informed support has created remarkable outcomes:

- We've now transformed over 33,000 lives throughout our three-decade journey, with our annual reach extending to 10,000 individuals
- An extraordinary 99% satisfaction rate confirms our person-centered approach makes a genuine difference
- The Base has emerged as a vital community cornerstone, tackling immediate crises from food insecurity to housing while providing compassionate support for complex challenges including addiction, bereavement, and mental health

Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2025

Trustees’ report (continued)

Significant activities (continued)

- Our domestic abuse services have expanded beyond adult support to include specialised interventions for children affected by abuse
- Through Progress Housing Group's Tenant Support Fund, we've delivered targeted financial assistance to families hardest hit by the cost of living crisis.

Every achievement reflects our foundational belief: everyone can be supported to make lasting change when approached with dignity, compassion and respect for their inherent strengths.

Key performance indicators

Key has maintained the performance management approach adopted in the previous year, combining quantitative indicators with complementary qualitative information to provide greater insight. During 2024/25, Key exceeded most performance metrics. Positive move-on rates from residential schemes reached 76%, slightly below our target of 90%. This variance reflects the complexity of our client group and aligns with national trends. For context, Women's Aid data indicates that nationally 60-65% of women leaving refuge accommodation secure some form of permanent stable housing, while Homeless Link's Annual Review reports that 72% of residents in supported accommodation for single homeless people transition to positive destinations.

Performance indicator	Target	Actual
Number of people who have accessed support	N/A	9,257
% of service users who rate Key as good or excellent	95%	99.3%
% of Emotional Health and Wellbeing Service young people who show an improvement in their wellbeing (Outcome Stars)	90%	92.7%
% of service users where homelessness is prevented (where applicable)	75%	100%
% of people who feel more confident to make positive decisions for their own future	90%	100%
% of people who feel more confident about managing their finances	90%	96.5%
% of Safeguarding Incident Reports completed within a 24-hour timescale	90%	100%

Key Unlocking Futures Limited

Financial statements for the year ended 31 March 2025

Trustees' report (continued)*Key performance indicators (continued)*

Number of positive move-ons from residential schemes	90%	76%
Number of posts vacant for more than 45 working days.	Zero	5

Principal funding sources

The principal funding source for Key is from Lancashire County Council which includes funding for domestic abuse, young peoples supported housing and children's emotional health and wellbeing services. In addition Key receives funding from South Ribble and Chorley Borough Councils including contributions to homeless drop in and family therapy services as well as providing financial support for people Key has supported under the Household Support Fund. Progress Housing Group supports a range of services including Key's tenant support services and supported accommodation for people who are homeless. Key also receives support from a number of grant making foundations.

Key has started to diversify its funding streams and this work on diversification will continue because none of Key's income is long term. The work this year on broadening its income source has resulted in a number of corporate donations to Key, and Key is grateful to those corporate donors who have supported it during this financial year. Key is also pleased to have received funding from Lancashire and South Cumbria Integrated Care Board during the year.

Investment policy

Key retains a prudent amount of reserves each year; however, most of Key's funds are intended to be spent in the short-term and therefore Key does not retain any funds for long-term investment.

Reserves policy

The board has examined Key's requirements for reserves by considering the principal risks to the organisation. It has established a policy whereby reserves are held to cover redundancy, sickness absence, and running costs between three and six months. The trustees consider that the ideal level of reserves as at 31 March 2025 would be £807k. The reserves at 31 March 2025 are £1,229k. Board have allocated reserves of £143k to further support Key's development and sustainability, the remaining reserves are needed to meet the working capital requirements of Key which are significant e.g. especially with the continuation of the payment by results contract with Lancashire County Council. The trustees review the reserves requirement annually and further plans to spend some of the surplus reserves will be considered as part of the business planning process.

Going concern

The trustees continue to adopt the going concern basis of accounting after considering Key's financial position at 31 March 2025, its long term financial plan, its reserves policy and risk management as

Key Unlocking Futures Limited

Financial statements for the year ended 31 March 2025

Trustees' report (continued)

Going concern (continued)

detailed in this report. Contract retention continues to be good; however, when contracts are lost Key's management takes prompt action to reduce costs, reflecting that reduction in income. On this basis, the trustees have a reasonable expectation that Key has adequate resources to continue in operational existence for the foreseeable future.

Future plans

Key has been successful in diversifying its services and will maintain a clear focus on providing high quality, flexible, individually tailored services during the next financial year. To support this Key aims to work towards trauma informed accreditation, which will further strengthen this approach.

Key has recruited to a new assistant director role, which will commence in the new financial year. This role has replaced the previous Business Development role. This will support the Director's capacity to focus on strategic development, working to explore new opportunities that align with Key's strategic aims.

During the year a team member has completed training to become a practice educator, and as such Key is now well placed to offer more high-quality student placements. In addition Key has also started to expand its counselling service by offering trainee placements.

Key will continue to deliver emotional health and wellbeing services for children aged 4-18 commissioned by Lancashire County Council. Key will deliver these services across Lancashire as part of a partnership approach.

Risk management

The board has conducted a review of major risks to which Key is exposed. Key maintains a strategic risk register which is updated on a quarterly basis. Where appropriate, systems or procedures have been established to mitigate the risks that it faces. The business plan highlights the need to diversify funding streams and there has been some success here.

Internal control risks are minimised by the implementation of procedures for authorisation. This has been strengthened by being part of Progress Housing Group. In addition, Key has retained its Investors in People (IIP) accreditation as part of the Group.

During the year an internal audit focussed on the strategic risk of securing ongoing funding with a focus on Key's approach to maximising funding, compliance with funding conditions, business development, financial planning and reserves management. The report gave adequate assurance and actions resulting are nearing completion.

Procedures are in place to ensure compliance with any requirements for maintaining the health and safety of staff, volunteers, people supported by Key's services, and visitors to its premises. Key is operating a hybrid way of working with a significant level of home working for staff, and this is consistently monitored

Key Unlocking Futures Limited

Financial statements for the year ended 31 March 2025

Trustees' report (continued)

Risk management (continued)

to ensure staff safety, health and wellbeing. People are receiving this support remotely as well as in person.

In April 2025 Key successfully retained it's ISO 9001 compliance as part of the Group. ISO 9001 is a globally recognised international standard for quality management systems. Key is committed to the continued evaluation of all its services including undertaking a wide range of stakeholders' reviews.

Governance

The board reviews the performance of individual trustees, including the Chair, on an annual basis. The board annually reviews its effectiveness and reports its findings to the Group Governance Committee. An external governance review was undertaken during this financial year.

Following a review of compliance, the Board of Trustees has concluded that it meets the principles set out within the Charity Governance Code for larger charities. The Board is committed to continuous improvement and embedding the additional requirements of this Code.

Statement of disclosure to the auditors

At the time of approval of this report:

- a) so far as the board is aware, there is no relevant audit information of which Key's auditor is unaware; and
- b) the board has taken all steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that Key's auditor is aware of that information.

Annual General Meeting

The Annual General Meeting of Key Unlocking Futures Limited will be on 1 September 2025.

Approved by order of the trustees and signed by order of the trustees.

Signed by:

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Timothy Cooper

Chair of trustees

23 July 2025

Key Unlocking Futures Limited

Financial statements for the year ended 31 March 2025

Statement of trustees' responsibilities

The trustees are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements. The maintenance and integrity of the charity's website is the responsibility of the trustees. The trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Key Unlocking Futures Limited

Financial statements for the year ended 31 March 2025

Independent auditor's report to members of Key Unlocking Futures Limited (continued)

Opinion

We have audited the financial statements of Key Unlocking Futures Limited ("the charitable company") for the year ended 31 March 2025 which comprise the Statement of Financial Activities (including income and expenditure account), the Balance Sheet and the related notes, including the accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2025 and of its incoming resources and application of resources, including its 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 Companies Act 2006.

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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' 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 charitable company'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 Trustees 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 Trustees' Report, other than the financial statements and our auditor's report thereon. The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly

Key Unlocking Futures Limited

Financial statements for the year ended 31 March 2025

Independent auditor's report to members of Key Unlocking Futures Limited (continued)

Other information (continued)

stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 12, the trustees (who are also the directors of the charitable company for the purposes of company law) are 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 trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Key Unlocking Futures Limited

Financial statements for the year ended 31 March 2025

Independent auditor's report to members of Key Unlocking Futures Limited (continued)

Responsibilities of trustees (continued)

In preparing the financial statements, the trustees are responsible for assessing the charitable company'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 trustees either intend to liquidate the charitable company 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 for the audit of the financial statements is located on the Financial Reporting Council's web-site at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the charitable company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Statement of Recommended Practice applicable to Charities.
- We enquired of the Trustees and reviewed Board meeting minutes for evidence of non-compliance with relevant laws and regulations.
- We enquired of the Trustees about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks.
- We enquired of the Trustees about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.

Key Unlocking Futures Limited

Financial statements for the year ended 31 March 2025

Independent auditor's report to members of Key Unlocking Futures Limited (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body for our audit work, for this report, or for the opinions we have formed.

Signed by:

F19F64F5A8C846D...

Maria Hallows BA FCA DChA (Senior Statutory Auditor)

For and on behalf of

Beever and Struthers

Statutory Auditor

One Express

1 George Leigh Street

Manchester

M4 5DL

Date: 14-08-2025

Key Unlocking Futures Limited

Financial statements for the year ended 31 March 2025

Statement of Financial Activities (including income and expenditure account)

		Unrestricted funds 2025 £	Restricted funds 2025 £	Total funds 2025 £	Total funds 2024 £
	Note				
Income from:					
Donations	2	6,709	-	6,709	10,619
Investments	3	33,282	-	33,282	20,051
Charitable activities	4	1,288,241	390,771	1,679,012	1,474,571
Total		1,328,232	390,771	1,719,003	1,505,241
Expenditure on:					
Charitable activities	5	(1,078,215)	(378,198)	(1,456,413)	(1,400,636)
Governance costs	5	(3,444)	-	(3,444)	(3,344)
Total		(1,081,659)	(378,198)	(1,459,857)	(1,403,980)
Net income for the year		246,573	12,573	259,146	101,261
Net movement in funds		246,573	12,573	259,146	101,261
Reconciliation of funds					
Funds brought forward	11	963,520	6,170	969,690	868,429
Movement of funds in the year	11	246,573	12,573	259,146	101,261
Total funds carried forward	11	1,210,093	18,743	1,228,836	969,690

Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2025

Balance sheet

As at 31 March 2025		Total funds 2025 £	Total funds 2024 £
	Note		
Current assets:			
Debtors	9	114,071	214,662
Cash and cash equivalents		1,195,852	908,488
Total current assets		1,309,923	1,123,150
Liabilities:			
Creditors: Amounts falling due within one year	10	(81,087)	(153,460)
Net current assets		1,228,836	969,690
The funds of the charity:			
Restricted funds		18,743	6,170
Unrestricted funds		1,210,093	963,520
Total charity funds	11	1,228,836	969,690

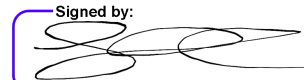
The notes on pages 19 to 25 form an integral part of the financial statements.

The financial statements on pages 17 to 25 were approved by the board on 23 July 2025 and were signed on its behalf by:

Signed by:

E5F5C01705C04C5...

Timothy Cooper
Chair of Trustees

Signed by:

FCD0560D2C24401...

Samantha Haslam
Trustee

DocuSigned by:

B9A1708E655B4A5...

Deborah Atherton
On behalf of Progress Housing Group Limited

Company number: 8699413
Date: 23 July 2025

Key Unlocking Futures Limited

Financial statements for the year ended 31 March 2025

Notes to the financial statements

1 Accounting policies and basis of accounting

Key Unlocking Futures limited is a private company limited by guarantee registered in England company number 8699413 and is a registered charity number 1154772.

(a) Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity.

Designated funds are unrestricted funds earmarked by the board for specific purposes and for the management of financial risk.

Restricted funds are subjected to restrictions on their expenditure imposed by the donor.

(b) Basis of accounting

The financial statements are prepared on an accruals basis in accordance with applicable financial reporting standards in the UK, FRS102 and the Charities Statement of Recommended Practice (SORP) issued in 2019.

(c) Incoming resources

All incoming resources are included in the Statement of Financial Activities on an accruals basis relating to the period of the financial statements. Where income is subject to certain performance conditions, income is recognised when the conditions are met.

(d) Resources expended

All expenditure is included in the Statement of Financial Activities on an accruals basis relating to the period of the financial statements.

(e) Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, IT, human resources and governance costs which support the Charities' activities. These costs have been allocated between those charitable activities. The bases on which support costs have been allocated are set out in note 5.

(f) Going concern

The charity's activities with the factors likely to affect its future development and position are set out in the Trustees' report. On the basis of their assessment of the charity's financial position, its long term financial plan, its reserves policy and risk management, the trustees have a reasonable expectation that the charity will be able to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2025

Notes to the financial statements (continued)

1 Accounting policies and basis of accounting (continued)

(g) Cash and cash equivalents

Cash and cash equivalents includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

(h) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

(i) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported as assets and liabilities as at the Balance Sheet date and the amounts reported as revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The trustees do not consider there to be any significant estimates or judgements in the preparation of the financial statements.

2 Donations

	Unrestricted 2025 £	Unrestricted 2024 £
Private and corporate donations received	6,709	10,619

3 Investment income

	Unrestricted 2025 £	Unrestricted 2024 £
Investment income	33,282	20,051

Investment income is interest earned from a short-term investment of 3 months or less and from a savings account from which funds are immediately accessible.

Key Unlocking Futures Limited

Financial statements for the year ended 31 March 2025

Notes to the financial statements (continued)**4 Incoming resources from charitable activities**

	Unrestricted 2025 £	Restricted 2025 £	Total 2025 £	Unrestricted 2024 £	Restricted 2024 £	Total 2024 £
Emotional health	424,624	-	424,624	415,024	-	415,024
Homelessness	360,188	-	360,188	326,414	-	326,414
Healthy relationships / domestic abuse	192,106	49,711	241,817	120,724	60,518	181,242
Local Authority commissioners	66,700	150,549	217,249	53,333	20,000	73,333
Progress Housing Association tenancy sustainability	160,000	-	160,000	203,875	-	203,875
Community development	50,189	12,808	62,997	67,738	8,964	76,702
Santander UK Foundation Limited	-	72,500	72,500	-	72,750	72,750
National Lottery Community Fund RC North West Region		54,073	54,073	-	-	-
Lancashire and South Cumbria integrated Care Board	-	36,230	36,230	-	58,000	58,000
Spring North	25,521	-	25,521	18,100	-	18,100
Active Lancashire - MPT Steps (European Social Fund)	1,471	-	1,471	26,772	-	26,772
Other	7,442	14,900	22,342	21,484	875	22,359
	1,288,241	390,771	1,679,012	1,253,464	221,107	1,474,571

Key Unlocking Futures Limited

Financial statements for the year ended 31 March 2025

Notes to the financial statements (continued)**5 Total resources expended**

	Unrestricted 2025 £	Restricted 2025 £	Governance 2025 £	Total 2025 £	Unrestricted 2024 £	Restricted 2024 £	Governance 2024 £	Total 2024 £
Activities undertaken directly								
Staff costs	785,782	140,122	-	925,904	819,483	119,437	-	938,920
Travel	9,873	783	-	10,656	11,192	940	-	12,132
Other project costs	13,957	149,827	-	163,784	101,114	40,209	-	141,323
Support costs								
General office costs	43,215	38,241	-	81,456	44,887	18,320	-	63,207
Staff costs	211,185	49,225	3,444	263,854	184,695	47,050	3,344	235,089
Training	5,881	-	-	5,881	4,409	-	-	4,409
Premises	7,609	-	-	7,609	8,256	-	-	8,256
Bank charges	713	-	-	713	644	-	-	644
	1,078,215	378,198	3,444	1,459,857	1,174,680	225,956	3,344	1,403,980

Total costs include auditors' remuneration of £14,238 (exclusive of VAT) (2024: £14,000).

The charity initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the charitable activities undertaken.

6 Wages and salaries

	2025 £	2024 £
Wages and salaries	1,062,843	1,052,787
Social security costs	95,853	92,756
Other pension costs	29,578	28,758
Total	1,188,274	1,174,301

There was 1 employee who received benefits of more than £60,000. The key management personnel comprise the trustees and the Director. The total employee benefits of the key management personnel were £61,855 (2024: £60,053).

	2025	2024
The average number of full time equivalent persons employed during the year was	35	37

Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2025

Notes to the financial statements (continued)

6 Wages and salaries (continued)

Full time equivalents are calculated based on a standard working week of 36.5 hours for all employees. The average number of persons employed during the year was 40. The services of 27 volunteers were used in the performance of charitable activities during the year.

7 Trustee remuneration and related party transactions

Trustees are not remunerated. Total expenses of £424 were paid to 2 members of the Board of Trustees during the year (2024: nil).

During the year the charity had the following intra-group transactions with companies controlled by Progress Housing Group Limited, the ultimate parent company.

Purpose	Payment to	Payment from	2025 £	2024 £
Charitable activities	Key Unlocking Futures	Progress Housing Association Ltd	383,406	429,306
Corporate services received	Progress Housing Group Ltd	Key Unlocking Futures	40,000	40,000

Related party transactions between Key Unlocking Futures Ltd and Progress Housing Association Ltd consist of critical tenancy support, tenancy sustainability, a community development project, use of premises and management fees associated with single homeless schemes and the refuge.

At the end of the year £14,984 was owed by companies controlled by Progress Housing Group Limited to Key Unlocking Futures Limited (2024: £62,283).

There were no charitable or political donations made.

8 Taxation

As a charity, Key Unlocking Futures Limited is exempt from tax on income and gains falling within sections 466 to 493 of the Corporation Tax Act 2010 or s256 of the Taxation of Charitable Gains Act 1992 to the extent that these are applied to its charitable objectives.

9 Debtors

	2025 £	2024 £
Amounts falling due within one year:		
Prepayments and accrued income	78,376	28,663
Amounts owed by group companies	14,984	62,283
Trade debtors	20,711	123,716
	<u>114,071</u>	<u>214,662</u>

Amounts owed by group companies are repayable on demand and do not attract interest.

Key Unlocking Futures Limited

Financial statements for the year ended 31 March 2025

Notes to the financial statements (continued)**10 Creditors: amounts falling due within one year**

	2025	2024
	£	£
Accruals and deferred income	51,943	122,293
Employer liabilities	24,776	30,631
Trade creditors	4,368	536
	<u>81,087</u>	<u>153,460</u>

Standard payment terms are 30 days from the date of invoice.

Included in the accruals and deferred income is £13,572 unrestricted and £23,884 restricted income (2024: £26,155 and £68,942) which relates to income received that will fund activities commencing April 2025.

11 Movement in funds

	1st April 2024	Increase in funds in the year	Transfers between funds	31st March 2025
	£	£	£	£
Restricted reserves	6,170	12,573	-	18,743
Unrestricted reserves - designated	678,279	-	92,305	770,584
Unrestricted reserves - general funds	285,241	246,573	(92,305)	439,509
Total funds	969,690	259,146	-	1,228,836

	1st April 2023	Increase/(decrease) in funds in the year	Transfers between funds	31st March 2024
	£	£	£	£
Restricted reserves	11,019	(4,849)	-	6,170
Unrestricted reserves - designated	784,167	-	(105,888)	678,279
Unrestricted reserves - general funds	73,243	106,110	105,888	285,241
Total funds	868,429	101,261	-	969,690

Key Unlocking Futures Limited

Financial statements for the year ended 31 March 2025

Notes to the financial statements (continued)

11 Movement in funds (continued)

There have been no transfers from these reserves for any purpose other than those for which the reserve was created. Transfers to and from designated reserves are in line with the charity's reserves policy.

12 Cash flow

Under FRS102 the Trustees have not published a cash flow as a cash flow statement is produced for the Group consolidated accounts.

13 Ultimate Parent company

Progress Housing Group Limited is the ultimate parent company of Key Unlocking Futures Limited. Progress Housing Group Limited IP28685R consolidated financial statements can be obtained from the Group's website or from the Company Secretary at the registered office:

Sumner House
21 King Street
Leyland
Lancashire
PR25 2LW

KEY UNLOCKING FUTURES LTD

England & Wales - Charity number 1154772

Accounts



KEY UNLOCKING FUTURES LIMITED

Financial statements for the year ended 31 March 2024

Charity registration number: 1154772

Company registration number: 8699413

Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2024

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Key Unlocking Futures Limited

Financial statements for the year ended 31 March 2024

Members of the board of trustees and registered office

Charitable Trustees

Anne-Marie Bancroft	Resigned 27 September 2023
Ronald Barham	Resigned 26 April 2024
Linda Charles-Ozuzu	Appointed 12 June 2024
Lynne Cubbin	Chair. Retired 8 November 2023
Esme Davies	
Penelope Fell	Appointed 27 September 2023. Appointed Chair 18 December 2023
Kaye Grogan	Resigned 5 June 2023
Samantha Haslam	Deputy Chair
Joanna Heaton-Marriott	Appointed 12 June 2024
Chris Rasburn	Resigned 18 April 2023
James Shutt	Appointed 27 September 2023
Kathleen Stacey	Appointed 12 June 2024
Matthew Stickland	Appointed 12 June 2024
Neil Townsend	

Company Secretary Progress Housing Group Limited

Principal office Unit 2 Balfour Court, Leyland, Lancashire, PR25 2TF

Registered office Sumner House, 21 King Street, Leyland, Lancashire, PR25 2LW

Auditors Beever and Struthers, One Express, 1 George Leigh Street, Manchester, M4 5DL

Company details Registered charity number: 1154772
Company number: 8699413

Key Unlocking Futures Limited

Financial statements for the year ended 31 March 2024

Trustees' report

Memorandum and Articles of Association

Key Unlocking Futures Limited (Key) is governed by its Articles of Association.

Strategic report

Objects

Key's objects (Objects) are specifically restricted to the following:

- the prevention or relief of poverty for those who are vulnerable or homeless and are in conditions of need, hardship and distress;
- the relief of those in need who are vulnerable or homeless and in conditions of need, hardship or distress;
- the advancement of education of the public generally on issues affecting the said beneficiaries; and
- the advancement of citizenship or community development.

Key has been successful in delivering its strategic objectives set out in its business plan. Key has met and achieved all its key performance indicators for this financial year. Key's trustees have reviewed the key performance indicators and these have been adapted for the year ahead.

Mission and values

Mission

Helping people build better lives.

Aims

- Key will continue to build a strong and adaptable organisation working in partnership with like-minded organisations.
- Key remains focused on person led approaches to build resilient individuals so that they can move through difficult times.
- Key will continue to provide high quality support by asking people who use our services and stakeholders if we are getting it right, as well as providing learning opportunities across the team.
- Key will grow its services across Lancashire in order to work with more people to alleviate growing needs.

Values

Value 1: Putting people first

Value 2: Working in partnership

Value 3: Delivering quality services

Value 4: Being a great place to work

Value 5: Looking to the future

Key Unlocking Futures Limited

Financial statements for the year ended 31 March 2024

Trustees' report (continued)

Public benefit

The charitable work that Key undertakes is to provide services to people who are in need, hardship or distress due to homelessness or the threat of homelessness and to provide a range of services that relieve these conditions and promote people's health and wellbeing. In addition, the Objects of the charity are progressed by delivery of services to vulnerable people that find themselves in conditions of need or distress due to their family or personal circumstances.

The charity provides these services free at the point of access, which ensures that its service users are not prohibited from access to services on the basis of cost. Many of the services can only be accessed by specified referral routes. Systems are in place to ensure that all referrals accepted are in line with Key's charitable objectives.

The benefits of Key's services to its clients include:

- access to safe, affordable accommodation, either short or long term, thereby avoiding the dangers of unsafe sofa surfing or rough sleeping;
- refuge accommodation for women and families fleeing domestic abuse and domestic abuse outreach services;
- promoting understanding of what is healthy and unhealthy in relationships;
- providing support for young people and adults who have experienced homelessness in supported housing accommodation;
- appropriate support, advocacy and information and life skills training to tenants, enabling them to maintain and keep a tenancy and avoid the 'revolving door' syndrome of repeat homelessness;
- mediation/family therapy enabling a return to a better family situation, reducing the risk of homelessness and family conflict;
- exploring difficulties through therapy to help focus on a more positive future;
- learning about options for training and employment with the support of an employment coach and so achieving greater confidence and self-sufficiency;
- improving emotional health and wellbeing (EHWB) by working on a range of creative strategies to build resilience of young people and their families;
- working with children and families to offer specialist support for children with autism so that families can improve their knowledge and strategies to help children and young people have a brighter future;
- running a range of community activities from The Base in Leyland; and
- providing access high quality food at a low cost through The Base-One Stop.

The trustees ensure through their strategic and business planning and policy decisions that the work of Key meets both its charitable Objects and its public benefit obligations.

The trustees have due regard to guidance produced by the Charity Commission.

Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2024

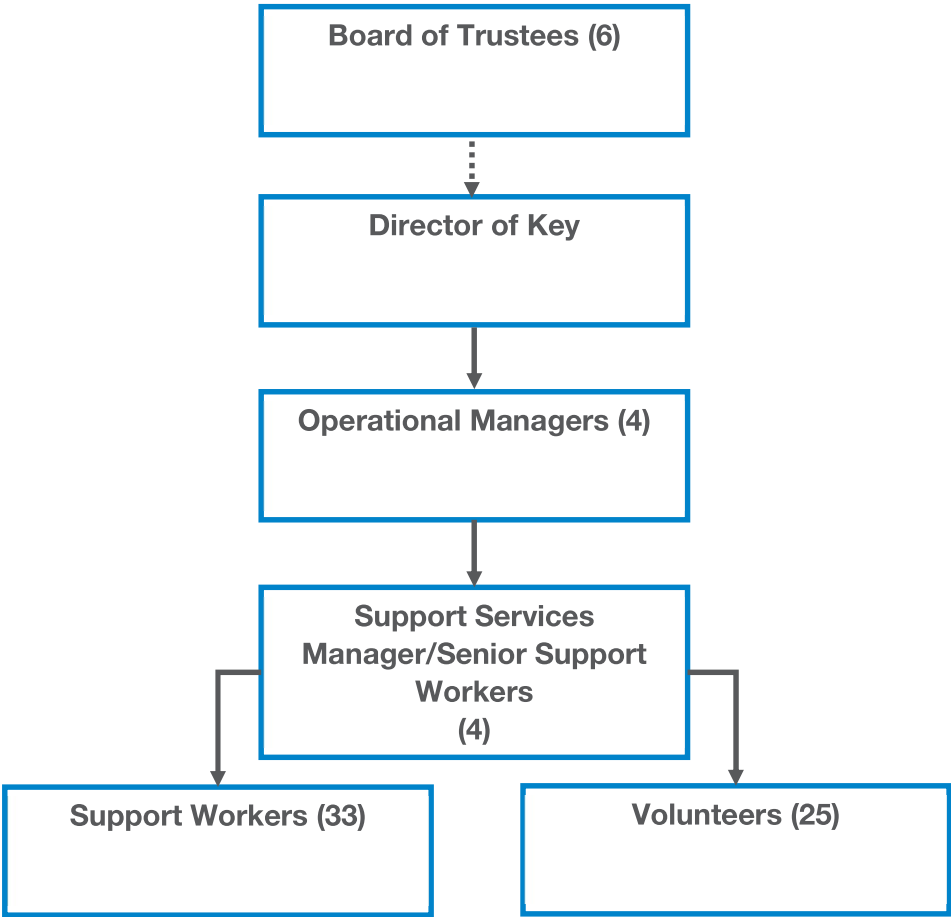
Trustees’ report (continued)

Financial Review

Income has increased significantly from £1,257k in 2022/23 to £1,505k in 2023/24. Costs have increased from £1,110k, to £1,404k resulting in net income of £101k (2022/23 £147k). Much of this increase relates to an increase in our emotional health and wellbeing services including a new adult counselling service. Total funds are £970k at 31 March 2024 (31 March 2023 £868k).

The emotional health and wellbeing contract provides therapeutic support to children aged 4-18 across Lancashire and is commissioned by Lancashire County Council. This continues to be the funding stream where income has the potential to vary the most. This is due to the payment by results nature of the contract. The trustees have continued to focus on ensuring that sufficient cash flow is available to cover related costs.

Organisational structure



The organisational structure above details the number of personnel employed and managed by Key. The Director of Key is appointed by the trustees to manage the day-to-day operations of the charity. To facilitate effective operations, the Director has delegated authority for operational matters including finance and employment as set out in Key’s standing orders and scheme of delegation.

Key Unlocking Futures Limited

Financial statements for the year ended 31 March 2024

Trustees' report (continued)

Organisational structure (continued)

Key is linked to Progress Housing Group (the Group) by way of a Grouping Deed. Key's Board of Trustees (the board) retains responsibility for establishing Key's strategic direction and setting and managing its budget. This being said, if the board should fail to manage the charity effectively, the Grouping Deed sets out how Progress Housing Group Limited (the Parent) can step in to rectify the situation or to make any changes.

The Group has two sub committees, Group Audit and Risk Committee and Group Remuneration and Nominations Committee, which support all Group companies including Key. In order to manage Key effectively as a member of a group structure, Key works within the Group's wider financial regulations as well as adopting a number of the Group's policies and procedures.

Key has adopted the Charity Governance Code for larger charities.

New trustees

New trustees are recruited using an open and transparent recruitment process that meets best practice with appropriate induction and training provided on appointment.

Significant activities

Key's largest source of funding is to deliver an early intervention service to improve children and young people's emotional health and wellbeing. This is funded by Lancashire County Council. This service has a significant 'payment by results' element. The staffing used to deliver this service is predominantly of a therapeutic nature. Key provides services in a partnership led by Child Action North West.

Key secured funding from a range of funders including South Ribble Borough Council, Community Foundation Lancashire, The Lancashire Environmental Fund and Progress Housing Group to successfully remodel two vacant shops on the Broadfield Estate in Leyland to form a new Community Centre. The new community centre opened its doors in January 2024 adding to the facilities already on offer at The Base.

During the year Key continued to manage three supported housing schemes for people who have experienced homelessness: Foundations/Inn2 in Preston for people of all ages and The Bridge and Parker House in Chorley which house young people. In February 2024, Key successfully achieved Ofsted registration for its young people's supported housing schemes in Chorley as it became a legal requirement under the Supported Accommodation Regulations for supported accommodation for looked after children and care leavers aged 16 and 17. Provision at Inn2 in Preston is being remodelled to provide six supported flats for care leavers aged 18 plus.

Key continues to manage the refuge services in South Ribble and Chorley as well as the outreach service 'Safe at Home'. These services are funded by Lancashire County Council as part of a partnership led by Safenet. In January 2024, Key successfully achieved Women's Aid National Quality Standards accreditation, to support both commissioners' requirements and potential service expansion.

Key Unlocking Futures Limited

Financial statements for the year ended 31 March 2024

Trustees' report (continued)

Significant activities (continued)

South Ribble and Chorley Borough Councils support drop in services that work with young people facing homelessness. During the year Key secured grant funding of £170,000 from The Big Lotteries Community Fund to support the drop in and family therapy service over the next three years. This additional funding is crucial to sustain the staffing the capacity required to deliver this service.

The More Positive Together (MPT) Steps Programme came to an end in December 2023 and this has marked the end of Key offering focussed support to help people enter into employment and training.

Over the last year Key has continued to be funded by Progress Housing Group to provide tenancy support to help its tenants sustain their tenancies. Unfortunately, during the year, we have had to reduce the size of this team due to funding pressures in the next financial year.

During the year, Key continued to administer a tenant support fund on behalf of Progress Housing Group. This remains part of the Group's response to the challenges their residents face that have been exacerbated by the current cost of living crisis.

Key has supported South Ribble and Chorley Borough Councils distribution of Household Support and Practical Support Funding to those most in need.

In November 2023, Key welcomed Penny Fell as its new Chair of Trustees. Penny succeeded Lynne Cubbin after Lynne's nine-year term, and at her final board meeting, Lynne's considerable contribution to the work of Key was acknowledged and celebrated by Key staff and board colleagues together with Group colleagues.

Key performance indicators

Key has continued the approach to performance management adopted last year; this approach includes the quantitative indicators below but these are now supplemented by a range of qualitative information which offers greater insight. Key has outperformed its metrics in most areas area during 2023/24. The number of positive move on's from residential schemes was just below target at 89% compared to a target of 90%. This relates to the need to move a number of women from refuge to ensure the safety of all residents. In addition we have had difficulties in recruiting to a number of posts. This is a particular difficulty in our supported housing schemes for homeless people.

Key Unlocking Futures Limited

Financial statements for the year ended 31 March 2024

Trustees' report (continued)

Key performance indicators (continued)

Performance indicator	Target	Actual
% of service users who rate Key as good or excellent	95%	99.7%
% of EHWB young people who show an improvement in their wellbeing (Outcome Stars)	90%	98.5%
% of service users where homelessness is prevented (where applicable)	75%	98%
% of people who feel more confident to make positive decisions for their own future	90%	100%
% of people involved in a community-based activity	85%	94.4%
% of people who feel more confident about managing their finances	90%	95%
% of Safeguarding Incident Reports completed within a 24-hour timescale	90%	100%
Number of positive move-ons from residential schemes	90%	89%
Number of posts vacant for more than 45 working days.	Zero	3

Principal funding sources

The principal funding source for Key is funding income from Lancashire County Council which includes funding for our domestic abuse, young peoples supported housing and children's emotional health and wellbeing services. In addition Key receives funding from South Ribble and Chorley Borough Councils including contributions to our homeless drop in and family therapy services as well as providing financial support for people Key has supported under the Household Support Fund South Ribble Borough Council has also supported the Development of The Base 2 Community Centre. Progress Housing Group which supports a range of services including Key's tenant support services and supported accommodation for people who are homeless. Key also receives support from four grant making foundations.

Key Unlocking Futures Limited

Financial statements for the year ended 31 March 2024

Trustees' report (continued)

Principal funding sources (continued)

Key has started to diversify its funding streams and this work on diversification will continue because none of Key's income is long term. The work this year on broadening its income source has resulted in seven corporate donations to Key, and Key is grateful to those corporate donors who have supported it during this financial year. Key is also pleased to have received funding from Lancashire and South Cumbria Integrated Care Board during the year; it is anticipated that this could be a source of increased future funding.

Investment policy

Key retains a prudent amount of reserves each year; however, most of Key's funds are intended to be spent in the short-term and therefore Key does not retain any funds for long-term investment.

Reserves policy

The board has examined Key's requirements for reserves by considering the principal risks to the organisation. It has established a policy whereby reserves are held to cover redundancy, sickness absence, and running costs between three and six months. The trustees consider that the ideal level of reserves as at 31 March 2024 would be £689k. The reserves at 31 March 2024 are £970k, the additional reserves are needed to meet the working capital requirements of Key which are significant especially with the continuation of the payment by results contract. The trustees review the reserves requirement annually.

Going concern

The trustees continue to adopt the going concern basis of accounting after considering Key's financial position at 31 March 2024, its long term financial plan, its reserves policy and risk management as detailed in this report. Contract retention continues to be good; however, when contracts are lost Key's management takes prompt action to reduce costs, reflecting that reduction in income. On this basis, the trustees have a reasonable expectation that Key has adequate resources to continue in operational existence for the foreseeable future.

Future plans

Key has been successful in diversifying its services and will maintain a clear focus on providing high quality, flexible, individually tailored services during the next financial year.

Key has been awarded funding from the National Lottery Community Fund which will finance Drop-in and Mediation work for the next 3 years starting in April 2024

Key is part of the THRIVE partnership working to improve children's wellbeing and resilience across Lancashire and South Cumbria. Opportunities arising from this work will see Key supporting parents and carers of children experiencing mental health problems, with the potential to expand our portfolio of work in schools across Lancashire.

Key is celebrating its 30 year anniversary in 2024 and we have plans to celebrate this significant milestone

Key Unlocking Futures Limited

Financial statements for the year ended 31 March 2024

Trustees' report (continued)

Future plans (continued)

Key will continue to deliver on its expanded geographic footprint next year as part of a partnership that will deliver emotional health and wellbeing services commissioned by Lancashire County Council. Key will deliver these services across Lancashire.

Risk management

The board has conducted a review of major risks to which Key is exposed. Key maintains a strategic risk register which is updated on a quarterly basis. Where appropriate, systems or procedures have been established to mitigate the risks that it faces. The business plan highlights the need to diversify funding streams and there has been some success here.

Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects. These have been strengthened through Key becoming part of the Group. In addition, Key has retained its Investors in People (IIP) accreditation as part of the Group.

Procedures are in place to ensure compliance with any requirements for maintaining the health and safety of staff, volunteers, people supported by Key's services, and visitors to its premises. Key is operating a hybrid way of working with a significant level of home working for staff, and this is consistently monitored to ensure staff safety, health and wellbeing. People supported are receiving this support remotely as well as in person.

In April 2023 Key successfully retained its ISO 9001 compliance as part of the Group. Key is committed to the continued evaluation of all its services including undertaking a wide range of stakeholders' reviews.

Governance

The board reviews the performance of individual trustees, including the Chair, on an annual basis. The board annually reviews its effectiveness and reports its findings to the Group Remuneration and Nominations Committee. An external governance review was undertaken during this financial year.

Following a review of compliance, the Board of Trustees has concluded that it meets the principles set out within the Charity Governance Code for larger charities. The Board is committed to continuous improvement and embedding the additional requirements of this Code.

Statement of disclosure to the auditors

At the time of approval of this report:

- a) so far as the board is aware, there is no relevant audit information of which Key's auditor is unaware; and
- b) the board has taken all steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that Key's auditor is aware of that information.

Key Unlocking Futures Limited

Financial statements for the year ended 31 March 2024

Trustees' report (continued)

Annual General Meeting

The Annual General Meeting of Key Unlocking Futures Limited will be on 2 September 2024.

Approved by order of the trustees and signed by order of the trustees.

DocuSigned by:

71ABB135EE31464...
Penelope Fell

Chair of trustees

24 July 2024

Key Unlocking Futures Limited

Financial statements for the year ended 31 March 2024

Statement of trustees' responsibilities

The trustees are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements. The maintenance and integrity of the charity's website is the responsibility of the trustees. The trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Key Unlocking Futures Limited

Financial statements for the year ended 31 March 2024

Independent auditor's report to members of Key Unlocking Futures Limited (continued)

Opinion

We have audited the financial statements of Key Unlocking Futures Limited ("the charitable company") for the year ended 31 March 2024 which comprise the Statement of Financial Activities (including income and expenditure account), the Balance Sheet and the related notes, including the accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2024 and of its incoming resources and application of resources, including its 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 Companies Act 2006.

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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' 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 charitable company'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 Trustees 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 Trustees' Report, other than the financial statements and our auditor's report thereon. The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly

Key Unlocking Futures Limited

Financial statements for the year ended 31 March 2024

Independent auditor's report to members of Key Unlocking Futures Limited (continued)

Other information (continued)

stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 13, the trustees (who are also the directors of the charitable company for the purposes of company law) are 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 trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Key Unlocking Futures Limited

Financial statements for the year ended 31 March 2024

Independent auditor's report to members of Key Unlocking Futures Limited (continued)

Responsibilities of trustees (continued)

In preparing the financial statements, the trustees are responsible for assessing the charitable company'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 trustees either intend to liquidate the charitable company 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 for the audit of the financial statements is located on the Financial Reporting Council's web-site at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the charitable company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Statement of Recommended Practice applicable to Charities.
- We enquired of the Trustees and reviewed Board meeting minutes for evidence of non-compliance with relevant laws and regulations.
- We enquired of the Trustees about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks.
- We enquired of the Trustees about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.

Key Unlocking Futures Limited

Financial statements for the year ended 31 March 2024

Independent auditor's report to members of Key Unlocking Futures Limited (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body for our audit work, for this report, or for the opinions we have formed.

Signed by:

 F19F64F5A8C846D...

Maria Hallows BA FCA DChA (Senior Statutory Auditor)

For and on behalf of

Beever and Struthers

Statutory Auditor

One Express

1 George Leigh Street

Manchester

M4 5DL

Date: 09-09-2024

Key Unlocking Futures Limited

Financial statements for the year ended 31 March 2024

Statement of Financial Activities (including income and expenditure account)

		Unrestricted funds 2024 £	Restricted funds 2024 £	Total funds 2024 £	Total funds 2023 £
	Note				
Income from:					
Donations	2	10,619	-	10,619	18,208
Investments	3	20,051	-	20,051	3,195
Charitable activities	4	1,253,464	221,107	1,474,571	1,236,017
Total		1,284,134	221,107	1,505,241	1,257,420
Expenditure on:					
Charitable activities	5	(1,174,680)	(225,956)	(1,400,636)	(1,107,295)
Governance costs	5	(3,344)	-	(3,344)	(3,196)
Total		(1,178,024)	(225,956)	(1,403,980)	(1,110,491)
Net income for the year		106,110	(4,849)	101,261	146,929
Net movement in funds		106,110	(4,849)	101,261	146,929
Reconciliation of funds					
Funds brought forward	11	857,410	11,019	868,429	721,500
Movement of funds in the year	11	106,110	(4,849)	101,261	146,929
Total funds carried forward	11	963,520	6,170	969,690	868,429

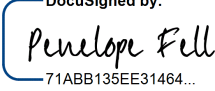
Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2024

Balance sheet

As at 31 March 2024		Total funds 2024 £	Total funds 2023 £
	Note		
Current assets:			
Debtors	9	214,662	180,509
Cash and cash equivalents		908,488	917,287
Total current assets		1,123,150	1,097,796
Liabilities:			
Creditors: Amounts falling due within one year	10	(153,460)	(229,367)
Net current assets		969,690	868,429
The funds of the charity:			
Restricted funds		6,170	11,019
Unrestricted funds		963,520	857,410
Total charity funds	11	969,690	868,429

The notes on pages 20 to 26 form an integral part of the financial statements.

The financial statements on pages 18 to 26 were approved by the board on 24 July 2024 and were signed on its behalf by:

DocuSigned by:

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Penelope Fell
Chair of Trustees

DocuSigned by:

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Samantha Haslam
Trustee

DocuSigned by:

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Deborah Atherton
On behalf of Progress Housing Group Limited

Company number: 8699413
Date: 24 July 2024

Key Unlocking Futures Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

1 Accounting policies and basis of accounting

Key Unlocking Futures limited is a private company limited by guarantee registered in England company number 8699413 and is a registered charity number 1154772.

(a) Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity.

Designated funds are unrestricted funds earmarked by the board for specific purposes and for the management of financial risk.

Restricted funds are subjected to restrictions on their expenditure imposed by the donor.

(b) Basis of accounting

The financial statements are prepared on an accruals basis in accordance with applicable financial reporting standards in the UK, FRS102 and the Charities Statement of Recommended Practice (SORP) issued in 2019.

(c) Incoming resources

All incoming resources are included in the Statement of Financial Activities on an accruals basis relating to the period of the financial statements. Where income is subject to certain performance conditions, income is recognised when the conditions are met.

(d) Resources expended

All expenditure is included in the Statement of Financial Activities on an accruals basis relating to the period of the financial statements.

(e) Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, IT, human resources and governance costs which support the Charities' activities. These costs have been allocated between those charitable activities. The bases on which support costs have been allocated are set out in note 5.

(f) Going concern

The charity's activities with the factors likely to affect its future development and position are set out in the Trustees' report. On the basis of their assessment of the charity's financial position, its long term financial plan, its reserves policy, risk management and the impacts of high inflation, interest rates and the ongoing conflict in Ukraine, the trustees have a reasonable expectation that the charity will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

1 Accounting policies and basis of accounting (continued)

(g) Cash and cash equivalents

Cash and cash equivalents includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

(h) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

(i) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported as assets and liabilities as at the Balance Sheet date and the amounts reported as revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The trustees do not consider there to be any significant estimates or judgements in the preparation of the financial statements.

2 Donations

	Unrestricted 2024 £	Unrestricted 2023 £
Private and corporate donations received	10,619	18,208

3 Investment income

Investment income is interest earned from a short-term investment of 3 months or less and from a savings account from which funds are immediately accessible.

Key Unlocking Futures Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)**4 Incoming resources from charitable activities**

	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	2024	2024	2024	2023	2023	2023
	£	£	£	£	£	£
Emotional health	415,024	-	415,024	342,246	-	342,246
Homelessness	326,414	-	326,414	307,162	-	307,162
Healthy relationships / domestic abuse	120,724	60,518	181,242	96,255	52,184	148,439
Local Authority commissioners	53,333	20,000	73,333	73,335	71,800	145,135
Progress Housing Association tenancy sustainability	203,875	-	203,875	106,141	-	106,141
Community development	67,738	8,964	76,702	65,821	6,806	72,627
Santander UK Foundation Limited	-	72,750	72,750	-	40,000	40,000
Active Lancashire - MPT Steps (European Social Fund)	26,772	-	26,772	35,627	-	35,627
Other	21,484	875	22,359	19,842	50	19,892
Children in Need	-	-	-	-	10,500	10,500
Financial inclusion	-	-	-	8,248	-	8,248
Lancashire and South Cumbria integrated Care Board	-	58,000	58,000	-	-	-
Spring North	18,100	-	18,100	-	-	-
	1,253,464	221,107	1,474,571	1,054,677	181,340	1,236,017

Key Unlocking Futures Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)**5 Total resources expended**

	Unrestricted	Restricted	Governance	Total	Unrestricted	Restricted	Governance	Total
	2024	2024	2024	2024	2023	2023	2023	2023
	£	£	£	£	£	£	£	£
Activities undertaken directly								
Staff costs	819,483	119,437	-	938,920	630,808	73,967	-	704,775
Travel	11,192	940	-	12,132	10,531	500	-	11,031
Other project costs	101,114	40,209	-	141,323	8,000	79,590	-	87,590
Support costs								
General office costs	44,887	18,320	-	76,516	40,949	11,952	-	52,901
Staff costs	184,695	47,050	3,344	221,780	230,243	11,451	3,196	244,890
Training	4,409	-	-	4,409	3,768	-	-	3,768
Premises	8,256	-	-	8,256	5,036	-	-	5,036
Bank charges	644	-	-	644	500	-	-	500
	1,174,680	225,956	3,344	1,403,980	929,835	177,460	3,196	1,110,491

Total costs include auditors' remuneration of £14,000 (exclusive of VAT) (2023: £4,400).

The charity initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the charitable activities undertaken.

6 Wages and salaries

	2024	2023
	£	£
Wages and salaries	1,052,787	853,321
Social security costs	92,756	73,991
Other pension costs	28,758	21,808
Total	1,174,301	949,120

There was 1 employee who received benefits of more than £60,000. The key management personnel comprise the trustees and the Director. The total employee benefits of the key management personnel were £60,053 (2023: £57,172).

	2024	2023
The average number of full time equivalent persons employed during the year was	37	32

Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

6 Wages and salaries (continued)

Full time equivalents are calculated based on a standard working week of 36.5 hours for all employees. The average number of persons employed during the year was 42. The services of 25 volunteers were used in the performance of charitable activities during the year.

7 Trustee remuneration and related party transactions

Trustees are not remunerated. There were no expenses paid to any members of the Board of Trustees during the year (2023: nil).

During the year the charity had the following intra-group transactions with companies controlled by Progress Housing Group Limited, the ultimate parent company.

Purpose	Payment to	Payment from	2024 £	2023 £
Charitable activities	Key Unlocking Futures	Progress Housing Association Ltd	429,306	318,444
Corporate services received	Progress Housing Group Ltd	Key Unlocking Futures	40,000	30,000

Related party transactions between Key Unlocking Futures Ltd and Progress Housing Association Ltd consist of critical tenancy support, tenancy sustainability, a community development project, use of premises and management fees associated with single homeless schemes and the refuge.

At the end of the year £62,283 was owed by companies controlled by Progress Housing Group Limited to Key Unlocking Futures Limited (2023: £22,323 owed).

There were no charitable or political donations made.

8 Taxation

As a charity, Key Unlocking Futures Limited is exempt from tax on income and gains falling within sections 466 to 493 of the Corporation Tax Act 2010 or s256 of the Taxation of Charitable Gains Act 1992 to the extent that these are applied to its charitable objectives.

9 Debtors

	2024 £	2023 £
Amounts falling due within one year:		
Prepayments and accrued income	28,663	78,422
Amounts owed by group companies	62,283	22,323
Trade debtors	123,716	79,764
	<u>214,662</u>	<u>180,509</u>

Amounts owed by group companies are repayable on demand and do not attract interest.

Key Unlocking Futures Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)**10 Creditors: amounts falling due within one year**

	2024	2023
	£	£
Accruals and deferred income	122,293	200,570
Employer liabilities	30,631	24,123
Trade creditors	536	4,674
	<u>153,460</u>	<u>229,367</u>

Standard payment terms are 30 days from the date of invoice.

Included in the accruals and deferred income is £26,155 unrestricted and £68,942 restricted income (2023: £24,548 and £128,000) which relates to income received that will fund activities commencing April 2024.

11 Movement in funds

	1st April 2023	Increase/(decrease) in funds in the year	Transfers between funds	31st March 2024
	£	£	£	£
Restricted reserves	11,019	(4,849)	-	6,170
Unrestricted reserves - designated	784,167	-	(105,888)	678,279
Unrestricted reserves - general funds	73,243	106,110	105,888	285,241
Total funds	868,429	101,261	-	969,690

	1st April 2022	Increase in funds in the year	Transfers between funds	31st March 2023
	£	£	£	£
Restricted reserves	7,139	3,880	-	11,019
Unrestricted reserves - designated	639,290	-	144,877	784,167
Unrestricted reserves - general funds	75,071	143,049	(144,877)	73,243
Total funds	721,500	146,929	-	868,429

There have been no transfers from these reserves for any purpose other than those for which the reserve was created. Transfers to and from designated reserves are in line with the charity's reserves policy.

Key Unlocking Futures Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

12 Cash flow

Under FRS102 the Trustees have not published a cash flow as a cash flow statement is produced for the Group consolidated accounts.

13 Ultimate Parent company

Progress Housing Group Limited is the ultimate parent company of Key Unlocking Futures Limited. Progress Housing Group Limited IP28685R consolidated financial statements can be obtained from the Group's website or from the Company Secretary at the registered office:

Sumner House
21 King Street
Leyland
Lancashire
PR25 2LW

KEY UNLOCKING FUTURES LTD

England & Wales - Charity number 1154772

Accounts



KEY UNLOCKING FUTURES LIMITED

**Financial statements for the year ended
31 March 2023**

Charity registration number: 1154772

Company registration number: 8699413

Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2023

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Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2023

Members of the board of trustees and registered office

Charitable Trustees	Anne-Marie Bancroft	
	Ronald Barham	
	Lynne Cubbin	Chair
	Esme Davies	
	Kaye Grogan	Resigned 5 June 2023
	Michelle Hallmark	Deputy Chair
		Resigned 6 February 2023
	Samantha Haslam	
	Chris Rasburn	Appointed 27 September 2022
		Resigned 18 April 2023
	Neil Townsend	
Company Secretary	Progress Housing Group Limited	
Principal office	Unit 2 Balfour Court, Leyland, Lancashire, PR25 2TF	
Registered office	Sumner House, 21 King Street, Leyland, Lancashire, PR25 2LW	
Auditors	BDO LLP, 3 Hardman Street, Manchester, M3 3AT	
Company details	Registered charity number: 1154772	
	Company number: 8699413	

Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2023

Trustees' report

Memorandum and Articles of Association

Key Unlocking Futures Limited (Key) is governed by its Articles of Association.

Strategic report

Objects

Key's objects (Objects) are specifically restricted to the following:

- the prevention or relief of poverty for those who are vulnerable or homeless and are in conditions of need, hardship and distress;
- the relief of those in need who are vulnerable or homeless and in conditions of need, hardship or distress;
- the advancement of education of the public generally on issues affecting the said beneficiaries; and
- the advancement of citizenship or community development.

Key has been successful in delivering its strategic objectives set out in its business plan. Key has met and achieved all its key performance indicators. Key's trustees have reviewed the key performance indicators and these have been adapted for the year ahead.

Mission and values

Mission

Helping people build better lives.

Aims

- Key will continue to build a strong and adaptable organisation working in partnership with like-minded organisations.
- Key remains focused on person led approaches to build resilient individuals so that they can move through difficult times.
- Key will continue to provide high quality support by asking people who use our services and stakeholders if we are getting it right, as well as providing learning opportunities across the team.
- Key will grow its services across Lancashire in order to work with more people to alleviate growing needs.

Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2023

Trustees' report (continued)

Missions and values (continued)

Values

- Value 1: Putting people first
- Value 2: Working in partnership
- Value 3: Delivering quality services
- Value 4: Being a great place to work
- Value 5: Looking to the future

Public benefit

The charitable work that Key undertakes is to provide services to people who are in need, hardship or distress due to homelessness or the threat of homelessness and to provide a range of services that relieve these conditions and promote their health and wellbeing. In addition, the Objects of the charity are progressed by delivery of services to vulnerable people that find themselves in conditions of need or distress due to their family or personal circumstances.

The charity provides these services free at the point of access, which ensures that its service users are not prohibited from access to services on the basis of cost. Many of the services can only be accessed by specified referral routes. Systems are in place to ensure that all referrals accepted are in line with Key's charitable objectives.

The benefits of Key's services to its clients include:

- access to safe, affordable accommodation, either short or long term, thereby avoiding the dangers of unsafe sofa surfing or rough sleeping;
- refuge accommodation for women and families fleeing domestic abuse and domestic abuse outreach services;
- promoting understanding of what is healthy and unhealthy in relationships;
- providing support for young people and adults who have experienced homelessness in supported housing accommodation;
- appropriate support, advocacy and information and life skills training to tenants, enabling them to maintain and keep a tenancy and avoid the 'revolving door' syndrome of repeat homelessness;

Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2023

Trustees' report (continued)

Public benefit (continued)

- mediation/family therapy enabling a return to a better family situation, reducing the risk of homelessness and family conflict;
- exploring difficulties through therapy to help focus on a more positive future;
- learning about options for training and employment with the support of an employment coach and so achieving greater confidence and self-sufficiency;
- improving emotional health and wellbeing by working on a range of creative strategies to build resilience of young people and their families;
- working with children and families to offer specialist support for children with autism so that families can improve their knowledge and strategies to help children and young people have a brighter future;
- running a range of community activities from The Base in Leyland; and
- providing access high quality food at a low cost through The Base-One Stop.

The trustees ensure through their business planning and policy decisions that the work of Key meets both its charitable Objects and its public benefit obligations.

The trustees have due regard to guidance produced by the Charity Commission.

Financial Review

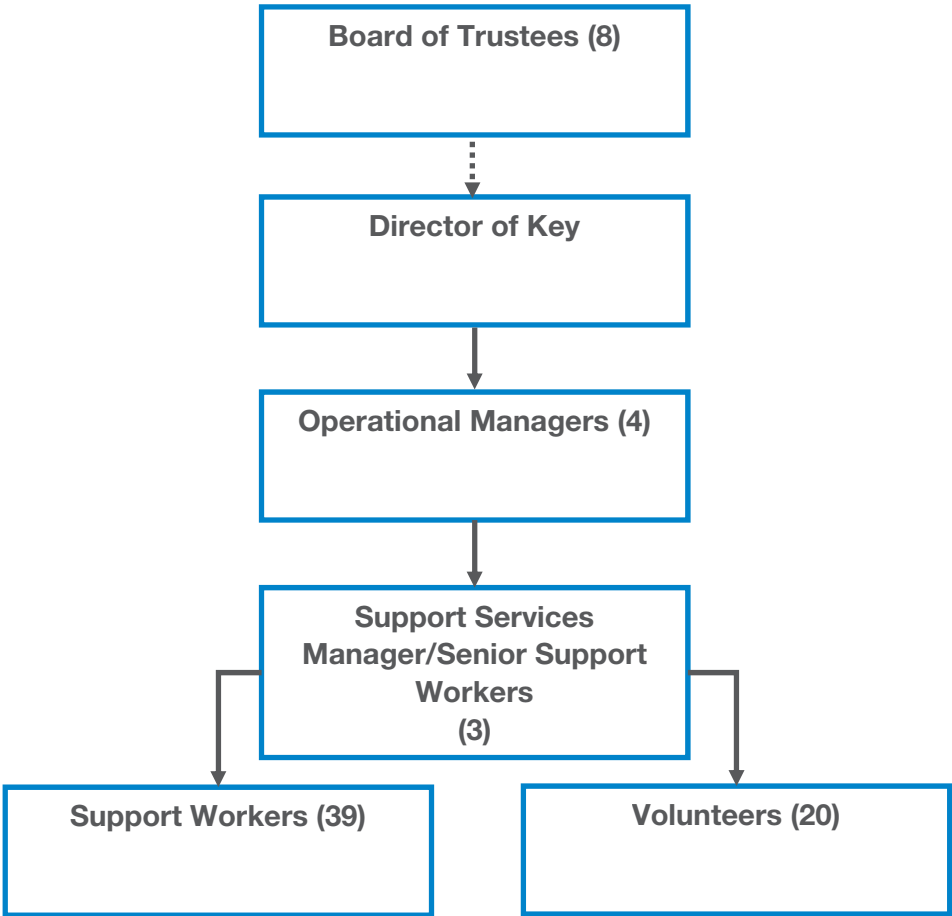
Income has increased significantly from £1,033k in 2021/22 to £1,257k in 2022/23. Costs have increased from £884k, to £1,110k resulting in net income of £147k (2021/22 £149k). Much of this increase relates to the domestic abuse services that was transferred into Key part way through the previous financial year being managed in Key for a full year as well as an increase in the size of the tenant support team. Total funds are £868k at 31 March 2023 (31 March 2022 £722k).

The emotional health and wellbeing contract continues to be the funding stream where income can vary the most. This is due to the payment by results nature of the contract. The trustees have continued to focus on ensuring that sufficient cash flow is available to cover related costs.

Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2023

Trustees' report (continued)

Organisational structure



The organisational structure above details the number of personnel employed and managed by Key.

Key is linked to Progress Housing Group (the Group) by way of a Grouping Deed. Key’s Board of Trustees (the board) retains responsibility for establishing Key’s strategic direction and setting and managing its budget. This being said, should the board fail to manage the charity effectively, the Grouping Deed sets out how Progress Housing Group Limited (the Parent) can step in to rectify the situation or to make any changes.

The Group has two sub committees, Group Audit Committee and Remuneration and Nominations Committee which support all Group companies including Key. In order to manage Key effectively within a group structure, Key works within the Group’s wider financial regulations as well as having adopted a number of the Group’s policies and procedures.

Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2023

Trustees' report (continued)

Organisational structure (continued)

As Key has grown in size the board made a decision in March 2022 that it was now more appropriate to adopt the Charity Governance Code for larger charities and this replaces the Charity Governance Code for smaller charities. Key will continue to report compliance annually against its principles and key outcomes.

New trustees

New trustees are recruited using an open and transparent recruitment process that meets best practise with appropriate induction and training provided on appointment.

Significant activities

Key's largest source of funding is to deliver an early intervention service to improve children and young people's emotional health and wellbeing. This is funded by Lancashire County Council. This service has a significant 'payment by results' element. The staffing used to deliver this service is predominantly of a therapeutic nature. Key provides services in a partnership led by Child Action North West.

Key has successfully secured funding from a range of funders including South Ribble Borough Council, the Lancashire Environmental Fund and Progress Housing Group to remodel two vacant shops on the Broadfield Estate in Leyland to form a new Community Centre. This is due to be completed in summer 2023 and will add to the facilities already on offer at The Base.

During the year Key continued to manage three supported housing schemes for people who have experienced homelessness: Foundations/Inn2 in Preston for people of all ages and The Bridge and Parker House in Chorley which house young people.

Key continues to manage the refuge services in South Ribble and Chorley as well as the outreach service 'Safe at Home'. These services are funded by Lancashire County Council as part of a partnership led by Safenet. Key has submitted an application to Women's Aid for Accreditation which will be assessed in 2023/24.

Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2023

Trustees' report (continued)

Significant activities (continued)

South Ribble and Chorley Borough Councils support drop in services that work with young people who are at risk of or are experiencing homelessness.

Key's employment support is now funded as part of the More Positive Together- Steps programme in partnership with Active Lancashire.

Key has delivered tenancy related support to those placed in interim/temporary accommodation funded by Fylde Borough Council. It has been jointly agreed to bring this service to an end in March 2023.

Over the last year Key has continued to be funded by Progress Housing Group to provide critical tenancy support to tenants who are at high risk of losing their tenancies.

During the year Key administered a new tenant support fund on behalf of Progress Housing Group. This is part of the Group's response to the challenges their residents face that have been exacerbated by the current cost of living crisis.

Key has supported South Ribble and Chorley Borough Councils distribution of Household Support and Practical Support Funding to those most in need.

Key performance indicators

Key has continued the approach to performance management adopted last year; it includes the quantitative indicators below but this is now supplemented by a range of qualitative information which offers greater insight. The trustees are delighted to report Key has outperformed its metrics in all areas during 2022/23.

Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2023

Trustees' report (continued)

Key performance indicators (continued)

Performance indicator	Target	Actual
% of service users who rate Key as good or excellent	95%	100%
% of service users who show an improvement in their wellbeing	90%	99%
% of service users where homelessness is prevented (where applicable)	75%	99%
% of people receiving employment coaching who have gone into employment, training or education	75%	93%
% of people who have sustained employment, education or training for at least 3 months	80%	87%
% of cases where increased communication and reduced conflict is reported following family therapy/mediation	95%	100%
% of Safeguarding Incident Reports completed within a 24 hour timescale	90%	96%

Principal funding sources

The principal funding source for Key is funding income from Lancashire County Council. In addition Key receives funding from South Ribble, Chorley and Fylde Borough Councils, Progress Housing Group, the European Social Fund, the Office of the Police and Crime Commissioner and a number of grant making foundations. Key has started to diversify its funding streams and this includes a number of corporate donations during the year. This is an ongoing task as none of Key's income is long term. Key is grateful to the corporate donors who have supported it during the financial year. Key is pleased to have received funding from Lancashire and South Cumbria Integrated Care Board during the year and hopes that this will be a source of increased funding in the years ahead.

Key Unlocking Futures Limited

Financial statements for the year ended 31 March 2023

Trustees' report (continued)

Investment policy

Aside from retaining a prudent amount of reserves each year, most of Key's funds are to be spent in the short-term and therefore Key does not retain any funds for long-term investment.

Reserves policy

The board has examined Key's requirements for reserves considering the main risks to the organisation. It has established a policy whereby reserves are held to cover redundancy, sickness and running costs at a level between three and six months. The reserves are needed to meet the working capital requirements of Key which are significant especially with the continuation of the payment by results contract. In addition the trustees have designated £40,000 towards the development costs of The Base Mark 2 (a new community centre).

Going concern

The trustees continue to adopt the going concern basis of accounting after considering Key's financial position at 31 March 2023, its long term financial plan, its reserves policy and risk management as detailed in this report. Contract retention continues to be good, however, when contracts are lost Key's management is able to take immediate action to reduce costs, reflecting the loss of income. On this basis, the trustees have a reasonable expectation that Key has adequate resources to continue in operational existence for the foreseeable future.

Future plans

Key has been successful in diversifying its services and will maintain a clear focus on providing high quality, flexible, individually tailored services during the next financial year.

In the year ahead Key will remodel the tenancy sustainability services that it provides to Progress Housing Group's tenants to ensure that an early intervention approach is implemented. This will mean that tenants with medium to high needs will be supported by Key at any point throughout their tenancy journey with a pre-tenancy assessment identifying those likely to need additional support prior to sign up.

Key will be remodelling the provision at Inn2 in Preston to provide six supported flats for care leavers as well as working to achieve OFSTED registration for both Parker House and The Bridge in Chorley.

Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2023

Trustees' report (continued)

Future plans (continued)

Key will open its new community centre on the Broadfield Estate which will provide facilities for Key to expand its community offer.

Key will be expanding its therapeutic offer with new funding from Lancashire and South Cumbria ICB. This will include 1:1 counselling as well as group work to improve emotional wellbeing.

Key will continue to deliver on its expanded geographic footprint next year as part of a partnership that will deliver emotional health and wellbeing services commissioned by Lancashire County Council. Key will deliver these services across Lancashire.

Risk management

The board has conducted a review of major risks to which Key is exposed. Key maintains a strategic risk register which is updated on a regular basis. Where appropriate, systems or procedures have been established to mitigate the risks that it faces. The business plan highlights the need to diversify funding streams and there has been some success with this ongoing task. This year inflationary pressure has made it more difficult to recruit talent. In February 2023 the board agreed to a 7% cost of living pay increase. It is hoped that this will make recruiting the right staff easier.

Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects. These have been strengthened as a result of becoming part of the Group. In addition, Key has retained its Investors in People (IIP) accreditation as part of the Group.

Procedures are in place to ensure compliance with health and safety of staff, volunteers and people supported by Key's services and visitors to its premises. Key is operating a hybrid way of working with significant level of home working for some. People are receiving support remotely as well as in person.

Key has been successful in retaining ISO 9001 compliance alongside other members of the Group. Key is committed to the on-going evaluation of all its services including undertaking a wide range of stakeholders' reviews.

Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2023

Trustees' report (continued)

Risk management (continued)

Governance

The board reviews the performance of individual trustees, including the Chair, on an annual basis. The 2022/23 appraisal process was internally facilitated. The board has set time aside to consider its effectiveness during meetings held throughout 2022/23, with a focus on improving Governance Wheel scores.

Following its annual review of Key's compliance with the provisions of 'the Charity Governance Code for larger charities', the board has concluded that it meets the principles set out within the code. The board is committed to continuous improvement and further embedding the requirements of the code.

Statement of disclosure to the auditors

At the time of approval of this report:

- a) so far as the board is aware, there is no relevant audit information of which Key's auditor is unaware; and
- b) the board has taken all steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that Key's auditor is aware of that information.

Annual General Meeting

The Annual General Meeting of Key Unlocking Futures Limited will be on 27 September 2023.

Approved by order of the trustees and signed by order of the trustees.

DocuSigned by:

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Lynne Cubbin

Trustee

26 July 2023

Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2023

Statement of trustees' responsibilities

The trustees are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the trustees. The trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2023

Independent auditor's report to members of Key Unlocking Futures Limited

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 March 2023 and of its incoming resources and application of resources 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 Companies Act 2006.

We have audited the financial statements of Key Unlocking Futures Limited ("the Charitable Company") for the year ended 31 March 2023 which comprise the statement of financial activities, the balance sheet, and notes to the financial statements, including a summary of 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2023

Independent auditor's report to members of Key Unlocking Futures Limited (continued)

Conclusions related to going concern

In auditing the financial statements, we have concluded that the Trustees' 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 Charitable Company'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 Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is 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.

Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2023

Independent auditor's report to members of Key Unlocking Futures Limited (continued)

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, which includes the Directors' Report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report, which are included in the Trustees' Report, has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2023

Independent auditor's report to members of Key Unlocking Futures Limited (continued)

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are 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 Trustees 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 Trustees are responsible for assessing the Charitable Company'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 Trustees either intend to liquidate the Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

Extent to which the audit was 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, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2023

Independent auditor's report to members of Key Unlocking Futures Limited (continued)

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

Non-compliance with laws and regulations

Based on:

- Our understanding of the Charitable Company and the sector in which it operates;
- Discussion with management and those charged with governance;
- Obtaining and understanding of the Charitable Company's policies and procedures regarding compliance with laws and regulations; and

we considered the significant laws and regulations to be the applicable accounting framework, UK tax legislation.

The Charitable Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit;
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Charitable Company's policies and procedures relating to:

Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2023

Independent auditor's report to members of Key Unlocking Futures Limited (continued)

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

- Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

Based on our risk assessment, we considered the areas most susceptible to fraud to be charitable income.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

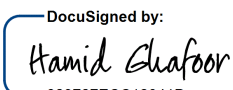
Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2023

Independent auditor's report to members of Key Unlocking Futures Limited (continued)
Auditor's responsibilities for the audit of the financial statements (continued)

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charitable Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Hamid Ghafoor

(Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory Auditor
Manchester, UK

Date 01 August 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2023

Statement of Financial Activities

		Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
	Note				
Income from:					
Donations	2	18,208	-	18,208	9,731
Investments	3	3,195	-	3,195	273
Charitable activities	4	1,054,677	181,340	1,236,017	1,022,778
Total		1,076,080	181,340	1,257,420	1,032,782
Expenditure on:					
Charitable activities	5	(929,835)	(177,460)	(1,107,295)	(880,872)
Governance costs	5	(3,196)	-	(3,196)	(3,034)
Total		(933,031)	(177,460)	(1,110,491)	(883,906)
Net income for the year		143,049	3,880	146,929	148,876
Net movement in funds		143,049	3,880	146,929	148,876
Reconciliation of funds					
Funds brought forward	11	714,361	7,139	721,500	572,624
Movement of funds in the year	11	143,049	3,880	146,929	148,876
Total funds carried forward	11	857,410	11,019	868,429	721,500

Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2023

Balance Sheet

As at 31 March 2023

	Note	Total funds 2023 £	Total funds 2022 £
Current assets:			
Debtors	9	180,509	120,837
Cash and cash equivalents		917,287	710,665
Total current assets		1,097,796	831,502
Liabilities:			
Creditors: Amounts falling due within one year	10	(229,367)	(110,002)
Net current assets		868,429	721,500
The funds of the charity:			
Restricted funds		11,019	7,139
Unrestricted funds		857,410	714,361
Total charity funds	11	868,429	721,500

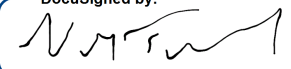
The notes on pages 24 to 30 form an integral part of the financial statements.

The financial statements on pages 22 to 23 were approved by the board on 26 July 2023 and were signed on its behalf by:

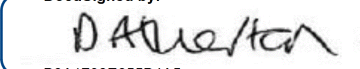
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Lynne Cubbin
 Trustee

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Neil Townsend
 Trustee

DocuSigned by:

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Deborah Atherton
 On behalf of Progress Housing Group Limited

Company number: 8699413

Date: 26 July 2023

Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements for the year ended 31 March 2023

1 Accounting policies and basis of accounting

Key Unlocking Futures limited is a private company limited by guarantee registered in England company number 8699413 and is a registered charity number 1154772.

(a) Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity.

Designated funds are unrestricted funds earmarked by the board for specific purposes and for the management of financial risk.

Restricted funds are subjected to restrictions on their expenditure imposed by the donor.

(b) Basis of accounting

The financial statements are prepared on an accruals basis in accordance with applicable financial reporting standards in the UK, FRS102 and the Charities Statement of Recommended Practice (SORP) issued in 2019.

(c) Incoming resources

All incoming resources are included in the Statement of Financial Activities on an accruals basis relating to the period of the financial statements. Where income is subject to certain performance conditions, income is recognised when the conditions are met.

(d) Resources expended

All expenditure is included in the Statement of Financial Activities on an accruals basis relating to the period of the financial statements.

(e) Going concern

The charity's activities with the factors likely to affect its future development and position are set out in the Trustees' report. On the basis of their assessment of the charity's financial position, its long term financial plan, its reserves policy, risk management and the impacts of high inflation, interest rates and the ongoing conflict in Ukraine, the trustees have a reasonable expectation that the charity will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

(f) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements for the year ended 31 March 2023 (continued)

(g) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported as assets and liabilities as at the Balance Sheet date and the amounts reported as revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The trustees do not consider there to be any significant estimates or judgements in the preparation of the financial statements.

2 Donations

	Unrestricted 2023 £	Unrestricted 2022 £
Private and corporate donations	<u>18,208</u>	<u>9,731</u>

3 Investment income

Investment income is interest earned from a savings account from which funds are immediately accessible.

Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements for the year ended 31 March 2023 (continued)

4 Incoming resources from charitable activities

	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	2023	2023	2023	2022	2022	2022
	£	£	£	£	£	£
Emotional health	342,246	-	342,246	384,330	-	384,330
Homelessness	307,162	-	307,162	264,543	-	264,543
Healthy relationships / domestic abuse	96,255	52,184	148,439	33,438	16,856	50,294
Local Authority commissioners	73,335	71,800	145,135	80,236	15,000	95,236
Progress Housing Association tenancy sustainability	106,141	-	106,141	82,416	-	82,416
Community development	65,821	6,806	72,627	54,168	7,925	62,093
Santander	-	40,000	40,000	-	-	-
Active Lancashire - MPT Steps (ESF)	35,627	-	35,627	9,004	-	9,004
Other	19,842	50	19,892	5,182	4,591	9,773
Children in Need	-	10,500	10,500	-	28,808	28,808
Financial inclusion	8,248	-	8,248	8,000	-	8,000
Merriweather grant	-	-	-	17,611	-	17,611
Big Lottery Help through Crisis Fund	-	-	-	-	10,670	10,670
	1,054,677	181,340	1,236,017	938,928	83,850	1,022,778

Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements for the year ended 31 March 2023 (continued)

5 Total resources expended

	Unrestricted	Restricted	Governance	Total	Unrestricted	Restricted	Governance	Total
	2023	2023	2023	2023	2022	2022	2022	2022
	£	£	£	£	£	£	£	£
Activities undertaken directly								
Staff costs	630,808	73,967	-	704,775	527,331	39,762	-	567,093
Travel	10,531	500		11,031	10,499	291		10,790
Other project costs	8,000	79,590	-	87,590	20,757	23,826	-	44,583
Support costs								
General office costs	40,949	11,952	-	52,901	37,201	4,595	-	41,796
Staff costs	230,243	11,451	3,196	244,890	201,972	8,357	3,034	213,363
Training	3,768	-	-	3,768	2,959	-	-	2,959
Premises	5,036	-	-	5,036	2,844	-	-	2,844
Bank charges	500	-	-	500	478	-	-	478
	929,835	177,460	3,196	1,110,491	804,041	76,831	3,034	883,906

Total costs include auditors' remuneration of £4,400 (exclusive of VAT) (2022: £4,000).

6 Wages and salaries

	2023	2022
	£	£
Wages and salaries	853,321	703,949
Social security costs	73,991	58,862
Other pension costs	21,808	18,263
Total	949,120	781,074

No employees received emoluments of more than £60,000.

	2023	2022
The average number of persons employed during the year was	32	26

Full time equivalents are calculated based on a standard working week of 36.5 hours for all employees.
The services of 20 volunteers were used in the performance of charitable activities during the year.

Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements for the year ended 31 March 2023 (continued)

7 Trustee remuneration and related party transactions

There were nil expenses (2022: £nil) paid to any members of the board during the year.

During the year the charity had the following intra-group transactions with companies controlled by Progress Housing Group Limited, the ultimate parent company.

Purpose	Payment to	Payment from	2023	2022
			£	£
Charitable activities	Key Unlocking Futures	Progress Housing Association Ltd	318,444	251,053
Corporate services received	Progress Housing Group Ltd	Key Unlocking Futures	30,000	24,000

Related party transactions between Key Unlocking Futures Ltd and Progress Housing Association Ltd consist of critical tenancy support, tenancy sustainability, a community development project, use of premises and management fees associated with single homeless schemes, the refuge and income collection.

At the end of the year £22,323 was owed by companies controlled by Progress Housing Group Limited to Key Unlocking Futures Limited (2022: £40,738 owed).

8 Taxation

As a charity, Key Unlocking Futures Limited is exempt from tax on income and gains falling within sections 466 to 493 of the Corporation Tax Act 2010 or s256 of the Taxation of Charitable Gains Act 1992 to the extent that these are applied to its charitable objectives.

9 Debtors

	2023	2022
	£	£
Amounts falling due within one year :		
Prepayments and accrued income	78,422	24,005
Amounts owed by group companies	22,323	40,738
Trade debtors	79,764	56,094
	<u>180,509</u>	<u>120,837</u>

Amounts owed by group companies are repayable on demand and do not attract interest.

Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements for the year ended 31 March 2023 (continued)

10 Creditors: amounts falling due within one year

	2023	2022
	£	£
Accruals and deferred income	200,570	91,472
Employer liabilities	24,123	18,430
Trade creditors	4,674	100
	<u>229,367</u>	<u>110,002</u>

Standard payment terms are 30 days from the date of invoice.

Included in the accruals and deferred income is £24,548 unrestricted and £128,000 restricted income (2022: £40,478 and £40,000) which relates to income received that will fund activities commencing April 2023.

11 Movement in funds

	1st April 2022	Increase in funds in the year	Transfers between funds	31st March 2023
	£	£	£	£
Restricted reserves	7,139	3,880	-	11,019
Unrestricted reserves - designated	639,290	-	144,877	784,167
Unrestricted reserves - general funds	75,071	143,049	(144,877)	73,243
Total funds	<u>721,500</u>	<u>146,929</u>	<u>-</u>	<u>868,429</u>

	1st April 2021	Increase in funds in the year	Transfers between funds	31st March 2022
	£	£	£	£
Restricted reserves	120	7,019	-	7,139
Unrestricted reserves - designated	572,504	-	66,786	639,290
Unrestricted reserves - general funds	-	141,857	(66,786)	75,071
Total funds	<u>572,624</u>	<u>148,876</u>	<u>-</u>	<u>721,500</u>

Key Unlocking Futures Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements for the year ended 31 March 2023 (continued)

There have been no transfers from these reserves for any purpose other than those for which the reserve was created. Surplus transferred to designated reserves is in line with the charity's reserves policy.

12 Cash flow

Under FRS102 the Trustees have not published a cash flow as a cash flow statement is produced for the Group consolidated accounts.

13 Ultimate Parent company

Progress Housing Group Limited is the ultimate parent company of Key Unlocking Futures Limited. Progress Housing Group Limited IP28685R consolidated financial statements can be obtained from the Group's website or from the Company Secretary at the registered office:

Sumner House
21 King Street
Leyland
Lancashire
PR25 2LW

KEY UNLOCKING FUTURES LTD

England & Wales - Charity number 1154772

Accounts

Charity Commission Annual Return 2022

KEY UNLOCKING FUTURES LTD

Charity registration number: 1154772

Most of the information you give in this form will become publicly available on the Register of Charities. Any field that the Charity Commission will not display will be clearly marked.

This document is a record of the information provided in the Annual Return 2022.

Financial period

Financial period start date

01/04/2021

Financial period end date

31/03/2022

Income and spending

Income £

£1,032,782

Spending £

£883,906

Serious Incidents

For the period of this return, were there any serious incidents in your charity that have not been reported to the Charity Commission?

No

Fundraising - professional fundraiser

Did your charity raise funds from the public?

Yes

Did the charity work with any professional fundraisers?

No

Fundraising - commercial participator

Did your charity work with any commercial participators?

No

Government contracts

During the financial period for this annual return, did the charity receive income from contracts (other than grant agreements) with central government or local authorities?

No

Government grants

During the financial period for this annual return, did the charity receive income from grants from central government or local authorities?

Yes

How many grants did your charity receive from central government or local authorities?

15

What was the total value of these grants?

£623,925

Income from outside the UK

Did your charity receive income from outside the UK ?

No

Spending outside England & Wales

Did your charity operate outside England and Wales?

No

Trading subsidiaries

Did the charity have any subsidiaries?

No

Trustee payments

Did any of the trustees receive any remuneration, payments or benefits from the charity other than refunds of legitimate trustee expenses?

No

Did any of the trustees resign and then take up employment with the charity?

No

Employees' salaries

Did any of your charity's staff receive total employee benefits of £60,000 or more?

Select No if your charity does not have any staff , or does not pay any staff.

No

For your highest paid member of staff only, what was the total value of their employee benefits?

(For example if your highest paid member of staff received £35,000 enter 35000). If you do not have any staff or did not pay any staff, enter 0 (zero)

£54,438

Volunteers

How many UK volunteers, excluding trustees, did the charity have during the financial period?

20

Financial controls

Did your charity review its internal financial controls?

Yes

Safeguarding

Has the charity obtained a standard, enhanced or enhanced with barred lists DBS check on all trustees, employees and volunteers who are in roles that are eligible for these checks?

Select Yes if there are no trustees, employees or volunteers in roles that are eligible for these types of DBS checks.

Yes

Account type

Does your charity prepare:

Charity only accounts

Income and endowments

Donations & legacies

£9,731

**Of the total donations & legacies
what amount is Endowments received**

£0

Investment income

£273

Other income

£0

**Of the total donations & legacies
what amount is Legacies**

£0

Other trading activities

£0

Income from charitable activities

£1,022,778

Total income and endowments

£1,032,782

Expenditure

Expenditure on raising funds

£0

Other expenditure

£0

**Of the total expenditure on charitable
activities****what value is Grants to institutions**

£0

**Of the total expenditure on raising
funds****what value is Investment management
costs**

£0

Expenditure on charitable activities

£883,906

**Of the total expenditure on charitable
activities****what value is Governance costs**

£3,034

Total expenditure

£883,906

Gains/(losses)

Gains/(losses) on revaluation of fixed assets This figure should be prefixed with the minus symbol if it is a negative value.

£0

Net gains/(losses) on investments This figure should be prefixed with the minus symbol if it is a negative value.

£0

Actuarial gains/(losses) on defined benefit pension schemes This figure should be prefixed with the minus symbol if it is a negative value.

£0

Other gains/(losses) This figure should be prefixed with the minus symbol if it is a negative value.

£0

Assets

Total fixed assets

£0

Of the total fixed assets
what value is Fixed asset investments

£0

Total current assets

£831,502

Of the total current assets
what value is Current asset
investments

£0

Of the total current assets
what value is Cash at bank and in hand

£710,665

Funds

Endowment funds

£0

Restricted funds

£7,139

Unrestricted funds

£714,361

Total funds

£721,500

Liabilities

Creditors due within 1 year

£110,002

Creditors falling due after one year and provisions

£0

Defined benefit pension scheme asset/(liability) This figure should be prefixed with a minus symbol if it is a negative value

£0

Total net assets/(liabilities)

£721,500

Additional information

Support costs

£261,440

Depreciation charge for the year

£0

Level of reserves

£721,500

Average number of employees

26

Privacy statement

Any information you give us will be held securely and processed only in accordance with the rule on data protection. We will not disclose your personal details to anyone unconnected to the Charity Commission unless:

- you have consented to their release; or
- we are legally obliged to disclose them; or
- we regard disclosure as either (a) necessary so that we can properly carry out our statutory functions or (b) necessary in the public interest.

We may share and disclose information about you with relevant public authorities,

regulatory bodies and agencies, outside the Charity Commission but only if:

- we can lawfully do so; and
- we decide that disclosure is necessary for national security, crime detection, prevention, and law enforcement, or other issues in the public interest

Information we collect about you

We will use this information:

To enable us to carry out our statutory functions and duties;

This will include the following actions:

- (a) update, consolidate, and improve the accuracy of our records;
- (b) undertake crime detection and prevention and law enforcement and assist the third parties specified above to investigate or prevent crime and carry out law enforcement;
- (c) data analysis, testing, research, statistical and survey purposes

Information we receive from other sources.

Information we receive from other sources

We may combine this information with information you give to us and information we collect about you.

We may use this information and the combined information for the purposes set out above (depending on the types of information we receive).

We will ensure that any such disclosure and use is proportionate; considers your right to respect for your private life; and is done fairly and lawfully in accordance with the data protection principles of the Data Protection Act.

The Data Protection Act 1998 regulates the use of 'personal data', which is essentially any information, however stored, about identifiable living individuals.

As a 'data controller' under the Act, the Charity Commission must comply with it. Any changes we may make to our privacy statement in the future will be set out in the replacement version of this form.

Please check back frequently to see any updates or changes to our privacy policy.

Declaration

Your role at the charity (select one):

☒ Other

Given names

Michaela

Family name

Andrews

Telephone number	07980957001
Email	mandrews@progressgroup.org.uk
Date submitted	08/10/2022

It is a criminal offence under section 60 of the Charities Act 2011 for anyone to knowingly or recklessly provide false or misleading information to the commission; this includes suppressing, concealing or destroying documents.



KEY UNLOCKING FUTURES LIMITED

Annual Accounts 2022

Financial statements for the year
ended 31 March 2022

Charity registration number: 1154772
Company registration number: 8699413



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Board of management, professional advisors and registered office

Charitable Trustees

A Bancroft	
R Barham	
L Cubbin	Chair
E Davies	
K Grogan	
M Hallmark	Deputy Chair
S Haslam	
N Townsend	

Company Secretary

Progress Housing Group Limited

Principal office

Unit 2 Balfour Court, Leyland, Lancashire, PR25 2TF

Registered office

Sumner House, 21 King Street, Leyland, Lancashire, PR25 2LW

Auditors

BDO LLP, 3 Hardman Street, Manchester, M3 3AT

Company details

Registered charity number: 1154772

Company number: 8699413

Trustees’ report

Memorandum and Articles of Association

The charity is governed by its Articles of Association.

Strategic report

Objects

The charity’s objects (Objects) are specifically restricted to the following:

- ◆ the prevention or relief of poverty for those who are vulnerable or homeless and are in conditions of need, hardship and distress;
- ◆ the relief of those in need who are vulnerable or homeless and in conditions of need, hardship or distress;
- ◆ the advancement of education of the public generally on issues affecting the said beneficiaries; and
- ◆ the advancement of citizenship or community development.

Key Unlocking Futures Limited (Key) has been successful in delivering its strategic objectives set out in its Business Plan. Despite the challenges that continue to be presented by the pandemic, Key has been successful in delivering against these objectives. Key has met and achieved all its key performance indicators from its balanced scorecard, which includes customer, financial and process indicators.

Mission and Values

Mission

Helping people build better lives.

Aims

- ◆ Key will continue to build a strong and adaptable organisation working in partnership with like-minded organisations.

- ◆ Key remains focused on person led approaches to build resilient individuals so that they can move through difficult times.
- ◆ Key will continue to provide high quality support by asking people who use our services and stakeholders if we are getting it right, as well as providing learning opportunities across the team.
- ◆ Key will work to explore how we can expand our offer in related areas and whether we can sell established services in different ways.

Values

- ◆ Value 1: Putting people first
- ◆ Value 2: Working in partnership
- ◆ Value 3: Delivering quality services
- ◆ Value 4: Being a great place to work
- ◆ Value 5: Looking to the future

Organisational structure



Trustees' report continued

The organisational structure above details the number of personnel employed and managed by Key

Key is linked to Progress Housing Group (the Group) by way of a Grouping Deed. Key's Board of Trustees (the board) retains responsibility for establishing Key's strategic direction and setting and managing its budget. This being said, should Key's board fail to manage the charity effectively, the Grouping Deed sets out how Progress Housing Group Limited (the Parent) can step in to rectify the situation or to make any changes. The Group has two sub committees, Audit Committee and Remuneration and Nominations Committee which support all Group companies including Key. In order to manage Key effectively within a group structure, Key works within the Group's wider financial regulations as well as having adopted a number of the Group's policies and procedures. As Key has grown in size the board made a decision in March 22 that it was now more appropriate to adopt the Charity Governance Code for larger charities and this replaces the Charity Governance Code for smaller charities. Key will continue to report compliance annually against its principles and key outcomes.

New trustees

New trustees are recruited to Key using an open recruitment process. A vacancy is advertised and prospective candidates are asked to make an application for the role. Role descriptions are made available and suitable applicants are shortlisted and interviewed. The successful candidate is subject to appropriate due diligence prior to being recommended for appointment to the board. Once appointed, the trustee's undertake a structured induction process, which includes the history of Key and its charitable purposes, an overview of the Group and its structure, Key's Vision and Values, the Companies Act 2006, the Charities Act 2011 and the Trustees Act 2000, Charity Commission Guide – The Essential Trustee, safeguarding, Memorandum and Articles of Association, Standing Orders, Code of Governance, Code of Conduct and more. The trustees are required to confirm their fitness to act against a range of criteria on an annual basis.

Significant activities

- ◆ Key's largest source of funding is to deliver an early intervention service to improve children and young people's emotional health and wellbeing. This is funded by Lancashire County Council. This service has a significant 'payment by results' element. The staffing used to deliver this service is predominantly of a therapeutic nature. Key in a partnership led by Child Action North West have successfully retained this contract for the next three years.
- ◆ During the year Key took over the management of three supported housing schemes for people who have experienced homelessness, Foundations in Preston for people of all ages and The Bridge and Parker House in Chorley which house young people.
- ◆ During the year Key also took over the management of Refuge services and manages Clare House Refuge in South Ribble and Chorley Refuge. Domestic Abuse services have expanded and include additional domestic abuse outreach staffing as well as staffing to deliver a healthy relationships training package to secondary school pupils in South Ribble and Chorley. Funding comes from a number of sources including Lancashire County Council, and The Office of the Police and Crime Commissioner.
- ◆ South Ribble and Chorley Borough Council - funding supports drop in services that work with young people who are at risk of or are experiencing homelessness. Key failed to retain the contract to deliver a floating support contract funded by South Ribble Borough Council.
- ◆ Big Lottery - Help Through Crisis funding that provides support to homeless young people to resolve the crisis and to prevent the crisis reoccurring came to an end this year.
- ◆ Children In Need funding - this contributes to the costs of Key's Employment Coaching Project, which supports vulnerable young people to build their confidence and to enter work, training or education as well as funding our Assets Coach role. The funding for this project came to an end during the year and the continuation of employment support is now funded as part of the More Positive Together- Steps programme in partnership with Active Lancashire.

Trustees' report continued

- ◆ Key has additional funding from Children In Need to support its family conflict resolution service and this has been extended and now also covers 2022/23.
- ◆ Key continues to deliver tenancy related support to those placed in interim/temporary accommodation funded by Fylde Borough Council.
- ◆ Over the last year Key has continued to be funded by Progress Housing Group to provide Critical Tenancy Support to tenants who are at high risk of losing their tenancies.
- ◆ Key has further developed its Community Work focussed at The Base on the Broadfield Estate in Leyland including the The Base-One Stop which is a community food project and a community café.
- ◆ Key has started to build relationships with business during the year and has attracted corporate donations to support its operations.

Coronavirus (COVID-19)

Key have considered the potential impacts to the charity arising from the Coronavirus pandemic. While recognising the risk has reduced, the main area of risk is regarding the Emotional Health and Wellbeing contract which is our largest income contract.

Lancashire County Council who fund this work have varied the payment terms for the year in order to help mitigate some of the financial risks, payments remain based on the number of referrals but do not require cases to be successfully completed.

'I cannot thank Key enough since getting help with sorting out my debts, I've got a new job and feel like I've got my life back'

'Thanks to Key for the first time in a very long time I finally feel like me again'

Financial Review

Income has increased significantly from £768k in 2020/21 to £1,033k in 2021/22. Costs have increased from £582k, to £884k resulting in net income of £149k. Total funds are £722k at 31 March 2022. Much of this increase relates to Key taking over the provision of support services at a number of supported housing schemes operated by Progress Housing Association that provide accommodation and support for people who have experienced homelessness as well as an increase in provision of support for people affected by domestic abuse.

The Emotional Health and Wellbeing contract continues to be the funding stream where the income varies. This is due to the payment by results nature of the contract. A revised payment mechanism has been in place throughout the year because of the pandemic and strong performance has meant that expected income had been increased during the year. The budget is set prudently to allow for a range of factors that can negatively impact on performance. The trustees have continued to focus on ensuring that sufficient cash flow is available to cover related costs.

Key, in conjunction with Child Action North West, will continue to deliver this Emotional Health and Wellbeing service in the coming year.

Trustees' report continued

Key Performance Indicators

Key have continued the approach to performance management adopted last year that includes the quantitative indicators below but this is now supplemented by a range of qualitative information which offers greater insight.

Key Objective	Performance Indicator	Target	Actual
Supporting People to reach their potential	% of young people given employment coaching who have gone into employment training or education	75%	98%
	% of young people who have sustained education, employment or training for 3 months	80%	88%
Support people to develop self-confidence and wellbeing	% of Key service users who show an improvement in their wellbeing	95%	98%
Prevent Homelessness	% of Key clients who achieve a positive outcome.	75%	99%
Strengthening families	% of Families we work with who make positive changes.	95%	100%
	% of cases where increased communication and reduced conflict is reported when the case is followed up 1 month after case closure.	95%	98%

Trustees' report continued

Principal funding sources

The principal funding source for Key is funding income from Lancashire County Council. In addition we have funding from South Ribble Borough, Chorley Borough and Fylde Borough Councils, Progress Housing Group, the European Social Fund, The Office of the Police and Crime Commissioner and a number of grant making foundations. Key has started to diversify its funding streams and this includes a number of corporate donations during the year. This is an ongoing task as none of Key's income is long term. Key are grateful to the corporate donors who have supported us during the financial year.

Investment Policy

Aside from retaining a prudent amount of reserves each year, most of Key's funds are to be spent in the short-term and therefore Key does not retain any funds for long-term investment. It is necessary for Key's reserves to remain accessible due to the volatility of the funding climate and to ensure that there are sufficient funds to manage its cash flow linked to the payment by results contract.

Reserves Policy

Key's board have examined the charity's requirements for reserves considering the main risks to the organisation. It has established a policy whereby reserves are held to cover redundancy, sickness and running costs at a level between three and six months. The reserves are needed to meet the working capital requirements of the charity which are significant especially with the continuation of the payment by results contract. In addition the trustees have designated £40,000 towards the development costs of The Base Mark 2 (a new community centre). The board will also consider, on an on-going basis, the extent to which existing activities and expenditure could be curtailed should such circumstances arise.

Going Concern

The trustees continue to adopt the going concern basis of accounting after considering its financial position at 31 March, its long term financial plan, its reserves policy, risk management and the ongoing impact of COVID-19, all as detailed in this strategic report. The main factor for Key is how contracts are managed, contract retention continues to be good, however, when contracts are lost Key's management are able to take immediate action to reduce costs at the same time as loss of income. On this basis, the trustees have a reasonable expectation that Key has adequate resources to continue in operational existence for the foreseeable future.

Future plans

Key has been successful in diversifying its services and will maintain a clear focus on providing high quality, flexible, individually tailored services during the next financial year.

Key will be working to develop a business case and to draw in additional funding to develop a community centre - The Base Mark 2 that will offer more space than the current Base Community Centre.

Key will work to raise its profile in order to generate some fundraising income.

Key will continue to deliver on its expanded geographic footprint next year as part of a partnership that will deliver Emotional Health and Wellbeing services commissioned by Lancashire County Council. Key will deliver services across Lancashire.

**'The only
Way I can
describe Key's support
is to say an angel was
brought into my life
called Laura'.**

Trustees' report continued

'staff at the scheme are easy to talk to and help people when they need it. I can't believe how nice and big the flat was where I stayed'

Risk management

The board has conducted a review of major risks to which the charity is exposed. A strategic risk register is updated on a regular basis. Where appropriate, systems or procedures have been established to mitigate the risks the charity faces. There are significant external risks to funding but during the year Key successfully retained its largest contract for a further three years. The Business Plan highlights the need to diversify funding streams and there has been some success with this ongoing task.

Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects. These have been strengthened as a result of becoming part of the Group. In addition, Key has retained its Investors in People (IIP) accreditation as part of the Group.

Procedures are in place to ensure compliance with health and safety of staff, volunteers and people supported by our services and visitors to Key's premises. Key is operating a hybrid way of working with significant level of home working for some. People are receiving support remotely as well as in person.

Key has been successful in retaining ISO 9001 compliance alongside other members of the Group. Key is committed to the on-going evaluation of all its services including undertaking a wide range of stakeholders'

Governance

The Board of Key Unlocking Futures reviews the performance of individual Trustees, including the Chair, on an annual basis. The 2021-22 appraisal process was externally facilitated. Key Unlocking Future Board has set time aside, to consider its effectiveness, during meetings held throughout 2021-22, covering such topics as succession planning, skills informed recruitment and effective board reporting.

Following its annual review of the charity's compliance with the provisions of 'the Charity Governance Code for larger charities', the Board of Trustees has concluded that it meets the principles set out within the code. The board is committed to continuous improvement and further embedding the requirements of the code.

Public benefit

The charitable work that Key undertakes through its trustees and employees is to provide services to people who are in need, hardship or distress due to homelessness or the threat of homelessness and to provide a range of services that relieve these conditions and promote their health and wellbeing. In addition, the Objects of the charity are progressed by delivery of services to vulnerable people that find themselves in conditions of need or distress due to their family or personal circumstances.

The charity provides these services free at the point of access, which ensures that its service users are not prohibited from access to services on the basis of cost. Many of the services can only be accessed by specified referral routes. Systems are in place to ensure that all referrals accepted are in line with Key's charitable objectives.

'the team have encouraged, supported and looked out for me and told me how proud they are of my progress'

Trustees' report continued

The benefits of Key's services to its clients include:

- ◆ access to safe, affordable accommodation, either short or long term, thereby avoiding the dangers of unsafe sofa surfing or rough sleeping;
- ◆ Refuge accommodation for women and families fleeing Domestic Abuse and Domestic Abuse Outreach Services;
- ◆ accommodation with support for young people and adults who have experienced homelessness;
- ◆ appropriate support, advocacy and information and life skills training, enabling them to maintain and keep a tenancy and avoid the 'revolving door' syndrome of repeat homelessness;
- ◆ mediation/family therapy where they can return to a better family situation, reducing the risk of homelessness and family conflict;
- ◆ exploring their problems through therapy to help them focus on a more positive future;
- ◆ learning about their options for training and employment with the support of our employment coach to help them become more confident and self-sufficient;
- ◆ improving their emotional health and wellbeing by working on a range of creative strategies to build resilience of young people and their families;
- ◆ working with children and families to offer specialist support for children with autism so that families can improve their knowledge and strategies to help children and young people have a brighter future;
- ◆ being involved in running or taking part in a range of community activities from The Base in Leyland and;
- ◆ being able to access high quality food at a low cost through The Base-One Stop.

In discharging their duties the trustees ensure that through their business planning and policy decisions that the Objects of the charity are furthered by providing services to its charitable beneficiaries in the furtherance of its public benefit purposes.

The trustees have due regard to guidance produced by the Charity Commission.

'My key worker is someone I can talk to and who I trust, who says and does what he says he will do. He listens and provides honest feedback'

Statement of disclosure to the auditors

At the time of approval of this report:

- a) so far as the Board of Trustees is aware, there is no relevant audit information of which the Charity's auditor is unaware; and
- b) the Board of Trustees has taken all steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

Annual General Meeting

The Annual General Meeting of Key Unlocking Futures Limited will be on 27 September 2022.

Approved by order of the Trustees' and signed by order of the Trustees.

DocuSigned by:

Lynne Cubbin
63F0B940C7EB455...
Lynne Cubbin

Trustee Director
13 September 2022

Statement of Trustees' responsibilities

'I feel supported and know I'm not alone'

The trustees are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

In preparing these financial statements, the trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ make judgements and accounting estimates that are reasonable and prudent; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the trustees. The trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

'Key helped me find somewhere to live when I was sleeping rough in the local park. They helped me find a work placement. This keeps me busy and has given me a routine. I'm looking forward to getting my own place in the future.'

Independent auditor's report to members of Key Unlocking Futures Limited

Opinion on the financial statements

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the Charitable Company's affairs as at 31 March 2022 and of its incoming resources and application of resources 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 Companies Act 2006.

We have audited the financial statements of Key Unlocking Futures Limited ("the Charitable Company") for the year ended 31 March 2022 which comprise the statement of financial activities, the balance sheet and notes to the financial statements, including a summary of 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions related to going concern

In auditing the financial statements, we have concluded that the Trustees' 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 Charitable Company'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 Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Independent auditor's report to members of Key Unlocking Futures Limited continued

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- ◆ the information given in the Trustees' Report, which includes the Directors' Report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the Directors' Report, which is included in the Trustees' Report, has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Trustee's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of Directors' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit; or
- ◆ the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the charitable company for the purposes of company law) are 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 Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Charitable Company'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 Trustees either intend to liquidate the Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

Extent to which the audit was capable of detecting irregularities, including fraud

Independent auditor's report to members of Key Unlocking Futures Limited continued

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding and accumulated knowledge of the Charitable Company, and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to its registration with the Charities Commission, and we considered the extent to which non-compliance might have a material effect on the financial statements or its continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the Charities Statement of Recommended Practice (SORP) 2019 and tax legislation. All audit team members were briefed to ensure they were aware of any relevant regulations in relation to their work, areas of potential non-compliance and fraud risks.

We evaluated managements' incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of an override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Our audit procedures in response to the risks identified above included, but were not limited to:

- ◆ agreement of the financial statement disclosures to underlying supporting documentation;
- ◆ challenging assumptions made by management in their significant accounting estimates in particular in relation to the recoverability of balances outstanding at the year end;
- ◆ discussions with, and inquiries of, management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- ◆ enquires to confirm with management that there was no legal correspondence during the period, or post year end, requiring review;
- ◆ obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- ◆ review of relevant registers such as those associated with risk and fraud;
- ◆ identifying and testing journal entries identified as potentially unusual, in particular considering whether there any journal entries posted by staff members with privileged access rights or key management;
- ◆ a review of minutes of meetings of those charged with governance both during the period, and post year end;
- ◆ considering internal audit findings; and
- ◆ considering whether there is any correspondence with HMRC and the Charities Commission.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

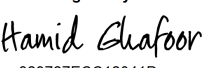
A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Independent auditor's report to members of Key Unlocking Futures Limited continued

Use of our report

This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charitable Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:


829727ECC12041D...

Hamid Ghafoor

(Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory Auditor
Manchester, UK

Date **22 September 2022**

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Financial Activities

		Unrestricted Funds 2022	Restricted Funds 2022	Total Funds 2022	Total Funds 2021
	Notes	£	£	£	
Income from:					
Donations	2	9,731	-	9,731	3,745
Investments	3	273	-	273	434
Charitable activities	4	938,928	83,850	1,022,778	763,722
Total		948,932	83,850	1,032,782	767,901
Expenditure on:					
Charitable activities	5	(804,041)	(76,831)	(880,872)	(578,906)
Governance costs	5	(3,034)	-	(3,034)	(2,740)
Total		(807,075)	(76,831)	(883,906)	(581,646)
Net income for the year		141,857	7,019	148,876	186,255
Net movement in funds		141,857	7,019	148,876	186,255
Reconciliation of funds					
Funds brought forward	11	572,504	120	572,624	386,369
Movement of funds in the year	11	141,857	7,019	148,876	186,255
Total funds carried forward	11	714,361	7,139	721,500	572,624

Balance Sheet

as at 31 March 2022

	Notes	Total funds 2022 £	Total funds 2021 £
Current Assets:			
Debtors	9	120,837	15,934
Cash and Cash equivalents		710,665	613,524
Total current assets		831,502	629,458
Liabilities:			
Creditors: Amounts falling due within one year	10	(110,002)	(56,834)
Net current assets		721,500	572,624
The funds of the charity:			
Restricted funds		7,139	120
Unrestricted funds		714,361	572,504
Total charity funds	11	721,500	572,624

The notes on pages 18 to 25 form an integral part of the financial statements.

The financial statements on pages 16 to 17 were approved by the Board of Trustees on 20 July 2022 and were signed on its behalf by:

DocuSigned by:

 Lynne Cubbin
 Trustee Director

DocuSigned by:

 Kaye Grogan
 Trustee Director

DocuSigned by:

 Deborah Atherton
 On behalf of Progress Housing Group Limited

Company Number: 8699413
 Date: 13 September 2022

Notes to the financial statements

for the year ended 31 March 2022

1 Accounting policies and basis of accounting

Key Unlocking Futures Limited is a private company limited by guarantee registered in England company number 8699413 and is a registered charity number 1154772.

(a) Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity.

Designated funds are unrestricted funds earmarked by the Board of Trustees for particular purposes.

Restricted funds are subjected to restrictions on their expenditure imposed by the donor.

(b) Basis of accounting

The financial statements of Key Unlocking Futures Limited are prepared on an accruals basis in accordance with applicable financial reporting standards in the UK, FRS102 and the Charities Statement of Recommended Practice (SORP) issued in 2019.

(c) Incoming resources

All incoming resources are included in the Statement of Financial Activities on an accruals basis relating to the period of the financial statements. Where income is subject to certain performance conditions, income is recognised when the conditions are met.

(d) Resources expended

All expenditure is included in the Statement of Financial Activities on an accruals basis relating to the period of the financial statements.

(e) Going concern

The charity's activities with the factors likely to affect its future development and position are set out in the report of the Trustees.

On the basis of their assessment of the charity's financial position, its long term financial plan, its reserves policy, risk management and the ongoing impact of COVID-19 the Trustees have a reasonable expectation that the charity will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

(f) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

(g) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The directors do not consider there to be any significant estimates or judgements in the preparation of the financial statements.

Notes to the financial statements continued

for the year ended 31 March 2022

2. Donations

	Unrestricted 2022	Unrestricted 2021
	£	£
Private and Corporate Donations	9,731	3,745

3. Investment income

Investment income is interest earned from a savings account from which funds are immediately accessible.

Notes to the financial statements continued

for the year ended 31 March 2022

4. Incoming resources from charitable activities

	Unrestricted 2022	Restricted 2022	Total 2022	Unrestricted 2021	Restricted 2021	Total 2021
	£	£	£	£	£	£
Emotional Health	384,330	-	384,330	402,567	-	402,567
Homelessness	264,543	-	264,543	-	-	-
Progress Housing Association Critical Tenancy Support	82,416	-	82,416	80,536	-	80,536
Local Authority Commissioners	80,236	15,000	95,236	94,137	-	94,137
Community Development Healthy Relationships /	54,168	7,925	62,093	32,521	-	32,521
Domestic Abuse	33,438	16,856	50,294	-	-	-
Merriweather Grant	17,611	-	17,611	12,643	-	12,643
ESIF Grant Income	9,004	-	9,004	-	-	-
Financial Inclusion	8,000	-	8,000	-	-	-
Other	5,182	4,591	9,773	7,803	7,140	14,943
Children in Need	-	28,808	28,808	-	51,530	51,530
Big Lottery Help through Crisis Fund	-	10,670	10,670	-	30,698	30,698
Wellbeing Challenge	-	-	-	-	11,500	11,500
Nationwide Grant	-	-	-	-	21,113	21,113
Awards for All	-	-	-	-	5,648	5,648
Government Grant (Furlough)	-	-	-	5,886	-	5,886
	938,928	83,850	1,022,778	636,093	127,629	763,722

Notes to the financial statements continued

for the year ended 31 March 2022

5. Total resources expended

	Unrestricted 2022	Restricted 2022	Governance 2022	Total 2022	Unrestricted 2021	Restricted 2021	Governance 2021	Total 2021
	£	£	£	£	£	£	£	£
Activities undertaken directly								
Trustee expenses	-	-	-	-	37	-	-	37
Staff costs	527,331	39,762	-	567,093	294,625	99,691	-	394,316
Travel	10,499	291	-	10,790	5,871	503	-	6,374
Other	20,757	23,826	-	44,583	17,525	8,307	-	25,832
Support Costs								
General office costs	37,201	4,595	-	41,796	31,362	3,050	-	34,412
Staff costs	201,972	8,357	3,034	213,363	98,620	13,534	2,740	114,894
Training	2,959	-	-	2,959	2,290	-	-	2,290
Premises	2,844	-	-	2,844	3,145	-	-	3,145
Bank charges	478	-	-	478	346	-	-	346
	804,041	76,831	3,034	883,906	453,821	125,085	2,740	581,646

Total costs include auditors' remuneration of £4,000 (exclusive of VAT) (2021: £4,000)

6. Wages and salaries

	2022	2021
	£	£
Wages and salaries	703,949	462,786
Social security costs	58,862	35,305
Other pension costs	18,263	10,635
Total	781,074	508,726

No employees received emoluments of more than £60,000

Notes to the financial statements continued

for the year ended 31 March 2022

6. Wages and salaries continued

The average number of persons employed during the year was:

	2022	2021
Administration Staff	26	18
	26	18

Full time equivalents are calculated based on a standard working week of 36.5 hours for all employees. The services of 20 volunteers were used in the performance of charitable activities during the year.

7. Trustee remuneration and related party transactions

There were nil expenses (2021: £37) paid to any members of the Board of Trustees during the year (2021: One) to cover travel and other related costs incurred by them in the fulfilment of their duties.

During the year the charity had the following intra-group transactions with companies controlled by Progress Housing Group Limited, the ultimate parent company

Purpose	Payment to	Payment from	2022	2021
Charitable activities	Key Unlocking Futures	Progress Housing Association Ltd	251,053	108,532
Corporate services received	Progress Housing Group Ltd	Key Unlocking Futures	24,000	22,374

Related party transactions between Key Unlocking Futures Ltd and Progress Housing Association Ltd consist of Critical Tenancy Support, Community Development project and from 2021-22 also management fees associated with Single Homeless schemes, Refuge and Income Collection.

At the end of the year £40,738 was owed by companies controlled by Progress Housing Group Limited to Key Unlocking Futures Limited (2021: £7,534 owed by Progress Housing Group).

Notes to the financial statements continued

for the year ended 31 March 2022

8. Taxation

As a charity, Key Unlocking Futures Limited is exempt from tax on income and gains falling within sections 466 to 493 of the Corporation Tax Act 2010 or s256 of the Taxation of Charitable Gains Act 1992 to the extent that these are applied to its charitable objectives.

9. Debtors

	2022	2021
	£	£
Amounts falling due within one year :		
Prepayments and accrued income	24,005	-
Amounts owed by group companies	40,738	7,534
Trade Debtors	56,094	8,400
	120,837	15,934

Amounts due from group companies are repayable on demand and do not attract interest.

10. Creditors: amounts falling due within one year

	2022	2021
	£	£
Accruals and deferred income	91,472	44,933
Employer Liabilities	18,430	11,833
Trade creditors	100	68
	110,002	56,834

Standard payment terms are 30 days from date of invoice.

Included in the accruals and deferred income is £40,478 unrestricted and £40,000 restricted income (2021: £36,222 and £7,523) which relates to income received that will fund activities commencing April 2022.

Notes to the financial statements continued

for the year ended 31 March 2022

11. Movement in funds

	1st April 2021	Increase in funds in the year	Transfers between funds	31st March 2022
	£	£	£	£
Restricted Reserves	120	7,019	-	7,139
Unrestricted Reserves - Designated	572,504	-	66,786	639,290
Unrestricted Reserves - General Funds	-	141,857	(66,786)	75,071
Total Funds	572,624	148,876	-	721,500

	1st April 2020	Increase in funds in the year	Transfers between funds	31st March 2021
	£	£	£	£
Restricted Reserves	(2,424)	2,544	-	120
Unrestricted Reserves - Designated	388,793	-	183,711	572,504
Unrestricted Reserves - General Funds	-	183,711	(183,711)	-
Total Funds	386,369	186,255	-	572,624

There have been no transfers from these reserves for any purpose other than those for which the reserve was created.

Surplus transferred to designated reserves is in line with the reserves policy for holding three to six months running costs.

Notes to the financial statements continued

for the year ended 31 March 2022

12. Cash flow

Under FRS102 the Trustees have decided not to publish a cash flow as a cash flow statement is produced for the Group consolidated accounts.

13. Ultimate Parent company

Progress Housing Group Limited is the ultimate parent company of Key Unlocking Futures Limited. Progress Housing Group Limited IP28685R consolidated financial statements can be obtained from the Group's website or from the Company Secretary at the registered office:

Sumner House
21 King Street
Leyland
Lancashire
PR25 2LW



w: www.keyyouthcharity.org.uk
e: help@keyyouthcharity.org.uk
01772 678979

2 Balfour Court, Leyland,
Lancashire, PR25 2TF



Key Unlocking Futures Limited

is a subsidiary of Progress Housing Group Limited.
Key Unlocking Futures is registered as a Company Limited by
Guarantee No. 8699413 and a Registered Charity No. 1154772

VAT registration number 712 6635 46.

Registered office for the Group and all subsidiaries:
Sumner House, 21 King Street, Leyland, Lancashire, PR25 2LW

KEY UNLOCKING FUTURES LTD

England & Wales - Charity number 1154772

Accounts



KEY UNLOCKING FUTURES LIMITED

Annual Accounts 2021

Financial statements for the year
ended 31 March 2021

Charity registration number: 1154772
Company registration number: 8699413



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Members of the board of management and registered office

Charitable Trustees

L Cubbin	Chair
A Bancroft	
R Barham	
E Davies	
K Grogan	
M Hallmark	
N Townsend	
S Haslam	

Company Secretary

Progress Housing Group Limited

Principal Office

Unit 2 Balfour Court
Leyland
Lancashire
PR25 2TF

Registered Office

Sumner House
21 King St
Leyland
Lancashire
PR25 2LW

Auditors

BDO LLP
3 Hardman Street
Manchester
M3 3AT

Company Details

Registered charity number: 1154772
Company number: 8699413

Trustees' report

Memorandum and Articles of Association

The charity is governed by its Articles of Association.

Strategic report

Objects

The charity's objects (Objects) are specifically restricted to the following:

- ◆ the prevention or relief of poverty for those who are vulnerable or homeless and are in conditions of need, hardship and distress;
- ◆ the relief of those in need who are vulnerable or homeless and in conditions of need, hardship or distress;
- ◆ the advancement of education of the public generally on issues affecting the said beneficiaries; and
- ◆ the advancement of citizenship or community development.

Key Unlocking Futures Limited (Key) has worked hard during 2020/21 in order to deliver against the strategic objectives set out in its Business Plan. Despite the challenges presented by the COVID 19 pandemic, Key has been successful in delivering against these objectives. Key has met and achieved all its key performance indicators from its balanced scorecard, which includes customer, financial and process indicators.

“You are one of the best workers I have met, you are super nice and he has helped my life get better.”

Mission and values

Mission

Helping people build better lives.

Aims

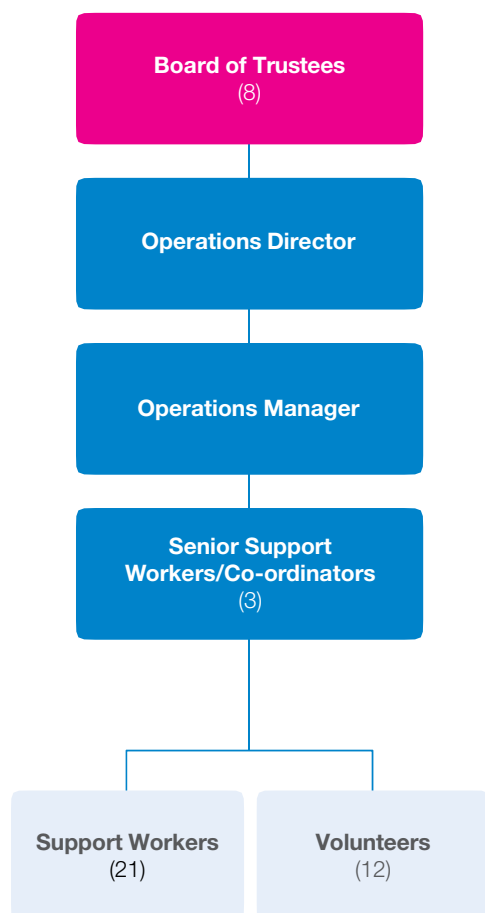
- ◆ Key will continue to build a strong and adaptable organisation working in partnership with like-minded organisations
- ◆ Key remains focused on person led approaches to build resilient individuals so that they can move through difficult times
- ◆ Key will continue to provide high quality support by asking people who use our services and stakeholders if we are getting it right, as well as providing learning opportunities across the team.
- ◆ Key will work to explore how we can expand our offer in related areas and whether we can sell established services in different ways.

Values

- ◆ Value 1: Putting people first
- ◆ Value 2: Working in partnership
- ◆ Value 3: Delivering quality services
- ◆ Value 4: Being a great place to work
- ◆ Value 5: Looking to the future

Trustees' report continued

Organisational structure



Key is linked to Progress Housing Group (the Group) by way of a Grouping Deed. Key's Board of Trustees (the board) retains responsibility for establishing Key's strategic direction and setting and managing its budget. This being said, should Key's board fail to manage the charity effectively, the Grouping Deed sets out how Progress Housing Group Limited (the Parent) can step in to rectify the situation or to make any changes. In order to manage Key effectively within a group structure, Key works within the Group's wider financial regulations as well as having adopted a number of the Group's policies and procedures. Key has adopted a Code of Governance: The Charity Governance Code for smaller charities and reports compliance annually against its principles and key outcomes. Key is included in the internal audit process and this is reported to the Audit Committee like any other part of the Group.

New trustees

New trustees are recruited to Key using an open recruitment process. A vacancy is advertised and prospective candidates are asked to make an application for the role. Role descriptions are made available and suitable applicants are shortlisted and interviewed. The successful candidate is subject to appropriate due diligence prior to being recommended for appointment to the board. Once appointed, the trustee's undertake a structured induction process, which includes the history of Key and its charitable purposes, an overview of the Group and its structure, Key's Vision and Values, the Companies Act 2006, the Charities Act 2011 and the Trustees Act 2000, Charity Commission Guide – The Essential Trustee, safeguarding, Memorandum and Articles of Association, Standing Orders, Code of Governance, Code of Conduct and more. The trustees are required to confirm their fitness to act against a range of criteria on an annual basis.

“It helped me the fact that someone listened to me. And it me overall. I feel a lot better, I cannot explain why, just feel it. Everything has got better.”

Significant activities

- ◆ Key's largest source of funding is to deliver an early intervention service to improve children and young people's emotional health and wellbeing. This is funded by Lancashire County Council. This service has a significant 'payment by results' element. The staffing used to deliver this service is predominantly of a therapeutic nature. Key continues to use a mixture of permanent staffing and casual staff to make sure it can flexibly meet its staffing requirements.
- ◆ South Ribble and Chorley Borough Council - funding supports family conflict resolution / therapy and drop in services that work with young people who are at risk of or are experiencing homelessness. Key continued to deliver a floating support contract funded by South Ribble Borough Council.
- ◆ Big Lottery - Help Through Crisis funding that provides support to homeless young people to resolve the crisis and to prevent the crisis reoccurring.
- ◆ Children In Need funding has continued - this contributes to the costs of Key's Employment Coaching Project, which supports vulnerable young people to build their confidence and to enter work, training or education as well as funding our Assets Coach role. Key has secured additional funding from Children In Need to support its family conflict resolution service.
- ◆ Key continues to deliver tenancy related support to those placed in interim/temporary accommodation funded by Fylde Borough Council.
- ◆ Over the last year Key has continued to be funded by Progress Housing Group to provide Critical Tenancy Support to tenants who are at high risk of losing their tenancies.
- ◆ Key has further developed its Community Work focussed at The Base on the Broadfield Estate in Leyland including the launch of The Base-One Stop which is a community food project
- ◆ Key has been supported by a Nationwide Building Society community grant and Merriweather charity to fund a Housing Coach post that provides support to young people in their first tenancy.

Coronavirus (COVID-19)

Key have considered the potential impacts to the charity arising from the Coronavirus pandemic. The main area of risk is regarding the Emotional Health and Wellbeing contract which is our largest income contract.

Lancashire County Council who fund this work have varied the payment terms for the year in order to help mitigate some of the financial risks, payments remain based on the number of referrals but do not require cases to be successfully completed. The commissioners have reviewed this mechanism on a quarterly basis.

A number of team members were furloughed at the beginning of the pandemic due to reduced referrals. Furlough was brought to an end in the autumn due to an increase in demand. Key's Board made a decision to repay the majority of furlough income as the new payment arrangements have meant that Key's income has been sufficiently protected.

Financial review

Income has increased significantly from £674k in 2019/20 to £768k in 2020/21 Costs have reduced slightly from £593k, to £582k resulting in net income of £186k. Total funds therefore stood at £573k at 31 March 2021. The Emotional Health and Wellbeing contract continues to be the funding stream where variance can be most significant. This is due to the payment by results nature of the contract. Although referrals were impacted at the start of the pandemic the revised payment mechanism and strong performance has meant that expected income had been increased during the year. The budget is set prudently to allow for a range of factors that can negatively impact on performance. The trustees have continued to focus on ensuring that sufficient cash flow is available.

Key, in partnership with Child Action North West, will continue to deliver this Emotional Health and Wellbeing service in the coming year.

For the year ahead, Key will be taking over the provision of support services at a number of supported housing schemes that provide accommodation and support for people who have experienced homelessness. This will lead to a significant increase in Key's income.

Key performance indicators

During the year Key's Board strengthened the approach to performance management. They have retained the quantitative indicators below but this is now supplemented by a range of qualitative information which offers greater insight.

Key Objective	Performance Indicator	Target	Actual
Supporting People to reach their potential	% of young people given employment coaching who have gone into employment training or education	75%	83%
	% of young people who have sustained education, employment or training for 3 months	80%	100%
Support people to develop self-confidence and wellbeing	% of Key service users who show an improvement in their wellbeing	95%	99%
Prevent Homelessness	% of Key clients who achieve a positive outcome.	75%	99%
Strengthening families	% of Families we work with who make positive changes.	95%	99%
	% of cases where increased communication and reduced conflict is reported when the case is followed up 1 month after case closure.	95%	100%

Principal funding sources

The principal funding source for Key is mainly funding income from Lancashire County Council. In addition we have funding from South Ribble Borough, Chorley Borough and Fylde Borough Councils, Progress Housing Group and a number of grant making foundations. Looking to the future it will be necessary to maintain and further diversify this funding base. This is an ongoing task as none of Key's income is long term.

Investment Policy

Aside from retaining a prudent amount of reserves each year, most of Key's funds are to be spent in the short-term and therefore Key does not retain any funds for long-term investment. It is necessary for Key's reserves to remain accessible due to the volatility of the funding climate and to ensure that there are sufficient funds to manage its cash flow linked to the payment by results contract.

Reserves Policy

Key's board have examined the charity's requirements for reserves considering the main risks to the organisation. It has established a policy whereby reserves are held to cover redundancy, sickness and running costs at a level between three and six months. The reserves are needed to meet the working capital requirements of the charity which are significant especially with the continuation of the payment by results contract. The trustees feel that this level of reserves is necessary to protect the charity's services in such uncertain times. The board will also consider, on an on-going basis, the extent to which existing activities and expenditure could be curtailed should such circumstances arise.

Going Concern

The trustees continue to adopt the going concern basis of accounting after considering its financial position at 31 March, its budget for the coming year, its reserves policy, risk management and the ongoing impact of COVID-19, all as detailed in this strategic report. The main factor for Key is how contracts are managed, contract retention continues to be good, however, when contracts are lost Key's management are able to take immediate action to reduce costs at the same time as loss of income. On this basis, the trustees have a reasonable expectation that Key has adequate resources to continue in operational existence for the foreseeable future.

Future plans

Key has been successful in diversifying its services whilst maintaining a clear focus on providing high quality, flexible, individually tailored services during the next financial year.

Key will continue to deliver on its expanded geographic footprint next year as part of a partnership that will deliver Emotional Health and Wellbeing services commissioned by Lancashire County Council. Key will deliver services across Lancashire. Key's board have also taken the decision to invest some of Key's reserves in creating a new Business Development Manager role within Key. This role will give additional capacity to draw in new income streams so that Key can achieve its aims and deliver more quality services to people across Lancashire.

Risk management

The board has conducted a review of major risks to which the charity is exposed. A strategic risk register is updated on a regular basis. Where appropriate, systems or procedures have been established to mitigate the risks the charity faces. There are significant external risks to funding. The Business Plan highlights the need to diversify funding streams and there has been some success with this ongoing task.

"I don't feel like having dyslexia is a bad thing anymore, my confidence has grown."

Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects. These have been strengthened as a result of becoming part of the Group. In addition, Key has retained its Investors in People (IIP) accreditation as part of the Group.

Procedures are in place to ensure compliance with health and safety of staff, volunteers, clients and visitors to Key's premises. Key has adapted quickly during the pandemic and its support services are currently working using a range of media including telephone and video link technology with workers based at home. Some services are offering face to face work where there is not a suitable alternative. Ways of working have been adapted to ensure that social distancing is maintained.

Key has been successful in retaining ISO 9001 compliance alongside other members of the Group. Key is committed to the on-going evaluation of all its services including undertaking a wide range of stakeholders' reviews.

Governance

Following its annual review of the charity's compliance with the provisions of 'the Charity Governance Code for smaller charities' the Board of Trustees has concluded that it meets the principles set out within the code. The board is committed to continuous improvement and embedding of the new requirements of the code.

Public benefit

The charitable work that Key undertakes through its trustees and employees is to provide services to people who are in need, hardship or distress due to homelessness or the threat of homelessness and to provide a range of services that relieve these conditions and promote their health and wellbeing. In addition, the Objects of the charity are progressed by delivery of services to vulnerable people that find themselves in conditions of need or distress due to their family or personal circumstances.

The charity provides these services free at the point of access, which ensures that its service users are not prohibited from access to services on the basis of cost. Many of the services can only be accessed by specified referral routes. Systems are in place to ensure that all referrals accepted are in line with Key's charitable objectives.

The benefits of Key's services to its clients include:

- ◆ access to safe, affordable accommodation, either short or long term, thereby avoiding the dangers of unsafe sofa surfing or rough sleeping;
- ◆ appropriate support, advocacy and information and life skills training, enabling them to maintain and keep a tenancy and avoid the 'revolving door' syndrome of repeat homelessness;
- ◆ mediation/family therapy where they can return to a better family situation, reducing the risk of homelessness and family conflict;
- ◆ exploring their problems through therapy to help them focus on a more positive future;
- ◆ learning about their options for training and employment with the support of our employment coach to help them become more confident and self-sufficient;

- ◆ improving their emotional health and wellbeing by working on a range of creative strategies to build resilience of young people and their families;
- ◆ working with children and families to offer specialist support for children with autism so that families can improve their knowledge and strategies to help children and young people have a brighter future;
- ◆ being involved in running or taking part in a range of community activities from The Base in Leyland and;
- ◆ being able to access high quality food at a low cost through The Base-One Stop.

In discharging their duties the trustees ensure that through their business planning and policy decisions that the Objects of the charity are furthered by providing services to its charitable beneficiaries in the furtherance of its public benefit purposes.

The trustees have due regard to guidance produced by the Charity Commission.

Statement of disclosure to the auditor

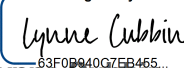
At the time of approval of this report:

- a) so far as the Board of Trustees is aware, there is no relevant audit information of which the Charity's auditor is unaware; and
- b) the Board of Trustees has taken all steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

Annual General Meeting

The Annual General Meeting of Key Unlocking Futures Limited will be held on 6 September 2021.

Approved by order of the Trustees' and signed by order of the Trustees.

DocuSigned by:

 Lynne Cubbin
 Trustee Chair

21 July 2021

Statement of Trustees' responsibilities

The trustees are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

In preparing these financial statements, the trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ make judgements and accounting estimates that are reasonable and prudent; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

“He has been expressing himself, talking as opposed to getting angry. His communication had really improved.”

“The strategies we have learnt have been a game changer for us.”

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the trustees. The trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Independent auditor's report to members of Key Unlocking Futures Limited

Opinion on the financial statements

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the Charitable Company's affairs as at 31 March 2021 and of its incoming resources and application of resources 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 Companies Act 2006.

We have audited the financial statements of Key Unlocking Futures Limited ("the Charitable Company") for the year ended 31 March 2021 which comprise the statement of financial activities, the balance sheet and notes to the financial statements, including a summary of 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)¹.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions related to going concern

In auditing the financial statements, we have concluded that the Trustees' 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 Charitable Company'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 Trustees with respect to going concern are described in the relevant sections of this report.

Independent auditor's report to members of Key Unlocking Futures Limited

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- ◆ the information given in the Trustees' Report, which includes the Directors' Report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the Directors' Report, which is included in the Trustees' Report, has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Trustee's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of Directors' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit; or
- ◆ the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Independent auditor's report to members of Key Unlocking Futures Limited

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the charitable company for the purposes of company law) are 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 Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Charitable Company'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 Trustees either intend to liquidate the Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

Extent to which the audit was 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, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding and accumulated knowledge of the Charitable Company, and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to its registration with the Charities Commission, and we considered the extent to which non-compliance might have a material effect on the financial statements or its continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the Charities Statement of Recommended Practice (SORP) 2019 and tax legislation. All audit team members were briefed to ensure they were aware of any relevant regulations in relation to their work, areas of potential non-compliance and fraud risks.

We evaluated managements' incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of an override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Our audit procedures in response to the risks identified above included, but were not limited to:

- ◆ agreement of the financial statement disclosures to underlying supporting documentation;
- ◆ challenging assumptions made by management in their significant accounting estimates in particular in relation to the recoverability of balances outstanding at the year end

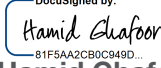
- ◆ discussions with, and inquiries of, management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- ◆ enquires to confirm with management that there was no legal correspondence during the period, or post year end, requiring review;
- ◆ obtaining an understanding of the control environment in monitoring compliance with laws and regulations.
- ◆ review of relevant registers such as those associated with risk and fraud;
- ◆ identifying and testing journal entries identified as potentially unusual, in particular considering whether there any journal entries posted by staff members with privileged access rights or key management;
- ◆ a review of minutes of meetings of those charged with governance both during the period, and post year end;
- ◆ considering internal audit findings; and
- ◆ considering whether there is any correspondence with HMRC and the Charities Commission.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charitable Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

 81F5AA2CB0C949D...
Hamid Ghafoor
 (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor
 Manchester

Date: **30 July 2021**

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Financial Activities

for the year ended 31 March 2021

	Notes	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:					
Donations and Legacies	2	3,745	-	3,745	1,451
Investments	3	434	-	434	1,921
Charitable activities	4	636,093	127,629	763,722	670,236
Total		640,272	127,629	767,901	673,608
Expenditure on:					
Charitable activities	5	(453,821)	(125,085)	(578,906)	(590,614)
Governance costs	5	(2,740)	-	(2,740)	(2,634)
Total		(456,561)	(125,085)	(581,646)	(593,248)
Net income/(expenditure) for the year		183,711	2,544	186,255	80,360
Net movement in funds		183,711	2,544	186,255	80,360
Reconciliation of funds					
Funds brought forward	11	388,793	(2,424)	386,369	306,009
Movement of funds in the year	11	183,711	2,544	186,255	80,360
Total funds carried forward	11	572,504	120	572,624	386,369

Balance Sheet

As at 31 March 2021

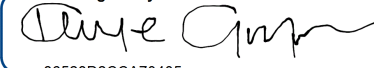
	Notes	Total funds 2021 £	Total funds 2020 Restated £
Current assets:			
Debtors	9	15,934	78,747
Cash and Cash equivalents		613,524	386,078
Total current assets		629,458	464,825
Liabilities:			
Creditors: Amounts falling due within one year	10	(56,834)	(78,456)
Net current assets		572,624	386,369
The funds of the charity:			
Restricted funds		120	(2,424)
Unrestricted funds		572,504	388,793
Total charity funds	11	572,624	386,369

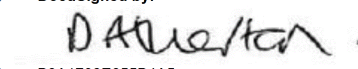
The notes on pages 15 to 19 form an integral part of the financial statements.

The financial statements on pages 13 to 14 were approved by the Board of Trustees on 21 July 2021 and were signed on its behalf by:

DocuSigned by:

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Lynne Cubbin
 Trustee Chair

DocuSigned by:

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Kaye Grogan
 Trustee Director

DocuSigned by:

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Deborah Atherton
 On behalf of Progress Housing Group Limited

Company number: 8699413
 Date: 21 July 2021

Notes to the financial statements for the year ended 31 March 2021

1. Accounting policies and basis of accounting

Key Unlocking Futures Limited is a private company limited by guarantee registered in England company number 8699413 and is a registered charity number 1154772.

(a) Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity.

Designated funds are unrestricted funds earmarked by the Board of Trustees for particular purposes.

Restricted funds are subjected to restrictions on their expenditure imposed by the donor.

(b) Basis of accounting

The financial statements of Key Unlocking Futures Limited are prepared on an accruals basis in accordance with applicable financial reporting standards in the UK, FRS102 and the Charities Statement of Recommended Practice (SORP) issued in 2019.

(c) Incoming resources

All incoming resources are included in the Statement of Financial Activities on an accruals basis relating to the period of the financial statements. Where income is subject to certain performance conditions, income is recognised when the conditions are met.

(d) Resources expended

All expenditure is included in the Statement of Financial Activities on an accruals basis relating to the period of the financial statements.

(e) Going Concern

The charity's activities with the factors likely to affect its future development and position are set out in the report of the Trustees.

On the basis of their assessment of the charity's financial position, its budget for the coming year, its reserves policy, risk management and the ongoing impact of COVID-19 the Trustees have a reasonable expectation that the charity will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

(f) Financial Instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

(g) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The directors do not consider there to be any significant estimates of judgements in the preparation of the financial statements.

Notes to the financial statements

for the year ended 31 March 2021

2. Donations

	Unrestricted 2021 £	Unrestricted 2020 £
Private Donations	3,745	1,451

3. Investment income

Investment income is interest earned from a savings account from which funds are withdrawable within one day.

4. Incoming resources from charitable activities

	Unrestricted	Restricted	Total	Unrestricted Restated	Restricted Restated	Total
	2021 £	2021 £	2021 £	2020 £	2020 £	2020 £
Local Authority Commissioners	94,137	-	94,137	92,500	-	92,500
Children in Need	-	51,530	51,530	-	45,990	45,990
Big Lottery Help through Crisis Fund	-	30,698	30,698	-	27,503	27,503
Emotional Health	402,567	-	402,567	283,343	-	283,343
ESIF Grant Income	-	-	-	57,962	-	57,962
Progress Housing Association	80,536	-	80,536	46,915	-	46,915
Critical Tenancy Support	-	-	-	-	-	-
Wellbeing Challenge	-	11,500	11,500	-	16,560	16,560
Community Development	32,521	-	32,521	33,207	-	33,207
Merriweather Grant	12,643	-	12,643	13,461	-	13,461
Tesco Bags for Help Grant	-	-	-	-	4,000	4,000
Nationwide Grant	-	21,113	21,113	-	28,887	28,887
Awards for All	-	5,648	5,648	-	1,811	1,811
Government Grant (Furlough)	5,886	-	5,886	515	-	515
Other	7,803	7,140	14,943	12,800	4,782	17,582
	636,093	127,629	763,722	540,703	129,533	670,236

Community development income of £33,207 for 2020 has been restated as unrestricted - as covered in the prior period adjustment note 12

Notes to the financial statements

for the year ended 31 March 2021

	Unrestricted	Restricted	Governance	Total	Unrestricted	Restricted	Governance	Total
5. Total Resources Expended	2021	2021	2021	2021	2020	2020	2020	2020
	£	£	£	£	£	£	£	£
Activities undertaken directly								
Trustee expenses	37	-	-	37	110	-	-	110
Staff costs	294,625	99,691	-	394,316	313,262	99,393	-	412,655
Travel	5,871	503	-	6,374	346	1,255	-	1,601
Other	17,525	8,307	-	25,832	30,163	3,323	-	33,486
Support costs								
General office costs	31,362	3,050	-	34,412	12,77	14,394	-	27,171
Staff costs	98,620	13,534	2,740	114,894	96,962	12,510	2,634	112,106
Training	2,290	-	-	2,290	2,297	-	-	2,297
Premises	3,145	-	-	3,145	3,454	-	-	3,454
Bank charges	346	-	-	346	368	-	-	368
	453,821	125,085	2,740	581,646	459,739	130,875	2,634	593,248

Total costs include auditor's remuneration of £4,000 (exclusive of VAT) (2020: £4,000)

6. Wages and salaries

	2021	2020
	£	£
Wages and salaries	462,786	459,500
Social security costs	35,305	34,412
Other pension costs	10,635	11,034
Total	508,726	504,946

No employees received emoluments of more than £60,000

The average number of persons employed during the year was:	2021	2020
Administration Staff	18	17
	18	17

Full time equivalents are calculated based on a standard working week of 36.5 hours for all employees

Notes to the financial statements

for the year ended 31 March 2021

7. Trustee remuneration and related party transactions

Expenses of £37 (2020: £110) were reimbursed to one member of the Board of Trustees (2020: One) to cover travel and other related costs incurred by them in the fulfilment of their duties.

During the year the charity had the following intra-group transactions with companies controlled by Progress Housing Group Limited, the ultimate parent company

			2021	2020
Purpose	Payment to	Payment from	£	£
Critical tenancy support	Key Unlocking Futures	Progress Housing Association Ltd	80,536	46,915
Community investment	Key Unlocking Futures	Progress Housing Association Ltd	27,996	27,741
Employment coaching and support for PHA tenants	Key Unlocking Futures	Progress Housing Group Ltd	-	9,735
Corporate services received	Progress Housing Group Ltd	Key Unlocking Futures	22,374	22,000

At the end of the year £7,534 was owed by Progress Housing Group Limited to Key Unlocking Futures Limited (2020: £3,007 owing to Progress Housing Group).

8. Taxation

As a charity, Key Unlocking Futures Limited is exempt from tax on income and gains falling within sections 466 to 493 of the Corporation Tax Act 2010 or s256 of the Taxation of Charitable Gains Act 1992 to the extent that these are applied to its charitable objectives.

9. Debtors

	2021	2020
Amounts falling due within one year:	£	£
Prepayments and accrued income	-	515
Amounts owed by group companies	7,534	-
Trade Debtors	8,400	78,232
	15,934	78,747

Amounts due from group companies are repayable on demand and do not attract interest.

10. Creditors: amounts falling due within one year

	2021	2020
	£	£
Amounts owed to group companies	-	3,007
Accruals and deferred income	44,933	64,393
Employer Liabilities	11,833	10,298
Other creditors	68	758
	56,834	78,456

Standard payment terms are 30 days from date of invoice.

Included in the accruals and deferred income is £36,222 unrestricted and £7,523 restricted income (2020: £30,476 and £32,619)

Other intragroup balances are repayable on demand and do not attract interest.

Notes to the financial statements

for the year ended 31 March 2021

11. Movement in funds	1 April 2020	Increase in funds in the year	Transfers between funds	31 March 2021
	£	£	£	£
Restricted Reserves	(2,424)	2,544	-	120
Unrestricted Reserves - Designated	388,793	-	183,711	572,504
Unrestricted Reserves - General Funds	-	183,711	(183,711)	-
Total Funds	386,369	186,255	-	575,472

	1 April 2019	Increase in funds in the year	Transfers between Funds Restated	31 March 2020
	£	£	£	£
Restricted Reserves	(1,802)	(1,342)	-	(2,424)
Unrestricted Reserves - Designated	307,091	-	81,702	388,793
Unrestricted Reserves - General Funds	-	81,702	(81,702)	-
Total Funds	306,009	80,360	-	386,369

There have been no transfers from these reserves for any purpose other than those for which the reserve was created. Surplus transferred to designated reserves agreed is in line with the reserves policy for holding three to six months running costs.

12. Cash flow

The accounts have been restated to incorporate the impact of a misclassification of £33,207 income between Restricted and Unrestricted in 2020, and also an immaterial adjustment of £1,082 between Restricted and Unrestricted funds in 2020. This change has resulted in the restatement of the following:

Balance Sheet	As previously reported	Adjustment	As restated
The funds of the charity:			
Restricted Funds	31,865	(34,289)	(2,424)
Unrestricted Funds	354,504	34,289	388,793
Total Charity Funds	386,369	-	386,369

13. Cash flow

Under FRS102 the Trustees have decided not to publish a cash flow as a cash flow statement is produced for the Group consolidated accounts.

14. Ultimate Parent company

Progress Housing Group Limited is the ultimate parent company of Key Unlocking Futures Limited. Progress Housing Group Limited IP28685R consolidated financial statements can be obtained from the Group's website or from the Company Secretary at the registered office:

Sumner House
21 King Street
Leyland
Lancashire
PR25 2LW



w: www.keyyouthcharity.org.uk
e: help@keyyouthcharity.org.uk
01772 678979

2 Balfour Court, Leyland,
Lancashire PR25 2TF



Key Unlocking Futures Limited
is a subsidiary of Progress Housing Group Limited.
Key Unlocking Futures is registered as a Company Limited by
Guarantee No. 8699413 and a Registered Charity No. 1154772

VAT registration number 712 6635 46.

Registered office for the Group and all subsidiaries:
Sumner House, 21 King Street, Leyland, Lancashire, PR25 2LW



KEY UNLOCKING FUTURES LIMITED

Annual Accounts 2021

Financial statements for the year
ended 31 March 2021

Charity registration number: 1154772
Company registration number: 8699413



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Members of the board of management and registered office

Charitable Trustees

L Cubbin	Chair
A Bancroft	
R Barham	
E Davies	
K Grogan	
M Hallmark	
N Townsend	
S Haslam	

Company Secretary

Progress Housing Group Limited

Principal Office

Unit 2 Balfour Court
Leyland
Lancashire
PR25 2TF

Registered Office

Sumner House
21 King St
Leyland
Lancashire
PR25 2LW

Auditors

BDO LLP
3 Hardman Street
Manchester
M3 3AT

Company Details

Registered charity number: 1154772
Company number: 8699413

Trustees' report

Memorandum and Articles of Association

The charity is governed by its Articles of Association.

Strategic report

Objects

The charity's objects (Objects) are specifically restricted to the following:

- ◆ the prevention or relief of poverty for those who are vulnerable or homeless and are in conditions of need, hardship and distress;
- ◆ the relief of those in need who are vulnerable or homeless and in conditions of need, hardship or distress;
- ◆ the advancement of education of the public generally on issues affecting the said beneficiaries; and
- ◆ the advancement of citizenship or community development.

Key Unlocking Futures Limited (Key) has worked hard during 2020/21 in order to deliver against the strategic objectives set out in its Business Plan. Despite the challenges presented by the COVID 19 pandemic, Key has been successful in delivering against these objectives. Key has met and achieved all its key performance indicators from its balanced scorecard, which includes customer, financial and process indicators.

"You are one of the best workers I have met, you are super nice and he has helped my life get better."

Mission and values

Mission

Helping people build better lives.

Aims

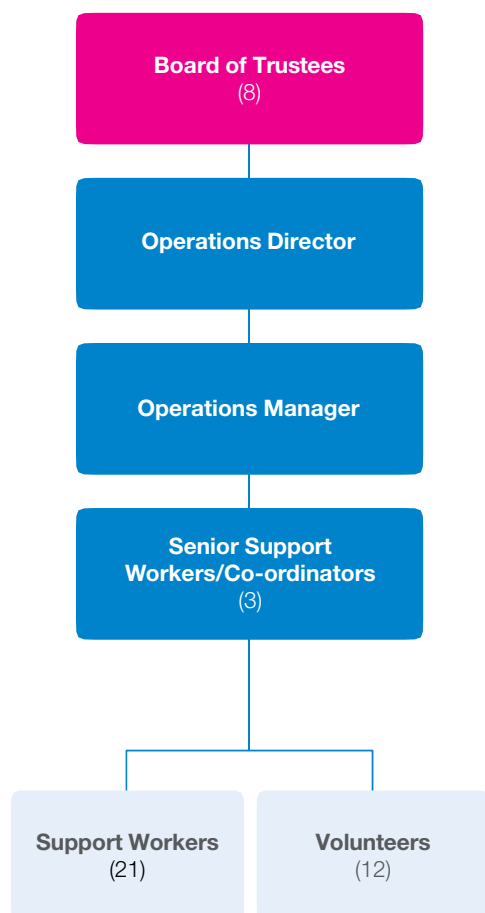
- ◆ Key will continue to build a strong and adaptable organisation working in partnership with like-minded organisations
- ◆ Key remains focused on person led approaches to build resilient individuals so that they can move through difficult times
- ◆ Key will continue to provide high quality support by asking people who use our services and stakeholders if we are getting it right, as well as providing learning opportunities across the team.
- ◆ Key will work to explore how we can expand our offer in related areas and whether we can sell established services in different ways.

Values

- ◆ Value 1: Putting people first
- ◆ Value 2: Working in partnership
- ◆ Value 3: Delivering quality services
- ◆ Value 4: Being a great place to work
- ◆ Value 5: Looking to the future

Trustees' report continued

Organisational structure



Key is linked to Progress Housing Group (the Group) by way of a Grouping Deed. Key's Board of Trustees (the board) retains responsibility for establishing Key's strategic direction and setting and managing its budget. This being said, should Key's board fail to manage the charity effectively, the Grouping Deed sets out how Progress Housing Group Limited (the Parent) can step in to rectify the situation or to make any changes. In order to manage Key effectively within a group structure, Key works within the Group's wider financial regulations as well as having adopted a number of the Group's policies and procedures. Key has adopted a Code of Governance: The Charity Governance Code for smaller charities and reports compliance annually against its principles and key outcomes. Key is included in the internal audit process and this is reported to the Audit Committee like any other part of the Group.

New trustees

New trustees are recruited to Key using an open recruitment process. A vacancy is advertised and prospective candidates are asked to make an application for the role. Role descriptions are made available and suitable applicants are shortlisted and interviewed. The successful candidate is subject to appropriate due diligence prior to being recommended for appointment to the board. Once appointed, the trustee's undertake a structured induction process, which includes the history of Key and its charitable purposes, an overview of the Group and its structure, Key's Vision and Values, the Companies Act 2006, the Charities Act 2011 and the Trustees Act 2000, Charity Commission Guide – The Essential Trustee, safeguarding, Memorandum and Articles of Association, Standing Orders, Code of Governance, Code of Conduct and more. The trustees are required to confirm their fitness to act against a range of criteria on an annual basis.

“It helped me the fact that someone listened to me. And it me overall. I feel a lot better, I cannot explain why, just feel it. Everything has got better.”

Significant activities

- ◆ Key's largest source of funding is to deliver an early intervention service to improve children and young people's emotional health and wellbeing. This is funded by Lancashire County Council. This service has a significant 'payment by results' element. The staffing used to deliver this service is predominantly of a therapeutic nature. Key continues to use a mixture of permanent staffing and casual staff to make sure it can flexibly meet its staffing requirements.
- ◆ South Ribble and Chorley Borough Council - funding supports family conflict resolution / therapy and drop in services that work with young people who are at risk of or are experiencing homelessness. Key continued to deliver a floating support contract funded by South Ribble Borough Council.
- ◆ Big Lottery - Help Through Crisis funding that provides support to homeless young people to resolve the crisis and to prevent the crisis reoccurring.
- ◆ Children In Need funding has continued - this contributes to the costs of Key's Employment Coaching Project, which supports vulnerable young people to build their confidence and to enter work, training or education as well as funding our Assets Coach role. Key has secured additional funding from Children In Need to support its family conflict resolution service.
- ◆ Key continues to deliver tenancy related support to those placed in interim/temporary accommodation funded by Fylde Borough Council.
- ◆ Over the last year Key has continued to be funded by Progress Housing Group to provide Critical Tenancy Support to tenants who are at high risk of losing their tenancies.
- ◆ Key has further developed its Community Work focussed at The Base on the Broadfield Estate in Leyland including the launch of The Base-One Stop which is a community food project
- ◆ Key has been supported by a Nationwide Building Society community grant and Merriweather charity to fund a Housing Coach post that provides support to young people in their first tenancy.

Coronavirus (COVID-19)

Key have considered the potential impacts to the charity arising from the Coronavirus pandemic. The main area of risk is regarding the Emotional Health and Wellbeing contract which is our largest income contract.

Lancashire County Council who fund this work have varied the payment terms for the year in order to help mitigate some of the financial risks, payments remain based on the number of referrals but do not require cases to be successfully completed. The commissioners have reviewed this mechanism on a quarterly basis.

A number of team members were furloughed at the beginning of the pandemic due to reduced referrals. Furlough was brought to an end in the autumn due to an increase in demand. Key's Board made a decision to repay the majority of furlough income as the new payment arrangements have meant that Key's income has been sufficiently protected.

Financial review

Income has increased significantly from £674k in 2019/20 to £768k in 2020/21. Costs have reduced slightly from £593k, to £582k resulting in net income of £186k. Total funds therefore stood at £573k at 31 March 2021. The Emotional Health and Wellbeing contract continues to be the funding stream where variance can be most significant. This is due to the payment by results nature of the contract. Although referrals were impacted at the start of the pandemic the revised payment mechanism and strong performance has meant that expected income had been increased during the year. The budget is set prudently to allow for a range of factors that can negatively impact on performance. The trustees have continued to focus on ensuring that sufficient cash flow is available.

Key, in partnership with Child Action North West, will continue to deliver this Emotional Health and Wellbeing service in the coming year.

For the year ahead, Key will be taking over the provision of support services at a number of supported housing schemes that provide accommodation and support for people who have experienced homelessness. This will lead to a significant increase in Key's income.

Key performance indicators

During the year Key's Board strengthened the approach to performance management. They have retained the quantitative indicators below but this is now supplemented by a range of qualitative information which offers greater insight.

Key Objective	Performance Indicator	Target	Actual
Supporting People to reach their potential	% of young people given employment coaching who have gone into employment training or education	75%	83%
	% of young people who have sustained education, employment or training for 3 months	80%	100%
Support people to develop self-confidence and wellbeing	% of Key service users who show an improvement in their wellbeing	95%	99%
Prevent Homelessness	% of Key clients who achieve a positive outcome.	75%	99%
Strengthening families	% of Families we work with who make positive changes.	95%	99%
	% of cases where increased communication and reduced conflict is reported when the case is followed up 1 month after case closure.	95%	100%

Principal funding sources

The principal funding source for Key is mainly funding income from Lancashire County Council. In addition we have funding from South Ribble Borough, Chorley Borough and Fylde Borough Councils, Progress Housing Group and a number of grant making foundations. Looking to the future it will be necessary to maintain and further diversify this funding base. This is an ongoing task as none of Key's income is long term.

Investment Policy

Aside from retaining a prudent amount of reserves each year, most of Key's funds are to be spent in the short-term and therefore Key does not retain any funds for long-term investment. It is necessary for Key's reserves to remain accessible due to the volatility of the funding climate and to ensure that there are sufficient funds to manage its cash flow linked to the payment by results contract.

Reserves Policy

Key's board have examined the charity's requirements for reserves considering the main risks to the organisation. It has established a policy whereby reserves are held to cover redundancy, sickness and running costs at a level between three and six months. The reserves are needed to meet the working capital requirements of the charity which are significant especially with the continuation of the payment by results contract. The trustees feel that this level of reserves is necessary to protect the charity's services in such uncertain times. The board will also consider, on an on-going basis, the extent to which existing activities and expenditure could be curtailed should such circumstances arise.

Going Concern

The trustees continue to adopt the going concern basis of accounting after considering its financial position at 31 March, its budget for the coming year, its reserves policy, risk management and the ongoing impact of COVID-19, all as detailed in this strategic report. The main factor for Key is how contracts are managed, contract retention continues to be good, however, when contracts are lost Key's management are able to take immediate action to reduce costs at the same time as loss of income. On this basis, the trustees have a reasonable expectation that Key has adequate resources to continue in operational existence for the foreseeable future.

Future plans

Key has been successful in diversifying its services whilst maintaining a clear focus on providing high quality, flexible, individually tailored services during the next financial year.

Key will continue to deliver on its expanded geographic footprint next year as part of a partnership that will deliver Emotional Health and Wellbeing services commissioned by Lancashire County Council. Key will deliver services across Lancashire. Key's board have also taken the decision to invest some of Key's reserves in creating a new Business Development Manager role within Key. This role will give additional capacity to draw in new income streams so that Key can achieve its aims and deliver more quality services to people across Lancashire.

Risk management

The board has conducted a review of major risks to which the charity is exposed. A strategic risk register is updated on a regular basis. Where appropriate, systems or procedures have been established to mitigate the risks the charity faces. There are significant external risks to funding. The Business Plan highlights the need to diversify funding streams and there has been some success with this ongoing task.

"I don't feel like having dyslexia is a bad thing anymore, my confidence has grown."

Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects. These have been strengthened as a result of becoming part of the Group. In addition, Key has retained its Investors in People (IIP) accreditation as part of the Group.

Procedures are in place to ensure compliance with health and safety of staff, volunteers, clients and visitors to Key's premises. Key has adapted quickly during the pandemic and its support services are currently working using a range of media including telephone and video link technology with workers based at home. Some services are offering face to face work where there is not a suitable alternative. Ways of working have been adapted to ensure that social distancing is maintained.

Key has been successful in retaining ISO 9001 compliance alongside other members of the Group. Key is committed to the on-going evaluation of all its services including undertaking a wide range of stakeholders' reviews.

Governance

Following its annual review of the charity's compliance with the provisions of 'the Charity Governance Code for smaller charities' the Board of Trustees has concluded that it meets the principles set out within the code. The board is committed to continuous improvement and embedding of the new requirements of the code.

Public benefit

The charitable work that Key undertakes through its trustees and employees is to provide services to people who are in need, hardship or distress due to homelessness or the threat of homelessness and to provide a range of services that relieve these conditions and promote their health and wellbeing. In addition, the Objects of the charity are progressed by delivery of services to vulnerable people that find themselves in conditions of need or distress due to their family or personal circumstances.

The charity provides these services free at the point of access, which ensures that its service users are not prohibited from access to services on the basis of cost. Many of the services can only be accessed by specified referral routes. Systems are in place to ensure that all referrals accepted are in line with Key's charitable objectives.

The benefits of Key's services to its clients include:

- ◆ access to safe, affordable accommodation, either short or long term, thereby avoiding the dangers of unsafe sofa surfing or rough sleeping;
- ◆ appropriate support, advocacy and information and life skills training, enabling them to maintain and keep a tenancy and avoid the 'revolving door' syndrome of repeat homelessness;
- ◆ mediation/family therapy where they can return to a better family situation, reducing the risk of homelessness and family conflict;
- ◆ exploring their problems through therapy to help them focus on a more positive future;
- ◆ learning about their options for training and employment with the support of our employment coach to help them become more confident and self-sufficient;

- ◆ improving their emotional health and wellbeing by working on a range of creative strategies to build resilience of young people and their families;
- ◆ working with children and families to offer specialist support for children with autism so that families can improve their knowledge and strategies to help children and young people have a brighter future;
- ◆ being involved in running or taking part in a range of community activities from The Base in Leyland and;
- ◆ being able to access high quality food at a low cost through The Base-One Stop.

In discharging their duties the trustees ensure that through their business planning and policy decisions that the Objects of the charity are furthered by providing services to its charitable beneficiaries in the furtherance of its public benefit purposes.

The trustees have due regard to guidance produced by the Charity Commission.

Statement of disclosure to the auditor

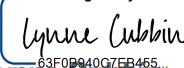
At the time of approval of this report:

- a) so far as the Board of Trustees is aware, there is no relevant audit information of which the Charity's auditor is unaware; and
- b) the Board of Trustees has taken all steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

Annual General Meeting

The Annual General Meeting of Key Unlocking Futures Limited will be held on 6 September 2021.

Approved by order of the Trustees' and signed by order of the Trustees.

DocuSigned by:

 Lynne Cubbin
 Trustee Chair

21 July 2021

Statement of Trustees' responsibilities

The trustees are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

In preparing these financial statements, the trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ make judgements and accounting estimates that are reasonable and prudent; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

“He has been expressing himself, talking as opposed to getting angry. His communication had really improved.”

“The strategies we have learnt have been a game changer for us.”

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the trustees. The trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Independent auditor's report to members of Key Unlocking Futures Limited

Opinion on the financial statements

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the Charitable Company's affairs as at 31 March 2021 and of its incoming resources and application of resources 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 Companies Act 2006.

We have audited the financial statements of Key Unlocking Futures Limited ("the Charitable Company") for the year ended 31 March 2021 which comprise the statement of financial activities, the balance sheet and notes to the financial statements, including a summary of 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)¹.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions related to going concern

In auditing the financial statements, we have concluded that the Trustees' 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 Charitable Company'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 Trustees with respect to going concern are described in the relevant sections of this report.

Independent auditor's report to members of Key Unlocking Futures Limited

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- ◆ the information given in the Trustees' Report, which includes the Directors' Report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the Directors' Report, which is included in the Trustees' Report, has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Trustee's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of Directors' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit; or
- ◆ the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Independent auditor's report to members of Key Unlocking Futures Limited

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the charitable company for the purposes of company law) are 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 Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Charitable Company'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 Trustees either intend to liquidate the Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

Extent to which the audit was 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, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding and accumulated knowledge of the Charitable Company, and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to its registration with the Charities Commission, and we considered the extent to which non-compliance might have a material effect on the financial statements or its continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the Charities Statement of Recommended Practice (SORP) 2019 and tax legislation. All audit team members were briefed to ensure they were aware of any relevant regulations in relation to their work, areas of potential non-compliance and fraud risks.

We evaluated managements' incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of an override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Our audit procedures in response to the risks identified above included, but were not limited to:

- ◆ agreement of the financial statement disclosures to underlying supporting documentation;
- ◆ challenging assumptions made by management in their significant accounting estimates in particular in relation to the recoverability of balances outstanding at the year end

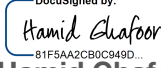
- ◆ discussions with, and inquiries of, management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- ◆ enquires to confirm with management that there was no legal correspondence during the period, or post year end, requiring review;
- ◆ obtaining an understanding of the control environment in monitoring compliance with laws and regulations.
- ◆ review of relevant registers such as those associated with risk and fraud;
- ◆ identifying and testing journal entries identified as potentially unusual, in particular considering whether there any journal entries posted by staff members with privileged access rights or key management;
- ◆ a review of minutes of meetings of those charged with governance both during the period, and post year end;
- ◆ considering internal audit findings; and
- ◆ considering whether there is any correspondence with HMRC and the Charities Commission.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charitable Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Hamid Ghafoor
 (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor
 Manchester

Date: **30 July 2021**

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Financial Activities

for the year ended 31 March 2021

	Notes	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:					
Donations and Legacies	2	3,745	-	3,745	1,451
Investments	3	434	-	434	1,921
Charitable activities	4	636,093	127,629	763,722	670,236
Total		640,272	127,629	767,901	673,608
Expenditure on:					
Charitable activities	5	(453,821)	(125,085)	(578,906)	(590,614)
Governance costs	5	(2,740)	-	(2,740)	(2,634)
Total		(456,561)	(125,085)	(581,646)	(593,248)
Net income/(expenditure) for the year		183,711	2,544	186,255	80,360
Net movement in funds		183,711	2,544	186,255	80,360
Reconciliation of funds					
Funds brought forward	11	388,793	(2,424)	386,369	306,009
Movement of funds in the year	11	183,711	2,544	186,255	80,360
Total funds carried forward	11	572,504	120	572,624	386,369

Balance Sheet

As at 31 March 2021

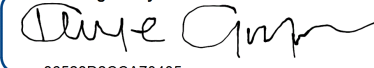
	Notes	Total funds 2021 £	Total funds 2020 Restated £
Current assets:			
Debtors	9	15,934	78,747
Cash and Cash equivalents		613,524	386,078
Total current assets		629,458	464,825
Liabilities:			
Creditors: Amounts falling due within one year	10	(56,834)	(78,456)
Net current assets		572,624	386,369
The funds of the charity:			
Restricted funds		120	(2,424)
Unrestricted funds		572,504	388,793
Total charity funds	11	572,624	386,369

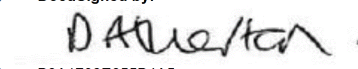
The notes on pages 15 to 19 form an integral part of the financial statements.

The financial statements on pages 13 to 14 were approved by the Board of Trustees on 21 July 2021 and were signed on its behalf by:

DocuSigned by:

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Lynne Cubbin
 Trustee Chair

DocuSigned by:

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Kaye Grogan
 Trustee Director

DocuSigned by:

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Deborah Atherton
 On behalf of Progress Housing Group Limited

Company number: 8699413
 Date: 21 July 2021

Notes to the financial statements for the year ended 31 March 2021

1. Accounting policies and basis of accounting

Key Unlocking Futures Limited is a private company limited by guarantee registered in England company number 8699413 and is a registered charity number 1154772.

(a) Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity.

Designated funds are unrestricted funds earmarked by the Board of Trustees for particular purposes.

Restricted funds are subjected to restrictions on their expenditure imposed by the donor.

(b) Basis of accounting

The financial statements of Key Unlocking Futures Limited are prepared on an accruals basis in accordance with applicable financial reporting standards in the UK, FRS102 and the Charities Statement of Recommended Practice (SORP) issued in 2019.

(c) Incoming resources

All incoming resources are included in the Statement of Financial Activities on an accruals basis relating to the period of the financial statements. Where income is subject to certain performance conditions, income is recognised when the conditions are met.

(d) Resources expended

All expenditure is included in the Statement of Financial Activities on an accruals basis relating to the period of the financial statements.

(e) Going Concern

The charity's activities with the factors likely to affect its future development and position are set out in the report of the Trustees.

On the basis of their assessment of the charity's financial position, its budget for the coming year, its reserves policy, risk management and the ongoing impact of COVID-19 the Trustees have a reasonable expectation that the charity will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

(f) Financial Instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

(g) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The directors do not consider there to be any significant estimates of judgements in the preparation of the financial statements.

Notes to the financial statements

for the year ended 31 March 2021

2. Donations

	Unrestricted 2021 £	Unrestricted 2020 £
Private Donations	3,745	1,451

3. Investment income

Investment income is interest earned from a savings account from which funds are withdrawable within one day.

4. Incoming resources from charitable activities

	Unrestricted	Restricted	Total	Unrestricted Restated	Restricted Restated	Total
	2021 £	2021 £	2021 £	2020 £	2020 £	2020 £
Local Authority Commissioners	94,137	-	94,137	92,500	-	92,500
Children in Need	-	51,530	51,530	-	45,990	45,990
Big Lottery Help through Crisis Fund	-	30,698	30,698	-	27,503	27,503
Emotional Health	402,567	-	402,567	283,343	-	283,343
ESIF Grant Income	-	-	-	57,962	-	57,962
Progress Housing Association	80,536	-	80,536	46,915	-	46,915
Critical Tenancy Support	-	-	-	-	-	-
Wellbeing Challenge	-	11,500	11,500	-	16,560	16,560
Community Development	32,521	-	32,521	33,207	-	33,207
Merrweather Grant	12,643	-	12,643	13,461	-	13,461
Tesco Bags for Help Grant	-	-	-	-	4,000	4,000
Nationwide Grant	-	21,113	21,113	-	28,887	28,887
Awards for All	-	5,648	5,648	-	1,811	1,811
Government Grant (Furlough)	5,886	-	5,886	515	-	515
Other	7,803	7,140	14,943	12,800	4,782	17,582
	636,093	127,629	763,722	540,703	129,533	670,236

Community development income of £33,207 for 2020 has been restated as unrestricted - as covered in the prior period adjustment note 12

Notes to the financial statements

for the year ended 31 March 2021

	Unrestricted	Restricted	Governance	Total	Unrestricted	Restricted	Governance	Total
5. Total Resources Expended	2021	2021	2021	2021	2020	2020	2020	2020
	£	£	£	£	£	£	£	£
Activities undertaken directly								
Trustee expenses	37	-	-	37	110	-	-	110
Staff costs	294,625	99,691	-	394,316	313,262	99,393	-	412,655
Travel	5,871	503	-	6,374	346	1,255	-	1,601
Other	17,525	8,307	-	25,832	30,163	3,323	-	33,486
Support costs								
General office costs	31,362	3,050	-	34,412	12,77	14,394	-	27,171
Staff costs	98,620	13,534	2,740	114,894	96,962	12,510	2,634	112,106
Training	2,290	-	-	2,290	2,297	-	-	2,297
Premises	3,145	-	-	3,145	3,454	-	-	3,454
Bank charges	346	-	-	346	368	-	-	368
	453,821	125,085	2,740	581,646	459,739	130,875	2,634	593,248

Total costs include auditor's remuneration of £4,000 (exclusive of VAT) (2020: £4,000)

6. Wages and salaries

	2021	2020
	£	£
Wages and salaries	462,786	459,500
Social security costs	35,305	34,412
Other pension costs	10,635	11,034
Total	508,726	504,946

No employees received emoluments of more than £60,000

The average number of persons employed during the year was:	2021	2020
Administration Staff	18	17
	18	17

Full time equivalents are calculated based on a standard working week of 36.5 hours for all employees

Notes to the financial statements

for the year ended 31 March 2021

7. Trustee remuneration and related party transactions

Expenses of £37 (2020: £110) were reimbursed to one member of the Board of Trustees (2020: One) to cover travel and other related costs incurred by them in the fulfilment of their duties.

During the year the charity had the following intra-group transactions with companies controlled by Progress Housing Group Limited, the ultimate parent company

			2021	2020
Purpose	Payment to	Payment from	£	£
Critical tenancy support	Key Unlocking Futures	Progress Housing Association Ltd	80,536	46,915
Community investment	Key Unlocking Futures	Progress Housing Association Ltd	27,996	27,741
Employment coaching and support for PHA tenants	Key Unlocking Futures	Progress Housing Group Ltd	-	9,735
Corporate services received	Progress Housing Group Ltd	Key Unlocking Futures	22,374	22,000

At the end of the year £7,534 was owed by Progress Housing Group Limited to Key Unlocking Futures Limited (2020: £3,007 owing to Progress Housing Group).

8. Taxation

As a charity, Key Unlocking Futures Limited is exempt from tax on income and gains falling within sections 466 to 493 of the Corporation Tax Act 2010 or s256 of the Taxation of Charitable Gains Act 1992 to the extent that these are applied to its charitable objectives.

9. Debtors

	2021	2020
Amounts falling due within one year:	£	£
Prepayments and accrued income	-	515
Amounts owed by group companies	7,534	-
Trade Debtors	8,400	78,232
	15,934	78,747

Amounts due from group companies are repayable on demand and do not attract interest.

10. Creditors: amounts falling due within one year

	2021	2020
	£	£
Amounts owed to group companies	-	3,007
Accruals and deferred income	44,933	64,393
Employer Liabilities	11,833	10,298
Other creditors	68	758
	56,834	78,456

Standard payment terms are 30 days from date of invoice.

Included in the accruals and deferred income is £36,222 unrestricted and £7,523 restricted income (2020: £30,476 and £32,619)

Other intragroup balances are repayable on demand and do not attract interest.

Notes to the financial statements

for the year ended 31 March 2021

11. Movement in funds	1 April 2020	Increase in funds in the year	Transfers between funds	31 March 2021
	£	£	£	£
Restricted Reserves	(2,424)	2,544	-	120
Unrestricted Reserves - Designated	388,793	-	183,711	572,504
Unrestricted Reserves - General Funds	-	183,711	(183,711)	-
Total Funds	386,369	186,255	-	575,472

	1 April 2019	Increase in funds in the year	Transfers between Funds Restated	31 March 2020
	£	£	£	£
Restricted Reserves	(1,802)	(1,342)	-	(2,424)
Unrestricted Reserves - Designated	307,091	-	81,702	388,793
Unrestricted Reserves - General Funds	-	81,702	(81,702)	-
Total Funds	306,009	80,360	-	386,369

There have been no transfers from these reserves for any purpose other than those for which the reserve was created. Surplus transferred to designated reserves agreed is in line with the reserves policy for holding three to six months running costs.

12. Cash flow

The accounts have been restated to incorporate the impact of a misclassification of £33,207 income between Restricted and Unrestricted in 2020, and also an immaterial adjustment of £1,082 between Restricted and Unrestricted funds in 2020. This change has resulted in the restatement of the following:

Balance Sheet	As previously reported	Adjustment	As restated
The funds of the charity:			
Restricted Funds	31,865	(34,289)	(2,424)
Unrestricted Funds	354,504	34,289	388,793
Total Charity Funds	386,369	-	386,369

13. Cash flow

Under FRS102 the Trustees have decided not to publish a cash flow as a cash flow statement is produced for the Group consolidated accounts.

14. Ultimate Parent company

Progress Housing Group Limited is the ultimate parent company of Key Unlocking Futures Limited. Progress Housing Group Limited IP28685R consolidated financial statements can be obtained from the Group's website or from the Company Secretary at the registered office:

Sumner House
21 King Street
Leyland
Lancashire
PR25 2LW



w: www.keyyouthcharity.org.uk
e: help@keyyouthcharity.org.uk
01772 678979

2 Balfour Court, Leyland,
Lancashire PR25 2TF



Key Unlocking Futures Limited
is a subsidiary of Progress Housing Group Limited.
Key Unlocking Futures is registered as a Company Limited by
Guarantee No. 8699413 and a Registered Charity No. 1154772

VAT registration number 712 6635 46.

Registered office for the Group and all subsidiaries:
Sumner House, 21 King Street, Leyland, Lancashire, PR25 2LW



REPORT TO THE AUDIT COMMITTEE

PROGRESS HOUSING GROUP LIMITED

AUDIT COMPLETION: YEAR ENDED 31 MARCH 2021

IDEAS | PEOPLE | TRUST



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WELCOME

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We have pleasure in presenting our Audit Completion Report to the Audit Committee. This report is an integral part of our communication strategy with you, a strategy which is designed to ensure effective two way communication throughout the audit process with those charged with governance.

It summarises the results of completing the planned audit approach for the year ended 31 March 2021, specific audit findings and areas requiring further discussion and/or the attention of the Audit Committee. At the completion stage of the audit it is essential that we engage with the Audit Committee on the results of audit work on key risk areas, including significant estimates and judgements made by Management, critical accounting policies, any significant deficiencies in internal controls, and the presentation and disclosure in the financial statements.

We discussed these matters with you at the Audit Committee meeting on 12th July 2021 and welcomed your input.

This report contains matters which should properly be considered by the Board as a whole. We expect that the Audit Committee will refer such matters to the Board, together with any recommendations, as it considers appropriate.

We would also like to take this opportunity to thank the Management and staff of the Group for the co-operation and assistance provided during the audit.

Hamid Ghafoor
29 July 2021



Hamid Ghafoor
Partner
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Usmaan Ashraf
Senior Manager
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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. This report has been prepared solely for the use of the Audit Committee and Those Charged with Governance and should not be shown to any other person without our express permission in writing. In preparing this report we do not accept or assume responsibility for any other purpose or to any other person. For more information on our respective responsibilities please see the appendices.

OVERVIEW

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This summary provides an overview of the audit matters that we believe are important to the Audit Committee in reviewing the results of the audit of the financial statements for the Group for the year ended 31 March 2021.

It is also intended to promote effective communication and discussion and to ensure that the results of the audit appropriately incorporate input from those charged with governance.

Overview

Our audit work is complete and we will issue an unmodified audit opinion on the group and subsidiary financial statements for the year ended 31 March 2021 in line with the agreed timetable.

There were no significant changes to the planned audit approach and no additional significant audit risks have been identified.

No restrictions were placed on our work.



Financial reporting

- We have not identified any non-compliance with group accounting policies or applicable accounting framework.
- No significant accounting policy changes have been identified impacting the current year.
- Going Concern disclosures / Viability Statement require further discussion. See [page 7](#).
- Following our review of the financial statements there remain no unadjusted disclosure omissions and/or improvements

Other matters that require discussion or confirmation

- Confirmation on fraud, contingent liabilities and subsequent events.
- Our draft Letter of Representation is set out on [pages 23 and 24](#) in the appendices.
- There were no adjusted or unadjusted audit differences identified by our audit work.

Independence and fees

We confirm that the firm and its partners and staff involved in the audit remain independent of the Company and Group in accordance with the FRC's Ethical Standard. Further detail is included on [page 15](#)

Fees summary

	£
Audit fees	42,200
Non-audit services:	
Loan covenant reporting	3,300
Total non audit services	3,300
Total fees	45,500

SCOPE AND MATERIALITY

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Audit scope

Our approach is designed to ensure we obtain the requisite level of assurance in accordance with applicable laws and appropriate standards.

There were no significant changes to audit scope and coverage from our prior year audit.

Materiality

Materiality for the Group was set at 9% of adjusted operating surplus*. This is a change from the prior year and full details were provided in the body of the planning report.

* The operating surplus figure is adjusted in line with your toughest loan covenant definition, so depreciation and impairment are added back and capitalised component spend and grant amortisation are deducted. This is applied to the financial statement areas used in calculating the interest cover covenant, so items forming operating surplus and net interest payable.

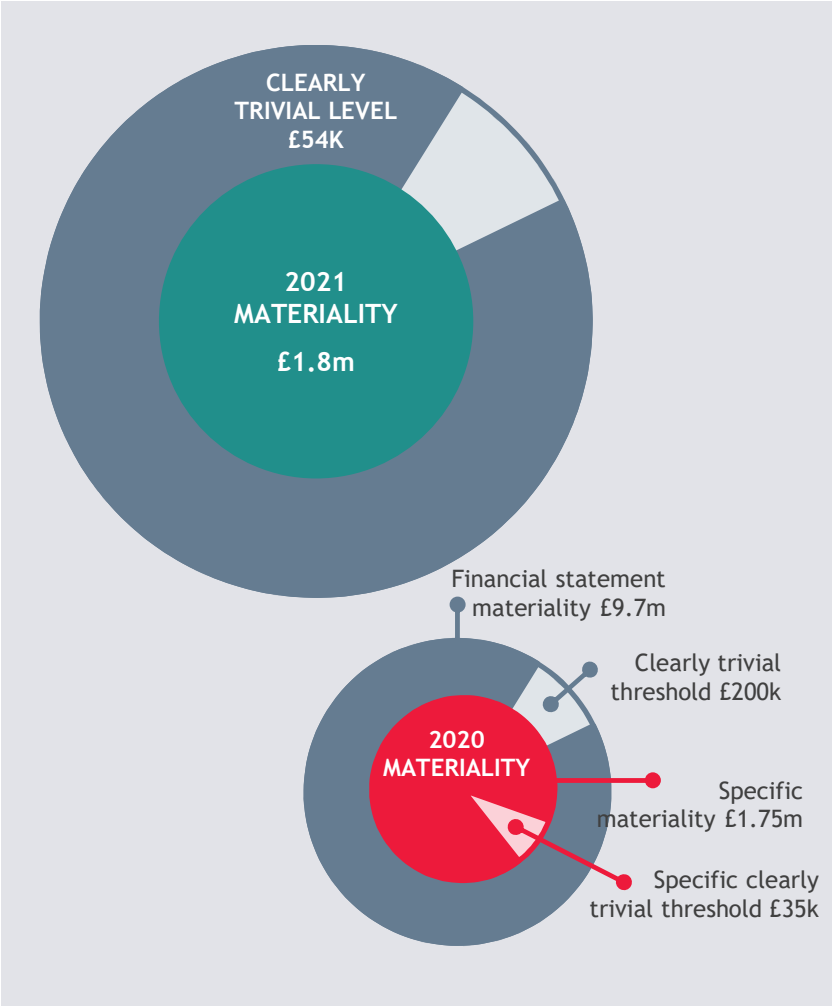
Although materiality is the judgement of the audit partner, the Audit Committee is obliged to satisfy themselves that the materiality chosen is appropriate for the scope of the audit.

We obtained our audit evidence through substantive testing

As part of our risk assessment procedures we documented the systems and controls in place insofar as they are relevant to the preparation of the financial statements.

We planned our audit using different testing methodologies depending on the area being audited. Our testing can either be substantive, where we directly verify items in the profit and loss account and balance sheet, or assurance is obtained based on systems and controls testing.

We obtained our audit assurance for the year ended 31 March 2021 through substantive testing across all financial statement areas, with the exception of the areas of pension assets and rental income, where we obtained assurance through both controls and substantive testing. This is consistent with the approach undertaken for the prior year audit.



RISK OVERVIEW

Executive Summary

As identified in our audit planning report dated 22 January 2021 we assessed the following matters as being the most significant risks of material misstatement in the financial statements of the group and each subsidiary company.

Significant Audit Risk	Significant Management Judgement Involved	Use of Experts Required	Error Identified	Control Findings to be reported in Management letter	Specific Letter of Representation Point
Risk 1 - Going concern - The preparation of the accounts on a going concern basis is not appropriate	Yes	No	No	No	Yes
Risk 2 - Revenue recognition - Fraud risk due to improper revenue recognition	No	No	No	No	No
Risk 3 - Management override - Management override of controls or bias in accounting estimates and judgements leads to material misstatement	Yes	Yes	No	No	Yes

Fraud in revenue recognition

Under International Standard on Auditing 240 “The auditor’s responsibility to consider fraud in an audit of financial statements” there is an assumption that revenue recognition is a fraud risk. We are therefore required to target it as part of our planned audit response unless we can rebut that risk. As communicated in our planning report, we rebutted the risk for rental income; whilst there is an element of manual intervention and variation in the increases/decreases applied to rents we consider that the risk of material misstatement through fraud and error in this area remains low. Other income streams, mainly comprising property sales, contract income and other income, are included in Risk 2 above.

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RISK 1: THE PREPARATION OF THE ACCOUNTS ON A GOING CONCERN BASIS IS NOT APPROPRIATE

In an uncertain environment where business continuity plans have been activated, forecasting future cash flows with any degree of certainty is challenging.

Significant management judgement
Use of experts
Unadjusted error
Adjusted error
Additional disclosure required
Significant Control Findings to be reported in Mgmnt letter
Letter of Representation point

Risk description

In an uncertain economic environment, where the full impact of C19 and Brexit remains unknown, forecasting future cash flows with any degree of certainty will be challenging.

The wider impact is expected to stretch the group’s financial resources. This includes:

- Rising rental arrears
- Reduced property development
- Potential impairment charges
- Changes to timing of cash outflows as development slow to manage social distancing on sites and a reduced repairs service is introduced.

Management have made an assessment of going concern as part of the business plan. A number of sensitivities have also been performed, alongside adverse scenario and stress testing.

Results

We have reviewed the following:

- Actual performance in FY21 against the prior period assessment/budget.
- The suitability of assumptions applied by Management when producing revised forecasts for FY22 and longer term budgets.
- Commitments and future development intentions
- Availability of loan finance, amount of available security to underpin future loan facilities, ability to repay loans when they fall due, and on-going and forward covenant compliance
- Stress testing of adverse variations in revenue and additional unexpected costs

- The appropriateness of sensitivities prepared by Management and the probability that events trigger a loan default, covenant breach or loss of funds.
- The performance of property sales pre and post year end
- For Concert Living we obtained confirmation that funding had been secured for the foreseeable future following the Board’s review of the entity’s business plan and viability
- For Key Unlocking Futures we reviewed management’s assessment of the position on significant on-going contracts alongside management’s budgeted contract income for 2021/22

We have reviewed the disclosures made in the basis of preparation section of the financial statements and in the narrative reports.

Discussion and conclusion

We are satisfied that there is no material uncertainty in relation to going concern, and, based on the information presented by management, concur with management’s continued application of the going concern basis in the preparation of the financial statements, and upon review of the draft financial statements concur that suitable disclosures have been made thereon.

We updated our review of management’s assessment following receipt of a final post balance sheet events update prior to sign off - no further issues were identified.

RISK 2: REVENUE RECOGNITION

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Under International Standard on Auditing 240 “The auditor’s responsibility to consider fraud in an audit of financial statements” there is an assumption that revenue recognition is a fraud risk.

Significant management judgement
Use of experts
Unadjusted error
Adjusted error
Additional disclosure required
Significant Control Findings to be reported in Mgmnt letter
Letter of Representation point

Risk description

Income from contracts should be recognised in line with the terms of the contract and is therefore subject to management judgement; we therefore consider this a significant risk for certain group entities. The main area of focus from a group perspective will be the Lifeline service line which has again increased in scale in the year.

In addition Key revenue is based on specific charitable projects and should be recognised in line with the specified criteria (e.g. based on certain milestones).

PHG entity income comprises intergroup management activities. Income is based on intergroup service level agreements and materially eliminates on consolidation.

Results

Lifeline income recognised throughout the year was tested through a fully substantive approach. A sample of invoices in the year have been agreed to source documentation and reviewed in line with the terms & conditions of the contract. Sales have been reviewed in line with the accounting period to ensure correct cut off procedures have been applied.

We reviewed a sample of grants received in the year by Key Unlocking Futures, along with the terms & conditions applicable to each grant, ensuring recognition has been applied on an appropriate basis. Alongside the review of each grant, a sample of invoices were tested and agreed through to cash received in confirming the existence of such balances.

For Concert Living, we agreed the sale of a sample of properties at the Edwards Gardens site to completion statements and traced the receipt to bank. We performed cut off testing to confirm income was recorded in the correct period.

We reviewed the intergroup management income and that it had been recognized in line with the underlying agreements. We also ensured that it had been properly recorded in the charging and paying entities, before being correctly eliminated on consolidation.

Discussion and conclusion

No issues noted from testing performed.

RISK 3: MANAGEMENT OVERRIDE OF CONTROLS OR BIAS IN ACCOUNTING ESTIMATES AND JUDGEMENTS LEADS TO MATERIAL MISSTATEMENT

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ISA (UK) 240 notes that management is in a unique position to perpetrate fraud.

Significant management judgement
Use of experts
Unadjusted error
Adjusted error
Additional disclosure required
Significant Control Findings to be reported in Mgmnt letter
Letter of Representation point

Risk description

Under International Standards on Auditing (UK) 240, there is a presumed significant risk of management override of the system of internal controls.

The primary responsibility for the detection of fraud rests with Management. Their role in the detection of fraud is an extension of their role in preventing fraudulent activity. They are responsible for establishing a sound system of internal control designed to support the achievement of departmental policies, aims and objectives and to manage the risks facing the organisation; this includes the risk of fraud.

Management has the ability to manipulate accounting records and override controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, it is a risk of material misstatement due to fraud and thus a significant risk.

Details

Our understanding is that the most likely areas where management override could take place are the posting of journals and in the judgements and accounting estimates within the financial statements.

Results

We obtained a complete list of journals and, using information gathered during the audit and our understanding of the entity we target tested those journals and adjustments that we considered may be inappropriate or unusual. We did this using our data analytics tool, Advantage.

We also reviewed material journals and transactions outside what is considered the normal course of business.

We reviewed significant accounting estimates and judgements to ensure they were appropriate and not indicative of management bias; findings in relation to judgements are set out on page 10, and estimates on page 11.

We confirmed suitable disclosure has been made in relation to key estimates and significant judgements in the draft financial statements.

No issues were identified as a result of our work.

Discussion and conclusion

Testing was completed satisfactorily.

KEY JUDGEMENTS

Judgement	Overview	Discussion
Impairment Indicators - housing properties Classification of Housing Loans	Management's assessment that there were some impairment indicators on Housing Properties, Fixed Assets, Investment Properties and Properties for Sale Management have recognised an impairment of £122K in the year Financial instruments are either classified as basic, and carried at amortised cost, or non-basic, requiring measurement at fair value and therefore introducing volatility to the income statement.	The audit team reviewed management's assessment and further considered this in light of C-19 and have concluded that management's assessment is appropriate given the facts available to them. PHG assess that all their loans are basic and our testing concluded that this is appropriate.



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SIGNIFICANT ESTIMATES

Estimate	Overview	Discussion
Useful Economic Lives - capitalised components	We have benchmarked the UEL of PHG's housing property against BDO's portfolio of housing clients. The UELs used by the group are consistent with others in the sector.	The rates of depreciation adopted by management are materially in line with those adopted within the sector, therefore on balance we consider that the UELs used are appropriate. The treatment for all components is consistent with that applied in the previous financial year.
Arrears provision	Management's provision is based on the type of tenure, the age of the balance and whether the debt is due from a current or former tenant, and ranges from 70 - 100% where a provision is considered necessary.	Our review of management's provision involved benchmarking against other RPs in BDO's portfolio - we noted the group's policy was not inconsistent with that of its peers. We also recalculated the provision included in the accounts, and found it to be calculated in line with management's stated policy. In addition we reviewed the level of voids in the year, cash collection post year end and the ageing of the debtors ledger and concluded the provision for bad debts was materially complete.
Lilac SWAP	By virtue of its one third undertaking in the LiLAC joint venture the group is party to a derivative financial instrument in the form of a swap, as that JV is the fixed interest rate payer of free-standing interest rate swap, which is 'out of the money' at the latest reporting date.	Management determine their share of the liability by reference to the latest audited financial statements of LiLAC. Our valuations team reviewed the fair value calculations provided by management and confirmed they are a fair estimate, within materiality, of the financial instrument at the reporting date.
Pension deficit	The group and PHA are party to defined benefit pension scheme obligations in the form of the SHPS and LGPS (via LCC). Significant estimates arise as a result of the group's participation in these schemes and there is a high degree of estimation uncertainty, which management control through the appointment of a third party expert actuary, Mercer. These assumptions are ultimately the responsibility of the Board but we understand they are set based upon advice given by an actuary. In the management representation letter we request that you confirm to us that the valuation of the pension liability is calculated with reference to market levels and the most relevant demographic and financial assumptions at 31 March 2021.	We have reviewed a range of the minimum, maximum and most common key actuarial assumptions that we have seen from a sample of valuations chosen from a cross-section of our client base and the position of Progress Housing Group within the ranges. The assumptions feeding through into the LGPS (LCC) and SHPS assumptions are based on market conditions and therefore should not have significant variations across entities with similar year ends (subject to changes in scheme durations and scheme specific variations). This information has been used to identify possible instances in which a chosen assumption may deviate significantly from what might be appropriate for your organisation. No such instances were noted, with the key assumptions falling within acceptable ranges. Our review identified that asset returns in the report provided by Mercer for the LGPS were based on 10 months actual data, with the last 2 months of the year based on estimate. We requested management obtain updated reports based on 12 months actuals. These reports were subsequently obtained and the difference between the results was noted as trivial.
Investment properties	The group holds 10 investment properties, which are held at fair value. In order to determine the fair value at 31 March 2021, management appointed Garside Waddingham (commercial assets) and Parkinson Real Estate (residential assets).	We referred the external valuations to our specialist valuation team who reviewed the reports by the respective valuers and considered the methodology applied and inputs used in arriving at the valuations to be reasonable. We confirmed the valuers employed by management were independent of the group and suitably qualified as RICS registered chartered surveyors.

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Financial statements are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Statement of Recommended Practice Accounting by registered social housing providers (Housing SORP 2018) and the Accounting Direction for private registered providers of social housing from April 2019.

During a review of the financial statements no issues or comments were noted on review of the accounting policies adopted. We have not identified any non-compliance with group accounting policies or applicable accounting framework.

We are required to bring to your attention other financial reporting matters that the Board is required to consider.

Following our review of the financial statements, we noted an error in the consolidated cash flow statement of £703k, relating to the incorrect inclusion of the movement on deferred tax as a movement in debtors, with the corresponding error in the movement in creditors. This amount was not considered material and hence not corrected.

There remain no other unadjusted disclosure matters to bring to your attention.



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MATTERS REQUIRING ADDITIONAL CONSIDERATION

Fraud

Whilst the directors have ultimate responsibility for prevention and detection of fraud, we are required to obtain reasonable assurance that the financial statements are free from material misstatement, including those arising as a result of fraud. Our audit procedures did not identify any fraud. We sought confirmation from you whether you are aware of any known, suspected or alleged frauds since we last enquired when presenting the audit plan - no matters were brought to our attention.

Laws and regulations

The most significant considerations for your business are Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019, Companies Act 2006, Corporate and VAT legislation, Employment Taxes, Health and Safety and the Bribery Act 2010. We made enquiries of management and reviewed correspondence with the relevant authorities.

We did not identify any non-compliance with laws and regulations that could have a material impact on the financial statements.

Internal audit

We reviewed the audit work of the Group’s internal audit function to assist our risk scoping at the planning stage.

Related parties

Whilst you are responsible for the completeness of the disclosure of related party transactions in the financial statements, we are also required to consider related party transactions in the context of fraud as they may present greater risk for management override or concealment or fraud.

We did not identify any significant matters in connection with related parties.



CONTROL ENVIRONMENT: SIGNIFICANT DEFICIENCIES

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We are required to report to you, in writing, significant deficiencies in internal control that we have identified during the audit. These matters are limited to those which we have concluded are of sufficient importance to merit being reported to the Audit Committee.

As the purpose of the audit is for us to express an opinion on the Group’s financial statements, you will appreciate that our audit cannot necessarily be expected to disclose all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist.

As part of our work, we considered internal control relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

We have noted no significant deficiencies during the course of the audit.



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INDEPENDENCE

Under ISAs (UK) and the FRC’s Ethical Standard we are required to confirm our independence.

Under ISAs (UK) and the FRC’s Ethical Standard, we are required as auditors to confirm our independence and discuss with you any independence issues including threats to our independence and the safeguards applied to mitigate them.

We have embedded the requirements of the Standards in our methodologies, tools and internal training programmes. Our internal procedures require that audit engagement partners are made aware of any matters which may reasonably be thought to bear on the integrity, objectivity or independence of the firm, the members of the engagement team or others who are in a position to influence the outcome of the engagement. This document considers such matters in the context of our audit for the year ended 31 March 2021.

Details of services, other than audit, provided by us to the Group during the period and up to the date of this report are set out in the table opposite, together with details of other threats and safeguards applied. We have not identified any other relationships or threats that may reasonably be thought to bear on our objectivity and independence.

We understand that the provision of these services was approved by the Audit Committee in advance in accordance with the Group’s policy on this matter.

Details of rotation arrangements for key members of the audit team and others involved in the engagement were provided in our planning report.

We confirm that the firm, the engagement team and other partners, directors, senior managers and managers conducting the audit comply with relevant ethical requirements including the FRC’s Ethical Standard or the IESBA Code of Ethics as appropriate and are independent of the Group.

We also confirm that we have obtained confirmation of independence from non BDO auditors and external audit experts involved in the audit comply with relevant ethical requirements including the FRC’s Ethical Standard and are independent of the Association and the Group.

We have provided services other than audit to the Group as set out below. We do not consider there to be any other threats that may be considered to bear on our objectivity and independence. Our overall assessment is that the safeguards described below are appropriate and effective.

	Fees	Threats	Safeguards
Non-audit services			
Loan Covenant	3,300	The threat to auditor independence from Audit Related Services is clearly insignificant. (E55:54)	No safeguards required.

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SUBSIDIARIES AND JOINT VENTURES WITHIN SCOPE OF OUR AUDIT

The entities audited by the same team as the Group are set out in the table below together with their significant audit risks and other matters we need to communicate, by reference to their entity level materiality thresholds. Significant audit risks for the below entities are the same as those identified relevant to Progress Housing Group and the consolidated financial statements, as set out on page 6. The findings for those risks are set out on pages 7- 11.

Entity	Other significant matters discussed	Audit differences Identified	Control deficiencies identified	Specific Letter of Representation Point	Work complete at time of drafting
Progress Housing Association	No	No	No	No	Yes
Key Unlocking Futures	No	No	No	No	Yes
Concert Living	No	No	No	No	Yes

In addition to the above, the group is party to a one third share of Leeds Independent Accommodation Company Holdings Limited (LiLAC), a joint venture contracted through a PFI arrangement. We have reviewed the investment balance in the accounts of PHA for any indicator of impairment by reference to the latest audited financial statements available for this entity - no issues were noted. In addition, the swap financial instrument has been reviewed as part of our work on estimates, as covered on page 11.

FRC ETHICAL STANDARD

Issued in December 2019

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In December 2019 the FRC published the Revised Ethical Standard 2019 ('ES'), which is applicable from 15 March 2020. There are some transitional provisions for services and arrangements that are not currently prohibited under the existing Standard. The ES aims to further strengthen auditor independence and enhance confidence in the profession. The table below provides a high level summary of the key headlines.

Key headlines	Impact
The objective, reasonable & informed third party test	Reinforcement that ethical principles take priority over rules. A need to take care where particular facts and circumstances are either not addressed directly by the rules or might appear to 'work around' the rules, or result in an outcome that is inconsistent with the general principles.
Extra-territorial impact	For group audits where the audited entity has overseas operations, the ES will require all BDO Member firms to be independent of the UK audited entity and its UK and overseas affiliates in accordance with the UK Ethical Standard, irrespective of if their audit work is relied upon.
Contingent fees	Non-audit services with contingent or success-based fee arrangements will be prohibited for audited entities.
Secondments	All secondments/loan staff to audited entities are prohibited with the exception of secondments to public sector entities.
Recruitment and remuneration services	Prohibition on providing remuneration services to audited entities such as advising on the quantum of the remuneration package or the measurement criteria for calculation of the package. In addition, the prohibition on providing recruitment services to an audited entity that would involve the firm taking responsibility for, or advising on the appointment of, any director or employee of the entity.
Non-audit services to a public interest entity (PIE)	Moving to a "white-list" of permitted non-audit services for PIEs. The white-list largely consists of services which are either audit-related or required by law and/or regulation. The provision of services not on the white-list are prohibited. The ES separates those permitted services which are exempt from the 70% fee cap and those services which are subject to the fee cap.
Other entities of public interest ('OEPI')	OEPI is a new term in the Ethical Standard. The FRC have imposed the 'white-list' applicable to PIE audited entities to also apply to OEPIs. OEPIs are entities which, according to the FRC, do not meet the definition of a PIE but nevertheless are of significant public interest to stakeholders. They include AIM listed entities which exceed the threshold to be an <i>SME listed entity</i> - generally those with a market cap of more than €200m; Lloyd's syndicates; Private sector pension schemes with more than 10,000 members and more than £1billion of assets; Entities that are subject to the governance requirements of The Companies (Miscellaneous Reporting) Regulations 2018 (SI/2018/860), excluding fund management entities which are included within a private equity or venture capital limited partnership fund structure. These would be entities which: – Have more than 2000 employees; and / or – Have a turnover of more than £200 million and a balance sheet total of more than £2 billion. The FRC have noted that the rules applicable to OEPIs will apply from periods commencing on or after 15 December 2020.

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OUR RESPONSIBILITIES

Responsibilities and reporting

Our responsibilities and reporting

We are responsible for performing our audit under International Standards on Auditing (UK) to form and express an opinion on your consolidated and Association financial statements. We report our opinion on the financial statements to the members.

We read and consider the ‘other information’ contained in the Annual Report such as the additional narrative reports. We will consider whether there is a material inconsistency between the other information and the financial statements or other information and our knowledge obtained during the audit.

For statutory other information we will form an opinion on whether the information given in the other information is consistent with the financial statements and our knowledge obtained in the audit and whether the reports have been prepared in accordance with applicable legal requirements.

We are additionally required to include in our report:

- Where we conclude there is no material uncertainty in relation to going concern, a statement to that effect
- A conclusion that management’s use of the going concern basis of account is appropriate
- An explanation of the extent to which the audit was capable of detecting irregularities, including fraud.

What we don’t report

Our audit is not designed to identify all matters that may be relevant to the Audit Committee and cannot be expected to identify all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist.



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COMMUNICATION WITH YOU

Those Charged with Governance (TCWG)

References in this report to Those Charged With Governance are to the Board of Directors as a whole. For the purposes of our communication with those charged with governance you have agreed we will communicate primarily with the Audit Committee.

In communicating with TCWG of the parent and the group, we consider TCWG of subsidiary entities to be informed about matters relevant to their subsidiary. Please let us know if this is not appropriate.

Communication, meetings and feedback

All communications required with you are covered in our planning and completion reports.

We request feedback from you on our planning and completion report to promote two way communication throughout the audit process and to ensure that all risks are identified and considered; and at completion that the results of the audit are appropriately considered.

We have met with management throughout the audit process. We have issued regular updates driving the audit process with clear and timely communication, bringing in the right resource and experience to ensure efficient and timely resolution of issues.

Additional matters we are required to report

	Issue	Comments
1	Significant difficulties encountered during the audit.	No exceptions to note
2	Written representations which we seek.	We enclose a copy of our representation letter.
3	Any fraud or suspected fraud issues.	No exceptions to note
4	Any suspected non-compliance with laws or regulations.	No exceptions to note
5	Significant matters in connection with related parties.	No exceptions to note
Group matters		
6	Limitations on the audit where information was restricted.	No exceptions to note
7	Any fraud or suspected fraud at group or component level.	No exceptions to note

OUTSTANDING MATTERS

We have completed our audit work in respect of the financial statements for the year ended 31 March 2021 - there are no outstanding matters.

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AUDIT REPORT OVERVIEW

Opinion on financial statements

We will issue an unmodified opinion on the financial statements.

There are no matters disclosed in the financial statements that we wish to draw attention to by way of ‘emphasis of matter’.

Going concern

Our report states our conclusion that management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate

Irregularities, including fraud

Our report contains an explanation to the extent the audit was considered capable of detecting irregularities, including fraud. Irregularities in this context means non-compliance with laws or regulations.

We have identified no material misstatements in the statutory other information accompanying the financial statements.

Other information

We have reviewed the other information accompanying the financial statements in the Group’s annual report. We have not identified any material misstatements that would need to be referred to in our report.



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REPRESENTATION LETTER

Dear Sirs

Financial Statements of Progress Housing Group Limited and Progress Housing Association Limited for the year ended 31 March 2021

We confirm that the following representations given to you in connection with your audit of the consolidated and parent association's financial statements (together the "financial statements") for the year ended 31 March 2021 are made to the best of our knowledge and belief, and after having made appropriate enquiries of other directors and officials of the association and other group companies as appropriate.

We have fulfilled our responsibilities as directors for the preparation and presentation of the consolidated and parent financial statements as set out in the terms of the audit engagement letter, and in particular that the financial statements give a true and fair view of the financial position of the group and association as at 31 March 2021 and of the results of its operations and cash flows for the year then ended in accordance with applicable financial reporting framework and for making accurate representations to you.

We have provided you with unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence. In addition, all the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the group and association have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all meetings of management and non-executives have been made available to you.

Going concern

We have made an assessment of the group's and the association's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements were approved for release. As a result of our assessment we consider that the group and association's are able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis.

In making our assessment, we considered the financial impact of Covid-19 on our cash flow forecasts and forward loan covenant compliance, performing stress testing of these plans. We have appropriately disclosed the inherent uncertainty in our operating environment and its impact on our going concern assessment in our financial statements and narrative reports.

Having performed our assessment we were able to conclude that the group and association are able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis.

In making our assessment we did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the group's and the association's ability to continue as a going concern.

Laws and regulations

In relation to those laws and regulations which provide the legal framework within which our business is conducted and which are central to our ability to conduct our business, we have disclosed to you all instances of possible non-compliance of which we are aware and all actual or contingent consequences arising from such instances of non-compliance.

We confirm that we have informed you of any actual or potential non-compliance with the laws and regulations prescribed by the Financial Services and Markets Act 2000 and Financial Services Act 2012 and any known breaches of the Financial Conduct Authority rules.

Any complaints received in respect of regulated business and any events, which involve possible non-compliance with the Financial Conduct Authority rules have been disclosed to you and appropriately provided for and disclosed in the financial statements, where applicable.

All communication with the Financial Conduct Authority including correspondence, minutes of meetings and notes of inspection visits have been made available to you.

We acknowledge our responsibility for ensuring that the accounting records and systems of control have been established and maintained in accordance with the Financial Conduct Authority rules. We confirm that the entity did not hold or administer client money or custody assets at any time during the year. We confirm that the company has kept proper accounting records for the year.

Post balance sheet events

There have been no events since the balance sheet date which either require changes to be made to the figures included in the financial statements or to be disclosed by way of a note. Should any material events of this type occur, we will advise you accordingly.

Fraud and error

We are responsible for adopting sound accounting policies, designing, implementing and maintaining internal control, to, among other things, help assure the preparation of the financial statements in conformity with generally accepted accounting principles and preventing and detecting fraud and error.

REPRESENTATION LETTER

We have considered the risk that the financial statements may be materially misstated due to fraud and have identified no significant risks.

To the best of our knowledge we are not aware of any fraud or suspected fraud involving management or employees. Additionally, we are not aware of any fraud or suspected fraud involving any other party that could materially affect the financial statements.

To the best of our knowledge we are not aware of any allegations of fraud or suspected fraud affecting the financial statements that have been communicated by employees, former employees, analysts, regulators or any other party.

Misstatements

You have not advised us of any unadjusted misstatements in the financial statements or other information in the annual report.

Related party transactions

We have disclosed to you the identity of all related parties and all the related party relationships and transactions of which we are aware. We have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable accounting framework.

There were no loans, transactions or arrangements between the group, the association and its directors and their connected persons at any time in the year which were required to be disclosed.

Taxation

We are not aware of any non-compliance relating to the group or the association's tax affairs that might result in a material.

Carrying value and classification of assets and liabilities

We have no plans or intentions that may materially affect the carrying value or classification of assets or liabilities reflected in the consolidated and parent financial statements.

Accounting estimates

None of the association's current asset properties for sale or work in progress balances are stated in the balance sheet at 31 March 2021 at an amount exceeding their recoverable amount, and investment properties are stated at their fair value at that date.

We confirm that none of the group or association's assets are stated in the balance sheet at 31 March 2021 at an amount exceeding their recoverable amount as defined in FRS102 Section 27 - Impairment of assets.

All housing properties are in existence and beneficially owned by the group. Title deeds are held by mortgagees, local authorities or solicitors as security for specific charges against the properties, in respect of housing loans outstanding at the balance sheet date, where appropriate.

We confirm that the bad debt provision of 70%-100% of former tenants and 70% of current tenants is appropriate based on receipts during the current year.

We confirm that cash flow forecasts used in our assessment of going concern are based on our best estimate of committed development costs, loan drawings and related interest charges and overheads adjusted for inflation.

We confirm that the valuation of the pension liability is calculated with reference to market levels and the most relevant demographic and financial assumptions at 31 March 2021.

We have disclosed all known actual or possible cross guarantees between entities in the group and association with third parties and in particular any such guarantees between regulated and non-regulated entities.

Litigation and claims

We have disclosed all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and these have been disclosed in accordance with the requirements of accounting standards.

Confirmation

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

We confirm that the financial statements are free of material misstatements, including omissions.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware. Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully

(Signed on behalf of the board of directors)

Date:

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RESIDENTIAL PROPERTY DEVELOPER TAX

HM Treasury consultation issued April 2021

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On 29 April 2021, HM Treasury released a consultation on a new Residential Property Developer Tax (RPDT) to apply from April 2022. The policy objective is to require residential property developers to pay additional tax to fund the cost of remediating cladding issues, which have/will be borne by the Government.

The new tax does not target only developers who have had cladding issues or who are developing high rise buildings (although a levy has been introduced to target such developments) - it currently has a much wider scope and would affect many future residential developments.

Whilst the consultation document is silent on several key characteristics of RPDT, most notably the rate of tax, it does set out the Government’s thinking and a clear framework for this new tax.

Application

RPDT is set to apply to the annual profits of UK residential development activities from April 2022. Whilst it is described as ‘time-limited’, there is no guidance yet as to how long the RPDT will be levied for.

It is the Government’s intention that only the “largest” residential property developers will be brought within the charge to RPDT and that it would cover profits from UK properties earned by both UK and non-UK resident companies. Specifically, the tax is to be levied where a group’s profits from UK residential property development activities exceed £25m per year (this £25m allowance cannot be carried forward to future periods). The definition of group has not yet been decided.

There are two proposed methods under discussion for entities to calculate their liability to RPDT: tax all profits of an entity that directly undertakes or contributes to UK residential property development activities (unless they are “insignificant”) or tax just the relevant UK residential property development profits of a group.

Interestingly, the Government proposes that no interest or funding costs will be deductible in calculating profits liable to RPDT: this appears to apply to third party bank interest as well as intra-group borrowing. The key

implication of this is that the £25m limit will, in practical terms, be far less generous and many more groups will have to pay RPDT.

This will expand the scope of RPDT beyond what many in the industry would normally consider to be the “largest” developers given the higher financing costs that many medium and smaller residential developers face. Further, in scenarios where a property/properties have been retained for a number of years, and as a result the financing cost has reduced the accounting profits, the rate of RPDT will become disproportionality high.

The consultation says that losses generated prior to the introduction of RPDT must be excluded from the calculation of UK development profits, but it does leave open the possibility of recognising brought forward losses generated after the introduction of tax. While allowing losses generated after April 2022 to be carried forward for RPDT purposes would be fair, the Government recognises that this would bring additional complexity - particularly if the rules are aligned to the existing corporation loss restriction rules. Group relief from activities outside of the scope of the tax would not be available to reduce the profits subject to RPDT.

UK residential development activities

RPDT targets the profits of UK residential development activities and has a broad scope, covering the development of ‘dwellings’ for both build to sell and build to rent. The definitions of a ‘dwelling’ are broadly in line with those found in other taxes, such as the annual taxation of enveloped dwellings (ATED) and stamp duty land tax (SDLT). However, whilst there are specific caveats as to what constitutes a ‘dwelling’ under ATED and SDLT legislation, it has not been yet decided that the same caveats will apply to the RPDT.

The consultation document includes a number of carve outs and potential carve outs from the definition of ‘dwellings’, these include the common carve outs for ‘communal dwellings’ such as hotels, supported housing providing care/support for vulnerable groups, accommodation for members of the armed forces prisons etc.

RESIDENTIAL PROPERTY DEVELOPER TAX

HM Treasury consultation issued April 2021

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In setting out these carve outs, the Government also provided some direction on its thinking in several key areas:

- **Build-to-rent** - Importantly, build-to-rent also appears to be within the charge - with a suggestion that profits from this activity for RPDT purposes will be determined based on a notional market value calculation upon initial rental of a completed property. If introduced in this way, this will therefore introduce a 'dry tax charge, for build-to-rent developers. Therefore, this would be a tax that spans not only conventional "development activities" and companies that hold stock on their balance sheet but also entities that hold property as fixed asset investments.
- **Student accommodation** - Consideration is being given to the extent to which student accommodation falls within the scope of RPDT and it is possible that some or all student accommodation being developed will fall within the charge. The consultation document suggests that the final rules are likely to draw a distinction between the more 'traditional' halls style accommodation and more 'modern' flats (self-contained or cluster) with the former more likely to be exempt from RPDT.
- **Affordable housing** - Profits from the development of affordable housing would fall within the scope of RPDT: the Government does not view this as contrary to its goal to increase the availability of affordable housing. The Consultation notes that such development is typically either undertaken at cost due to s106 planning obligations or by charitable or otherwise tax exempt organisations (with there being no intention to disturb the existing tax exemptions for charitable activities). However, the Government does recognise that affordable housing is also developed on a for profit basis and welcomes views on the implications of taxing profits from such activity.
- **Care homes and assisted living** - While the development of residential and supported housing is specifically carved out, the consultation leaves open the option to charge RPDT on the development of retirement housing that is not reliant on care provision. This will create new complexity for businesses developing retirement communities where a varying level of care is provided to residents.

Joint ventures

Joint venture enterprises will be liable to the RPDT if they have 'relatively significant economic interest' (not yet defined) in a vehicle liable to the RPDT. They will be taxed on a two tier approach covering Profits or the JV structure as if it were a standalone group and, separately, the profits of each JV member's ownership of the JV as part of the member's group's RPDT profits: RPDT tax credits will be given to prevent double taxation.

Payment dates

It is currently proposed that the payment dates would be aligned with corporation tax payment deadlines, including the recently introduced 'super-QIPs' regime that requires all corporation tax payments to be paid before the end of the year. This will inevitably compound issues for developers with 'lumpy' (one off/irregular profits) and will increase the requirement of greater scale developers to monitor their profits closely throughout the year.

Conclusions

The RPDT is in the early stages of development but is being introduced in relatively short-order. It is difficult to reach firm conclusions on its full implications until the rate of tax is confirmed and the results of the consultation are published (expected to be later this year). However, one theme is already clear, by introducing a tax on specific profits that are different from normal profits liable to corporation tax the Government is creating considerable additional complexity and costs for the UK residential property sector.

BDO will be responding to the consultation (which ends on 22 July 2021) - you can read the full consultation document at <https://www.gov.uk/government/consultations/residential-property-developer-tax-consultation>

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RESTORING TRUST IN AUDIT AND CORPORATE GOVERNANCE

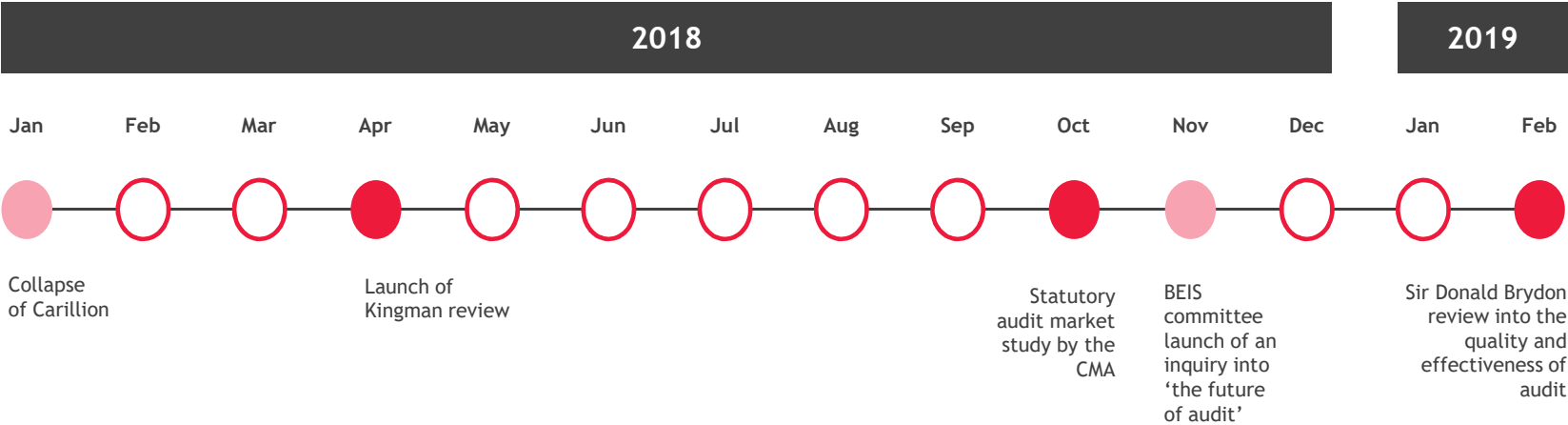
BEIS consultation issued March 2021

The collapse of Carillion at the beginning of 2018 precipitated a root and branch review of how the audit market works with three main components, all reporting to the Secretary of State for Business Energy and Industrial Strategy. The latest BEIS consultation as published in March 21 outlines proposals to increase choice and quality in the audit market, establish clearer responsibilities for the detection and prevention of fraud, and ensure the audit product and audit profession are fit for the future. The consultation aims to present measures that balance the need for meaningful reform with proportionate impacts on business, both now and for the future. The next pages aim to summarise the key areas of the consultation but for more information please refer to the [consultation](#) directly.

Although the consultation is only due to close in July 2021 that is not to say that changes have not already begun: There are already a number of changes being made by the market participants themselves such as increased operational separation of audit from consulting and voluntary restriction of non-audit services. At BDO we support the aims of operational separation of audit practices. Without being complacent we do not have a large consulting practice like some of our rivals and we have always run our audit business to be independently and sustainably profitable, therefore the main causes of concern that this seeks to address namely cultural contamination and cross subsidisation are less relevant for us. We do however recognise that the profession needs to restore the confidence of users and operational separation or ring fencing is an important step on that journey. We have drawn up plans for how we would implement this and are currently consulting with stakeholders. Whilst full compliance is not required until 2024 we are likely to implement a number of aspects particularly around governance and financial transparency by July 2021.

Whilst there is some uncertainty regarding the timeline post the close of the consultation it is our understanding that the implementation of the Audit, Reporting and Governance Authority (ARGA) is likely to be in 2023.

HISTORIC CONSULTATIONS TIMELINE



BEIS CONSULTATION AT A GLANCE

Issued March 21

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Key Area of the BEIS consultation	Summary
1. Resetting the scope of regulation by expanding the definition of Public Interest Entities to include large private companies and “large” AIM quoted companies.	The government proposes two possible tests to extend the scope of PIEs: To adopt the test used to identify companies already required to include a corporate governance statement in their directors’ report, or adopt a narrower test which incorporates the threshold for additional non-financial reporting requirements for existing PIEs. This would cover companies with both: Over 500 employees and a turnover of more than £500 million as their consolidated position. The Government is also proposing that any new definition of PIE should also include companies on the exchange-regulated AIM market with market capitalisations above €200m.
2. Increasing the accountability of directors	The consultation sets out a couple of options relating to directors accountability for internal controls and then indicates a tentative preferred option which would require a directors’ statement about the effectiveness of the internal controls. Unlike the US’s approach to internal controls which mandates external auditor attestation in most cases this option would leave the decision on whether the statement should be assured by an external auditor to the directors, audit committee and shareholders. This section of the consultation also includes proposals to require companies to report on their distributable reserves and for directors to be required to make a formal statement about the legality and affordability of proposed dividends.
3. New corporate reporting requirements	Introducing a requirement for PIEs to produce an annual Resilience Statement. This new statement consolidates and builds upon the existing going concern and viability statements and would apply initially to Premium Listed companies. Introducing an Audit and Assurance Policy where directors have to describe their approach to seeking assurance. For publicly quoted entities, this would be subject to an advisory shareholder vote at the time of its publication,
4. Strengthening the supervision of corporate reporting	Giving the Audit, Reporting and Governance Authority (ARGA) (which replaces the Financial Reporting Council) more power to direct changes to company reports and accounts. Creating increased transparency for the Corporate Reporting Review (CRR) process and an extension of the CRR process to the whole of the annual report and accounts. The Government proposes to broaden the regulator’s review powers so that it can scrutinise the entire contents of a company’s Annual Report and Accounts.

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Key Area of the BEIS consultation	Summary
5. Provisions concerning company directors	Giving the regulator investigation and enforcement powers in relation to wrongdoing by all directors of Public Interest Entities. Due to the principles of collective responsibility and a unitary board, all directors of Public Interest Entities would be in scope. Strengthening malus and clawback provisions within executive director remuneration.
6. Changes to audit purpose and scope	The Government will seek to introduce a regulatory framework to cover both audits of financial statements (statutory audit) and other types of information which companies decide to have audited through the Audit and Assurance Policy process. It also proposes to legislate to require directors of Public Interest Entities to report on the steps they have taken to prevent and detect material fraud.
7. Changes to audit committee oversight and engagement with shareholders	ARGA to establish a standards and supervision regime. ARGA will write the standards by which Audit Committees will need to operate and they will monitor compliance against these standards. Initially this will only apply to FTSE 350 Audit Committees. Additional requirements for audit committees in the appointment and oversight of auditors, which is intended to ensure the committee acts effectively as an independent body responsible for safeguarding the interests of shareholders. Increased engagement between a company and its shareholders. The Government agrees with Brydon's recommendation that the audit committee's annual report should set out which shareholder suggestions put forward for consideration had been accepted or rejected by the auditor.
8. Improved competition, choice and resilience in the audit market	The implementation of a managed shared audit regime for companies audited by the Big Four. The operational separation of certain accountancy firms. Statutory powers for the regulator to monitor the resilience of the audit market.
9. Greater supervision of audit quality	Making the regulator responsible for approving the auditors of PIEs and improving the transparency of Audit Quality Review reports by allowing AQR reports on individual audits to be published without consent.
10. A new and strengthened regulator; the Audit, Reporting and Governance Authority	The regulator will be given the power to make rules requiring market participants to pay a levy to meet the regulator's costs of carrying out its regulatory functions.
11. Additional changes to the regulator's responsibilities	The regulator will have the power to require an expert review where it has identified significant concern regarding a PIEs corporate reporting and auditing.

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EMISSIONS AND ENERGY CONSUMPTION ANNUAL REPORT DISCLOSURES

Summary:

- ▶ Enhanced **quoted company** requirements, and new requirements for **unquoted companies** and **LLPs** that exceed certain size and energy usage thresholds
- ▶ Disclosure to be in **Directors' Report**, or for LLPs in a separate '**energy and carbon**' report
- ▶ In consolidated accounts, the information is on a consolidated basis, but only needs consolidated information from subsidiaries that are also within the scope
- ▶ **Subsidiaries are exempt** if included in consolidated accounts of a parent that provides these disclosures.

Effective date: 1 April 2019

The final Statutory Instrument introducing the changes (SI 2018/1155) is available on [legislation.gov.uk](https://www.legislation.gov.uk). In addition, the Department for Environment, Food and Rural Affairs (DEFRA) has issued Environmental Reporting Guidelines to assist companies preparing for the new requirements.

Unquoted companies or LLPs:

Large companies or **LLPs** that **consume > 40,000 kWh of energy annually** must:

- ▶ Disclose annual quantity of energy in kWhs consumed in the UK
- ▶ Describe calculation methods used, and any energy efficient improvement measures undertaken
- ▶ Present at least one ratio expressing annual emissions in relation to a quantifiable factor associated with company's activities
- ▶ Comparatives must be presented after the first year of application
- ▶ Companies consuming <40,000 kWh of energy annually need only state that fact.

Quoted companies

New requirements are **in addition to existing Greenhouse Gas emissions disclosures**:

- ▶ Quantitative and narrative disclosures on energy consumption and energy efficiency measures
- ▶ New rules are similar to those for unquoted companies BUT calculations are based on global emissions and energy consumption, rather than being limited to the UK and its offshore areas

FRC GUIDANCE - CLIMATE RELATED REPORTING

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FRC Lab report on climate-related corporate reporting

- ▶ The FRC's Financial Reporting Lab has published a Lab Report on Climate-related Corporate Reporting, which provides useful and practical information on an area of increasing importance to investors, politicians and the wider community.
- ▶ The Lab Report sets out how companies can fill the gap between investor expectations and current corporate reporting practice and notes that investors would like companies to articulate:
 - how boards consider and assess the topic of climate change
 - whether, and how, the business model may be affected by climate change, whether it remains sustainable, and how the company may respond to the challenge posed by climate change
 - what the opportunities and risks are, including the prioritisation of risks and their likelihood and impact
 - what changes the company might need to make to strategy to capitalise on a changing climate and related opportunities
 - what scenarios might affect the company's sustainability and viability, and how
 - how the impact is measured and how the company measures the climate-related challenges and the success of its strategy through strategically aligned, reliable, transparent metrics and financially-relevant information.
- ▶ The Lab Report also highlights that the UK Government announced, in its July 2019 Green Finance Strategy, the **expectation** that **listed companies** and **large asset owners** should **disclose** in line with the **Task Force on Climate-related Financial Disclosures' ('TCFD') Framework** recommendations **by 2022**.
- ▶ On the basis that such disclosures may well become **mandatory** (either by being brought into law or through market forces) in the short- to medium-term, companies are recommended to start looking at them and considering whether their reporting can be evolved over time, rather than to risk being left behind as practice develops.
- ▶ It is worth noting that most companies, to a greater or lesser extent depending on their size and listing status, are **already required** to provide related environmental disclosures under the Companies Act 2006's strategic report and directors' report requirements and the UK Corporate Governance Code 2018. The TCFD Framework might provide a practical method of tying these requirements together.

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Investors>Financial Reporting Lab>Climate-related corporate reporting - Where to next?

FRC GUIDANCE - SOURCES AND USES OF CASH

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FRC Lab report on disclosures on the sources and uses of cash

- ▶ The FRC's Financial Reporting Lab has published a Lab Report about disclosures on the sources and uses of cash. Highly practical, it explains what information investors are seeking in this area and features many examples of good practice.
- ▶ The Lab Report suggests that disclosures on how cash will be generated and used in the future are often provided outside of the cash flow statement and may be outside of the annual report completely. However, these disclosures are often the most helpful to investors who seeking to understand an entity's broader cash position and, consequently, the Lab Report focuses on this supplemental cash flow disclosure.
- ▶ In broad terms, the Lab Report identifies a need for a clear description of the drivers of current (and future) performance and position, in the context of cash, supported by appropriate metrics and goes on to explain that, for many companies, greater attention is placed on a number of performance-focused metrics (such as profit or adjusted profit) with cash metrics featuring more as a supporting or supplementary metric.
- ▶ Furthermore, the Lab Report highlights that cash metrics and cash generation are often not fully explained but that the most effective disclosures are those where numbers and narrative are combined in a way that shows how future cash generation is underpinned by current cash generation.
- ▶ In addition to making clear what information investors are seeking in this area, the Lab Report highlights 23 separate examples of good practice. It also features an appendix that deals with **reverse financing** (sometimes known as **supplier financing**), a topic on which the FRC has been focussing in recent months following the collapse of Carillion, which includes some illustrative examples of the nature of disclosures that would be of benefit to investors.

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Investors>Financial Reporting Lab>Disclosures on sources & uses of cash - FRC Financial Reporting Lab report

FRC GUIDANCE - WORKFORCE-RELATED CORPORATE REPORTING

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FRC Lab report on Workforce-related corporate reporting

- ▶ One of the areas that has become an increasing area of focus over the last few years is in relation to reporting on workforce-related issues. This increase in focus is in response to the new strategic report and directors' report requirements, and the FRC's Corporate Governance Code 2018, along with general societal expectations.
- ▶ To help companies identify good reporting in relation to these matters, the FRC's Financial Reporting Lab has published a report of their findings from their [workforce-related corporate reporting project](#) along with a [summary document](#), which build on their previous reports on [business models](#), [risk and viability reporting](#) and [performance metrics](#).
- ▶ The report sets out how companies can make their reporting more effective and comprehensive by providing a set of questions that they should ask to help develop their reporting supported by a set of recommended disclosures, and by highlighting some examples of current practice. This is intended to help companies close the gap between investor expectations and what companies are disclosing although it notes that as expectations grow, ongoing development will be necessary.

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Investors>Financial Reporting Lab>Workforce Report 2020 (a)

DEVELOPMENTS IN FRS 102

New Standards, Amendments or Interpretations applicable to future periods

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Development	Summary
Amendments to FRS 102 - Interest benchmark reform (December 2019)	Relevant to entities that apply hedge accounting - These amendments to specific hedge accounting requirements provide relief that will avoid unnecessary discontinuation of hedge accounting as interest rate benchmarks are being reformed. - Entities will apply specific hedge accounting requirements assuming that the interest rate benchmark relevant to the hedge accounting is not altered as a result of interest rate benchmark reform. Principal effective date: 1 January 2020, with early application permitted.
Amendments to FRS 102 and FRS 105 - COVID-19-related rent concessions (October 2020)	Relevant to all entities that have been granted temporary rent concessions for operating leases as a direct consequence of the COVID-19 pandemic Sets explicit requirements for accounting for temporary rent concessions for operating leases occurring as a direct consequence of the COVID-19 pandemic, and within a limited timeframe. They shall be recognised over the period the concession is intended to compensate, reflecting the economic substance of the concessions and their temporary nature. Principal effective date: 1 January 2020, with early application permitted.
Draft amendments to FRS 102 - Interest rate benchmark reform (Phase 2) (June 2020)	Relevant to all entities (including entities that apply hedge accounting) As interest rate benchmark reform takes place, this proposes amendments to provide relief to minimise discontinuities in the accounting for financial instruments and leases, minimise reporting costs, assist entities in providing useful information to users of financial statements and avoid unnecessary discontinuation of hedge accounting as agreements are modified in order to transition to alternative benchmark rates. Principal effective date: 1 January 2021, with early application permitted.

CHARITY FINANCIAL AND REGULATORY

Revised Practice Note (PN14) for the audit of housing associations in the United Kingdom

PN 14 provides sector specific guidance on applying the FRC's auditing standards to audits of Housing Associations. As well as a general refresh, key revisions include updating of the material relating to devolved regulatory regimes, and the key business risks affecting housing associations,

Charities Bill 2021

The Charities Bill 2021 includes several changes that will affect any charity. Many of the proposals are technical, and relate to the Charity Commission's functions, or will be of specific interest to a limited class of charities. However the more wide ranging recommendations for charities, include:

- allowing trustees to be paid for goods, as well as services, in certain situations
- simplifying the process on ex gratia payments
- giving charities more flexibility to obtain tailored advice when they sell land, and removing unnecessary administrative burdens
- increased flexibility to use permanent endowment, with checks in place to ensure its protection in the long term
- removing legal barriers to charities merging, when a merger is in their best interests
- giving trustees advance assurance that litigation costs in the Charity Tribunal can be paid from the charity's funds

A draft bill will be introduced when parliamentary time allows.

Reporting Pensions

The Charity Commission has reviewed 100 charities with pension deficits of over £550m. Although most were handling the issue appropriately, most charities did not report the matter in enough detail in their annual reports. 58% of them did not explain the impact of the pension deficit on their financial position and only a quarter included it as a risk or explained clearly what they were doing about it

Scottish Charity Law and Public Survey

The Scottish Government has started the process of consultation and discussion as a precursor to changing charity law. OSCR will set out a summary of proposed changes to enhance transparency and accountability in Scottish charities and to increase regulatory powers for OSCR.

The Scottish Charity Regulator (OSCR) has also published the results from its Scottish Charity and Public Surveys 2020. These include:

- The importance of a charity's cause was the most common reason for choosing to support a charity (56% of those who donate), followed by trustworthiness (44% of those who donate).
- 58% of the public said knowing how much of a donation goes to the cause, and 55% said seeing evidence of what the charity has achieved, would make them feel a charity was trustworthy.
- OSCR reminds charities that they, and not OSCR, are responsible for ensuring the public have access to annual reports and accounts, and for being transparent and accountable.

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CHARITY FINANCIAL AND REGULATORY

Charity Governance

The Charity Governance Code was refreshed in December 2020: changes were modest and focussed on the integrity principle, and a widening of the diversity principle. The relevant diagnostic tools have also been updated and can be used by trustees to reassess their application of the code. In two reports published in March and June into major charities, the Charity Commission highlighted some key themes of general application:

- Poor workplace culture which let down complainants, staff and the wider public
- Handling of the complaints so poor that it amounted to mismanagement
- Failure to consistently follow own processes when staff members made allegations of inappropriate conduct
- Dealing with complaints informally, rather than to investigate them fully
- The whole trustee body not being made aware of important issues as early as it should be
- Over-dependence on committees without rigorous oversight
- Trustees' failure to understand and manage safeguarding risks or make this a key governance priority

Responsible and Social Investments

The Charity Commission has issued draft guidance making clear that trustees of all charities can decide whether or not to adopt a responsible investment approach that reflects the charity's purposes and values, and not just focus on the financial return. The new draft explains that the rules applying to responsible investments are those that apply to all financial investments, including that trustees' decisions must always be made in the best interests of the charity, and in line with its governing document. Meanwhile Social Investment Tax Relief will continue to be available for debt and equity investments into qualifying entities or funds until April 2023.

Social Value Procurement

The government is operating a new model to deliver social value through its' commercial activities, effective 1 January 2021. Social value should be explicitly evaluated, rather than just 'considered' as previously required. Procurement teams will select objectives in line with government priorities that are relevant and proportionate to their procurement.

Remuneration practices

There continues to be interest in the levels of pay for higher paid staff in charities, both from the media and the regulators. The FRC has commented on reporting remuneration practices in the FTSE 350, and some of its comments could equally apply to charities. The FRC comment on the trend to disclose more information on remuneration, that most companies link rewards to long term performance, but that there is still a lack of detail on the principles relating to remuneration setting.

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The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the company and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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