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**NEW GORBALS HOUSING ASSOCIATION LTD**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

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### Registration Particulars:

Financial Conduct Authority	Co-operative and Community Benefit Societies Act 2014 Registered Number 2309RS
Scottish Housing Regulator	Housing (Scotland) Act 2010 Registered Number HAL211
Charity Number	SC041164

**New Gorbals Housing Association Ltd  
Committee of Management, Executives and Advisors  
For the year ended 31 March 2023**

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**Committee of Management**

(Chairperson)	J. Miller
(Secretary)	I McCreaddie
(Vice Chair)	Aaron Reilly
(Member)	E. Peden
(Member)	Kirstyn Adams-MacKenzie
(Member)	S. Mandaniya
(Member)	R. Shannon
(Member)	D. Nixon (Resigned August 2022)
(Member)	L. Malone
(Member)	P. McKeever
(Member)	M. Clark
(Member)	C.A. Duffy (Elected Sept 2022)
(Member)	C. Docherty (co-optee)
(Member)	I. Galloway (co-optee,)

**Executive Officers**

Fraser Stewart – Director  
Norman Fitzpatrick – Depute Director  
Mary Reilly – Head of Finance  
Simon Metcalfe – Head of Development  
Tracey McCauley – Head of Maintenance  
Gregor Colville – Head of Housing (appointed October 2022)  
Linda Anderson – Head of Corporate Development (Retired October 2022)

**Registered Office**

200 Crown Street  
Glasgow  
G5 9AY

**Auditor**

RSM UK Audit LLP  
Third Floor  
Centenary House  
69 Wellington Street  
Glasgow  
G2 6HG

**Bankers**

Bank of Scotland  
167-201 Argyle Street  
Glasgow  
G2 8BU

**Solicitors**

T C Young  
7 West George Street  
Glasgow  
G2 1BA

The Committee of Management presents their report and audited financial statements for the year ended 31 March 2023.

### **Principal Activities**

The principal activity of the Association is the provision of social housing:

- to improve the quality of the housing and management service for the people of the Gorbals area;
- to consolidate tenant control and involvement in the Association;
- to contribute to meeting the needs of people living in the Gorbals area;
- to provide housing at affordable and sustainable rent levels; and
- to develop through conversion and new buildings other types of housing such as those for older and single people, and for those seeking low cost home ownership.

The Association has a wholly owned subsidiary, New Gorbals Property Management Ltd, the principal activities of which are management of mid-market ranked properties that are owned by the Association.

### **Objectives**

The Association's overall vision and mission is:

- To provide the highest possible quality housing, environment and services to all of our customers
- To maximise our contribution to the overall regeneration of the Gorbals, addressing wherever possible the needs of those in the community who are disadvantaged.

Our core values are based on:

- Being representative of, and accountable to, the local community
- Being open and accessible
- Being fair and equitable, and treating every individual with courtesy and respect
- Being innovative and creative, and working in partnership with others, to achieve the best possible outcomes
- Delivering services which are customer-focused and which provide the best quality possible for our tenants
- Promoting and implementing an approach to our community engagement and development work founded on the strengths and potential of the Gorbals community.

### **Our Achievements**

2022/23 brought back a more familiar normal with all restrictions in place for Covid 19 lifted. The Association has responded well to these changes and our repairs performance is back to pre- pandemic levels.

The lifting of restrictions also meant that we could come together in person with the community again. There was record attendance of over 1000 people at the 2022 Gorbals Fair. From Christmas lights to community meals the wider community has engaged in person.

A key priority for the Association has been the re-housing of tenants at 305 and 341 Caledonia Road. With the completion of several new build developments we are able to suitably re house almost every tenant by April 2023 with the remainder of tenants moving shortly afterwards. The Association now moves on to the task of demolition of the multi storey flats. They were a familiar sight on the skyline of the Gorbals but our plans for regeneration of the area will provide more high quality homes that will better suit the needs of the Gorbals people.

There have been challenges this year and the cost of living has put pressure not only on our residents but also on the Association. In response the Association secured £45,000 in grant funding to support

tenants facing food and fuel poverty. To further support tenants through this crisis we have engaged the help of HEST energy advice who have already achieved significant savings for tenants.

The year ended on a high note as the Association was awarded funding from the Scottish Government Ukrainian Longer Term Housing Resettlement Fund. This has allowed us to modernise 24 void properties and welcome our first Ukrainian families under this scheme. The Association will continue this project in 2023 and 2024.

On 1<sup>st</sup> October 2022, the Association's Housing, Repairs and Finance IT systems, went live with our new supplier Homemaster. This change has modernised our IT capabilities and over the course of the coming 12 months we will be rolling out a tenant's portal, online application form and an owner's portal, to allow customers more flexibility in how they wish to interact with the Association. We are also looking to modernise our other IT capabilities and we will be updating these over the coming year.

## **Investment Activity**

### **New Build**

The Association's development programme progressed steadily during 2022/2023.

The 37 flat development at Northgate completed early 2023 with a further 27 housing units being purchased on completion from a private developer. All of these contributed to the re provisioning programme for the multi storey flats at Caledonia Road.

Full grant approval was obtained for 38 units at the Coliseum site and in Laurieston 28 units at Pine Place in Hutchesontown. Both developments will progress to site during 2023/2024. A further 26 units were submitted for funding approval at the Coliseum site with funding approval anticipated for early 2023/2024.

Development work progressed on the proposed demolition of the multi storey blocks at Caledonia Road and on the proposed redevelopment for housing.

### **Stock Investment**

The Association will continue to invest in and upgrade our stock to ensure it retains asset value.

As part of our investment in new IT systems will be implementing asset management software to enhance and aid our stock investment programme. We will also be undertaking stock conditions surveys of all our stock, over the coming 2 years and this will allow us to plan more accurately and prioritise replacements.

### **Housing Review**

The reporting year 2022/23 was another busy and challenging year for the Housing Team as we fully returned, following COVID restrictions, to delivering the key housing management functions of allocating empty properties, managing rent accounts, dealing with estate management issues and providing a wide range of support and assistance to tenants, housing applicants and owners in receipt of the factoring service.

In recognition of increasing financial pressures on tenants and the community, a Cost of Living group was established. The group's aims were to explore and pursue opportunities that would help mitigate some of these financial pressures.

In collaboration with The Wise Group we introduced a Home Energy Advice project in November 2022. The project provides a dedicated 'Mentor' to NGHHA tenants who may be struggling with energy costs, previous debt or are simply looking for additional advice and assistance with regard to utilities. Over and above this, we continued to provide a dedicated Welfare Rights Service to all tenants as well as additional fuel voucher support and food bank referrals.

**New Gorbals Housing Association Ltd**  
**Report of the Committee of Management**  
**For the year ended 31 March 2023**

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In December 2022 NGHHA was successful in its funding application to the Scottish Government's, Ukrainian Longer Term Resettlement Fund. The success of this application allows the association to modernise twenty four long-term voids to be used for Ukrainian families who had fled the conflict in their home country. The modernisation programme has proven very successful and by year-end we had rehoused a number of Ukrainian families with the remaining households being allocated homes in 2023/24

We let a total of 233 properties during the financial year which compares with a figure of 163 during the previous reporting year. Our allocations were dominated by new build projects at Crown Street and Laurieston as well as the clearance of 305 & 341 Caledonia Road which continued to be a strategic priority for the department. At the year end, only a small number of tenants remained within the two Caledonia Road blocks and we expect the clearance project will be completed by mid-2023/24.

During the reporting year we introduced a new operating model within housing service which would go live on 1 April 2023. Where the Association had previously separated the core functions of housing services in to a Rents Team and an Estates & Allocations Team. The new model re-introduced a generic model of Housing Officer to the association. Housing Officer's now manage all functions of a smaller patch providing a holistic service to tenants through a single point of contact. It is anticipated that this model will provide a more balanced workload and strengthen engagement and relationships with tenants.

During 2022/2023 performance within the Housing Services Team continued to be strong and we finished the year positively;

- 4.07% gross rent arrears against a target of 4.5%
- 2.9% non-technical arrears against a target of 3.3%
- 18.3 calendar days to re-let an average property
- 88.5% of anti-social behaviour complaints were resolved

**Performance**

The table below summarises the Association's performance against key performance indicators for 2022 to 2023.

Targeted resources have seen gross rent arrears fall to under the target set for 2022 to 2023. These resources will be maintained during the course of 2022 to 2023 with our welfare rights staff ensuring tenants have received all income available to them.

<b>Indicator</b>	<b>Target 2022/23</b>	<b>Outturn Performance 2022/23</b>
<b>Void rent loss</b>	0.45%	0.29%
<b>Gross rent arrears</b>	4.3%	4.07%
<b>Non Technical Arrears</b>	3.3%	3.2%
<b>Number of Evictions</b>	5	0
<b>Average timescale - emergency repairs</b>	4 hours	1.8 hours
<b>Average timescale – non-emergency repairs</b>	10 days	6.1 days
<b>Annual gas safety inspections</b>	100%	100%

**Financial Review**

Turnover of £15,888,494 (2022: £17,369,021) relates to the income from the letting of properties at affordable rents and the provision of factoring services.

Operating surplus for the year was £1,172,010 (2022: £3,268,512). SPF pension asset was £1,833,000 with SHAPS pension liability being £518,000 resulting in a net increase in pension assets of £1,315,000. Note 21 in these accounts gives further details of the breakdown of these figures and also see impact of accounting changes section below.

### **Financing and Liquidity**

During the year further loans of £3m (2022: £11.3m) were drawn down. Under the terms of the financing agreement, there are a number of financial and operational covenants that limit the Association's operating and financial flexibility. A failure to comply with any of these covenants could result in default under the agreement and an acceleration of repayment of the debt outstanding.

All covenants are met and regularly reviewed by the Committee of Management.

### **Treasury Management**

The Association has an active treasury management function, which operates in accordance with the Treasury Policy approved by the Committee of Management. In this way the Association manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held.

The Association, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2023 £48.4m (83%) (2022 £49,2m (85%)) of borrowings were subject to fixed rates of interest in excess of two years.

### Strategic Risk Assessment

The Association holds a comprehensive Risk Register and the following listing is our top 12 risks and as identified in the latest Risk Review in December 2022

<b>Top 12 Risks</b>	
Economic conditions deteriorate (e.g. as a result of Covid19 and /or Brexit)	Inherent score 20 <b>residual score 16</b>
Costs increase in future due to energy efficiency/ net zero carbon housing requirements and changes to building standards	Inherent score 16 <b>residual score 16</b>
Repairs and replacement element costs increase above levels allowed for in Business Plan	Inherent score 20 <b>residual score 16</b>
Major health and safety or housing stock disaster incident	Inherent score 20 <b>residual score 12</b>
Failure to retain and attract committee members	Inherent score 20 <b>residual score 12</b>
Loss of rental income due to Covid19 pandemic / impact of Universal Credit	Inherent score 16 <b>residual score 12</b>
Employer pension contributions continue to increase and have negative impact on NGHHA finances	Inherent score 16 <b>residual score 12</b>
Major data protection breach / cyber attack	Inherent score 16 <b>residual score 12</b>
Financial position does not adequately support future obligations and strategic aspirations	Inherent score 16 <b>residual score 12</b>
Significant delay to Caledonia Rd clearance and re-provisioning strategy	Inherent score 20 <b>residual score 9</b>
Failure to comply with loan covenants	Inherent score 20 <b>residual score 9</b>
Failure to comply with statutory responsibilities for stock and tenant safety (such as fire, electrical, gas, asbestos)	Inherent score 15 <b>residual score 9</b>

### Fixed Assets

Changes in fixed assets in the year are set out in notes 11A, 11B and 11C of the financial statements.

### Future Developments

The Association is working on plans for re provisioning programme for 305 and 341 Caledonia Road. We have identified sites and are currently working on plans.



### **Credit Payment Policy**

The Association's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The Association's standard payment terms are 30 days.

### **Maintenance Policies**

The Association maintains its properties to the highest standard. To this end, programmes of cyclical repairs are carried out in the medium term to deal with the gradual and predictable deterioration of building components. It is expected that the cost of all these repairs would be charged to the Statement of Comprehensive Income.

In addition, the Association has a long-term programme of major repairs to cover for works which have become necessary since the original development was completed, including works required by subsequent legislative changes. This includes replacement or repairs to features of the properties, which have come to the end of their economic lives. In line with the SORP, replacements to building components (as identified in Note 1) are capitalised in the accounts as they occur. All other major repairs are charged to the Statement of Comprehensive Income.

### **Employee Involvement and Health & Safety**

The Association encourages employee involvement in all major initiatives.

We are consulting with staff on a planning for a return to the office and any future changes to our working practices.

### **Quality and Integrity of Personnel**

The integrity and competence of personnel are ensured through high recruitment standards and subsequent training courses. High quality personnel are seen as an essential part of the control environment and the ethical standards expected are communicated through the Director.

### **Going Concern**

The Committee of Management has reviewed the results for this year, the projections for the next five years and the effects of the current economic inflationary pressures on the financial statements. The Committee of Management have reviewed our short and longer term plans, including scenario planning. The Committee of Management have deemed that there will be no material impact on the Association's ability to continue as a going concern and for this reason, the going concern basis has been adopted in these financial statements.

The assets and liabilities contained in these financial statements are not deemed to be impaired as a result the pandemic or financial projections. Impairment of units cleared in 305/341 Caledonia Road clearance programme, have been included in these accounts.

### **Budgetary Process**

Each year the Committee of Management approves the annual budget and rolling five year strategic plan. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Committee of variances from the budget, updated forecasts for the year together with information on the key risk areas. Approval procedures are in place in respect of major areas of risk such as major contract tenders, expenditure and treasury management.

### **Rental income**

The Association's Rent Policy is a points system based on the size, type and facilities of the accommodation. The policy ensures that the rent structure is easy to administer and covers the wide variations within the Association's properties. The point's value is reviewed annually to ensure that the rents cover the required costs. This policy follows the generally accepted practice/principles of the

**New Gorbals Housing Association Ltd**  
**Committee of Management Statement of Responsibilities and Internal Financial Controls**  
**For the year ended 31 March 2023**

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Housing Movement.

**Our equality policy statement**

New Gorbals Housing Association is committed to promoting cultural values that promote social justice. We are committed to:

- eliminating unlawful and unfair forms of discrimination; and
- promoting equal opportunity objectives.

**Disclosure of Information to the Auditor**

The members of the Committee of Management at the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditors are unaware. They confirm that they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that it has been communicated to the audit.

**Auditor**

A resolution for the reappointment of RSM UK Audit LLP as auditors of the Association will be proposed at the Annual General Meeting.

By Order of the Committee of Management



Secretary  
Ian McCreddie

Date: 12/9/2023

**New Gorbals Housing Association Ltd**  
**Committee of Management Statement of Responsibilities and Internal Financial Controls**  
**For the year ended 31 March 2023**

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

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

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

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

The Committee of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Registered Housing Associations Determination of Accounting Requirements 2019. It has general responsibility for taking reasonable steps to safeguard the assets.

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

The Committee of Management 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 Committee of Management's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable, and not absolute, assurance against material financial mis-statement or loss or failure to meet objectives. Key elements of the Association's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating 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 the 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 Committee of Management 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/quarterly management accounts 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;

**New Gorbals Housing Association Ltd**  
**Committee of Management Statement of Responsibilities and Internal Financial Controls**  
**For the year ended 31 March 2023**

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- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures through the Committee of Management;
- Committee of Management 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 weaknesses identified through internal and external audit reports.
- an internal auditor has 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 effectiveness of the Association's system of internal financial control has been reviewed by the Committee of Management for the year ended 31 March 2023. No weaknesses were found in internal financial controls which resulted in material losses, contingencies, or uncertainties which require disclosure in these financial statements or in the auditor's report on the financial statements.

By Order of the Committee of Management



Secretary

Date: 12/9/2023.

**New Gorbals Housing Association Ltd**  
**Report by the auditors to the members of New Gorbals Housing Association Ltd on Internal**  
**Corporate Governance Matters**  
**For the year ended 31 March 2023**

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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 within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

**Basis of Opinion**

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

**Opinion**

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

*RSM UK Audit LLP*

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

Date: 20 September 2023

### **Opinion**

We have audited the financial statements of New Gorbals Housing Association Ltd (the 'Association') for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, Statement of Changes in Equity, 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 2023 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 Committee of Management'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 Committee of Management with respect of 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 Committee of Management 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.

### **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 Committee of Management in respect of a previous year of account for all subsidiaries 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 Committee of Management 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 Committee of Management**

As explained more fully in the Statement of Committee of Management's responsibilities set out on page 11, the Committee of Management 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 Committee of Management 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 Committee of Management 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 Committee of Management 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;

**New Gorbals Housing Association Ltd**  
**Independent Auditors Report to the Members of New Gorbals Housing Association**  
**For the year ended 31 March 2023**

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- 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 Society 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 and 2014, the energy Efficiency Standard for Social Housing (ESSH) 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 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, evaluation 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 of risk for income included but were not limited to substantive analytical review to test the grant and rental income that was recognized, selecting a sample of rental income to assess whether it was recognized in accordance with rent review letters or signed tenancy agreements which agree to the housing management system and corroborating a sample of other income to supporting documentation.

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*

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

Date: 20 September 2023



New Gorbals Housing Association Limited  
Statement of Comprehensive Income  
For the year ended 31 March 2023

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	Notes	2023 £	2022 £
Turnover	2	15,888,494	17,369,021
Operating expenditure	2	<u>(14,716,484)</u>	<u>(14,100,509)</u>
<b>Operating Surplus</b>		<b>1,172,010</b>	<b>3,268,512</b>
Gain on disposal of property, plant and equipment	9	-	24,339
Interest receivable	6	87,866	2,662
Interest and financing costs	7	(1,744,712)	(1,574,438)
Pension Interest Costs	21	(211,000)	
<b>Deficit Before Tax</b>		<b><u>(695,835)</u></b>	<b><u>1,721,075</u></b>
Taxation	25	-	
<b>Deficit for the Year</b>		<b><u>(695,835)</u></b>	<b><u>1,721,075</u></b>
Actuarial gain/(loss) in respect of pension schemes	21	<u>1,619,000</u>	<u>1,131,000</u>
<b>Total Comprehensive Income for the Year</b>		<b><u>923,165</u></b>	<b><u>2,852,075</u></b>

The accompanying notes form part of these financial statements.

**New Gorbals Housing Association Limited**  
**Statement of Financial Position**  
**As at the 31 March 2023**

	Notes	2023 £	2022 £
<b>Fixed Assets</b>			
Intangible Fixed Assets	11.C	441,037	45,585
Housing properties	11.A	157,456,384	151,648,325
Other fixed assets	11.B	4,845,678	4,920,815
Investment in subsidiary	11.D	1	1
		<u>162,743,100</u>	<u>156,614,726</u>
<b>Current Assets</b>			
Trade and other debtors	12	2,214,574	13,427,261
Cash and cash equivalents		17,983,371	8,311,979
		<u>20,197,945</u>	<u>21,739,240</u>
<b>Current Liabilities</b>			
Creditors: amounts falling due within one year	13	<u>(8,463,644)</u>	<u>(6,358,304)</u>
<b>Net Current Assets</b>			
		11,734,301	15,380,936
<b>Total Assets Less Current Liabilities</b>			
		<u>174,477,401</u>	<u>171,995,662</u>
Creditors: Amounts falling due after more than one year	14	(137,648,974)	(134,791,956)
Provisions for liabilities:		-	-
Pension provision:	21	-	-
SHAPS – Defined Benefit Funding Liability		(518,000)	-
SPF – Defined Benefit Funding Asset		1,833,000	-
Other provisions	17	<u>(102,623)</u>	<u>(86,061)</u>
		<u>(136,436,597)</u>	<u>(134,878,017)</u>
<b>Total Net Assets</b>			
		<u>38,040,804</u>	<u>37,117,645</u>
<b>Reserves</b>			
Income and expenditure reserve	18	38,040,733	37,117,570
Share Capital	18	71	75
<b>Total Reserves</b>			
		<u>38,040,804</u>	<u>37,117,645</u>

The financial statements on pages 16 to 48 were approved by the Committee of Management and authorised for issue on ... 4/9/23 ..... and are signed on its behalf by:

Committee member

Committee member

Secretary

**New Gorbals Housing Association Limited**  
**Statement of Changes in Equity**  
**For the year ended 31 March 2023**

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	Share Capital	Income and expenditure reserve	Total
	£	£	£
<b>Balance as at 1 April 2021</b>	77	34,265,495	34,265,572
Issue of shares	3	-	3
Cancellation of shares	(5)	-	(5)
Surplus for the year	-	1,721,075	1,721,075
Actuarial gain	-	1,131,000	1,131,000
<b>Balance as at 31 March 2022</b>	<u>75</u>	<u>37,117,570</u>	<u>37,117,645</u>
<b>Balance as at 1 April 2022</b>	75	37,117,570	37,117,645
Issue of shares	5	-	5
Cancellation of shares	(9)	-	(9)
Surplus for the year	-	(391,837)	(391,837)
Actuarial gain	-	1,315,000	1,315,000
<b>Balance as at 31 March 2023</b>	<u>71</u>	<u>38,040,733</u>	<u>38,040,804</u>

New Gorbals Housing Association Limited  
Statement of Cashflows  
For the year ended 31 March 2023

	Notes	2023 £	2022 £
<b>Net cash generated from operating activities</b>	19	16,430,996	(7,015,991)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of intangible fixed assets		(542,464)	-
Purchase of tangible fixed assets		(10,085,404)	(14,058,562)
Proceeds from sale of tangible fixed assets		-	43,000
Grants received		3,947,289	6,781,985
Interest received		87,867	2,662
<b>Net Cash used in Investing Activities</b>		<u>(6,592,712)</u>	<u>(7,230,915)</u>
<b>Cash Flow from Financing Activities</b>			
Issue of share capital		5	3
Interest paid		(2,006,252)	(1,574,438)
New secured loans		3,000,000	11,317,900
Repayments of borrowings		<u>(1,160,646)</u>	<u>(1,137,140)</u>
<b>Net Cash Used in Financing Activities</b>		<u>(166,893)</u>	<u>8,606,325</u>
<b>Increase/(Decrease) in Cash and Cash Equivalents</b>		<u>9,671,391</u>	<u>(5,640,581)</u>
<b>Cash and Cash Equivalents at Beginning of Year</b>		<u>8,311,979</u>	<u>13,952,560</u>
<b>Cash and Cash Equivalents at End of Year</b>	19	<u>17,983,370</u>	<u>8,311,979</u>

## 1. ACCOUNTING POLICIES

### Legal Status

The Association is registered under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010.

The address of the Association's registered office is 200 Crown Street, Glasgow G5 9AY and principal place of business is 200 Crown Street, Glasgow, G5 9AY.

The Association's principal activities are detailed in the Committee of Management's Report. The nature of the Associations operations is detailed in the Committee of Management's Report.

New Gorbals Housing Association Limited meets the definition of a Public Benefit Entity.

### Basis of Accounting

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Housing SORP 2018 "Statement of Recommended Practice for Registered Housing Providers" and comply with the Determination of Accounting Requirements 2019.

The financial statements are prepared in Sterling (£).

### Basis of 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.

### Critical Accounting Estimates and Areas of Judgement

Preparation of the financial statements requires management to make critical judgements and estimates concerning the future. Estimates and judgements are continually evaluated and are based on historical experience, advice from qualified experts and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included below.

#### *Critical accounting estimates*

Useful lives of housing property - management reviews its estimate of the useful lives of depreciable assets at each reporting date based on industry averages and our review of our stock. Uncertainties in these estimates relate to the length of time certain components in our homes will last, with varying levels of use potentially lengthening or shortening the lives of these components.

Recoverable amount of rent arrears and debtors – management considers the reasonable likelihood of rent arrears and debtors being recoverable based on past experience. While every effort is made not to over-estimate the amounts which will be recovered by the Association in the future, the actual amounts which might be received are often out of the Associations' control.

*Obligations under a defined benefit pension scheme*

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 22). The net defined benefit pension liability at 31 March 2021 was £1,440,000.

**Going Concern**

The current cost of living crisis has seen increases in energy, interest rates and materials costs.

The Associations rent increase of 7% for 2023 to 2024 was around half the inflation rate when Committee consulted (November/December 2022). This increase will ensure we can keep to our plans in relation to repairs, stock investment and New Build.

Committee reviewed the Business Plan, which included these increase costs and contingencies, and there are reasonable expectations that the Association has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparation of the annual financial statements.

The Association's independent review of our Business Plan cashflow (including the demolition) has proven that the Association is a going concern for the next 30 years.

On that basis the Committee of Management has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**Turnover and Revenue Recognition**

Turnover relates to the income from the letting of properties at affordable rents, together with revenue grants receivable in the period. Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met.

**Government Grants**

Government grants include grants receivable from the Scottish Government, local authorities and other government bodies. Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. Reasonable assurance is normally obtained when the grant has been awarded in writing.

Government grants received for housing properties are recognised in income over the useful economic life of the structure of the asset and, where applicable, the individual components of the structure (excluding land) under the accruals model.

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, then any unamortised grant remaining is derecognised as a liability and recognised as income. Where there is a requirement to repay a grant a liability is included in the Statement of Financial Position to recognise this obligation

**Other Grants**

Grants received from non-government sources are recognised using the performance model. Grants are recognised as income when the associated performance conditions are met.

**Intangible Fixed Assets**

Intangible fixed assets are initially measured at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible fixed assets are

**New Gorbals Housing Association Limited**  
**ACCOUNTING POLICIES**  
**For the year ended 31 March 2023**

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amortised to profit or loss on a straight-line basis over their useful lives as follows:

Computer software - 4 years.

**Tangible Fixed Assets – Housing Properties**

Housing properties are properties for the provision of social housing or to otherwise provide social benefit and are principally properties available for rent and shared ownership.

Completed housing and shared ownership 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.

**Depreciation of Housing Properties**

Freehold land or assets under construction are not depreciated.

The Association separately identifies the major components of its housing properties and charges depreciation so as to write-down the cost of each component to its estimated residual value, on a straight line basis over the following years:

Land	Nil
Assets under construction	Nil
Structure	50 years
Windows	45 years
Central Heating pipework	45 years
Roof	40 years
Lifts	30 years
Bathrooms	25 years
District Boilers	15 years
Electric Heating	15 years
Boilers	15 years
Kitchens	15 years
Over bath Showers	7 years

**Impairment of Fixed Assets**

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

### **Sales of Housing Accommodation**

Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale, except for first tranche sales. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.

First tranche Share Ownership disposals are credited to turnover on completion, the cost of construction of these sales is taken to operating costs. Disposals of subsequent tranches are treated as fixed asset disposals with the gain or loss on disposal taken to the Statement of Comprehensive Income, in accordance with the Statement of Recommended Practice.

### **Other Tangible Fixed Assets**

Tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land and investment properties, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:

Freehold Property	over 50 years
Computers and office equipment	over 4 years
Furniture, fixtures and fittings	over 4 years

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

### **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 on an effective interest rate basis.

### **Taxation**

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

### **Value Added Tax (VAT)**

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.

### **Deposits and Liquid Resources**

Cash comprises cash in hand and deposits repayable on demand less overdrafts repayable on demand. Liquid resources are current asset investments that are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at or close to their carrying value.

### **Employee Benefits**

The costs of short-term employee benefits are recognised as a liability and an expense.

Normally, employees are entitled to carry forward up to 5 days of any unused holiday entitlement. Due to Covid this allowance has been increased to 10 days and will drop back to 5 in 2023. The Association has suspended its flexi system during the period when staff are working from home. 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.

### **Retirement Benefits**

#### *Defined benefit plans*

The Association participates in two funded multi-employer defined benefit schemes, the Scottish Housing Association Pension Scheme (SHAPS) and the Strathclyde Pension Fund (SPF).

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 21 for more details.

For defined benefit schemes 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 and expected return on assets are included within other finance costs.

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 balance sheet 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 in 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 balance sheet date. A pension scheme liability is recognised to the extent that the company has a legal or constructive obligation to settle the liability.

### **Financial Instruments**

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.

### **Lease Policy**

All leases are operating leases and the annual rents are charged to the Statement of Comprehensive Income on a straight line basis. Operating Lease are in operation for the leasing of 63 Mid Market Rented Units to New Gorbals Property Management Ltd.

### **Financial assets**

#### *Debtors*

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in income and expenditure.

#### ***Financial liabilities***

##### *Trade creditors*

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

##### *Borrowings*

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Commitments to receive a loan are measured at cost less impairment.

##### *Derecognition of financial assets and liabilities*

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

#### **Provisions**

Provisions are recognised when the RSL has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

New Gorbals Housing Association Limited  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the year ended 31 March 2023

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT

	Notes	Turnover £	Operating costs £	2023 Operating Surplus £	2022 Operating Surplus £
Affordable letting activities	3	13,753,491	(12,551,903)	1,201,588	3,233,120
Other activities	4	2,135,003	(2,164,581)	(29,578)	35,392
<b>Total</b>		<b>15,888,494</b>	<b>(14,716,484)</b>	<b>1,172,010</b>	<b>3,268,512</b>
<b>Total for previous reporting period</b>		<b>17,369,021</b>	<b>(14,100,509)</b>	<b>3,268,512</b>	

New Gorbals Housing Association Limited  
 NOTES TO THE FINANCIAL STATEMENTS (continued)  
 For the year ended 31 March 2023

3. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING ACTIVITIES

	General		Supported		Shared		Total	
	Needs Social	Housing	Accommodation	Housing	Ownership	Housing	2023	2022
	£	£	£	£	£	£	£	£
Rent receivable net of service charges	9,921,282	7,383	7,383	37,915	9,966,580		11,050,675	
Service charges	533,432	400	400	6,379	540,211		536,290	
Gross income from rents and service charges	10,454,714	7,783	7,783	44,294	10,506,791		11,586,965	
Less voids	(83,549)	(62)	(62)	-	(83,611)		(163,521)	
<b>Net income from rents and service charges</b>	<b>10,371,165</b>	<b>7,721</b>	<b>7,721</b>	<b>44,294</b>	<b>10,423,180</b>		<b>11,423,444</b>	
Grants released from deferred income	2,291,761	-	-	16,116	2,307,877		2,005,269	
Revenue grants received from Scottish ministers	1,022,433	-	-	-	1,022,433		852,235	
Other Revenue Grants – CJRS	-	-	-	-	-		-	
<b>Total turnover from affordable letting activities</b>	<b>13,685,359</b>	<b>7,721</b>	<b>7,721</b>	<b>60,410</b>	<b>13,753,490</b>		<b>14,280,948</b>	
Management and maintenance administration costs	3,438,119	247	247	18,102	3,456,468		3,135,770	
Service costs	2,053,561	1,521	1,521	14,452	2,069,534		1,678,104	
Planned and cyclical maintenance including major repairs costs	1,143,010	847	847	-	1,143,857		917,060	
Reactive maintenance costs	2,172,865	1,610	1,610	-	2,174,475		1,765,158	
Bad debts - rents and service charges	22,137	14	14	-	22,151		186,393	
Depreciation of affordable let properties	3,658,141	862	862	26,415	3,685,418		3,186,948	
Impairment of affordable let properties	-	-	-	-	-		178,395	
<b>Operating Costs for affordable letting activities</b>	<b>12,487,833</b>	<b>5,101</b>	<b>5,101</b>	<b>58,969</b>	<b>12,551,903</b>		<b>11,047,828</b>	
<b>Operating surplus or deficit for affordable letting activities</b>	<b>1,197,526</b>	<b>2,620</b>	<b>2,620</b>	<b>1,441</b>	<b>1,201,587</b>		<b>3,233,120</b>	
Operating surplus or deficit or affordable letting activities for previous reporting period	3,229,075	2,161	2,161	1,884	3,233,120			

New Gorbals Housing Association Limited  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 March 2023

4. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR 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 £	Operating surplus or deficit for previous reporting period £
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	525,734	-	-	525,734	-	(678,100)	(152,366)	(167,473)
Care and repair	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	1,153,808	1,153,808	12,172	(1,203,961)	(37,981)	12,999
Care activities	-	-	-	-	-	-	-	-	-
Contracted out activities undertaken for registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to other organisations	-	-	-	-	-	-	-	-	-
Gift aid distribution from subsidiary	-	-	-	155,920	155,920	-	-	155,920	158,851
Rental from mid-market properties and management charges income	-	-	-	266,811	266,811	-	(261,666)	5,145	19,121
Other activities	-	-	-	32,730	32,730	-	(33,026)	(296)	29,055
<b>Total from other activities</b>	<b>-</b>	<b>525,734</b>	<b>-</b>	<b>1,609,269</b>	<b>2,135,003</b>	<b>12,172</b>	<b>(2,176,753)</b>	<b>(29,578)</b>	<b>52,553</b>
<b>Total from other activities for the previous reporting period</b>	<b>-</b>	<b>546,002</b>	<b>-</b>	<b>2,542,071</b>	<b>3,088,073</b>	<b>(8,580)</b>	<b>3,044,100</b>	<b>52,553</b>	

New Gorbals Housing Association Limited  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
For the year ended 31 March 2023

<b>5. ACCOMMODATION IN MANAGEMENT</b>		
	<b>2023</b>	<b>2022</b>
	<b>Units</b>	<b>Units</b>
General needs housing	2700	2,654
Shared ownership	19	19
Supported housing	2	2
	<hr/>	<hr/>
TOTAL UNITS IN MANAGEMENT	2721	2,675
	<hr/>	<hr/>
<b>6. INTEREST RECEIVABLE AND SIMILAR INCOME</b>		
	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Interest on bank deposits	87,866	2,662
	<hr/>	<hr/>
<b>7. INTEREST PAYABLE AND SIMILAR CHARGES</b>		
	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Interest arising on:		
Bank loans and overdrafts	2,083,289	1,574,437
Defined benefit pension charges	-	-
	<hr/>	<hr/>
Less: Interest capitalised on housing properties under construction	(338,577)	-
	<hr/>	<hr/>
	1,744,712	1,574,437
	<hr/>	<hr/>
<b>8. OPERATING SURPLUS</b>		
	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Operating surplus is stated after charging:		
Depreciation of housing properties (note 11.A)	3,685,418	3,186,947
Depreciation of other tangible fixed assets (note 11.B)		
- owned	187,769	134,095
Depreciation of intangible fixed assets (note 11.C)	147,012	111,619
Surplus/(Deficit) on disposal of tangible fixed assets (note 9)	-	24,339
Inventories recognised as an expense		-
Lease payments recognised as an expense		212,109
	<hr/>	<hr/>
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Audit services - statutory audit of the Association	20,190	17,558
<i>Other services:-</i>		
Taxation compliance services	2,454	1,200
Taxation advisory services	1,110	4,314
	<hr/>	<hr/>

New Gorbals Housing Association Limited  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
For the year ended 31 March 2023

**9. SURPLUS OR DEFICIT ON SALE OF FIXED ASSETS – HOUSING PROPERTIES**

	2023	2022
	£	£
Disposal proceeds	-	31,645
Loss on replacement of components	-	(7,307)
Carrying value of fixed assets	-	-
	-	24,338

**10. EMPLOYEES**

	2023	2022
	No.	No.
The average monthly number of full time equivalent persons (including key management personnel) employed by the Association during the year was:		
Office and management/Administration	17	15
Housing support and care	47	52
In-house Services Team	41	45
Development	4	4
	109	116
	2023	2022
	£'000	£'000
Staff costs for the above persons:		
Wages and salaries	4,107	3,911
Social security costs	415	363
Other pension costs and current service cost (note 21)	587	699
	5,109	4,973

The key management personnel are defined as the members of the Management Committee, the Director and any other person reporting directly to the Directors or the Management Committee.

The number of key management personnel who received emoluments (excluding employer pension contributions) in excess of £60,000 during the reporting period fell within the following bands:

	2023	2022
	No.	No.
£60,000 - £70,000	2	-
£70,001 - £80,000	2	2
£80,001 - £90,000	1	2
£90,001 - £100,000	-	-
>£100,000	1	1

New Gorbals Housing Association Limited  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
For the year ended 31 March 2023

**10. EMPLOYEES (Continued)**

	2023 £	2022 £
Aggregate emoluments for the above key management personnel (excluding pension contributions)	<u>417,065</u>	<u>371,875</u>
The emoluments of the Chief Executive (excluding pension contributions)	<u>96,509</u>	<u>92,708</u>
Aggregate pension contributions in relation to the above key management personnel	108,057	54,426
Total emoluments for the above key management personnel (including salary, pension and benefits)	<u>525,123</u>	<u>426,302</u>

No payment or fees or other remuneration was made to the Board members during the year.

**11.A TANGIBLE FIXED ASSETS – HOUSING PROPERTIES**

	Social housing properties held for letting £	Housing properties for letting under construction £	Completed shared ownership housing properties £	Total housing properties £
<b>Cost</b>				
1 April 2022	168,513,224	20,912,166	1,445,448	190,870,838
Additions	-	7,220,813	-	7,220,813
Properties acquired	-	363,243	-	363,243
Works to existing properties	2,388,715	-	-	2,388,715
Schemes completed	20,809,068	(20,809,068)	-	-
Disposals	-	-	-	-
Impairment	(1,308,782)	-	-	(1,308,782)
31 March 2023	<u>190,402,225</u>	<u>7,687,154</u>	<u>1,445,448</u>	<u>199,534,827</u>
<b>Depreciation and impairment</b>				
1 April 2022	38,521,211	-	701,301	39,222,512
Depreciation charged in year	3,659,003	-	26,415	3,685,418
Released on disposal	-	-	-	-
Impairment	(829,489)	-	-	(829,489)
31 March 2023	<u>41,350,725</u>	<u>-</u>	<u>727,716</u>	<u>42,078,441</u>
<b>Net book value</b>				
31 March 2023	<u>149,051,500</u>	<u>7,687,154</u>	<u>717,732</u>	<u>157,456,386</u>
31 March 2022	<u>129,992,013</u>	<u>20,912,166</u>	<u>744,147</u>	<u>151,648,326</u>



New Gorbals Housing Association Limited  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 March 2023

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EXPENDITURE ON WORKS TO EXISTING PROPERTIES

	2023 £	2022 £
Replacement component spend capitalised	2,388,715	4,092,953
Amounts charged to income and expenditure		-
		<hr/>
Total major repairs spend	2,388,715	4,092,953

FINANCE COSTS

	2023 £	2022 £
Aggregate amount of finance costs included in the cost of housing properties	1,120,631	782,053
		<hr/> <hr/>

New Gorbals Housing Association Limited  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
For the year ended 31 March 2023

**11.B TANGIBLE FIXED ASSETS – OTHER**

	Freehold property £	Computers and Office Equipment £	Furniture, fixtures and fittings £	Total £
<b>Cost</b>				
1 April 2022	5,269,012	632,302	690,519	6,591,833
Additions	-	38,877	73,756	112,633
31 March 2023	<u>5,269,012</u>	<u>671,179</u>	<u>764,275</u>	<u>6,704,466</u>
<b>Depreciation</b>				
1 April 2022	565,124	476,971	628,924	1,671,019
Depreciation charged in year	105,380	48,552	33,837	187,769
31 March 2023	<u>670,504</u>	<u>525,523</u>	<u>662,761</u>	<u>1,858,788</u>
<b>Net book value</b>				
31 March 2023	<u>4,598,508</u>	<u>146,656</u>	<u>101,514</u>	<u>4,845,678</u>
31 March 2022	<u>4,703,888</u>	<u>155,331</u>	<u>61,595</u>	<u>4,920,814</u>

**11.C INTANGIBLE FIXED ASSETS**

	Computer Software £
<b>Cost</b>	
1 April 2022	677,369
Additions	542,464
31 March 2023	<u>1,219,833</u>
<b>Depreciation</b>	
1 April 2022	631,784
Depreciation charged in year	147,012
31 March 2023	<u>778,796</u>
<b>Net book value</b>	
31 March 2023	<u>441,037</u>
31 March 2022	<u>45,585</u>

New Gorbals Housing Association Limited  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
For the year ended 31 March 2023

**11.D INVESTMENTS**

	2023 £	2022 £
Investment in subsidiary undertakings	<u>1</u>	<u>1</u>

New Gorbals Housing Association Limited owns 1 ordinary £1 share in New Gorbals Property Management Limited. This represents a 100% shareholding in New Gorbals Property Management Limited, a company registered in Scotland, whose principal activity is that of provision of management of mid-market rented properties. As at 31 March 2022, the capital and reserves of New Gorbals Property Management Limited were £155,922 with a taxable profit for the year of £155,921.

**12. DEBTORS**

	2023 £	2022 £
<b>Amounts falling due within one year:</b>		
Rent and service charges receivable	417,578	1,074,820
Less: net present value adjustment	(9,020)	(7,950)
Less: provision for bad and doubtful debts	<u>(198,267)</u>	<u>(221,490)</u>
	210,291	845,380
Other debtors	1,855,011	12,442,879
Prepayments and accrued income	82,570	74,740
Amounts due from group undertakings	66,702	64,261
	<u>2,214,574</u>	<u>13,427,261</u>

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2023 £	2022 £
Debt (note 16)	1,472,460	1,632,614
Rent and service charges received in advance	735,289	228,070
Deferred capital grants (note 15)	2,307,876	2,005,268
Trade creditors	1,828,277	676,927
Other creditors	1,736,593	1,641,470
Taxation and Social Security	-	4,622
Accruals and deferred income	<u>383,149</u>	<u>169,333</u>
	<u>8,463,644</u>	<u>6,358,304</u>

New Gorbals Housing Association Limited  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
For the year ended 31 March 2023

**14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2023 £	2022 £
Debt (note 16)	58,414,868	56,415,360
Deferred capital grant (note 15)	79,234,106	78,376,596
	<u>137,648,974</u>	<u>134,791,956</u>

	2023 £	2022 £
Included in creditors are:		
Amounts repayable by instalments falling due after more than five years	<u>49,200,154</u>	<u>49,437,437</u>

**15. DEFERRED CAPITAL GRANT**

	2023 £	2022 £
As at 1 April	80,381,865	76,356,634
Grant received in the year	3,947,289	6,781,985
Capital grant released	(2,307,877)	(2,005,269)
Impairment	(479,293)	(751,485)
As at 31 March	<u>81,541,984</u>	<u>80,381,865</u>
Amounts to be released within one year	2,307,878	2,005,270
Amounts to be released in more than one year	<u>79,234,106</u>	<u>78,376,596</u>
	<u>81,541,983</u>	<u>80,381,865</u>

**16. DEBT ANALYSIS – BORROWINGS**

	2023 £	2022 £
Creditors: amounts falling due within one year:		
Bank loans	<u>1,472,460</u>	<u>1,632,614</u>
	<u>1,472,460</u>	<u>1,632,614</u>
Creditors: amounts falling due after more than one year:		
Bank loans	<u>58,414,868</u>	<u>56,415,360</u>
	<u>58,414,868</u>	<u>56,415,360</u>
<b>Total</b>	<u>59,887,328</u>	<u>58,047,974</u>

Borrowings are denominated and repaid in pounds sterling, have contractual interest rates that are either fixed rates or variable rates linked to LIBOR that are not leveraged, and do not contain conditional returns or repayment provisions other than to protect the lender against credit deterioration or changes in relevant legislation or taxation.

Bank borrowings mature annually at £1,472,460 per annum from 31 March 2023, until 31 March 2024, £48,590,863 (2022: £49,184,144) bears average fixed-rate coupons of 3.26% per annum (2022: 3.9% per annum) and £8,296,465 (2022: £8,862,829) bears average variable-rate coupons of 1.11% above Bank Base Rate (2022: 1.11% above LIBOR). The Association makes quarterly repayments of the bank borrowings.

Bank borrowings of £56,887,328 (2022: £58,047,974m) are secured against the Association's housing properties.

**New Gorbals Housing Association Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2023**

Based on the lender's earliest repayment date, borrowing is repayable as follows:

	2023	2022
	£	£
Due within one year	1,472,460	1,632,614
Due in one year or more but less than two years	1,098,190	1,247,524
Due between two and five years	5,116,524	5,730,398
Due more than five years	49,200,154	49,437,437
	<u>56,887,328</u>	<u>58,047,973</u>

**17. PROVISIONS**

	Holiday pay £
1 April 2022	86,061
Utilised in the year	(86,061)
Additional provision in year	102,623
31 March 2023	<u>102,623</u>

*Holiday Pay*

This represents holiday accrued because of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the statutory cost payable for the period of absence.

**18. SHARE CAPITAL & RESERVES**

The Association is limited by guarantee and consequently has no share capital. Each of the Association's members agrees to contribute £1 in the event of the Association winding up.

	2023 Number	2022 Number
Number of members		
1 April	75	77
Joined during the year	5	3
Left during year	(9)	(5)
31 March	<u>71</u>	<u>75</u>

**RESERVES**

Reserves of the Association represent the following:

	2023	2022
	£	£
Income and Expenditure Account		
1 April	37,117,570	34,265,495
Surplus for the year	(391,837)	1,721,075
Actuarial gain/(loss) for year	1,315,000	1,131,000
31 March	<u>38,040,733</u>	<u>37,117,570</u>

New Gorbals Housing Association Limited  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
For the year ended 31 March 2023

**19. RECONCILIATION OF SURPLUS TO NET CASH GENERATED FROM OPERATIONS**

	2023	2022
	£	£
Surplus for the year	923,163	2,852,074
Adjustments for non-cash items:		
Depreciation of intangible fixed assets	147,012	111,619
Depreciation of tangible fixed assets	3,873,188	3,321,041
Amortisation of capital grants	(2,307,878)	(2,005,269)
(Decrease)/Increase in provisions	(1,298,438)	(1,484,198)
(Gain)/Loss on disposal of tangible fixed assets	-	(24,339)
Transfer of interest to financial activities	-	-
Interest receivable	(87,867)	(2,662)
Interest payable	2,014,905	1,574,438
Share cancelled	(9)	(5)
Impairment	-	178,395
<b>Operating cash flows before movements in working capital</b>	<u>3,264,076</u>	<u>4,521,094</u>
Increase in investments		
Decrease/(Increase) in trade and other debtors	11,212,687	(10,192,100)
(Decrease)/Increase in trade and other creditors	1,954,232	(1,344,985)
<b>Cash generated from operations</b>	<u>16,430,995</u>	<u>(7,015,991)</u>

**CASH AND CASH EQUIVALENTS**

	2023	2022
	£	£
Cash and cash equivalents represent: -		
Cash at bank	798	210,333
Short-term deposits	17,982,573	8,101,646
	<u>17,983,371</u>	<u>8,311,979</u>

**Reconciliation of net cash flow to movement in net debt**

(Decrease)/Increase in cash for the year	9,676,890	(5,640,581)
Loans received	(3,000,000)	(11,317,900)
Loan repayments	1,160,645	1,137,140
Change in net debt	<u>7,837,535</u>	<u>(15,821,341)</u>
Net debt as at 1 April 2022	(49,735,995)	(33,914,654)
Net debt as at 31 March 2023	<u>(41,898,460)</u>	<u>(49,735,995)</u>

**Analysis of Changes in net debt**

	As at 31 March 2022	Cash Flow	Other Changes	As at 31 March 2023
	£	£	£	£
Cash at bank and in hand	8,311,979	9,671,392	-	17,983,371
Bank Overdrafts				
Debt due within one year	(1,632,614)	160,514	-	(1,472,100)
Debt due after one year	(56,415,360)	(1,999,508)	-	(58,414,868)
	<u>(49,735,995)</u>	<u>7,832,398</u>	<u>-</u>	<u>(41,903,597)</u>

**New Gorbals Housing Association Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2023**

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**20. CAPITAL COMMITMENTS AND OTHER CONTRACTUAL OBLIGATIONS**

	2023 £	2022 £
Capital expenditure contracted for but not provided in the financial statements	6,229,000	6,339,920

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The above commitments will be funded through existing finance and grant.

**21. RETIREMENT BENEFITS**

**Scottish Housing Association Pension Scheme (SHAPS)**

Certain employees of the Association are members of an industry-wide retirement benefit scheme the Scottish Housing Association Pension Scheme ("SHAPS").

The Association participates in the scheme, a multi-employer scheme which provides benefits to over 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.

A full actuarial valuation for the scheme was carried out at 30 September 2018. This actuarial valuation showed assets of £877m, liabilities of £998m and a deficit of £121m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

**Deficit contributions**

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From 1 April 2022 to September 2022: £124,836 per annum, this payment has now ceased as per latest Actuarial Valuation.

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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 figures 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.

Under the defined benefit pension accounting approach, the SHAPS net deficit as at 1 April 2022 and (£518,000) as at 31 March 2023.

New Gorbals Housing Association Limited  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
For the year ended 31 March 2023

**21. RETIREMENT BENEFITS (Continued)**

**FAIR VALUE OF PLAN ASSETS, PRESENT VALUE OF DEFINED  
BENEFIT OBLIGATION, AND DEFINED BENEFIT ASSET  
(LIABILITY)**

	31 March 2023	31 March 2022
	(£000s)	(£000s)
Fair value of plan assets	6,578	10,506
Present value of defined benefit obligation	7,096	10,501
Surplus (deficit) in plan	(518)	5
Unrecognised surplus	-	5
Defined benefit asset (liability) to be recognised	(518)	-
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	-	-

**RECONCILIATION OF THE IMPACT OF THE ASSET CEILING**

	Period from 31 March 2022 to 31 March 2023 (£000s)
Impact of asset ceiling at start of period	5
Effect of the asset ceiling included in net interest cost	2
Actuarial losses (gains) on asset ceiling	(7)
Impact of asset ceiling at end of period	-



21. RETIREMENT BENEFITS (Continued)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF  
 THE DEFINED BENEFIT OBLIGATION

	Period from 31 March 2022 to 31 March 2023 (£000s)
Defined benefit obligation at start of period	10,501
Current service cost	201
Expenses	8
Interest expense	294
Member contributions	21
Actuarial losses (gains) due to scheme experience	(774)
Actuarial losses (gains) due to changes in demographic assumptions	(129)
Actuarial losses (gains) due to changes in financial assumptions	(2,853)
Benefits paid and expenses	(173)
Liabilities acquired in a business combination	-
Liabilities extinguished on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Exchange rate changes	-
Defined benefit obligation at end of period	7,096

New Gorbals Housing Association Limited  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
For the year ended 31 March 2023

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**21. RETIREMENT BENEFITS (Continued)**

	Period from 31 March 2022 to 31 March 2023 (£000s)
Fair value of plan assets at start of period	10,506
Interest income	296
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(4,443)
Employer contributions	371
Member contributions	21
Benefits paid and expenses	(173)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	6,578

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2022 to 31 March 2023 was (£4,147,000).

**DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCl)**

	Period from 31 March 2022 to 31 March 2023 (£000s)
Current service cost	201
Expenses	8
Net interest expense	-
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Defined benefit costs recognised in Statement of Comprehensive Income (SoCI)	209

21. RETIREMENT BENEFITS (Continued)

DEFINED BENEFIT COSTS RECOGNISED IN OTHER  
 COMPREHENSIVE INCOME (OCI)

	Period from 31 March 2022 to 31 March 2023 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(4,443)
Experience gains and losses arising on the plan liabilities - gain (loss)	774
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	129
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	2,853
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(687)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	7
Total amount recognised in Other Comprehensive Income - gain (loss)	(680)

New Gorbals Housing Association Limited  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
For the year ended 31 March 2023

21. RETIREMENT BENEFITS (Continued)

ASSETS

	31 March 2023	31 March 2022
	(£000s)	(£000s)
Global Equity	174	2,077
Absolute Return	90	482
Distressed Opportunities	202	377
Credit Relative Value	251	337
Alternative Risk Premia	38	434
Emerging Markets Debt	51	391
Risk Sharing	479	343
Insurance-Linked Securities	183	220
Property	274	272
Infrastructure	709	656
Private Debt	294	264
Opportunistic Illiquid Credit	291	348
High Yield	33	102
Opportunistic Credit	-	37
Cash	28	29
Corporate Bond Fund	9	664
Liquid Credit	-	67
Long Lease Property	220	303
Secured Income	440	561
Over 15 Year Gilts	-	4
Liability Driven Investment	2,785	2,542
Currency Hedging	12	(38)
Net Current Assets	15	34
<b>Total assets</b>	<b>6,578</b>	<b>10,506</b>

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

21. RETIREMENT BENEFITS (Continued)

KEY ASSUMPTIONS

	31 March 2023	31 March 2022
	% per annum	% per annum
Discount Rate	4.75%	2.79%
Inflation (RPI)	3.20%	3.51%
Inflation (CPI)	2.95%	3.16%
Salary Growth	3.65%	4.16%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2023	20.5
Female retiring in 2023	23.0
Male retiring in 2043	21.7
Female retiring in 2043	24.4

The Association has been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over recent years. The Trustee has been advised to seek clarification from the Court on potential changes to the pension liability. This process is ongoing and the Association understands that the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until the outcome of the Court process is known, it is not possible to calculate the impact on the liabilities of this issue, particularly on an individual employer basis, with any accuracy for the purposes of the 31 March 2023 financial statements. Accordingly, no adjustment has been made in these financial statements in respect of this potential issue.

**21. RETIREMENT BENEFITS (Continued)**

**Strathclyde Pension Fund**

Some employees of New Gorbals Housing Association Limited participate in the Strathclyde Pension Fund (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 NGHHA. Employees contribute between 5.5% and 8.4% of their salary. Employers contributions were 26.97% for 2022-23 (2021-22: 26.97%).

Unfunded early retirement pension enhancements for which NGHHA 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 2023 will be approximately £102,000.

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 2023 were as follows:

	<b>2023</b>	<b>2022</b>
Discount rate	4.75%	2.75%
Future salary increases	3.65%	2.00%
Future pension increases	2.95%	3.15%
Proportion of employees opting for early retirement		
Post-retirement mortality	1.5%	1.5%

The average life expectancy for a pensioner retiring at 65 on the reporting date is:

	<b>2023</b>	<b>2022</b>
	<b>Years</b>	<b>Years</b>
Male	19.3	19.6
Female	22.2	22.4

The average life expectancy for an employee retiring at 65 that is aged 45 at the reporting date is:

	<b>2023</b>	<b>2022</b>
	<b>Years</b>	<b>Years</b>
Male	22.2	21.0
Female	24.2	24.5

Amounts recognised in income and expenditure in respect of the defined benefit schemes are as follows:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	195	259
Net interest on the net defined benefit pension liability	(12)	(9)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on		-

**New Gorbals Housing Association Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2023**

settlement.

183      250

**21. RETIREMENT BENEFITS (Continued)**

Changes in the present value of the defined benefit obligation:	<b>£'000</b>
Defined benefit obligation at 1 April 2022	4,653
Current service cost	195
Past Service costs	-
Interest cost	130
Contributions by scheme participants	24
Plan introductions, changes, curtailments and settlements	(1,670)
Benefits paid	(39)
Defined benefit obligation at 31 March 2023	<u>3,293</u>
Changes in the fair value of plan assets:	<b>£'000</b>
Plan assets at 1 April 2022	5,120
Interest income	142
Actuarial (losses)/gains	(223)
Return on plan assets (excluding net interest on the defined benefit liability)	-
Contributions by employer	102
Contributions by scheme participants	24
Benefits paid	(39)
Plan assets at 31 March 2023	<u>5,126</u>
Net Asset at 31 March 2023	<u>1,833</u>

The analysis of the scheme assets at the reporting date were as follows:

	<b>Fair value of assets</b>	
	<b>2023</b>	<b>2022</b>
Equity instruments	60%	61%
Debt instruments	28%	26%
Property	10%	11%
Other assets	2%	2%
	<u>100%</u>	<u>100%</u>

The above figures take into account the effect of the McCloud case.

**New Gorbals Housing Association Limited**  
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**For the year ended 31 March 2023**

**22. RELATED PARTY TRANSACTIONS**

Committee of Management members are also tenants of the Association. Their tenancies are on normal commercial terms. During the year £32,391 (2022: £46,509) of rent was receivable from these tenant members. At the year-end there were £904 (2022: £199) of rent arrears due from these tenant members.

During the year we charged £266,812 in rent and management charges (2022: £257,045) to our subsidiary New Gorbals Property Management. NGPM was incorporated in January 2016 primarily for the letting of mid-market rented properties. At 31<sup>st</sup> March 2023 £66,702 (2022: £64,261) was due from the subsidiary in group debtors.

**23. COMMITMENTS UNDER OPERATING LEASE**

At 31 March 2023 total future minimum lease payments under non-cancellable operating leases are set out below.

	2023		2022	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Amounts due:				
Within 1 year	-	266,824	-	212,109
Within 2 to 5 years		-	-	74,507
		<u>266,824</u>	<u>-</u>	<u>286,616</u>

**24. TAXATION**

The Association gained charitable status in the year ending on 6<sup>th</sup> January 2010 and is no longer liable for tax on its ordinary activities.

**25. IMPAIRMENT OF ASSETS**

New Gorbals Housing Association is clearing two multi storey blocks at 305 and 341 Caledonia Road. Tenants from these properties are being rehoused in new build homes elsewhere within the Gorbals area. Properties that are void due to this clearance are being stripped of all services and therefore do not contribute to the cash generation of the organisation. Therefore, these properties will be impaired as and when they become void.

Of the 276 units across both blocks as of the 31<sup>st</sup> March 2023, 273 are void and impairment included in the Expenditure on the Statement of Comprehensive Income, as per calculation below.

These properties are held in the accounts on a net book value bases and impairment will reflect the costs involved.

We have reviewed all of our other asset classes and no other impairment is due for 2023.



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	Note	2023 £
Housing Properties Cost	11.A	1,308,782
Housing Properties Depreciation	11.A	(829,489)
Net Book Value		479,293
Less Grant Associated with properties	15	(479,293)
Impairment Value in Statement of Comprehensive Income		NIL

