



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

**Scottish Charity Number SC009055
Registered with the Financial Conduct Authority No. 1686R(S)
Registered Housing Association No. HEP87**

GOVAN HOUSING ASSOCIATION LIMITED

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GOVAN HOUSING ASSOCIATION LIMITED

MEMBERS OF THE BOARD, EXECUTIVE AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2025

Govan Housing Association Board

Mr Gary Maguire MBE	Chairperson
Mr Colin Quigley	Vice Chair resigned 10/04/2024
Mrs Alice Connelly	
Mr Zulfur Khan	
Ms Karen Russell	Secretary
Mr Stephen McLachlan	Appointed Vice Chair 25/04/2024, resigned Vice Chair 26/09/2024
Ms Ann Fraser	Appointed Vice Chair 26/09/2024
Ms Avril Williamson	
Ms Stacey Dingwall	Resigned 25/06/2024
Ms Fiona Cochran	
Ms Sophie Keast	Co-opted 26/10/2023
Mr Allan Murphy	Co-opted 27/02/2025
Mr Craig Thomson	Co-opted 27/02/2025
Ms N Pettigrew	Co-opted 27/02/2025

Executive Officers

Ms Caron Quinn	Group Chief Executive Officer
Mrs Kerry Ann Wallace	Director of Customer Services
Mr Jamie Mallan	Director of Community Enterprises

Registered Office

35 McKechnie Street
Govan
Glasgow
G51 3AQ

External Auditors

Azets
Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Internal Auditors

TIAA	BDO
West Regent Street	Atlantic Quay
Glasgow	70 York Street
G2 2RQ	Glasgow
TIAA were appointed	G2 8LX
internal auditors on	
01/10/24	

Solicitors

Harper MacLeod
The Ca'd'oro
45 Gordon Street
Glasgow
G1 3PE

Brechin Tindal, Oates Solicitors
48 St. Vincent Street
Glasgow
G2 5HS

GOVAN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2025

Introduction

The Board present their Annual Report together with the audited accounts for the year ended 31 March 2025. These accounts cover the year 1 April 2024 to 31 March 2025.

Principal Office and Registered Address

35 McKechnie Street
Govan
Glasgow
G51 3AQ

Principal Activity

The principal activity of the Group is the provision of affordable housing for rent and related services for tenants and other stakeholders.

The Govan Housing Group consists of

- Govan Housing Association Ltd (as Group Parent – Former in 1971), is a registered social landlord and charity. Its principal activity is the provision of affordable housing for rent and related services for tenants;
- Govan Home Team C.I.C (incorporated in 2017) provides reactive and planned services for the group as well as external customers; and
- The Water Row Company (incorporated in 2023) which undertakes a range of non-charitable and commercial activities including the management of homes at mid-market rent, property leases, and factoring services.

Govan Housing Association is an ambitious, forward thinking, and dynamic 'not for profit' social housing provider. The Association itself possesses a rich history and one of development and innovation. Founded in 1971, the Association was the first community-based housing provider, leading the way for social housing provision in Scotland. After over 50 years of operating in the housing sector, the Association now owns and manages over 1,630 socially rented properties and provides factoring services to homes and businesses in the Govan area of Glasgow, as well as taking an active role in the regeneration of the area and continuing to improve the quality of life of residents.

We have continued to develop our vision, our values, and our strategic and operational outcomes for the Association during the year. We recognise that to deliver our vision and deliver it well, we need to be open to change to meet the diverse needs of the wider community and the political, social, and economic environment our business and our residents currently operate in.

Our vision is:

"To preserve the history and pride of Govan and guarantee its future by providing good quality housing, enhancing aspirations and improving lives."

Governance and Decision Making

The strategic leadership and direction of the Group is provided by the Board of Govan Housing Association which comprises of 10 members, Govan Home Team Board comprising 3 members and the Water Row Company Board comprises 5 members. The Board for Govan Housing Association is supported by a Chief Executive and an Executive Management Team.

GOVAN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2025

Board Members

All tenant members of the Board are on Scottish Secure Tenancy Agreements and these members cannot use their position on the Board to their advantage.

Each member of the Board holds one fully paid share of £1 in Govan Housing Association. The Executive Officers of Govan Housing Association hold no interest in Govan's share capital and although not having the legal status of "Director" they act as Executives within the authority delegated by the Board. The members of the Board are unpaid. The governance arrangements include the Board with additional Subcommittees for Audit, Staffing and Operations.

Executive Management Team

Ms Caron Quinn
Mr Sean O'Connor
Mrs Kerry Ann Wallace
Mr Jamie Mallan

Group Chief Executive Officer
Interim Group Deputy Chief Executive Officer
Director of Customer Services
Director of Community Enterprises

The Executive Management is led by the Group Chief Executive Officer, Caron Quinn, who was responsible for achieving the vision, strategic and operational outcomes, priorities and plans of the Board outlined in the business plan. It is vital that the Executive Management Team ensure a high standard of professionalism, performance and innovation in their work. Vital to this is the ability to demonstrate a dynamic and hands-on approach in their work and in leading their respective teams as we continue to drive towards our overall mission of 'Moving Govan Forward'.

Review of Business and Future Developments

STRATEGIC REPORT

The Groups performance and effort to date provides a solid foundation to work towards achieving our overarching business plan. To help underpin this vision we have developed some key operational objectives for the Govan HOME Team and The Water Row Company, which are

- To improve service delivery to all our service users.
- To improve business efficiencies within the Govan Housing Association Operations departments.
- To generate surplus to re-invest into the local community that we serve.
- To ensure growth and meet priority needs.
- To ensure the provision of wider community benefits to the local area.
- To expand on the services provided to Govan Housing Association.

As a business we continue to recognise the growing financial and structural pressures on the sector but consider that we have the commitment, skills, financial capacity, and structure to enable us to provide a quality, customer-focussed and diverse service to our residents.

Financing and Liquidity

The Association continues to meet its banking covenants and borrowing requirements throughout the year and successfully negotiated a new £1.4m loan to support our Water Row development which will be drawn down in 2025-26. The final properties within this scheme were handed over in June 2024.

Credit Payment Policy

The Association's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The average payment period is less than 30 days.

GOVAN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2025

Review of Business and Future Developments (continued)

Capital Structure and Treasury Management

The Association's operations are funded based on a 30 Year Business Plan which is produced annually and re-reviewed every six months. All our development projects are funded by a loan facility provided by our main lender, The Royal Bank of Scotland and grants provided by the Scottish Government.

The Association also has in place an active treasury management function, which operates in accordance with the Treasury Policy approved by the Board. In accordance with our Treasury Management Policy and Practices, the Board receive six-monthly reports on the performance of our treasury management operations.

Planning for the future

The Association reviews its 30-year financial plan annually which includes all long-term plans for the business over the period. Each year's budget is also reviewed after six months and projections will be adjusted if required to ensure that risks are managed and current challenges are met without putting the business or its investments at risk.

The key assumptions underpinning the 30-year projections include the investment needed in our stock to meet relevant standards, including the new requirements of the Energy Efficiency Standard for Social Housing (EESHS) and Net Zero and monies required to meet the costs of maintaining our stock based on our stock condition survey data and the Association's overall asset management strategy. Key assumptions also include the forecasting of economic variables such as inflation, interest rates and increases in rents, employment, and maintenance costs.

We also apply sensitivity analysis to our projections to assess our exposure to unexpected changes in the economic and operating environment and to develop strategies to mitigate the risks and challenges that these changes may present

Risk Management and Internal Control

The Association is committed to embedding risk management throughout the organisation and its systems and controls are designed to ensure that exposure to significant risk is properly managed. Our risk management strategy forms part of the Association's internal control and corporate governance arrangements. The Association's aim is to identify, manage and minimise, rather than eliminate, risks which may prevent the organisation achieving its objectives.

The Board set internal policy on risk and internal control as well as having responsibility for determining the strategic direction and providing oversight of risk management. The policy explains the Association's underlying approach to risk management, and documents the roles and responsibilities of the Board, the Executive Management Team, and other key parties.

The Board evaluates the effectiveness of the Association's risk management and internal control procedures. As part of this process, the risk register is reviewed and reported via the Audit Sub-Committee, with ownership of each risk being attached to a specific officer of the Association. Whilst this report details the strategic risks, the Association recognises that successful risk management can only be accomplished on a day-to-day basis by staff at all levels.

Business Performance

Key Performance Indicators are reported to the Board quarterly across a range of performance, satisfaction and financial indicators and reported annually to the regulator via the Annual return on the Charter and other key financial returns including this annual report.

GOVAN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2025

Review of Business and Future Developments (continued)

OPERATING REVIEW CUSTOMER SERVICES

Key Performance Indicators (KPIs)

The Association's KPIs are reviewed quarterly via the Operations Sub Committee and documented in the Annual Return on the Charter (ARC) to the Scottish Housing Regulator. The KPIs are also reported to our residents through our quarterly newsletters to ensure that our residents are fully aware of how the Association is performing.

The Customer Services team have a fundamental role to play in delivering improved housing services to our tenants, driving forward efficiency, and delivering agreed outcomes whilst ensuring that the needs of our community are recognised. As a result, Customer Services are committed to continuous improvement and to playing its part in enabling the Association to achieve its aims and objectives. With this in mind, we aim to ensure that we meet our performance targets and where we do not, we take the most appropriate remedial action to make improvements.

Throughout 2024/25, the team have continued to develop their services to customers while providing additional assistance due to the current inflation and cost of living issues, while ensuring the Association achieves quality outputs and improved resident satisfaction. This service model has been developed further to incorporate reduced community areas serviced by more staff, which has shown to improve performance in most areas of Customer Services activity. In addition, we have introduced more effective ways for the Customer Services Team to work directly with our Money Advice Service to maximise tenants' income and ensure that those in need obtain the support required to sustain their tenancy.

The Association recognises that the issues which are important to tenants, and the community is where the Association should focus its energy and resources, and this includes providing a holistic response to customers housing needs. The revised generic service delivery model has been established to deliver on that vision.

Community Development and Tenant Support

The Association continues to face a challenging environment of welfare reform, economic downturn, increasing unemployment and reduced public spending. These factors are having, and will continue to have, an adverse effect on many of our customers, particularly those that are vulnerable and on low incomes.

We are committed to work with partners to provide quality homes, good neighbourhoods, sustainable tenancies, and community Engagement to enhance overall wellbeing in our community

- **Money Advice Service** – Govan Housing Association's Money Advice Service was re-branded in 2022, and the service was shaped and expanded on feedback from our customers that demonstrates a strong commitment to meeting the real needs of our community. As Welfare Reform policies evolved, we adapted our service to align with these changes and provide a more comprehensive support.

GOVAN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2025

Review of Business and Future Developments (continued)

Community Development and Tenant Support (continued)

- **Energy Costs** – Since the addition of the Energy Advisor from 2020 through funding, we have continued to enhance the service provided by addressing energy debt. Our service has partnered with Elderpark and Linthouse to develop the Govan Energy Service highlighting a commitment to partnership and community collaboration, which resulted in more impactful interventions with Energy Funding and overall reducing Energy Debt and providing Advice.

The collaborative partnership between the Associations to develop the Govan Energy Service is truly commendable. By securing funding to sustain and expand the service ensures the continuity of support for residents in managing their energy costs.

The journey of this service from single service to a multi-faced support system involving welfare rights, debt assistance, and energy advice is a testament to our adaptability, dedication and responsive to evolving needs of the community. The outcome of our efforts has undoubtedly made a positive impact on the financial well-being of our customers

- **Tenancy Support** - To improve tenancy sustainability by providing applicants and tenants with support and advice tailored to their needs, to maximise their opportunities to sustain their tenancy, support health and wellbeing and maximise their life opportunities. To develop and improve understanding of tenancy failure and its causes, developing our knowledge and use of data to develop services and solutions to reduce unnecessary and preventable tenancy failure.
- **Financial Capability and Economic Stability** –To improve the financial and economic stability amongst our tenants, developing financial capability, employability, and supporting tenants through economic downturns and changes brought about by welfare reform and other key areas e.g. fuel poverty.
- **Training and Employment** - To work collaboratively with partner agencies to further develop our approaches to supporting effective employment and training opportunities.
- **Community Regeneration** - To work holistically and within a multi-agency approach to address and implement key regenerative initiatives and projects to better improve the local community and the lives of our residents.
- **Customer Engagement** - In addition to our more formalised groups such Registered Tenants Organisations, in our last annual report, we said we wanted to improve and direct our services to be more for customer focused. We have worked hard since then to put the foundations in place with a programme of engagement to ensure this is happening.

We have also implemented a new Tenants Scrutiny Forum, informed by all the previous endeavours and will offer a range of involvement opportunities where tenants can continue to drive our agenda for the future. We have changed the way we work as a result, with our community engagement team dedicated to working alongside our community, tenants, owners, and stakeholders to ensure feedback and expertise from lived experience is integral to all areas of our work.

MAINTENANCE AND REPAIRS

During 2024/25, Govan Housing Association completed a total of 5,822 as reported in our Annual Return of the Charter.

GOVAN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2025

Review of Business and Future Developments (continued)

Acquisitions

The Association once again continued its working partnership with Glasgow City Council, Development and Regeneration Services (DRS) to acquire owner-occupied properties for renovation. This type of approach is more focussed and targeted towards areas which require the most attention and investment to enhance people's living standards; tackle poor standards in the private rented sector and provide quality services and support provisions for those choosing to make Ibrox their home. During 2024/25 we successfully acquired a further 2 properties.

Investment

The Scottish Housing Quality Standard (SHQS) was introduced by the Scottish Government in 2004 and sets a standard which all RSL and local authority housing stock must meet.

During 2024 / 2025, the Association held a total of 1,640 applicable self-contained units, of which 70.6% were meeting the SHQS and 17.6% were exempt. Of the 179 properties currently failing SHQS, 179 of those fails are due the EPC classification. We are planning to review these properties for IWI and renew the EPC certificate after any planned works.

The Association continues to invest via a long-term programme of major repairs to protect the standard of our stock to ensure that it continues to meet the needs of our tenants.

The first EESSH milestone required properties to achieve an EPC rating of C or D by the end of 2020. The second milestone, EESSH2, set in June 2019, aimed for social rented housing to reach an EPC Band B by December 2032, and prohibited re-letting homes below EPC Band D from December 2025. However, these targets are temporarily on hold pending a review, as the 2032 milestone did not align with Scotland's net zero heating targets for 2045. The review will determine how to meet these goals while significantly reducing energy use and adopting zero direct emissions heating systems.

During this review period, our Property Services department, along with our subsidiary, Govan Home Team will continue implementing energy efficiency measures in properties, including installing internal wall insulation and double-glazed windows.

Given the challenges that our tenants experience, we are also mindful that our investment needs to aim to tackle fuel poverty. With this in mind, we are ensuring that our tenants obtain access to our high-quality Money Advice Service to discuss fuel poverty matters and to ensure that provisions are in place to help them best sustain their tenancy.

GOVAN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2025

Review of Business and Future Developments (continued)

Govan HOME Team

The Govan HOME Team is a subsidiary of the Govan Housing Association group. The Govan HOME Team has been registered as a Community Interest Company, meaning that profits generated will go directly into the communities that Govan Housing Association works with to support social, economic, and physical regeneration and improvements.

The Govan HOME Team went live in May 2017 and has aimed to deliver a high-quality repairs, maintenance, and environmental service to the residents of Govan and further afield as the service and business grows and develops. The team carry out a range of works, including:

- Reactive and void property repairs.
- General building maintenance.
- Kitchen and bathroom installations.
- Electrical installations and re-wires.
- Cyclical paintwork and common close repairs.
- Landscaping.
- Estate Maintenance.
- Window Replacement Contract
- Smoke Detector Installations
- Gutter Cleaning Contract
- Bulk Uplift

Through surpluses generated by the HOME Team we will endeavour to invest in community projects to ensure that our people and communities thrive and develop in an environment where their aspirations are nurtured, they are encouraged to achieve the unexpected and they respect the Govan area as their home.

The Water Row Company

The Water Row Company is a subsidiary of the Govan Housing Association group. And was recently incorporated in September 2023.

Its primary aim is to operate all non-social housing services for the group such as:

- Factoring services
- Commercial leases
- Mid-Market rental properties
- Money Advice Services

Through surpluses generated by the Water Row Company we will endeavour to re-invest in the parent company.

Gas Safety Compliance

The Association has a legislative obligation to maintain all gas appliances within its properties. This maintenance obligation extends to an annual inspection and service of each appliance, with appropriate certification being issued by a registered Gas Safe engineer. This obligation excludes appliances installed by tenants.

As at March 2025, the Association achieved 100% of safety checks. During 2024/25 we continued to implement a vigorous escalation procedure, involving both Customer and Property services staff, to ensure access to all properties is achieved in advance of the expiry date of the safety certificate. When deemed necessary, this procedure includes forcing access to properties. To assist with this process, over the course of the year, the Association has utilised a reduced gas servicing cycle of 10 months which should ensure that sufficient time is provided to access all properties.

GOVAN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2025

Review of Business and Future Developments (continued)

Money Advice Service Performance

The Money Advice Service have continued to offer service users of Govan Housing Association a variety of different advice and assistance in all welfare benefit and debt related matters. We are delighted that despite the fact this year has been extremely challenging, our service has been successful in achieving yet another year of fantastic results in terms of income maximisation and financial gains for our valued customers. The total value of financial gains achieved for our customers in 2024/25 was £1,434,937

SNSIAP Accreditation

Our Money Advice Team have been fully SNSIAP Accredited since the 2021/22 financial year.

Working in Partnership

Govan Housing Association are clear that the vision for the regeneration and development of the Govan area cannot be achieved alone and therefore a main element in our approach is about adopting a holistic partnership approach to tackle problems, deliver effective services, learn, innovate, and add best value to our community. The Boards aim is to work in partnership with tenants, owners, staff, other Registered Social Landlords (RSLs), Glasgow City Council, local regeneration projects, and other agencies to deliver a wide range of social, economic, and environmental regeneration activities that will contribute to the creation of building a safer and sustainable community.

GOVAN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2025

Statement of The Board's Responsibilities

The Co-operative and Community Benefit Societies Act 2014 requires the Board to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those financial statements the Board is required to:

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

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

GOVAN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2025

Statement on Internal Financial Control

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

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

It is the Board's responsibility to establish and maintain the systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements of the Association's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key system and rules in relation to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the governing body to monitor the key business risks, financial objectives and progress being made towards achieving the financial plans set for the year and for the medium term;
- monthly financial management reports are prepared promptly, providing relevant, reliable and up-to-date financial and other information, with significant variances from budget being investigated as appropriate;
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the governing body;
- the Management Committee receive reports from management and from external and internal auditors, to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Board has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2025. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

GOVAN HOUSING ASSOCIATION LIMITED

**REPORT OF THE BOARD
FOR THE YEAR ENDED 31 MARCH 2025**

Going Concern

The Board has reviewed the results for this year and has also reviewed the projections for the next five years. It, therefore, has an expectation that the Association has the adequate resources to continue in operational existence for the near future. For this reason, the going concern basis has been adopted in these financial statements.

Information to Auditors

As far as the Board are aware there is no relevant audit information of which the auditors are unaware. The Board members have taken all appropriate steps to ensure they are aware of any relevant audit information. Any such information has been passed onto the auditors accordingly.

Auditor

A resolution to re-appoint Azets Audit Services as auditor will be put to the members at the Annual General Meeting.

By order of the Board



Ms Karen Russell
Secretary
28 August 2025

**REPORT BY THE AUDITORS TO THE MEMBERS OF GOVAN HOUSING ASSOCIATION LIMITED ON
CORPORATE GOVERNANCE MATTERS
FOR THE YEAR ENDED 31 MARCH 2025**

In addition to our audit of the financial statements, we have reviewed your statement on page 11 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.


Basis of Opinion

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

Opinion

In our opinion the Statement of Internal Financial Control on page 11 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the financial statements.

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



Azets Audit Services
Chartered Accountants
Statutory Auditor
Titanium 1
King's Inch Place
Renfrew
PA4 8WF
28 August 2025

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GOVAN HOUSING ASSOCIATION
LIMITED
FOR THE YEAR ENDED 31 MARCH 2025**

Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2025 and of 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 Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

Other information (continued)

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Board

As explained more fully in the Statement of the Board's Responsibilities set out on page 10 the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Association 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 Co-operative and Community Benefit Societies Act 2014 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Use of our report

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

**Azets Audit Services
Statutory Auditor
Chartered Accountants**

Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Date: 28 August 2025

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

GOVAN HOUSING ASSOCIATION LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2025**

	Notes	£	2025 £	£	2024 £
Revenue	4		11,363,340		10,089,966
Operating costs	4		(10,490,312)		(9,929,588)
OPERATING SURPLUS			873,028		160,378
Gain on sale of housing stock	12		-		83,480
Interest receivable on other income			80,776		98,528
Interest payable and similar charges	10		(1,533,314)		(1,122,493)
(DEFICIT) FOR THE YEAR			(579,510)		(780,107)
Other comprehensive income					
Actuarial gain/(losses) on defined benefit pension plan	24		72,000		(442,000)
TOTAL COMPREHENSIVE INCOME			(507,510)		(1,222,107)

The results relate wholly to continuing activities.

The financial statements were approved by the Board and authorised for issue and signed on their behalf on 28 August 2025



Mr Gary Maguire MBE
Chairperson



Ms Ann Fraser
Vice Chairperson



Ms Karen Russell
Secretary

The notes on pages 22 to 44 form an integral part of these financial statements.

GOVAN HOUSING ASSOCIATION LIMITED

**STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2025**

	Notes	£	2025 £	£	2024 £
NON-CURRENT ASSETS					
Housing properties	13a		88,141,196		88,036,832
Other tangible assets	13b		3,172,060		1,167,644
Investments	14		2		2
			<u>91,313,258</u>		<u>89,204,478</u>
CURRENT ASSETS					
Receivables	15	2,633,245		2,044,333	
Cash and cash equivalents	16	3,037,870		7,222,149	
			<u>5,671,115</u>	<u>9,266,482</u>	
CREDITORS:					
Amounts falling due within one year	17	(3,998,998)		(4,219,163)	
			<u>1,672,118</u>		<u>5,047,319</u>
NET CURRENT ASSETS					
			<u>92,985,375</u>		<u>94,251,797</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
CREDITORS:					
Amounts falling due after more than one year	18		(24,584,942)		(25,035,685)
PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES					
Scottish Housing Association Pension Scheme	24		(641,000)		(686,000)
DEFERRED INCOME					
Social Housing grants	20	(57,597,733)		(59,073,642)	
Other grants	20	(1,782,965)		(570,215)	
			<u>(59,380,698)</u>	<u>(59,643,857)</u>	
NET ASSETS					
			<u>8,378,735</u>		<u>8,886,255</u>
EQUITY					
Share capital	21		50		60
Revenue reserves			8,986,685		9,566,195
Pension reserves			(608,000)		(680,000)
			<u>8,378,735</u>		<u>8,886,255</u>

The financial statements were approved by the Board and authorised for issue and signed on their behalf on 28 August 2025

Mr Gary Maguire MBE
Chairperson

Ms Ann Fraser
Vice Chairperson

Ms Karen Russel
Secretary

The notes on pages 22 to 44 form an integral part of these financial statements.

GOVAN HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2025

	Share capital £	Scottish Housing Association Pension Reserve £	Revenue Reserve £	Total £
Balance as at 1 April 2023	69	(238,000)	10,346,302	10,108,371
Issue of shares	4	-	-	4
Cancellation of shares	(13)	-	-	(13)
Other comprehensive income	-	(442,000)	-	(442,000)
Other movements	-	-	-	-
Surplus for the year	-	-	(780,107)	(780,107)
Balance as at 31 March 2024	60	(680,000)	9,566,195	8,886,255
Balance as at 1 April 2024	60	(680,000)	9,566,195	8,886,255
Issue of shares	2	-	-	2
Cancellation of shares	(12)	-	-	(12)
Other comprehensive income	-	72,000	-	72,000
Other movements	-	-	-	-
Surplus for the year	-	-	(579,510)	(579,510)
Balance as at 31 March 2025	50	(608,000)	8,986,685	8,378,735

The notes on pages 22 to 44 form an integral part of these financial statements.

GOVAN HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2025

	Notes	£	2025 £	£	2024 £
(Deficit) for the Year			(579,510)		(780,107)
<i>Adjustments for non-cash items:</i>					
Depreciation of tangible fixed assets		3,027,114		2,410,858	
Amortisation of capital grants	20	(1,961,805)		(1,608,627)	
Gain on sale of shared ownership properties		-		(41,400)	
Non-cash adjustments to pension provisions		(6,000)		(6,000)	
Share capital written off	21	(12)		(13)	
			1,059,297		754,818
Interest receivable		(80,776)		(98,528)	
Interest payable		1,533,314		1,120,999	
			1,452,538		1,022,471
Operating cash flows before movements in working capital					
Change in debtors		(588,912)		1,546,923	
Change in creditors		(192,297)		148,963	
			(781,209)		1,695,886
Net cash (outflow) from operating activities					2,693,068
Acquisition and construction of properties		(5,054,210)		(10,784,669)	
Purchase of other fixed assets		(81,684)		(20,824)	
Proceeds from sale of tangible fixed assets		-		89,300	
Social housing grant received		1,744,560		2,267,916	
			(3,391,334)		(8,448,277)
Financing Activities					
Finance lease repayment		(3,706)		-	
Interest receivable		80,776		98,528	
Interest payable		(1,533,314)		(1,120,999)	
Loan principal repayments		(487,819)		(710,150)	
Drawdown of bank loan		-		8,900,000	
Share capital issued	21	2		4	
Net cash (outflow)/inflow from financing activities			(1,944,061)		7,167,383
(Decrease)/ increase in cash			(4,184,279)		1,412,174
Opening cash & cash equivalents	16		7,222,149		5,809,975
Closing cash & cash equivalents			3,037,870		7,222,149
Cash and cash equivalents as at 31 March					
Cash	16		3,037,870		7,222,149
			3,037,870		7,222,149

The notes on pages 22 to 44 form an integral part of these financial statements.

GOVAN HOUSING ASSOCIATION LIMITED

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

1. General information

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and comply with the requirements of the Determination of Housing Requirements 2024 as issued by the Scottish Housing Regulator and the Statement of Recommended Practice for Social Housing Providers issued in 2018. The principal accounting policies are set out below.

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

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

The Association is a Co-operative and Community Benefit Society limited by shares and is incorporated in the United Kingdom. The Association is a registered social landlord in Scotland and its registered number is HEP 87. The registered address is available on the first page of the financial statements.

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

2. Principal accounting policies

Basis of accounting

The financial statements are prepared under the historical cost basis of accounting.

Going concern

The financial statements have been prepared on a going concern basis. The Board have assessed the Association's ability to continue as a going concern and have reasonable expectation that the Association have adequate resources to continue in operational existence for the foreseeable future. This assessment of going concern covers a period of 12 months from the date of signing these financial statements.

Turnover

Turnover represents rental and service income receivable and fees and grants from local authorities and the Scottish Government. Also included is any income from and management fees for the factoring of properties for private owners as the provision of factoring services is accounted for on an agency basis.

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

Income from revenue grants receivable have been covered in a separate accounting policy below.

GOVAN HOUSING ASSOCIATION LIMITED

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

2. Principal accounting policies (continued)

Leasing

Rentals payable under operating lease are charged to the Statement of Income and Retained Earnings on a straight line basis over the period of the lease.

Grant income

Where a grant is paid as a contribution towards revenue expenditure, it is included in turnover. Where a grant is received from government and other bodies as a contribution towards the capital cost of housing schemes, the grant is recognised as income using the accrual model in accordance with SORP 2018. Unamortised capital grant is held as deferred income on the statement of financial position.

Bad and doubtful debts

Provision is made against rent arrears of current and former tenants, as well as other miscellaneous debts due to, the extent that they are considered potentially irrecoverable. Debts are classed as uncollectable after an assessment of the legislative options available to recover and consideration of specific circumstances.

Interest receivable

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

Interest payable

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

Tangible fixed assets - Housing properties

Housing Properties are stated at cost less accumulated depreciation. Works to existing properties will generally be capitalised under the following circumstances:

- (i) Where a component of the housing property that has been treated separately for depreciation purposes and depreciated over its useful economic life is replaced or restored; or
- (ii) Where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed assets in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property.

Works to existing properties which fail to meet the above criteria are charged to the Statement of Comprehensive Income.

Capitalisation of Development Overheads

Directly attributable development administration costs relating to ongoing development activities are capitalised.

Housing property managed by agents

Where a third party manages the Association's housing property the accounting treatment reflects the substance of the transactions. The property is only excluded if the rights and obligations associated with the scheme has been transferred to the third party.

GOVAN HOUSING ASSOCIATION LIMITED

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

2. Principal accounting policies (continued)

Depreciation

Depreciation is charged on a straight line basis over the expected economic useful lives of each major component that makes up the housing property as follows:

Land	Not depreciated
Structure	Over 50 years
Roof	Over 50 years
Windows	Over 30 years
Kitchen	Over 15 years
Bathrooms	Over 20 years
Central heating	Over 15 years

Housing under construction is not depreciated.

Other fixed assets

Other tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight-line basis over the expected economic useful lives of the assets at the following annual rates:

Office premises	2% straight line
Furniture and equipment	25% straight line
Commercial units	2% straight line
Vehicles	15-15% straight line

Impairment

Reviews for impairment of housing properties are carried out at scheme level when a possible impairment is highlighted by a change in circumstances (such as high repair costs or difficulties in lettings). Any impairment in an income generating unit is recognised by a charge in the Statement of Comprehensive Income and is recognised when the carrying value of the unit exceeds the higher of its net realisable value or value in use. The net realisable value is determined by an external valuation by a RICS approved valuer.

Housing Association Grant and other capital grants

Housing Association Grant and other capital grants certain developments have been financed wholly or partly by Housing Association Grant (HAG) or other capital grants. HAG is repayable under certain circumstances, primarily following sale of the related property but will normally be restricted to net proceeds of sale.

Capital grants are accounted for using the accrual model and are recognised in income on a systematic basis over the useful life of the related housing asset. The Association uses the useful lives of all housing components on a pro-rata basis to calculate the annual amortisation.

Sales of Housing Properties

First tranche shared ownership disposals are credited to turnover on completion. The cost of constructions of these sales is taken to operating cost. In accordance with the statement of recommended practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in the statement of comprehensive income.

Financial instruments

(Debtors and creditors receivable/payable within one year)

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at the transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in other administrative expenses.

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

2. Principal accounting policies (continued)

Financial instruments (continued)

(Loans and borrowings)

Bank loans provided by Private Lenders are classed as basic under the requirements of FRS 102, and are therefore measured at amortised cost.

Stock

Stocks of material held have been valued at the lower of costs and net realisable value. Cost is defined as the supplier's invoice.

Cash and cash equivalents

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

Debtors

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

Creditors

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

Pension costs

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

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

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

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

Corporation tax

The Association is a Registered Scottish Charity and is not liable to taxation on its charitable activities.

GOVAN HOUSING ASSOCIATION LIMITED

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

3. Judgement in applying policies and key sources of uncertainty

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

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

- The categorisation of housing properties as property, plant and equipment in line with the requirements of the SORP;
- The amount disclosed as 'operating profit' is representative of activities that would normally be regarded as 'operating'; and
- The identification of a cash-generating unit for impairment purposes.

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

<u>Estimate</u>	<u>Basis of estimation</u>
Valuation of housing properties	Housing Properties are held at deemed cost which is based on existing use valuations at the date of transition to FRS 102 of 1 April 2014.
Useful lives of property, plant and equipment	The useful lives of property, plant and equipment are based on the knowledge of senior management, with reference to expected asset life cycles.
The main components of housing properties and their useful lives	The cost of housing properties is split into separately identifiable components. These components were identified by knowledgeable and experienced staff members and based on expected asset life cycles.
Recoverable amount of rental and other trade receivables	Rental arrears and other trade receivables are reviewed by appropriately experienced senior management team members on a case by case basis with the balance outstanding together with the payment history of the individual tenant being taken into account.
The obligations under the SHAPs pension scheme	This has relied on the actuarial assumptions of a qualified actuary which have been reviewed and are considered reasonable and appropriate. Additionally, the impact of Guaranteed Minimum Pension (GMP) equalisation has been included in the SHAPS defined benefit liability.
Impairment of debtors	The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considered factors including the ageing profile of debtors and historical experience. See note 15 for carrying amount of debtors.

GOVAN HOUSING ASSOCIATION LIMITED

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

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

	Notes	Turnover £	Operating costs £	Operating Surplus/ (deficit) 2025 £
Affordable letting activities	5	10,134,573	(10,173,550)	(38,977)
Other activities	6	1,228,767	(316,762)	912,005
Total		11,363,340	(10,490,312)	873,028

	Notes	Turnover £	Operating costs £	Operating Surplus/ (deficit) 2024 £
Affordable letting activities	5	9,494,891	9,248,285	246,606
Other activities	6	595,075	681,303	(86,228)
Total		10,089,966	9,929,588	160,378

GOVAN HOUSING ASSOCIATION LIMITED

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

5. Particulars of turnover, operating costs & operating surplus/(deficit) from affordable letting activities

	General Needs Social Housing £	Supported Housing £	Shared Ownership	Total 2025 £	Total 2024 £
Revenue from Lettings					
Rent receivable net of service charges	8,126,858	-	81,107	8,207,965	7,827,454
Service charges receivable	70,695	-	-	70,695	26,134
Gross income from rent and service					
Less: Rent losses from voids	8,197,553 (175,210)	-	81,107	8,278,660 (175,210)	7,853,588 (37,324)
Income from rents and service charges					
Grants released from deferred income	8,022,343	-	81,107	8,103,450	7,816,264
Revenue grants from Scottish Ministers	1,953,016	-	8,789	1,961,805	1,608,627
Other Revenue Grants	-	-	-	-	70,000
	69,318	-	-	69,318	-
Total Turnover from affordable letting	10,044,677	-	89,896	10,134,573	9,494,891
Expenditure on affordable letting activities					
Management & maintenance administration costs	3,143,153	-	10,001	3,153,154	2,879,778
Service costs	363,583	-	5,199	368,782	280,132
Planned & cyclical maintenance including major repair costs	2,594,356	-	-	2,594,356	1,902,354
Reactive maintenance costs	1,144,264	-	-	1,144,264	1,580,828
Bad debts (rents and service charges)	(383)	-	-	(383)	314,779
Depreciation of affordable let properties	2,903,392	-	9,985	2,913,377	2,290,414
Operating expenditure for affordable letting properties	10,148,364	-	25,185	10,173,550	9,248,285
Operating surplus/(deficit) for affordable letting properties, 2025	(103,688)	-	64,711	(38,977)	
<i>Operating surplus for affordable letting properties, 2024</i>	<i>204,401</i>	<i>-</i>	<i>42,205</i>		<i>246,606</i>

GOVAN HOUSING ASSOCIATION LIMITED

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

6. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS/(DEFICIT) FROM OTHER ACTIVITIES

	Grants from Scottish Ministers £	Other revenue grants £	Supporting people income £	Other income £	Total turnover £	Operating costs bad debts £	Other operating costs £	Operating surplus or deficit) 2025 £	Operating surplus or deficit) 2024 £
Wider Role Activities	-	-	-	-	-	-	(178,641)	(178,641)	(183,398)
Factoring	-	-	-	-	-	-	(21,216)	(21,216)	70,974
Development Costs	-	-	-	-	-	-	-	-	-
Commercial rent	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	1,228,767	1,228,767	-	(116,905)	1,111,862	26,196
Total from other activities 2025	-	-	-	1,228,767	1,228,767	-	(316,762)	912,005	(86,228)
Total from other activities 2024	-	-	-	595,075	595,075	-	(681,303)		

GOVAN HOUSING ASSOCIATION LIMITED

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

7. (Deficit) for the year	2025	2024
	£	£
(Deficit) for the year is stated after		
Depreciation – non-current assets	2,874,437	2,286,241
Depreciation- loss on disposal of components	38,940	-
Depreciation- other fixed assets	109,643	-
Auditor's remuneration for external audit services	27,600	20,450
Auditor's remuneration for taxation services	-	950
Operating lease rentals – other	4,853	9,334

8. Emoluments and interests of key management personnel

The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Board, managers and employees of the Association. No emoluments were paid to any member of the Board during the year.

	2025	2024
	£	£
The emoluments of Officers with emoluments greater than £60,000 were as follows:		
Salary	194,206	224,030
Pension contributions	32,517	30,429
Social Security costs	22,704	26,755
	249,427	281,214

	2025	2024
	£	£
The emoluments of the Chief Executive were as follows:		
Salary	115,566	102,707
Pension contributions	24,658	10,678
	140,224	113,385

The Chief Executive is an ordinary member of the Association's pension scheme as described in note 24. No enhanced or special terms apply to their membership. Total amounts paid to key management personnel were £226,664 (2024: £224,030). The number of key management personnel whose emoluments, excluding pension contributions, were above £60,000 for the year were:

	2025	2024
	£	£
£60,000 to £70,000	-	-
£70,001 to £80,000	1	1
£80,001 to £90,000	-	-
£90,001 to £100,000	-	-
£100,001 to £110,000	-	1
£110,001 to £120,000	1	-

GOVAN HOUSING ASSOCIATION LIMITED

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

9. Employee information	2025	2024
	£	£
Staff costs during the year were as follows		
Salaries	1,503,758	1,662,927
Social Security costs	154,055	171,727
Pension costs	173,647	184,445
	<u>1,831,459</u>	<u>2,019,099</u>
	2025	2024
	£	£
The average number of persons (full time equivalents) employed by the Association during the year	43	42
The average total number of persons employed by the Association during the year	<u>42</u>	<u>42</u>
10. Interest		
	2025	2024
	£	£
Interest payable on bank loans	1,533,314	1,120,999
Other loan interest	-	1,494
	<u>1,533,314</u>	<u>1,122,493</u>
11. Corporation Tax		
The Association has charitable status and no Corporation Tax charge arises on activities in the year.		
12. Gain on sale of housing stock		
	2025	2024
	£	£
Sales proceeds	-	89,300
Cost of sales	-	(5,820)
Gain on sale of housing stock	<u>-</u>	<u>83,480</u>

GOVAN HOUSING ASSOCIATION LIMITED

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

13. Tangible fixed assets

(a) Housing properties:	Housing properties held for letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Total £
Cost				
At 1 April 2024	105,155,259	23,722,788	499,245	129,377,292
Additions during year:				
Property	220,000	97,148	-	317,148
Components	1,354,228	3,382,834	-	4,737,062
Transfers	24,668,439	(26,700,814)	-	(2,032,375)
Disposals during year:				
Property	-	-	-	-
Components	(377,028)	-	-	(377,028)
At 31 March 2025	131,020,898	501,956	499,245	132,022,099
Depreciation				
At 1 April 2024	41,100,822	-	239,638	41,340,460
Charge for the year	2,864,452	-	9,985	2,874,437
Disposals during year:				
Property	-	-	-	-
Components	(333,994)	-	-	(333,994)
At 31 March 2025	43,631,280	-	249,623	43,880,903
Net book value				
At 31 March 2025	87,389,618	501,956	249,622	88,141,196
At 31 March 2024	64,054,437	23,722,788	259,607	88,036,832

Housing units:	General Needs No	Shared Ownership No	Total No
At 1 April 2024	1,651	23	1,674
At 31 March 2025	1,745	23	1,768

All housing properties are heritable.

Components with a cost of £377,028 (2024 - £354,505) and accumulated depreciation of £333,994 (2024 - £325,457) have been disposed of in the year for net proceeds of £nil (2024 - £nil).

The Association's lenders have standard security over housing property with a carrying value of £32,660,000 (2024: £32,660,000).

GOVAN HOUSING ASSOCIATION LIMITED

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

13. Tangible fixed assets (continued)
(b) Other fixed assets:

	Office Premises £	Furniture & Equipment £	Commercial Units £	Motor Vehicles £	Total £
Cost					
At 1 April 2024	686,162	518,435	1,054,222	291,728	2,550,547
Additions	50,424	31,260	-	-	81,684
Transfers	-	-	2,032,375	-	2,032,375
At 31 March 2025	<u>736,586</u>	<u>549,695</u>	<u>3,086,597</u>	<u>291,728</u>	<u>4,664,606</u>
Depreciation					
At 1 April 2024	204,981	462,767	423,427	291,728	1,382,903
Provided in year	14,732	35,224	59,687	-	109,643
Disposals	-	-	-	-	-
At 31 March 2025	<u>219,713</u>	<u>497,991</u>	<u>483,114</u>	<u>291,728</u>	<u>1,492,546</u>
Net book value 31 March 2025	<u>516,873</u>	<u>51,704</u>	<u>2,603,483</u>	<u>-</u>	<u>3,172,060</u>
Net book value 31 March 2024	<u>481,181</u>	<u>55,668</u>	<u>630,795</u>	<u>-</u>	<u>1,167,644</u>

GOVAN HOUSING ASSOCIATION LIMITED

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

14. Fixed Asset Investments

	2025 £	2024 £
Subsidiary undertaking	<u>2</u>	<u>2</u>

Govan Home Team C.I.C Limited

The subsidiary has net assets of £233,240 (2024: net liabilities of £73,906) at 31 March 2025.

During the year, the Association was charged £4,105,847 (2024: £3,992,887) for work undertaken by the subsidiary company.

The Association recharged operating costs met by the Association on behalf of the subsidiary. These included leased motor vehicles, materials, and other overheads of £284,633 (2024: £344,170). A management fee of £85,169 (2024: £76,645) was payable.

The subsidiary owed the Association £809,975 (2024: £1,095,899) represented by an intercompany debtor.

The Association owed the subsidiary £572,777 (2024: £786,256) represented by an intercompany creditor.

The Association acts as a guarantor on the subsidiary's lease of 246 Edmiston Drive, Glasgow.

The Water Row Company Limited

The subsidiary owed the Association £490,237 (2024: £4,937) represented by an intercompany debtor.

The Association owed the subsidiary £100,494 (2024: £1) represented by an intercompany creditor.

15. Debtors

	2025 £	2024 £
Gross arrears and service charges	650,288	619,368
Less provision for doubtful debts	<u>(522,700)</u>	<u>(529,416)</u>
	127,588	89,952
Social housing grant receivable	232,842	110,416
Other receivables	778,394	748,066
Amounts due from group undertaking	<u>1,494,421</u>	<u>1,095,899</u>
	<u>2,633,245</u>	<u>2,044,333</u>

Included in amounts due from groups undertaking is a loan of £250,000 (2024: £nil) due greater than one year

16. Cash and cash equivalents

	2025 £	2024 £
Cash at bank and in hand	<u>3,037,870</u>	<u>7,222,149</u>

GOVAN HOUSING ASSOCIATION LIMITED

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

17. Creditors: amounts falling due within one year

	2025 £	2024 £
Bank loans	450,743	487,819
Motor vehicle leases	-	3,706
Trade payables	495,228	95,561
Rent received in advance	619,551	745,644
Other taxation and social security	35,522	42,036
Amounts due to group undertakings	437,528	786,256
Other payables	478,565	454,120
Accruals and deferred income	1,481,861	1,604,021
	<u>3,998,998</u>	<u>4,219,163</u>

Pension amounts outstanding at the year-end were £18,866 (2024: £22,928). These are included in other payables.

18. Creditors: amounts falling due after one year

	2025 £	2024 £
Bank loans	24,584,942	25,035,685
	<u>24,584,942</u>	<u>25,035,685</u>

19. Debt Analysis - borrowings

	2025 £	2024 £
Bank loans		
Amounts due within one year	450,743	487,819
Amounts due in one year or more but less than two years	400,124	450,743
Amounts due in two years or more but less than five years	1,777,732	1,490,740
Amounts due in more than five years	22,407,086	23,094,202
	<u>25,035,685</u>	<u>25,523,504</u>
Motor Vehicle leases		
Amounts due within one year	-	3,706
Amounts due in one year or more but less than two years	-	-
	<u>-</u>	<u>3,706</u>

GOVAN HOUSING ASSOCIATION LIMITED

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

19. Debt Analysis – borrowings (continued)

The Association has a number of bank loans. The principal terms of which are as follows:

Lender	Number of properties secured	Effective interest rate	Maturity (Year)	Variable or fixed
RBS	462 covering all loans	4.84% + margin	2041	Fixed
RBS	462 covering all loans	4.88% + margin	2041	Fixed
RBS	462 covering all loans	Sonia + margin	2042	Variable
RBS	462 covering all loans	6.032%	2046	Fixed
RBS	462 covering all loans	6.386%	2048	Fixed

20. Deferred capital grants

	Social Housing Grants £	Non-Housing Grants £	Total £
Capital grants received			
At 1 April 2024	94,119,895	938,345	95,058,240
Additions	1,744,560	-	1,744,560
Disposals	(117,486)	-	(117,486)
Transfers	(1,254,569)	1,254,569	-
At 31 March 2025	94,492,400	2,192,914	96,685,314
Amortisation			
At 1 April 2024	35,046,253	368,130	35,414,383
Amortised in year	1,961,805	41,819	2,003,624
Eliminated on disposal	(113,391)	-	(113,391)
At 31 March 2025	36,894,667	409,949	37,304,616
Net book value 31 March 2025	57,597,733	1,782,965	59,380,698
Net book value 31 March 2024	59,073,642	570,215	59,643,857

This is expected to be released to the Statement of Comprehensive Income in the following years:

	2025 £	2024 £
Amounts due within one year	1,949,184	1,608,627
Amounts due in more than one year	57,431,514	58,035,230
	59,380,698	59,643,857

GOVAN HOUSING ASSOCIATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025****21. Share capital**

	2025 £	2024 £
At 1 April	60	69
Issued in year	2	4
Cancelled in year	(12)	(13)
	<u>50</u>	<u>60</u>

Ownership of a share does not entitle the holder to participate in the Association's assets. Each member holds one share of £1 in the Association. Each member has a right to vote at the members' meeting. When a shareholder ceases to be a member, the person's share is cancelled and the amount paid thereon becomes the property of the Association.

22. Leasing commitments

The future aggregate minimum lease payments under non-cancellable operating leases is as follows:

	2025 £	2024 £
No later than one year	4,480	4,480
Later than one year but no later than five years	4,861	9,341
Greater than five years	-	-
	<u>9,341</u>	<u>13,821</u>

23. Capital commitments

	2025 £	2024 £
Capital expenditure that has been contracted for but not been provided for in the financial statements	<u>443,529</u>	<u>4,108,805</u>

The above will be financed by a mixture of public grant, private finance and the Association's own resources.

24. Pension scheme

(i) The Pensions Trust – Scottish Housing Associations' Pension Scheme (SHAPS)

Govan Housing Association participates in a multi-employer scheme which provides benefits to some 150 non-associated employers. The scheme is a defined benefit scheme in the UK.

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

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market values. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The last triennial valuation of the Scheme was carried out as at 30 September 2021 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at valuation date was £1,173m. The valuation revealed a shortfall of assets compared with the value of liabilities of £27m (equivalent to a past service funding level of 98%). A Recovery Plan has been put in place to eliminate the deficit which will run to 30 September 2022 for the majority of employers, although certain employers have different arrangements. The next full actuarial valuation will be for 30th September 2024 and will be finalised in 2025.

The Scheme Actuary prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30th September 2022. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding position revealed a decrease in the assets of the Scheme to £771m and a decrease in liabilities to approximately £803m, equivalent to a reduced past service funding level of 96%.

For accounting purposes, a valuation of the scheme was carried out with an effective date of 30 September 2022. The liability figures from this valuation were rolled forward for accounting year-ends from 31 March 2023 to 29 February 2024 inclusive. The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

Similarly, an actuarial valuation of the scheme was carried out as at 30 September 2021 to inform the liabilities for accounting year ends from 31 March 2022 to 28 February 2023 inclusive.

GOVAN HOUSING ASSOCIATION LIMITED

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

24. Pension scheme (continued)

Present values of defined benefit obligation, fair value of assets/defined benefit (liability)

	31 March 2025 £'000	31 March 2024 £'000
Fair value of plan assets	4,714	5,170
Present value of defined benefit obligation	5,355	5,856
Defined benefit (liability) to be recognised	(641)	(686)

Reconciliation of opening and closing balances of the defined benefit obligation

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Defined benefit obligation at start of period	5,856	5,798
Current service cost	8	7
Expenses	9	8
Interest expense	281	278
Contributions by plan participants	8	8
Actuarial gains due to scheme experience	99	47
Actuarial (gains) due to changes in demographic assumptions	(652)	(38)
Actuarial (gains) due to changes in financial assumptions	-	(20)
Benefits paid and expenses	(254)	(232)
Defined benefit liability at the end of the period	5,355	5,856

GOVAN HOUSING ASSOCIATION LIMITED

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

24. Pension scheme (continued)

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

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Fair value of plan assets at start of the period	5,170	5,560
Interest income	248	266
Experience on plan assets (excluding amounts included in interest income) – (loss)	(481)	(453)
Contributions by the employer	23	21
Contributions by plan participants	8	8
Benefits paid and expenses	(254)	(232)
Fair value of plan assets at end of period	4,714	5,170

Defined benefit costs recognised in the Statement of Comprehensive Income

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Current service cost	8	7
Expenses	9	8
Net interest expense	33	12
Defined benefit costs recognised in Statement of Comprehensive Income	50	27

Defined benefit costs recognised in Other Comprehensive Income

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Experience on plan assets (excluding amounts included in net interest cost – (loss))	(481)	(453)
Experience gains and losses arising on the plan liabilities – gain/(loss)	(99)	(47)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain/		38
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain/	652	20
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – (loss)	72	(442)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in the net interest cost) – gain/(loss)	-	-
Total amount recognised in other comprehensive income – gain/(loss)	72	(442)

GOVAN HOUSING ASSOCIATION LIMITED

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

24. Pension scheme (continued)

Fund allocation for employer's calculated share of assets	31 March	31 March
	2025	2024
	£'000	£'000
Global Equity	546	595
Absolute Return	-	232
Distressed Opportunities	-	190
Credit Relative Value	-	182
Alternative Risk Premia	-	186
Liquid Alternatives	868	-
Emerging Markets Debt	-	91
Risk Sharing	-	310
Insurance-Linked Securities	18	32
Property	233	219
Infrastructure	1	495
Private Equity	4	4
Real Assets	563	-
Private Debt	-	208
Opportunistic Illiquid Credit	-	206
Private Credit	588	-
Credit	200	-
Investment Grade Credit	216	-
High Yield	-	1
Opportunistic Credit	-	-
Cash	25	134
Corporate Bond Fund	-	-
Liquid Credit	-	-
Long Lease Property	2	38
Secured Income	109	173
Liability Driven Investment	1,327	1,870
Currency Hedging	8	(2)
Net Current Assets	6	6
Total Assets	<u>4,714</u>	<u>5,170</u>

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

Assumptions as at	31 March 2025	31 March 2024
	% per annum	% per annum
Discount rate	5.82	4.90
Inflation (RPI)	3.10	3.15
Inflation (CPI)	2.79	2.78
Salary growth	3.79	3.78
Allowance for commutation of pension for cash at retirement	75%	75%
	of maximum allowance	of maximum allowance

GOVAN HOUSING ASSOCIATION LIMITED

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

24. Pension scheme (continued)

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

	Life expectancy at age 65 (years)
Male retiring in 2025	20.2
Female retiring in 2025	22.7
Male retiring in 2045	21.5
Female retiring in 2045	24.2

Member data summary

Active members

	Number	Total earnings (£'000s p.a.)	Average age (unweighted)
Males	2	76	60
Females	-	-	-
Total	2	76	60

Deferred members

	Number	Deferred pensions (£'000s p.a.)	Average age (unweighted)
Males	8	41	59
Females	10	76	53
Total	18	117	55

Pensioners

	Number	Pensions (£'000s p.a.)	Average age (unweighted)
Males	13	99	72
Females	17	107	69
Total	30	206	70

24. Pension scheme (continued)

Employer Debt on Withdrawal

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

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

The Association has been notified by TPT of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2024. As of this date the estimated employer debt for the Association was £1,690,472.

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

The Court hearing concluded in March 2025, with the Court's determination expected no earlier than the summer of 2025. After this, the Trustee and its advisers will consider the outcome and communicate next steps to employers. Depending on the outcome of the hearing, it may be necessary to ask further questions of the Court to clarify certain additional points.

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

25. Related party transactions

Members of the Board are related parties of the Association as defined by the Financial Reporting Standard 102.

Any transactions between the Association and any entity with which the Board members has a connection with is made at arm's length and is under normal commercial terms.

Rent received from tenants on the Board (and their close family) were £10,632 (2024: £10,006).

At the year-end total rent arrears owned by the tenant members on the Board (and their close family) were £74 (2024: £31).

There were 2 (2024: 2) tenants who sat on the Board in the year.

GOVAN HOUSING ASSOCIATION LIMITED

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

26. Analysis of changes in net debt

	At 1 April 2024 £	Cash flows £	Other non- cash changes £	At 31 March 2025 £
Cash and cash equivalents				
Cash	7,222,149	(4,184,279)	-	3,037,870
	<u>7,222,149</u>	<u>(4,184,279)</u>	<u>-</u>	<u>3,037,870</u>
Borrowings				
Debt due within one year	(491,525)	491,525	(450,743)	(450,743)
Debt due after one year	(25,035,685)	-	450,743	(24,584,942)
	<u>(25,527,210)</u>	<u>491,525</u>	<u>-</u>	<u>(25,035,685)</u>
Total	<u>(18,305,061)</u>	<u>(3,692,754)</u>	<u>-</u>	<u>(21,997,815)</u>