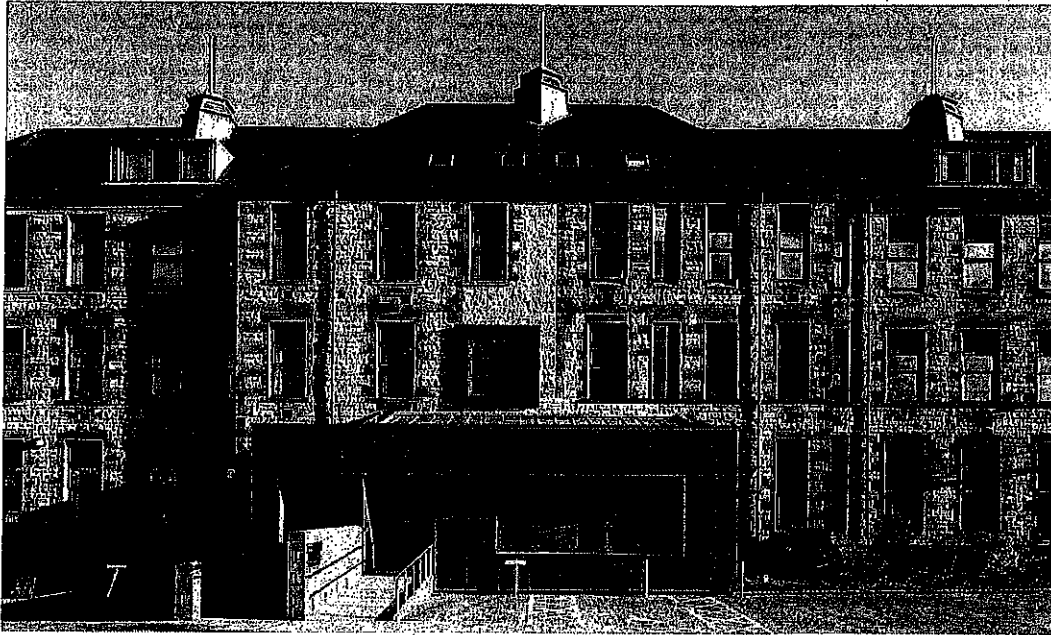


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GOVANHILL HOUSING ASSOCIATION LIMITED

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2024

**Registered Housing Association Number 117
Financial Conduct Authority Number 1791 R (S)
Registered Charity Number SC010307**

GOVANHILL HOUSING ASSOCIATION LIMITED
ANNUAL REPORT AND ACCOUNTS
For the year ended 31 March 2024

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GOVANHILL HOUSING ASSOCIATION LIMITED
MANAGEMENT COMMITTEE MEMBERS, EXECUTIVE OFFICERS AND ADVISERS
For the year ended 31 March 2024

Management Committee

John McLardle (Chairperson to 27/09/2023, left 25/10/2023)
Cheryl Miller (Vice Chairperson to 27/9/2023: Chair from 27/9/2023)
Audrey Flannagan (Vice Chair from 27/9/2023)
Elizabeth Klein (Secretary)
Keith Kintrea (Treasurer)
Mujeeb Ur Rehman
Ghazala Hakeem
Barbara Robertson
Iain Doherty
Wilma Logan Left 21/02/2024
Jennifer Cassells

Executive officers

John Quinn (Director)
Alan McDonald (Head of Development & Property Services)
Alison Kevan (Head of Corporate Services & HR)
Claire McGraw (Head of Tenancy Services)
David Robb (Head of Finance & IT)

Registered office

Samaritan House
79 Coplaw Street
Glasgow G42 7JG

External Auditors

RSM UK Audit LLP
3rd Floor, Centenary House
69 Wellington Street
Glasgow G2 6HG

Internal Auditors

TIAA Ltd
Artillery House
Fort Fareham
Newgate Lane
Fareham PO14 1AH

Bankers

Barclays plc
83 Argyle Street
Glasgow G5 8DP

Solicitors

TC Young LLP
7 West George Street
Glasgow G2 1BA

GOVANHILL HOUSING ASSOCIATION LIMITED
REPORT OF THE MANAGEMENT COMMITTEE
For the year ended 31 March 2024

The Management Committee has pleasure in presenting its report and the audited financial statements for the year ended 31 March 2024.

Principal activity

The principal activity of the Association is the provision of good quality, affordable rented accommodation for those in housing need.

Our Vision and Mission is that everyone living in Govanhill and Merrylee should:

- Enjoy good quality, warm, safe and affordable housing that contributes to their health and wellbeing and to community pride; and
- Live in a neighbourhood that is clean and well cared for, with excellent neighbourhood services and opportunities for all.

Our Strategic Objectives are:

Services	Deliver quality, value for money services that meet the varying needs and circumstances of our customers
Homes and neighbourhoods	Provide quality homes and work with our partners to make Govanhill a safer, cleaner, greener place
Assets	Manage our assets well, spend our resources wisely, and plan ahead for decarbonisation of our housing
Communities	As the community anchor organisation for Govanhill, work with the community and with partners to strengthen our community and benefit local people
Leadership and Financial	Maintain good governance and a strong financial business plan, to ensure we have the capacity to achieve our objectives
GhHA's people and organisation	Make sure GhHA is an effective and efficient organisation and that our staff are well trained, valued and supported, and motivated to provide the best possible services to our customers.

The Association has a wholly owned subsidiary, Govanhill Community Development Trust Limited ("GCDT"), the objective of which is to manage commercial properties for let in the community, supporting local businesses and giving them a base of operations in our community, together with managing a number of grant-funded activities aimed at supporting our community and enhancing its residents' lives.

GOVANHILL HOUSING ASSOCIATION LIMITED
REPORT OF THE MANAGEMENT COMMITTEE
For the year ended 31 March 2024

Most of our homes are traditional tenement buildings, and the table below shows the number of homes that we manage:

Managed Property Numbers	2024	2023
General Needs Affordable Housing	2,710	2,703
Supported Housing	99	99
Shared Equity	2	2
Total	2,811	2,804

Financial Review

The Association made a surplus in the year of £1,434,677 (2023 - £2,041,594). This surplus does not represent additional cash funds generated.

We have reviewed our lenders' covenant requirements; we meet our lenders' requirements at the year-end and are projected to continue to do so for the foreseeable future.

The cash surplus that we generate continues to be invested in homes for our tenants through our modest new build programme and our continuing investment in the quality of our existing homes.

Govanhill Housing remains in a strong financial position; we plan to spend substantial sums of money on our major repair investment programme in 2024/25 and beyond with work to achieve compliance with the Scottish Housing Quality Standards ("SHQS") and the Energy Efficiency Standard for Social Housing ("EESH") continuing. Subject to agreement with our banking partners, we plan to continue to invest large sums of money, improving our housing stock and focusing on a kitchen and bathroom replacement programme in 2025.

Over the past few years we have been involved in a programme funded primarily by the Scottish Government and Glasgow City Council, whereby we are making targeted acquisitions of sub-standard homes in South West Govanhill. We then invest in the homes to bring them up to a safe, tolerable living standard and rent them out as affordable homes in the community. This work in partnership with the Scottish Government, Glasgow City Council, GCDT and other local enterprises, is contributing to the improvement of properties and residents' quality of life in this area of Govanhill.

We will continue to make efficiency savings in our operational costs wherever possible, and cash surpluses will continue to be invested into our homes to ensure our tenants are living in the best conditions possible. In particular, we are monitoring the requirements for net-zero carbon in homes and how this might impact on the financial resources of the Association.

The Association intends to keep a cash reserve of £1.5 million.

Performance

This report details the main activities undertaken by Govanhill Housing and how we have performed.

Corporate Governance

Govanhill Housing has a Management Committee (detailed on page 9) which is elected by members of the Association and is made up of tenants and local residents. It is the responsibility of the Management Committee to undertake the setting of the Association's strategy, policy and overall direction of Govanhill Housing Association. It also monitors the operational activities of the Association which the Executive Officers undertake with delegated authority and in line with the agreed policies throughout the year. The members of the Management Committee undertake their work in a voluntary, unpaid capacity.

In addition to its strategic oversight role, the Management Committee has a number of Sub-Committees (detailed on page 9) which are responsible for monitoring particular operational areas of the business and which receive regular reports from the Executive officers on activities undertaken and performance against targets.

GOVANHILL HOUSING ASSOCIATION LIMITED
REPORT OF THE MANAGEMENT COMMITTEE
For the year ended 31 March 2024

Development & Property Services

These Services relate to all matters concerning the Association's properties and comprises a Repairs and Maintenance team, a Property Development team and a Factoring team.

The Repairs and Maintenance team manages the reactive, and cyclical repairs to our tenants' homes while they are occupied and when they become empty. This includes repairs to the inside and outside of tenants' homes, arranging the annual inspection of gas systems, inspecting tenement roofs and other activities needed to ensure tenants' homes are healthy, safe and secure.

Amounts spent on reactive and cyclical maintenance (excluding major repairs) in the year were:

	2024	2023
Day to day repairs to affordable homes	£2,713k	£2,319k
Cyclical repairs to affordable homes	£4,712k	£1,124k
Total reactive and cyclical repair costs	£7,425k	£3,443k

The Factoring team manages services for 1,346 owners within 415 closes, supporting our operations and protecting our assets through effective property management with support from our Maintenance and Development sections.

Our aim is to provide cost effective common property management services to both the Association and homeowners within Govanhill and Merrylee.

The Property Development team continues to progress a number of projects for the Association including the refurbishment and let of properties in Southwest Govanhill. The subsequent major improvements to the properties in Southwest Govanhill are funded by a combination of grants and loan funds. However, well publicised problems out with the control of the Association have led to slower completions than was envisioned. The completion of this project is planned for the end of 2024/25, subject to financing and approval.

The team also manage a number of component replacement and major repairs contracts to make improvements to our existing homes throughout the year as well as working with the Maintenance team to make a number of ad hoc upgrades to central heating systems and other parts of tenants' homes.

Tenancy Services

These Services relate to all tenancy matters and include Housing and Allocations Requests, Anti-Social Behaviour Concerns, Homelessness Support, Benefits Support, Rent Setting and Arrears Management.

Some key statistics on our housing management and arrears include:

	2024	2023
Number of homes let to tenants in the year	208	209
Percentage of tenancy offers made in the year which were refused	24.73%	25.44%
Average time to re-let properties during the year (days)	47.86	61.35
Number of Anti-Social Behaviour cases reported in the year	139	144
Percentage of tenants satisfied with the management of the neighbourhood they live in	78.84%	78.58%
Gross rent arrears as a percentage of rent due	2.37%	2.65%

During 2019/20 we consulted with tenants on how we might change our rent setting policies and procedures, to make our rent setting fairer and more transparent. Our consultants used this feedback to create a new rent setting procedure and we agreed a plan to gradually introduce the changes to tenants' rents as a result of this over a number of years, to minimise the impact of any upwards or downwards movements in rent levels for both our tenants and the Association.

The introduction of the new rent structure was delayed from our planned start date of September 2020 so as not to cause unnecessary hardship to tenants during the pandemic. Now that the effects of the pandemic have eased, the Association began the process of implementing the restructure in 2023/24.

GOVANHILL HOUSING ASSOCIATION LIMITED
REPORT OF THE MANAGEMENT COMMITTEE
For the year ended 31 March 2024

Corporate Services & HR

The Corporate Services & HR team continued to support the work of Govanhill Housing Association and GCDT throughout the year.

The team has had a busy year recruiting to fill new and existing posts as they become available, if required, and managing the flow of information and new working practices needed to ensure that our customers and staff are protected as much as is practicably possible.

The team also provides essential support to the operational teams of the Association, including ensuring that we meet all Fire Safety and Health and Safety legislation for our staff and our office buildings. Staff also provide assistance in this area to our colleagues in Housing & Property Services who have similar responsibilities in relation to our services as a landlord.

Other Matters

As noted previously, the Management Committee is extremely aware of the cost of living crisis and the impact it is having on our tenants. However, a judgement must be made to ensure that funds are available to continue to invest in the maintenance and repair of our housing stock.

Risk Management Policy

The Management Committee has a formal risk management process to assess business risks and implement risk management strategies. This involves identifying the key risks to the Association, assessing their potential impact and likelihood of occurrence and then identifying the means by which we mitigate the risks.

The Association holds a strategic risk register which is regularly reviewed and actions to mitigate the risks are identified and implemented.

Sustainability and Asset Management

We have a focus on sustaining the Association as a business which will continue to be able to improve the quality of life for the residents in our community.

The Association has a long term programme of major repairs to cover work needed to our homes, including works required for subsequent legislative changes such as SHQS and EESSH. This includes replacement of, or repairs to, parts of the properties which have come to the end of their useful economic lives. The costs of these repairs are charged to the Statement of Comprehensive Income unless it is agreed that they can be capitalised within the terms outlined in the Statement of Recommended Practice for Registered Social Landlords.

The Management Committee and management team are working together to determine how the Association might meet the ambitious net-zero targets for carbon emissions set by the Scottish Government. We are working to gain clarity on the solutions which might suit our peculiar style of tenement housing and the complexities this presents for any retro-fitted solution, the associated costs of these and how this work might be funded.

Going Concern

The Management Committee has a reasonable expectation that the Association has adequate resources available to continue in operational existence for the foreseeable future.

We carefully plan our major repairs work to ensure that we balance the cost of reactive and major repairs against our projected income levels to maintain cash levels as positive. We have budgeted major repair works which will bring our financial statements into conflict with our lending covenants. We have entered into a constructive dialogue with a view to some of these covenants being relaxed to allow the planned investment to take place. If the Association is unable to reach an agreement with its lenders, the planned investment will have to take place over a longer time frame.

The Association has substantial assets, much of which are unencumbered by being held as security. We have therefore continued to adopt the going concern basis of accounting in the preparation of the annual financial statements.

Employee Involvement and Health and Safety

Govanhill Housing encourages employee involvement in all major operational initiatives and in maintaining Health and Safety standards in all areas.

Future Prospects

The Association remains open to opportunities to acquire or build more homes, particularly larger, family homes.

GOVANHILL HOUSING ASSOCIATION LIMITED
REPORT OF THE MANAGEMENT COMMITTEE
For the year ended 31 March 2024

The Management Committee

The Management Committee of Govanhill Housing during the year to 31 March 2024 and up to 25 August 2024 was as follows:

Sub-Committees

John McLardie	(Chairperson to 27/09/2023) Leave of absence from 24/05/23 to 25/10/23 and left Committee on 25/10/23	F&GP, A&R, D&P, TS
Cheryl Miller	(Vice Chairperson, Acting Chair from 24/05/23 to 27/09/23, thereafter Chair)	F&GP, A&R, TS
Elizabeth Klein	(Secretary)	F&GP, A&R, D&P, TS
Keith Kintrea	(Treasurer)	F&GP, A&R, D&P, GCDT
Mujeeb Ur Rehman	Acting Vice-Chair 24/05/23-27/09/23	F&GP, GCDT
Barbara Robertson		D&P, GCDT
Iain Doherty		F&GP, TS
Wilma Logan	Left 21/02/2024	F&GP, A&R, D&P, TS, GCDT
Ghazala Hakeem		TS
Jennifer Cassells		F&GP, A&R, D&P
Audrey Flannagan	Vice Chair from 27/09/23	TS

Sub-Committees

Finance & General Purposes (F&GP)
 Audit & Risk (A&R)
 Development & Property (D&P)
 Tenancy Services (TS)
 Govanhill Community Development Trust Limited Board (GCDT)

Each member of the Management Committee holds one fully paid share of £1 in the Association. The executive officers of the Association hold no interest in the Association's share capital and, although not having the legal status of directors, they act as executives within the authority delegated by the Management Committee.

The Executive Officers are listed on page 1 of this document. There were no changes in the year. As noted above, the existing departments have been realigned to reflect the needs of tenants as customers in one service and to focus on those of the housing properties in another.

Management Committee and Officers' Insurance

Govanhill Housing has purchased and maintains insurance to cover the Management Committee and officers of the Association against liabilities in relation to their duties carried out on behalf of Govanhill Housing, as authorised by the Association's rules.

Related party transactions

Several members of the Management Committee are tenants. Their tenancies are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

GOVANHILL HOUSING ASSOCIATION LIMITED
REPORT OF THE MANAGEMENT COMMITTEE
For the year ended 31 March 2024

Auditors

RSM UK Audit LLP has completed a sixth year auditing the Association's accounts. As this marks the end of this contract, Audit services are currently out to tender.

Statement of Disclosure to Auditor

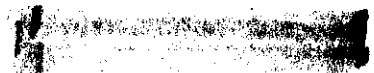
The Management Committee must, in determining how amounts are presented within items in the Statement of Comprehensive Income and Statement of Financial Position, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practice.

- so far as the Management Committee is aware, there is no relevant audit information of which the Association's auditor is unaware, and
- it has taken all the steps it ought to have taken as the Management Committee in order to make itself aware of any relevant audit information and to establish that it has been communicated to the auditor.

By order of the Management Committee



Elizabeth Klein
Secretary



GOVANHILL HOUSING ASSOCIATION LIMITED
STATEMENT OF MANAGEMENT COMMITTEE'S RESPONSIBILITIES
For the year ended 31 March 2024

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Management Committee to ensure that the financial statements are prepared for each financial year, which give a true and fair view of the Association's state of affairs and the surplus or deficit of the Association for that period. In preparing those financial statements, the Management Committee is required to:

- select suitable accounting policies and 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 being disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is not appropriate to presume that the Association will continue in business.

The Management Committee is responsible for instituting adequate systems of internal control and for:


- safeguarding assets; and
- taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Management Committee is responsible for the keeping of proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Association. The Management Committee must ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Registered Housing Associations Determination of Account Requirements 2019.

The Management Committee is responsible for the maintenance and integrity of the financial information included on the Govanhill Housing Association website.

By order of the Management Committee

Elizabeth Klein
Secretary



GOVANHILL HOUSING ASSOCIATION LIMITED
MANAGEMENT COMMITTEE'S STATEMENT ON INTERNAL FINANCIAL CONTROLS
For the year ended 31 March 2024

The Management Committee 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; and
- the safeguarding of assets against unauthorised use or disposition.

It is the governing body'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 or failure to meet objectives. Key elements of the Association's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems 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 Executive Officers and the Management Committee 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;
- quarterly 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 Management Committee;
- the Audit & Risk Sub-Committee receives reports from management and from the 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; and
- formal procedures have been established for instituting appropriate action to correct any weakness identified through internal or external audit reports.
- An internal auditor has been appointed in accordance with the requirements of Guidance Note 97/06. An audit plan was set and completed for the year. The results of the work confirm that the Association has satisfactory procedures for managing its finances.

The Management Committee has reviewed the effectiveness of the system of internal control in existence in the Association for the year ended 31 March 2024 until 25 August 2024. 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.

By order of the Management Committee


Elizabeth Klein

Secretary

GOVANHILL HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOVANHILL HOUSING ASSOCIATION LTD
For the year ended 31 March 2024

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2024 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – February 2019.

Basis for opinion

We 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 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 Management Committee'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 about 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 Management Committee 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 Management Committee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

GOVANHILL HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOVANHILL HOUSING ASSOCIATION LTD
For the year ended 31 March 2024

Opinion on other matters under the Co-operative and Community Benefit Societies Act 2014

In our opinion, the following continued to apply throughout the year of account:

- the reason given by the Management Committee in respect of a previous year of account for the subsidiary to not be dealt with in the financial statements (having been approved by the FCA under section 99, subsection (3)); and
- the grounds given by the Management Committee for that reason.

Matters on which we are required to report by exception

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

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

Responsibilities of the Management Committee

As explained more fully in the Statement of Management Committee's Responsibilities set out on page 11, the Management Committee 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 Management Committee 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 Management Committee 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 Management Committee either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Association operates in and how the Association is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;

GOVANHILL HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOVANHILL HOUSING ASSOCIATION LTD

For the year ended 31 March 2024

discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Co-Operative and Community Benefit Societies Act 2014, the Scottish Housing Acts and the Scottish Housing Regulator's Determination of Accounting Requirements (February 2019). We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included, reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are the Housing (Scotland) Acts 2006, 2010, 2014, The Energy Efficiency Standard for Social Housing (EESH) and the Scottish Charity Regulator (OSCR). We performed audit procedures to inquire of management and those charged with governance whether the Association is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls and the existence, completeness and valuation of rental income as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, in relation to management override of internal controls. Audit procedures in relation to assertion risks for rental income included but were not limited to substantive analytical review to test the rental income that was recognised and assess whether it was recognised in accordance with rent review letters or signed tenancy agreements which agree to the housing management system.

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

Use of our report

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


RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
Third Floor
Centenary House
69 Wellington Street
Glasgow
G2 6HG

Date: 19/09/24

GOVANHILL HOUSING ASSOCIATION
STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 March 2024

	Notes	2024 £	2023 £
Revenue	2	21,866,472	17,940,992
Operating Costs	2	(20,012,684)	(16,062,758)
OPERATING SURPLUS		1,853,788	1,878,234
Release of Negative Goodwill	15	80,508	80,508
Gain on Disposal of Fixed Assets		-	21,741
Interest receivable and other similar income		298,369	77,746
Interest payable and other similar charges	8	(1,259,987)	(586,635)
Other Finance (income)/charges	9	(462,000)	570,000
		(1,343,110)	163,360
SURPLUS FOR THE YEAR		510,677	2,041,594
OTHER COMPREHENSIVE INCOME			
Actuarial gain in respect of Pension schemes - SHAPS	26	734,000	552,000
Actuarial (loss) in respect of Pension schemes - SPF	26	(272,000)	(751,000)
TOTAL COMPREHENSIVE INCOME		972,677	1,842,594

The notes on pages 21 to 39 form part of these financial statements

GOVANHILL HOUSING ASSOCIATION
STATEMENT OF FINANCIAL POSITION
For the Year Ended 31 March 2024

	Notes	2024 £	2023 £
NON-CURRENT ASSETS			
Housing Properties - Depreciated Cost	13(a)	110,572,743	107,241,328
Shared Equity Scheme-Loan		282,500	282,500
Shared Equity Scheme-Cost		(282,500)	(282,500)
		-	-
Other Tangible Fixed Assets	13(b)	2,387,810	2,319,997
		112,960,553	109,561,325
INVESTMENT			
	14	100	100
INTANGIBLE FIXED ASSETS			
Negative Goodwill	15	(2,978,735)	(3,059,243)
CURRENT ASSETS			
Debtors	16	2,150,850	1,495,711
Cash at Bank and on hand		15,805,383	17,838,658
		17,956,233	19,334,369
CREDITORS: Amounts falling due within one year	17	(6,358,273)	(4,188,789)
NET CURRENT ASSETS		11,597,959	15,145,580
TOTAL ASSETS LESS CURRENT LIABILITIES		121,579,878	121,647,762
CREDITORS: Amounts falling due after one year	18	(20,658,765)	(21,709,102)
Defined Benefit Pension (Liability) -SHAPS	26	(1,121,000)	(498,000)
Defined Benefit Pension Asset -SPF	26	922,000	746,000
DEFERRED INCOME			
Social Housing Grants	19	(48,094,818)	(48,532,018)
Other Grants	19	(2,465,195)	(2,465,195)
		(50,560,013)	(50,997,213)
NET ASSETS		50,162,099	49,189,447
EQUITY			
Share Capital	20	259	276
Revenue Reserve		50,161,840	49,189,171
		50,162,099	49,189,447

**GOVANHILL HOUSING ASSOCIATION
STATEMENT OF FINANCIAL POSITION
For the Year Ended 31 March 2024**

The financial Statements were approved by the management committee, authorised for Issue and signed on its behalf on

Chairperson		C. MILLER
Secretary		L. KLEIN
Treasurer		K. KINTREA

The notes on pages 21 to 39 form part of these financial statements

GOVANHILL HOUSING ASSOCIATION
STATEMENT OF CASH FLOWS
For the Year Ended 31 March 2024

	Notes	2024 £	2023 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	21(A)	4,501,297	3,391,337
INVESTING ACTIVITIES			
Acquisition and Construction of Housing Properties		(7,806,793)	(3,759,687)
Improvements to Housing Properties		1,479,876	(283,655)
Social Housing Grants Received		1,991,645	2,134,275
Proceeds of Disposals of Housing Properties		-	21,741
Purchase of Other Fixed assets		(150,158)	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(4,485,430)	(1,887,326)
NET CASH INFLOW BEFORE FINANCING		15,867	1,504,011
FINANCING ACTIVITIES			
Issue/Forfeiture of ordinary Share Capital		(17)	(19)
Loan Advances Received		-	6,000,000
Interest received		298,369	77,746
Interest paid		(1,259,987)	(586,635)
Loan Principal Repayments		(1,087,507)	(777,027)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		(2,049,142)	4,714,065
(DECREASE)/ INCREASE IN CASH		(2,033,275)	6,218,076
OPENING CASH AND CASH EQUIVALENTS		17,838,658	11,620,582
CLOSING CASH AND CASH EQUIVALENTS		15,805,383	17,838,658
CLOSING CASH AND CASH EQUIVALENTS-FROM SOFP		15,805,383	17,838,658

The notes on pages 21 to 39 form part of these financial statements

GOVANHILL HOUSING ASSOCIATION
STATEMENT OF CHANGES IN CAPITAL AND RESERVES
For the Year Ended 31 March 2024

	Share	Capital	Revenue	Reserve	Total
	£	£	£	£	£
Balance as at 1 April 2023	276	49,189,171	-	-	49,189,447
Issue of Shares	1	-	-	-	1
Forfeited Shares Written off in year	(18)	-	-	-	(18)
Surplus for the Year	-	510,677	-	-	510,677
Other Comprehensive income	-	462,000	-	-	462,000
Balance at 31 March 2024	259	50,161,848	-	-	50,162,107
Balance as at 1 April 2022	295	47,346,577	-	-	47,346,872
Issue of Shares	4	-	-	-	4
Forfeited Shares Written off in year	(23)	-	-	-	(23)
Surplus for the Year	-	2,041,594	-	-	2,041,594
Other Comprehensive income	-	(199,000)	-	-	(199,000)
Balance at 31 March 2023	276	49,189,171	-	-	49,189,447

The notes on pages 21 to 39 form part of these financial statements

GOVANHILL HOUSING ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2024

1. ACCOUNTING POLICIES

Legal status

Govanhill Housing Association Limited is registered under the Co-operative and Community Benefit Societies Act 2014 and registered by the Financial Conduct Authority. The Association is constituted under its Rule Book and registered with the Scottish Housing Regulator as a Registered Social Landlord under the Housing (Scotland) Act 2010. The Association is a registered Scottish Charity with the number SC010307.

The Association's address is listed on page 1. Its principal activities and the nature of its operations are detailed on pages 2 to 8.

Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS102") and the Statement of Recommended Practice for Registered Social Housing Providers and comply with the requirements of the Determination of Accounting Requirements (February 2019) issued by the Scottish Housing Regulator and are under the historical cost convention.

The Association meets the definition of a Public Benefit Entity in terms of its compliance with FRS102.

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

The following principal accounting policies have been applied:

Functional and Presentation Currency

The Association's functional and presentation currency is the Pound Sterling.

Going Concern

Each year the Board approves the five-year budgets and rolling thirty-year strategic plan. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Board of variances from the budget, updated forecasts for the year where necessary together with information on the key risk areas. The 2024/25 and onward budget shows a breach of the Association's bank covenants due to the high level of investment in our housing stock. Constructive discussions have been held with the Association's bankers. If these discussions fail to bear fruit, alternative arrangements are available to spread the proposed spending over a longer time, thereby keeping the plans within our banking covenants.

On that basis the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. As a result, we continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover and Revenue Recognition

Revenue represents rental and service charge income receivable net of losses from voids, management charges to the subsidiary (excluding VAT), income from the sale of properties, and fees and revenue-based grants receivable from the Scottish Government, local authorities and other agencies.

Rental income is recognised from the point when properties under development or acquisitions subject to major refurbishment works reach practical completion or otherwise become available for letting, net of any void losses. Revenue grants are recognised when the conditions for receipt of agreed grant funding have been met.

GOVANHILL HOUSING ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2024

1. ACCOUNTING POLICIES (continued)

Taxation

The Association has charitable status and is registered with the Office of the Scottish Charity Regulator and is therefore exempt from paying Corporation Tax on charitable activities.

Retirement Benefit Schemes

The Association participated in the Scottish Housing Association Defined Benefit Pension ("SHAPS DB") Scheme and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. The SHAPS DB scheme was closed to all employees from 1 April 2021 and employees were transferred to the Association's Defined Contribution scheme.

As at the year ended 31 March 2024, the net defined benefit pension deficit liability was £1,121,000 (2023 - £498,000), which has been included within the defined benefit pension liability in the financial statements. The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period within the income and expenditure account. Interest is calculated on the net defined benefit liability. Remeasurements are reported in other comprehensive income. Refer to note 26 for more details.

The Association also participates in the Scottish Housing Association Defined Contribution Pension Scheme and contributions made on behalf of employees are recognised as costs in the Statement of Comprehensive Income as they are made.

At the time of Second Stage Transfer the Association took on employees who are members of the Strathclyde Pension Fund ("SPF"), a Defined Benefit Pension scheme. In accordance with FRS102, the operating and financing costs of pension and post Retirement schemes (determined by a qualified actuary) are recognised separately in the income and expenditure account. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise.

As at the year ended 31 March 2024, the net defined benefit pension surplus was £786,000 (2023 – £746,000), which has been included within the defined benefit pension liability in the financial statements.

Valuation of Housing Properties and Components

Housing properties are properties for the provision of social housing or to otherwise provide social benefit and are principally properties available for rent. Completed housing properties are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings, and expenditure incurred during the development period.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that enhance the economic benefits of the assets, are capitalised as improvements. Such enhancements can occur if improvements result in either:

- An increase in rental income;
- A material reduction in future maintenance costs; or
- A significant extension to the life of the property.

Development administration costs relating to new build development activities for which we receive grant funding are capitalised based on the time spent by staff on this activity, in line with the capitalisation of the grant funds received by the Association.

GOVANHILL HOUSING ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2024

1. ACCOUNTING POLICIES (continued)

Depreciation of Housing Properties

Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight-line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 13.

<u>Component</u>	<u>Estimated Useful Economic Life</u>
Kitchens	15 years
Bathrooms	20 years
Central Heating	15 years
External Windows & Doors	30 years
Door entry systems & Other M&E	30 years
Lifts	15 years
Roofs	50 years
Structure	70 years

Depreciation of Other Non-Current Assets

Non-Current Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the estimated useful economic lives of the assets at the following annual rates:

Office and Commercial Premises	2% Straight Line
Computer Equipment	33 ⅓% Straight Line
Office Equipment	20%-33 ⅓% Straight Line

Impairment of Fixed Assets

An assessment is made at each reporting date of whether there are indications that any fixed assets (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Association estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in the Statement of Comprehensive Income

Recognised impairment losses are reversed only if the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in income and expenditure. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Social Housing Grant and Other Grants

Social Housing Grants and Other Capital Grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which it relates.

Social Housing Grant attributed to individual components is written off to the Statement of Comprehensive Income when these components are replaced.

Social Housing Grant and other grants from non-government sources received in respect of revenue expenditure are recognised using the performance model. Grants are recognised when the associated performance conditions are met.

Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

GOVANHILL HOUSING ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2024

1. ACCOUNTING POLICIES (continued)

Shared Equity Properties

Disposals under shared equity schemes are accounted for in the Statement of Comprehensive Income. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received.

Goodwill

Negative goodwill arose on the acquisition of housing assets and the related rent arrears from Glasgow Housing Association as part of a Second Stage Transfer. The fair value of the assets acquired exceeded the consideration paid by the Association. Negative goodwill is written back to the Statement of Comprehensive Income in equal instalments over a period of 50 years. Refer to note 15.

Leases/Leased Assets

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position and are depreciated over their useful lives.

Mortgages

Borrowings are initially recognized at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognized on the basis of the effective interest method and is included in interest payable and other similar charges. Mortgage loans are advanced by local authorities, the Scottish Government or private lending institutions under the terms of individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments which have been given approval for Social Housing Grant by the Scottish Government.

Financial Instruments – Basic

The Association has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument, and are offset only when the Association currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Management Committee to exercise judgement in applying the Association's Accounting Policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, is disclosed below:

Rent Arrears - Bad Debt Provision

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers tenant payment history, arrangements in place, and court action.

Categorisation of improvements to Housing Properties

The Association reviews all expenditure incurred on housing properties in the year and considers which expenditure should be capitalised and which should be accounted for as revenue expenditure. A reasonable proportion of expenditure on contracts in progress at the yearend is capitalised to housing properties at the yearend and then costs are subsequently allocated to components and accounted for as such within completed housing properties.

Useful Lives of Components

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

GOVANHILL HOUSING ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2024

1. ACCOUNTING POLICIES (continued)

Obligations under SHAPS and SPF defined benefit Schemes

Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses (as analysed in note 26).

Value Added Tax

The Association is VAT registered, however a large proportion of income, namely rents, is exempt for VAT purposes therefore giving rise to a Partial Exemption calculation. Expenditure is shown inclusive of VAT.

Employee Benefits

The costs of short-term employee benefits are recognised as a liability and an expense. Employees are entitled to carry forward up to 5 days of any unused holiday entitlement at the reporting date. The cost of any unused entitlement is recognised in the period in which the employee's services are received.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the RSL is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition and construction of qualifying properties are added to the cost of those properties until such a time as the properties are ready for their intended use or sale.

All other borrowing costs are expensed as incurred.

Consolidation

The Association and its subsidiary undertaking comprise a group. The Financial Conduct Authority has granted exemption from preparing group financial statements. The accounts therefore represent the results of the Association and not the group.

Key Judgements made in the application of Accounting Policies

- a) **The Categorisation of Housing Properties**
In the judgement of the Management Committee the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS102.
- b) **The Categorisation of Commercial Properties**
The Association owns three small shop units which are held within tenement blocks owned for social housing. These properties are primarily held for social benefit, let to social enterprises and charities address food insecurity and youth engagement, and so they have been classified as Property, Plant and Equipment.
- c) **Identification of Cash Generating Units**
The Association considers its cash-generating units to be 2,811 for asset management purposes.
- d) **Consideration of what is included in Operating Surplus**
The Association considers that any gains or losses incurred when disposing of housing properties or replacing components within those properties should be accounted for within Operating Surplus reported.

GOVANHILL HOUSING ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2024

2. PARTICULARS OF REVENUE, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

2024			
	Revenue	Operating Costs	Operating Surplus
Note	£	£	£
Affordable Letting Activities	3 20,148,874	(18,712,845)	1,436,029
Other Activities	4 1,717,598	(1,299,839)	417,759
	<u>21,866,472</u>	<u>(20,012,684)</u>	<u>1,853,788</u>

2023			
	Revenue	Operating Costs	Operating Surplus
Note	£	£	£
Affordable Letting Activities	3 16,592,555	(15,597,547)	995,008
Other Activities	4 1,348,437	(465,211)	883,226
	<u>17,940,992</u>	<u>(16,062,758)</u>	<u>1,878,234</u>

GOVANHILL HOUSING ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2024

3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTINGS

				2024	2023
	General Needs Housing	Supported Social Housing Accommodation	Shared equity housing	Total	Total
	£	£	£	£	£
Revenue From Lettings					
Rent receivable net of identifiable service charges	14,247,196	522,853	4,992	14,775,042	13,824,676
Service charges receivable	238,883	14,724	525	254,132	317,270
Gross Rents Receivable	14,486,080	537,578	5,517	15,029,174	14,141,946
Less Rent Losses from Voids	(427,179)	-	-	(427,179)	(454,975)
Net Rents Receivable	14,058,900	537,578	5,517	14,601,995	13,686,971
Amortisation of Social Housing & Other Grants	1,517,223	-	-	1,517,223	268,229
Revenue Grants from Local authority & Other agencies	4,029,856	-	-	4,029,656	2,637,355
Other Revenue Grants	-	-	-	0	-
Total Income from Social letting	19,605,779	537,578	5,517	20,148,874	16,592,555
Expenditure on Social Letting Activities					
Management & Maintenance Administration Costs	(6,317,492)	-	-	(6,317,492)	(5,298,217)
Loss on write off of historic components	(1,479,876)	-	-	(1,479,876)	-
Planned and cyclical maintenance including Major repairs	(4,577,946)	(134,257)	-	(4,712,202)	(4,469,390)
Reactive Maintenance	(2,547,753)	(165,726)	-	(2,713,478)	(2,319,130)
Service Costs	(405,507)	(7,450)	-	(412,956)	(539,263)
Bad debts- rents and service Charges	(81,338)	-	-	(81,338)	153,949
Depreciation of Social Housing	(2,995,502)	-	-	(2,995,502)	(3,125,496)
Operating Costs of Social letting	(18,405,413)	(307,432)	-	(18,712,845)	(15,597,547)
Operating Surplus/(Deficit) on Social Letting Activities	1,200,366	230,146	5,517	1,436,029	995,008
2023	1,121,115	(129,057)	2,950	995,008	995,008

GOVANHILL HOUSING ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2024

4. PARTICULARS OF TURNOVER, OPERATING COSTS & OPERATING SURPLUS OR (DEFICIT) FROM OTHER ACTIVITIES

							2024	2023
	Grants From Scottish ministers	Other revenue Grants	Other Income	TOTAL TURNOVER	Operating Costs -Bad Debts (write off)/recovery	Other Operating Costs	OPERATING SURPLUS OR (DEFICIT)	OPERATING SURPLUS OR (DEFICIT)
	£	£	£	£	£	£	£	£
Wider Role Activities	167,400	29,099	-	196,499	-	(100,435)	96,064	184,140
Care & Repair	-	-	-	-	-	-	-	-
Investment Property Activities	-	-	-	-	-	-	-	-
Factoring	-	-	1,437,413	1,437,413	47,702	(1,240,442)	244,673	699,086
Uncapitalised Development Administration Costs	-	-	-	-	-	-	-	-
Support activities	-	-	11,948	11,948	-	-	11,948	-
Care Activities	-	-	-	-	-	-	-	-
Contracted Out services undertaken for Registered Social landlords	-	-	-	-	-	-	-	-
Contracted Out services undertaken for Other Organisations	-	-	-	-	-	-	-	-
Developments for Sale to RSLs	-	-	-	-	-	-	-	-
Developments for Sale to others	-	-	-	-	-	-	-	-
Amortisation of Grant on other tangible assets	60,350	-	-	60,350	-	-	60,350	-
Other Activities:								
- Management expenses charged to subsidiary	-	-	-	-	-	-	-	-
- Rental of Commercial property	-	-	11,248	11,248	-	(6,664)	4,584	-
- Hire of Conference hall	-	-	140	140	-	-	140	-
- Charges to 3rd Parties for Staff Time	-	-	-	-	-	-	-	-
- Sale of Other Fixed Assets	-	-	-	-	-	-	-	-
- Donations received	-	-	-	-	-	-	-	-
TOTAL FROM OTHER ACTIVITIES	227,750	29,099	1,460,749	1,717,598	47,702	(1,347,541)	417,759	883,226
TOTAL FROM OTHER ACTIVITIES 2023	278,574	75,660	994,203	1,348,437	(2,925)	(462,286)	883,228	

GOVANHILL HOUSING ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2024

5. BOARD MEMBERS AND OFFICER EMOLUMENTS

The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, the executive officers and employees of the Association reporting directly to the Director or Management Committee

No emoluments have been paid to any member of the Management Committee (2023 NONE)

5 Officers of the Association received emoluments greater than £60,000 (2023- 5)

	2024	2023
	£	£
Agregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions)	390,090	367,605
Pension Contributions paid on behalf of officers with emoluments greater than £60,000	46,865	43,524
Agregate emoluments payable to the Director (excluding pension contributions)	93,876	89,644
Pension Contributions paid on behalf of the Director	11,735	11,595

Total number of officers, including the highest paid officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:

	Number	Number
£60,000-£70,000	-	1
£70,001-£80,000	4	3
£80,001-£90,000	-	1
£90,001-£100,000	1	-
	£	£
Total expenses reimbursed in so far as not chargeable to United Kingdom income tax	-	-

6. EMPLOYEE INFORMATION

Staff Costs during the year:

	2024	2023
	£	£
Wages and Salaries	2,893,221	2,673,704
Social Security Costs	231,792	251,032
Pension Costs	329,799	322,495
	<u>3,454,812</u>	<u>3,247,231</u>

	Number	Number
The average number of Full Time equivalent persons employed during the year was	67	70
The average total number of persons employed during the year was	73	77

GOVANHILL HOUSING ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2024

7. GAIN/(LOSS) ON DISPOSALS OF HOUSING STOCK

	2024	2023
	£	£
Included in the operating surplus for the year are the following gains incurred on housing stock:		
Net Book value of Components Replaced in Properties	-	-
Gain/(Loss) on disposals of Housing Stock	-	21,741

8. INTEREST PAYABLE AND OTHER SIMILAR CHARGES

	2024	2023
	£	£
Bank Loans and Overdrafts	1,259,987	586,635

9. OTHER FINANCE CHARGES

	2024	2023
	£	£
Defined Benefit Pension (income)/Costs	(462,000)	570,000

10. OTHER FINANCE CHARGES

	2024	2023
	£	£
Surplus is stated after charging/(crediting):		
Auditor's Remuneration for Audit Services	20,000	18,150
Operating Lease Rentals (Note23)	8,400	8,400
Depreciation of Tangible Fixed assets	3,077,847	3,238,065
Amortisation of Capital Grants	(1,577,573)	(268,229)

11. TAXATION

	2024	2023
	£	£
The Association is a Registered Scottish charity and is not liable to United Kingdom Corporation tax on its charitable activities	-	-

12. HOUSING STOCK

	2024	2023
	Number	Number
The number of units of accommodation in management at the year end was:		
General Needs - Rehabilitation	2,710	2,703
Supported Housing	99	99
Shared Equity	2	2
	<u>2,811</u>	<u>2,804</u>

GOVANHILL HOUSING ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2024

13(a) NONCURRENT ASSETS

	Housing Properties held for letting	Housing properties in the course of Construction	Shared equity Properties held for letting	2024 Total
COST				
At Start of Year	150,185,511	10,551,433	135,086	160,872,030
Additions	1,931,113	5,875,680	-	7,806,793
Disposals	(2,250,347)	-	-	(2,250,347)
Transfers	6,801,302	(6,801,302)	-	-
Schemes Completed in year			-	-
At end of Year	<u>158,667,579</u>	<u>9,625,811</u>	<u>135,086</u>	<u>166,428,476</u>
DEPRECIATION				
At Start of Year	53,495,616	-	135,086	53,630,702
Charge in year	2,995,502	-	-	2,995,502
Eliminated on Disposal	(770,471)	-	-	(770,471)
At end of Year	<u>55,720,647</u>	<u>-</u>	<u>135,086</u>	<u>55,855,733</u>
NET BOOK VALUE				
At End of Year	<u>100,946,932</u>	<u>9,625,811</u>	<u>-</u>	<u>110,572,743</u>
At Start of Year	<u>96,689,895</u>	<u>10,551,433</u>	<u>-</u>	<u>107,241,328</u>

The Association spent £6,400,816 on Major Repairs to its properties in the year (2023 £6,363,266) included in the total above capitalised major repairs in the year amounted to £3,789,605 (2023 £1,893,876)

The properties acquired at Second Stage Transfer on 31 January 2011 were included at fair value using EUV-SH basis of valuation.

The Association would not be able to sell these properties at these values without repaying Social Housing Grant from the proceeds of sale, but Social Housing Grant would be subordinated behind any private loans charged on these properties. Other grants received are repayable under certain circumstances.

GOVANHILL HOUSING ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2024

13(b) NON CURRENT ASSETS

Other Tangible Assets

	Heritable office property	Computer and office equipment	Commercial Premises	2024 Total
COST				
At Start of Year	3,425,433	898,624	81,990	4,406,047
Additions	-	150,158	-	150,158
Disposals	-	-	-	-
At end of Year	<u>3,425,433</u>	<u>1,048,782</u>	<u>81,990</u>	<u>4,556,205</u>
DEPRECIATION				
At Start of Year	1,189,419	872,443	24,188	2,086,050
Charge in year	69,488	11,217	1,640	82,345
Eliminated on Disposal	-	-	-	-
At end of Year	<u>1,258,907</u>	<u>883,660</u>	<u>25,828</u>	<u>2,168,395</u>
NET BOOK VALUE				
At End of Year	<u>2,166,526</u>	<u>165,122</u>	<u>56,162</u>	<u>2,387,810</u>
At Start of Year	<u>2,236,014</u>	<u>26,181</u>	<u>57,802</u>	<u>2,319,997</u>

Grants received to fund the acquisition and development of commercial premises are repayable in certain circumstances. Where this arises from the sale of properties, repayment of the grant would be subordinated behind any private loan charged on these properties

14 INVESTMENT

	2024	2023
	£	£
At Start of Year	<u>100</u>	<u>100</u>
At End of Year	<u>100</u>	<u>100</u>

This represents a 100% Shareholding Govanhill Housing Association has in its subsidiary company. Govanhill Community Development Trust, a company registered in Scotland.

GOVANHILL HOUSING ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
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15. NEGATIVE GOODWILL

	2024	2023
	£	£
At Start of Year	3,059,243	3,139,751
Amortised in year	(80,508)	(80,508)
At end of Year	<u>2,978,735</u>	<u>3,059,243</u>

Govanhill Housing Association acquired 710 homes under a Second Stage Transfer arrangement from Glasgow Housing Association in 2011. Negative Goodwill amounting to £4,192,482 was created at that time. Due to Right to Buy disposals this was reduced to £4,029,016 before amortisation adjustments between 2011 and 2018.

16. DEBTORS: Amounts falling due within one Year

	2024	2023
	£	£
Rental debtors -Housing Benefit	105,368	90,248
Rental debtors -Other	330,474	326,356
Rental debtors - Provision for Bad Debts	(231,237)	(318,212)
Amounts due by Subsidiary Companies	97,562	45,394
Capital Grants receivable	841,395	556,949
Other Debtors	671,282	557,342
Prepayments and Accrued Income	336,006	237,634
	<u>2,150,850</u>	<u>1,495,711</u>

17. CREDITORS: Amounts falling due within one Year

	2024	2023
	£	£
Housing Loans (Note 18a)	984,448	1,021,618
Deferred Income due within one year	1,577,573	726,297
Trade payables	1,371,906	935,771
Other Taxation and Social security Costs	68,882	76,805
Social Housing Grant repayable	198,803	81,616
Other Creditors	105,574	94,444
Accruals & Deferred Income	536,888	213,666
Rent in Advance	780,600	507,190
Factoring In Advance	677,505	478,162
Pensions Creditor	56,094	53,220
	<u>6,358,273</u>	<u>4,188,789</u>

18. CREDITORS: Amounts falling after one Year

	2024	2023
	£	£
Housing Loans	<u>20,658,765</u>	<u>21,709,102</u>

Included within housing loans is £84,750 of monies held on behalf of sharing owners who participated in the Shared Equity Scheme.

GOVANHILL HOUSING ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2024

18(a). Loans

Loans are secured by a charge on specified Association properties. The total of the secured items are 780 units. The interest rates of the bank loans range between fixed rate loans 2.9%-3.15%; and Base Plus loans +1.5%-1.85%

	2024	2023
	£	£
Due in one year or Less (note 17)	984,448	1,021,618
Between One and Two years	1,015,964	926,041
Between Two and Five years	3,244,649	2,846,806
In Five years or more	16,398,152	17,936,255
	<u>21,643,213</u>	<u>22,730,720</u>

19. DEFERRED INCOME

	2024	2023
	£	£
Social Housing Grants		
At Start of Year	49,197,969	47,271,643
Additions In Year	1,991,645	2,134,205
Amortisation in year	(1,517,223)	(207,879)
At end of Year	<u>49,672,391</u>	<u>49,197,969</u>
Other Grants		
At Start of Year	2,525,545	2,585,895
Amortisation in year	(60,350)	(60,350)
At end of Year	<u>2,465,195</u>	<u>2,525,545</u>
Expected to be released to SOCI as follows:		
Amounts due within one year	1,577,573	726,297
Amounts due in one year or more	50,560,013	50,539,149
At end of Year	<u>52,137,586</u>	<u>51,265,446</u>

20. SHARE CAPITAL

	2024	2023
	£	£
Shares of £1 each fully paid and issued:		
At Start of Year	276	295
Shares Issued in year	1	4
Shares Forfeited in year	(18)	(23)
At end of Year	<u>259</u>	<u>276</u>

Each member of the Association holds one £1 pound share in the Association. These shares carry no rights to dividends or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

GOVANHILL HOUSING ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2024

21.(A) STATEMENT OF CASH FLOWS

Reconciliation of operating surplus to balance at 31 March

	2024	2023
	£	£
Operating Surplus	1,853,788	1,878,234
Depreciation Charges	3,077,847	3,318,569
Amortisation of Goodwill	(80,508)	(80,508)
Amortisation of Grants	(1,577,573)	(268,299)
~ Decrease/(Increase) in Debtors	658,002	(692,272)
(Decrease)/Increase in Creditors	554,741	3,281,209
Non cash changes to employer pension costs	15,000	(4,045,596)
	<hr/>	<hr/>
Net cash inflow from operating activities	4,501,297	3,391,337

21.(B) ANALYSIS OF CHANGES IN FINANCING DURING CURRENT YE

	2023 CASHFLOWS		2024
	£	£	£
Cash at Bank and in hand	17,838,658	(2,033,275)	15,805,383
Debt due within one year	1,021,618	37,170	984,448
Debt due after one year	21,709,102	1,050,337	20,658,765

21.(C) RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN DEBT

	2024	2023
	£	£
Increase/(Decrease) in Cash in year	(2,033,275)	6,196,339
Loans Repaid	1,087,507	777,027
New Loans	-	(6,000,000)
Change in NET DEBT	<hr/>	<hr/>
	(945,768)	973,366
NET DEBT at 31 March 2023	(4,913,799)	(5,887,165)
NET DEBT at 31 March 2024	(5,859,567)	(4,913,799)

GOVANHILL HOUSING ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
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22. CAPITAL COMMITMENTS

	2024	2023
	£	£
Expenditure Contracted less certified	<u>10,718,539</u>	<u>4,780,744</u>
Funded by:		
Social Housing Grant	1,300,000	1,763,979
Reserves	<u>9,418,539</u>	<u>3,016,765</u>
	<u>10,718,539</u>	<u>4,780,744</u>
Expenditure authorised by the Management Committee not contracted for	<u>5,702,328</u>	<u>2,099,286</u>
Funded by:		
Social Housing Grant	3,302,412	699,060
Reserves	<u>2,399,916</u>	<u>1,400,226</u>
	<u>5,702,328</u>	<u>2,099,286</u>
Included within capital commitments is both capital and revenue expenditure contracted for at 31 March 2024		

23. OBLIGATIONS UNDER OPERATING LEASES

	2024	2023
	£	£
The total minimum lease payments under non-cancellable operating leases for Fixed Assets are :-		
Operating leases which expire within one year	8,400	8,400
Operating leases which expire within two to five years	<u>4,200</u>	<u>12,600</u>
	<u>12,600</u>	<u>21,000</u>

GOVANHILL HOUSING ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2024

24. RELATED PARTY TRANSACTIONS

Members of the Management Committee are Related parties of the Association as defined by FRS102

The Related Party relationship of the members of the Management Committee are summarised as:

-Members are Tenants of the Association

-Members are Factored Owners

-Management Committee members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Management Committee Member has a connection is made at arms' length and is under normal commercial terms

	2024	2023
	£	£
Transactions with Management Committee members are as follows:		
Rent received from tenants on the Committee:	38,049	36,831
At the year end total rent arrears owed by tenant members of the Committee were:	30	93
Charges received from factored Owners on the Committee	1,634	1,028
At the year end total factors arrears owed by owner members of the Committee were	609	17,390

Transactions between the Association and its subsidiary are as follows:

	2024	2024	2023	2023
	Purchases	Sales	Purchases	Sales
	£	£	£	£
Govanhill Community Development Trust	11,215	52,168	9,214	96,996
	Amounts Due To	Amounts Due By	Amounts Due To	Amounts Due By
Govanhill Community Development Trust	18,026	97,562	6,811	45,394

25. GROUP ACCOUNTS EXEMPTION

From the period commencing 1 April 2015 the Association gained exemption from the Financial Conduct Authority for providing Group Accounts. This was obtained under section 99 of the Co-operative and Community Benefit Societies Act 2014 and had the agreement of the Auditor. Taking advantage of this exemption is still considered appropriate.

GOVANHILL HOUSING ASSOCIATION
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For the Year Ended 31 March 2024

26. RETIREMENT BENEFIT OBLIGATIONS

Scottish Housing Association Defined Benefit Scheme ("SHAPS")

Govanhill Housing Association Limited participates in the Scottish Housing Associations' Pension Scheme ("the Scheme"), a multi-employer scheme which provides benefits to some 150 non-associated employers. The Scheme is a defined benefit scheme in the UK.

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

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2018. This valuation revealed a deficit of £121m. A Recovery Plan has been put in place to eliminate the deficit which will run to either 30 September 2022 or 31 March 2023 (depending on funding levels) for the majority of employers, although certain employers have different arrangements.

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

For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2019 and 30 September 2019. The liability figure from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the Association's fair share of the Scheme's total assets to calculate the Association's net deficit or surplus at the accounting period start and end dates.

The Association has been notified by TPT Retirement Solutions of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2023. As of this date the estimated employer debt for the Association was £2,857,304 (2022 £3,402,237.)

The main financial assumptions used by the Pension Trust's actuary in their FRS102 calculations are as follows:

Assumptions as at:	31-Mar-24	31-Mar-23
Inflation (CPI)	2.77%	2.74%
Inflation (RPI)	3.17%	3.20%
Salary increases	3.77%	3.74%
Discount rate	4.89%	4.88%
Allowance for commutation of pension for cash at retirement	75% max	75% max

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

	Males	Females
Current pensioners	20.2	22.7
Future pensioners	21.4	24.1

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

	31-Mar-24	2023
Fair value of plan assets	7,895,000	8,401,000
Present value of defined benefit obligation	9,018,000	8,899,000
Deficit in plan	-1,121,000	-498,000
Unrecognised surplus	-	-
Defined benefit liability to be recognised	-1,121,000	-498,000

Reconciliation of opening and closing balances of the defined benefit obligation

	31-Mar-24
Defined benefit obligation at start of period	8,899,000
Current service cost	-
Expenses	13,000
Interest expense	423,000
Member contributions	-
Benefits paid	-528,000
Actuarial losses due to scheme experience	259,000
Actuarial gains due to changes in demographic assumptions	-54,000
Actuarial gains due to changes in financial assumptions	2,000
<u>Defined benefit obligation at end of period</u>	<u>9,018,000</u>

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

	31-Mar-24
Fair value of plan assets at start of period	8,401,000
Interest income	398,000
Member contributions	-
Employer contributions	13,000
Benefits paid	-528,000
<u>Experience on plan assets (excluding amounts included in interest income) – gain</u>	<u>-391,000</u>
<u>Fair value of plan assets at end of period</u>	<u>7,895,000</u>

Defined Benefit costs recognised in statement of comprehensive income

	31-Mar-24
Current service cost	0
Expenses	13,000
Net interest expense	25,000
<u>Defined benefit costs recognised in statement of comprehensive income (SoCI)</u>	<u>38,000</u>

Defined Benefit costs recognised in other comprehensive income

	31-Mar-24
Experience on plan assets (excluding amounts included in interest cost) – loss	-391,000
Experience gains and losses arising on the plan liabilities – gain	-269,000
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations – gain	54,000
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligations – gain	-2,000
<u>Total amount recognised in other comprehensive income – gain</u>	<u>-598,000</u>

GOVANHILL HOUSING ASSOCIATION
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26. RETIREMENT BENEFIT OBLIGATIONS (continued)
Scottish Housing Association Defined Benefit Scheme ("SHAPS")

The plan assets were:

	31-Mar-24	31-Mar-23
Global Equity	908,000	222,000
Absolute Return	355,000	114,000
Distressed Opportunities	291,000	258,000
Credit Relative Value	278,000	320,000
Alternative Risk Premia	284,000	49,000
Emerging Markets Debt	138,000	65,000
Risk Sharing	474,000	612,000
Insurance-Linked Securities	49,000	234,000
Property	334,000	350,000
Infrastructure	756,000	905,000
Private Equity	6,000	
Private Debt	318,000	375,000
Opportunistic Illiquid Credit	314,000	371,000
High Yield	1,000	43,000
Opportunistic Credit	0	1,000
Cash	205,000	35,000
Corporate Bond Fund	0	11,000
Liquid Credit	0	-
Long Lease Property	59,000	282,000
Secured Income	263,000	562,000
Liability Driven Investment	2,855,000	3,557,000
Currency Hedging	-3,000	16,000
Net Current Assets	10,000	19,000
Total assets	7,895,000	8,401,000

Govanhill Housing Association Limited closed the Scheme to all its employees.

During the accounting period Govanhill Housing Association Limited paid contributions at the rate of 19.9% of pensionable salaries. Member contributions were paid at a rate of 12.5%. At the balance sheet date there were 44 active members of the Scheme employed by Govanhill Housing Association Limited. The annual pensionable payroll in respect of these members was £1,621,323.

The Association has been notified by the Trustee of the Scheme that it has performed a review comparing the benefits provided to scheme members over recent years with the requirements of the Scheme documentation. Due to uncertainty as to the effect of some benefit changes, the Trustee has been advised by lawyers to seek clarification from the Court on potential changes to the pension liability. It is recognised that this could potentially impact the value of Scheme liabilities, but until the outcome of the ongoing Court process is known (which is currently expected to be February 2025), it is not possible to calculate the impact on the liabilities of this issue with any accuracy, particularly on an individual employer basis, for the purposes of the 31 March 2024 financial statements. Accordingly, no adjustment has been made in these financial statements in respect of this potential issue.

The Pensions Trust Growth Plan

Govanhill Housing Association Limited participates in TPT Retirement Solutions Growth Plan ("the Plan"). The Plan is funded and is a multi-employer pension plan which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the Association to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

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

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

Govanhill Housing Association Limited paid contributions at the rate of 0% during the accounting period. Members paid contributions at an average rate of 20% during the accounting period. As at the balance sheet date there were 4 active members of the Plan employed by Govanhill Housing Association Limited. Govanhill Housing Association Limited continues to offer membership of the Plan to its employees.

GOVANHILL HOUSING ASSOCIATION
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26. RETIREMENT BENEFIT OBLIGATIONS (continued)

Strathclyde Pension Fund

As a result of the second stage transfer, 7 employees were transferred from Glasgow Housing Association Limited to Govanhill Housing Association Limited on January 31 2011. Of these 7 employees, 4 are current members of the Strathclyde Pension (SPF), a defined benefit scheme administered by Glasgow City Council. The scheme is a multi-employer scheme. Annual contributions to the scheme are based on the recommendation of the scheme actuary. Current and past service costs and are charged to the Statement of Comprehensive Income so as to spread the expected cost of providing pensions over the employees' period of service with GHA. Employees contribute between 5.1% and 6.9% of their salary. Employers' contributions were 25.17% for 2023-24 (2022-23: 25.17%).

Unfunded early retirement pension enhancements for which GHA is liable are provided for in full when employees retire and are charged against the provision when paid.

Employer contributions for the year to 31 March 2024 were £35,000.

A formal valuation of the SPF was carried out as at 31 March 2020 by a qualified independent actuary, Hymans Robertson LLP. In order to assess the actuarial value of the SPF's liabilities as at 31 March 2023, the Scheme's actuaries have rolled forward the actuarial value of the liabilities allowing for changes in financial assumptions as prescribed under FRS 102, the Financial Reporting Standard applicable in the UK and Ireland.

The pension liability included in these financial statements includes the effect of the McCloud judgement and GMP equalisation.

The principal assumptions used as at 31 March 2024 were as follows:

Assumptions as at:	31 March 2024	31 March 2023
Pension Increase rate (CPI)	2.75%	2.95%
Salary increases	3.45%	3.65%
Discount rate	4.85%	4.75%

As at the date of the most recent valuation, the duration of the Employer's funded liabilities is 19 years.

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI2021 model with a 10% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. for both males and females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	19.8 years	22.3 years
Future pensioners	20.2 years	25.0 years

GOVANHILL HOUSING ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
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26. RETIREMENT BENEFIT OBLIGATIONS (continued)
Strathclyde Pension Fund (continued)

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

	31 March 2024	31 March 2023
Fair value of plan assets	2,247,000	2,129,000
Present value of defined benefit obligation	1,461,000	1,383,000
Surplus/(Deficit) in plan	786,000	746,000
Unrecognised surplus	-	-
Defined benefit asset/(liability) to be recognised	786,000	746,000

Reconciliation of opening and closing balances of the defined benefit obligation

	31 March 2024
Defined benefit obligation at start of period	1,383,000
Current service cost	31,000
Interest expense	66,000
Plan participants' contributions	10,000
Benefits paid	-29,000
Actuarial losses due to changes in demographic assumptions	-97,000
Actuarial gains due to changes in financial assumptions	-9,000
Actuarial gains due to other experience	91,000
Defined benefit obligation at end of period	1,446,000

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

	31 March 2024
Fair value of plan assets at start of period	2,129,000
Interest income	102,000
Plan participants' contributions	10,000
Employer contributions	35,000
Benefits paid	-29,000
Experience on plan assets (excluding amounts included in interest income) – loss	12,000
Actuarial losses due to other experience	-
Fair value of plan assets at end of period	2,259,000

Defined Benefit costs recognised in statement of comprehensive income

	31 March 2024
Current service cost	31,000
Net interest expense	66,000
Defined benefit costs recognised in statement of comprehensive income (SoCI)	97,000

Defined Benefit costs recognised in other comprehensive income

	31 March 2024
Experience on plan assets (excluding amounts included in interest income) – gain	109,000
Actuarial gains due to changes in demographic assumptions	9,000
Actuarial losses due to changes in financial assumptions	97,000
Actuarial losses due to other experience	-79,000
Total amount recognised in other comprehensive income - loss	136,000

The major categories of plan assets as a percentage of total plan assets were:

	31 March 2024	31 March 2023
Equities	58%	60%
Bonds	27%	28%
Property	10%	10%
Cash	5%	2%

