

NEW GORBALS HOUSING ASSOCIATION LTD
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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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 2021**

Committee of Management

(Chairperson)	L. Malone
(Secretary)	J. Miller
(Vice Chair)	K. Adams MacKenzie
(Member)	E. Peden
(Member)	T. Smart
(Member)	A. Reilly
(Member)	S. Mandaniya
(Member)	R. Shannon
(Member)	D. Nixon
(Member)	I. McCreaddie
(Member)	C. Docherty (co-optee)
(Member)	I. Galloway (co-optee, November 2020)

Executive Officers

Fraser Stewart – Director
Norman Fitzpatrick – Depute Director
Mary Reilly – Head of Finance
Simon Metcalfe – Head of Development
Kirsty Fotheringham – Head of Housing
Linda Anderson – Head of Corporate Development

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

**New Gorbals Housing Association Ltd
Report of the Committee of Management
For the year ended 31 March 2021**

The Committee of Management presents their report and audited financial statements for the year ended 31 March 2021.

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

This year has been a challenging one and the Association has adapted to the changing cycle of restrictions. At the heart of our response to Covid 19 has been the health and wellbeing of our tenants, staff and the wider Gorbals community and further details of our response can be found later in this report.

The Association has undertaken disruptive surveys of cladding at our multi storey properties at 305 and 341 Caledonia Road and concerns were raised on fire safety caused by the method of fixing the panels to the properties. This work had been undertaken by the previous owner of the blocks. With funding support from the Scottish Government and Glasgow City Council the Association will be clearing these properties over the coming 3 years in preparation for demolition. These homes will be replaced with new build properties. All tenants of the affected properties were consulted and voted overwhelmingly in favour of demolition. Rehousing of these tenants has commenced.

New Gorbals Housing Association Ltd
Committee of Management Statement of Internal Financial Controls
For the year ended 31 March 2021

The Association commissioned an independent review of our financial plans including the demolition and provision of replacement new build during 2020. We are also working with our consultants on a review of our borrowing strategy in light of additional loans that will be required to finance an enhanced new build programme. These reports will be complete in Autumn 2021.

Tenant arrears increased in the first 2 months of the financial year and the number of tenants receiving Universal Credit also increased. This spike in arrears settled after the first quarter and our gross rent arrears have dropped to 4.97% of total annual rent due, lower than our target of 5.8% and lower than they have been for a number of years.

We have continued to modernise and let properties during the course of the past year. This has been at a slower pace than normal, due to Covid protocols. We continue to modernise properties where required.

The Association ensured that our planned Committee diary remained as Committee approved in March 2020 and by June 2020 we had reinstated our sub-committee structure, all by means of virtual meetings including our AGM in September 2021.

Our response to COVID 19

During the year, staff resources focused on ensuring tenants wellbeing and safety were the core of our operations. We ensured that all gas safety checks were carried out using necessary Covid 19 protocols. We continued to undertake necessary emergency repairs to ensure tenants homes remained safe and we have, as restrictions lifted, restarted our reactive and cyclical repair programme.

It was clear in the early stages of the pandemic that food and fuel poverty was a key priority, closely followed by digital inclusion.

Support provided to tenants and funded by the Association, Scottish Government and Glasgow City Council included:

- 4,240 food parcel deliveries
- 5,960 Social Bite meals
- 3,785 breakfast packs
- £5,000 of vouchers to BAME households
- 230 households supported with fuel costs
- GHEAT support to assist tenants with the fuel suppliers
- 3,000 welfare calls to tenants
- 120 deliveries of prescriptions from pharmacies
- 163 children supported via Cash for Kids and New Gorbals wider action budget, with vouchers to support with essentials.
- 150 families supported at Christmas with Aldi shopping vouchers
- 361 digital devices and connectivity sourced
- Support from Hyperoptic (partner broadband provider) with free broadband to enable home schooling.

As we move through restriction levels, we will continue to seek the necessary funding to support tenants with their needs.

The Association did not increase rents for tenants from 1st April 2021.

The Association has received Job Retention grant for staff furloughed during the year. For 2020 to 2021 we received £433,000. The majority of staff furloughed were from our inhouse repairs and landscaping teams. Staff were furloughed on two separate occasions, during lockdown periods.

Staff wellbeing has been a priority and we have supported a number of wellbeing courses and seminars and will continue to do for the medium term. We will survey staff opinions on support, homeworking and our eventual return to the office.

Ongoing support for tenants and staff will continue during the pandemic and beyond.

Investment Activity

New Build

Our new build plans have changed significantly this year, due to the re-provisioning programme due to demolition of 305 and 341 Caledonia Road. Planning has begun for the rehousing of all tenants within these two multi storey blocks. This will be to new build developments, relets within our existing stock and from stock bought back from owners.

In preparation we purchased 11 complete townhouses from Urban Union and have made a commitment to buy the remainder of the development at Gorbals St in Summer 2021. This will add 63 additional units to assist in the re-provisioning programme.

Construction of 37 units at our Northgate development were slightly delayed by Covid and start delayed by 3 months until June 2020. This development will be complete in Autumn 2021 and will be used for the rehousing of tenants from 305 and 341 Caledonia Road.

Stock Investment

The Association will continue to invest in and upgrade our stock to ensure it retains asset value. When Covid restrictions allowed we continued our programme of modernisation to void stock. This was carried out in consultation with tenants taking all necessary Covid protection measures.

Covid slowed down the pace of this programme and when all restrictions are removed this programme will increase its pace with our plan to have all voids complete by March 2022.

Housing Review

The coronavirus lockdown in March 2020 reduced our housing management service to essential activities. This was mainly rent management and general enquiries. From March to June 2020, we were unable to process and repair empty properties, select and make offers of housing or send out housing application forms. In April, seven members of the team were furloughed and the rest of the team were working from home.

Our estate based staff continued working and ensuring that cleaning and sanitisation in our high-rise flats and communal areas were maintained to an acceptable standard. Staff working from home contacted all vulnerable tenants initially to check on their wellbeing and established a contact list for regular check-ups. All other tenants were then contacted and offered support if needed. The type of support offered ranged from welfare advice, food parcel deliveries, picking up prescriptions from the pharmacy, fuel advice and wellbeing checks.

In May 2020, our gross rent arrears spiked at 6.0%. This was largely due the increase in tenants moving to Universal Credit due to their employment situation changing. We increased our resource working on rent management, bringing staff back from furlough after the summer and continued to have staff working from home. By the year-end, our hard work had paid off and the following performance was achieved.

- 4.97% gross rent arrears against a target of 5.8%
- £573,937 gross arrears against a target of £674,012
- 3.7% non-technical arrears against a target of 4.7%
- £429,650 non-technical arrears against a target of £544,114

At the end of June 2020, we established a core group of staff to return to the office and we were able to restart our allocation of houses. From July to September 2020, we relet 43 properties, which represented approximately 14 properties per month. In response to the request from Glasgow Health and Social Care Partnership (HSCP) to assist with statutorily homeless referrals we agreed to revise our letting targets and concentrate our letting activity to Section 5 Referrals. At the year-end we let 108 properties.

New Gorbals Housing Association Ltd
Committee of Management Statement of Internal Financial Controls
For the year ended 31 March 2021

In October 2020, in response to the financial hardship being faced by tenants our management committee made the decision not to apply an annual rent increase. Our tenants received this positively.

In November 2020, we consulted the tenants in our high-rise flats in 305 and 341 Caledonia Road over the future of the buildings. Over 230 tenants took part in a telephone survey and our Management Committee considered this feedback when they made the decision in December 2020 to re-house our tenants and demolish the two blocks of flats for safety reasons. The local letting initiative and letting plan for 305 and 341 Caledonia Road was approved in February 2021, which gave a priority to all existing tenants. During February and March 2021, all tenants received a telephone interview and their rehousing preferences were discussed and agreed. Our priority over the next two years will be to find alternative accommodation for our tenants whose homes are being demolished.

We developed and approved our Domestic abuse policy in 2020-2021, in preparation for the changes being introduced by the new legislation and following best practice guidance.

Although the pandemic has affected the way we work and deliver services, our housing services team have adapted, taken on different activities and delivered results in 2020-2021

Performance

The table below summarises the Association's performance against key performance indicators for 2020 to 2021.

Indicator	Target 2020/21	Outturn Performance 2020/21
Void rent loss	0.4%	0.4%
Gross rent arrears	5.8%	4.97%
% age of tenancies sustained for over 1 year	95%	95.95%
Average timescale - emergency repairs	4 hours	1.5 hours
Average timescale – non-emergency repairs	5 days	3.35 days
Repairs completed right first time	96%	95.56%
Annual gas safety inspections	100%	100%

Financial Review

Turnover of £15,934,863 (2020: £16,558,989) relates to the income from the letting of properties at affordable rents and the provision of factoring services.

Operating surplus for the year was £3,601,543 (2020: £2,673,719). SPF pension liability was £383,000 with SHAPS pension liability increasing to £1,057,000, resulting in a net increase in pension liabilities of £1,250,000. 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 £10.671m (2020: £1.667m) 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 Board.

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 2021 £38,415,062 (80.25%) (2020 £28,242,990 (73.78%)) of borrowings were subject to fixed rates of interest in excess of two years.

Strategic Risk Assessment

Our 3 year Business Plan included a comprehensive review of risk, including identification of and controls for our top-scoring 10 strategic risk factors, together with mitigation actions.

The Association monitors and responds to emerging or changing risks on an ongoing basis. Our current top risks are:

Description of risk <i>High, medium etc is based on residual risk score)</i>	Existing Controls/Assurance
Loss of rental income and higher rent collection costs due to Covid19 pandemic / impact of Universal Credit Risk Type: Operational and Financial	<ol style="list-style-type: none"> 1) Financial assumptions in Business Plan and stress testing of assumptions 2) Intensive arrears management practices in place 3) Support for tenants through welfare benefits advice service and helping with UC journal upkeep 4) Further support provided on IT access, tenancy sustainment, pre-allocation home visits 5) Rent freeze implemented for 21/22
Economic conditions deteriorate (e.g. as a result of Covid19 pandemic fall-out and /or Brexit) Risk Type: External	<ol style="list-style-type: none"> 1) Monitor economic changes and forecasts 2) Use best available assumptions in financial projections (Bank of England, Scottish Government) 3) Budget-setting and monitoring 4) Financial reporting and projections 5) Business plan stress testing 6) Income maximisation advice for tenants
Failure to deliver or significant delay to clearance, re-provisioning and demolition strategy and programme for Hutchesontown MSFs Risk Type: Legal compliance, Financial and Reputational	<ol style="list-style-type: none"> 1) Extensive grant subsidy package and new-build programme successfully negotiated with Scottish Government in 2021 2) Re-housing plan underway (albeit impacted by Covid restrictions) taking full account of outcome of consultation with tenants 3) First tranche of new-build secured via bulk purchase from developer 4) Fire safety measures implemented within both MSF blocks
Employer pension contributions continue to increase and have negative impact on NGHA finances Risk Type: Financial	<ol style="list-style-type: none"> 1) Pension contribution rates for SHAPS and SPF both included in Business Plan and annually reviewed.
Major breach of data protection law (e.g. loss or unauthorised disclosure of sensitive personal data relating to tenants/service users) Risk Type: Operational, Reputational	<ol style="list-style-type: none"> 1) Systems and procedures in place in response to GDPR 2) Staff training provided

New Gorbals Housing Association Ltd
Committee of Management Statement of Internal Financial Controls
For the year ended 31 March 2021

Description of risk <i>High, medium etc is based on residual risk score)</i>	Existing Controls/Assurance
Financial position does not adequately support future obligations and strategic aspirations Risk Type: Financial Strategic	1) Budgets, long term financial planning and regular reporting of financial performance is in place 2) Long term fixes or bond finance in place 3) Financial projections are reviewed externally each year
Development: Failure to obtain grants or loans for new-build programme Risk Type: Financial Strategic	1) SG Grant funding package secured for Caledonia Rd reprovisioning. 2) Borrowing Strategy
Serious governance failure or Notifiable Event or whistleblowing complaint leads to formal SHR intervention Risk Type: Governance, Regulatory	1) Comprehensive framework of governance codes, policies and procedures, regularly reviewed and discussed 2) Strong awareness on the part of the MC about standards required 3) Annual Assurance Statement process
Failure to maintain NG membership levels Risk Type: Governance	1) Website and newsletter articles on how to join NGHA and benefits of membership 2) Follow-through in response to membership enquiries
Repairs and replacement/ elements costs increase above levels allowed for in Business Plan, due to external factors (e.g. fallout from Covid 19 pandemic /Brexit) Risk Type: Operational Financial	1) Repairs team storage facilities/Store 2) Initial assessment made of future requirements

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 reprovisioning 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 Covid 19 pandemic on the financial statements. The Committee of Management have deemed that there will be no material impact on the Associations 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.

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.

**New Gorbals Housing Association Ltd
Committee of Management Statement of Internal Financial Controls
For the year ended 31 March 2021**

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 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.

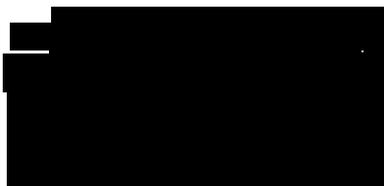
Disclosure of Information to the Auditor

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 auditors.

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
Jean Miller

Date: 6th September 2021

New Gorbals Housing Association Ltd
Committee of Management Statement of Internal Financial Controls
For the year ended 31 March 2021

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.

New Gorbals Housing Association Ltd
Committee of Management Statement of Internal Financial Controls
For the year ended 31 March 2021

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;
- 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 2021. 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: 6th September 2021

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 2021

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 Management Committee 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 13 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: 17 September 2021

Opinion

We have audited the financial statements of New Gorbals Housing Association Ltd (the 'Association') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cashflows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – February 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

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

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

**New Gorbals Housing Association Ltd
Independent Auditors Report to the Members of New Gorbals Housing Association
For the year ended 31 March 2021**

- we have not received all the information and explanations we require for our audit.

Responsibilities of the Management Committee

As explained more fully in the Statement of Management Committee's Responsibilities set out on page 12, the Management Committee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Management Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Association operates in and how the Association is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- 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, Housing SORP 2018, the Scottish Housing Regulator's Determination of Accounting Requirements – February 2019 and the Housing (Scotland) Act 2010. 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 and 2014, the Co-operative and Community Benefit Societies Act 2014, the Scottish Housing Regulator's Regulatory Framework (published 2019), Public Services

**New Gorbals Housing Association Ltd
Independent Auditors Report to the Members of New Gorbals Housing Association
For the year ended 31 March 2021**

Reform (Scotland) Act 2010 and the Office of 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 as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

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

17 September 2021

New Gorbals Housing Association Limited
Statement of Comprehensive Income
For the year ended 31 March 2021

	Notes	2021 £	2020 £
Turnover	2	15,934,863	16,558,9897
Operating expenditure	2	(12,333,320)	(13,885,270)
Operating Surplus		<u>3,601,543</u>	<u>2,673,719</u>
Gain/(Loss) on disposal of property, plant and equipment	9	(6,927)	30,949
Interest receivable	6	15,963	27,614
Interest and financing costs	7	(1,492,634)	(1,463,241)
Surplus Before Tax		<u>2,117,945</u>	<u>1,269,041</u>
Taxation	25	-	-
Surplus for the Year		<u>2,117,945</u>	<u>1,269,041</u>
Actuarial loss in respect of pension schemes	21	(1,473,000)	1,491,000
Initial Recognition of SHAPS defined benefit obligation		-	-
Total Comprehensive Income for the Year		<u><u>644,945</u></u>	<u><u>2,760,041</u></u>

The accompanying notes form part of these financial statements.

New Gorbals Housing Association Limited
Statement of Financial Position
As at the 31 March 2021

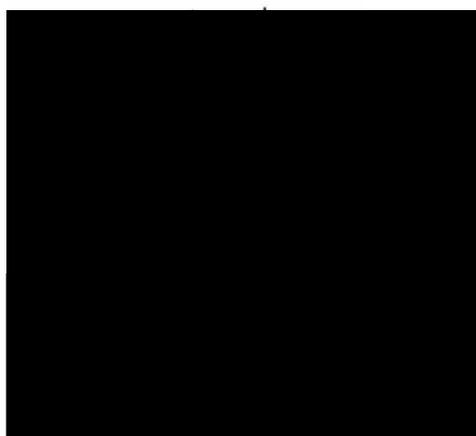
	Notes	2021 £	2020 £ As Restated
Fixed Assets			
Intangible Fixed Assets	11.C	157,204	286,922
Housing properties	11.A	141,878,075	135,618,896
Other fixed assets	11.B	4,902,086	5,010,639
Investment in subsidiary	11.D	1	1
		<u>146,937,366</u>	<u>140,916,458</u>
Current Assets			
Trade and other debtors	12	3,235,159	3,397,548
Cash and cash equivalents		13,952,560	3,562,934
		<u>17,187,719</u>	<u>6,960,482</u>
Current Liabilities			
Creditors: amounts falling due within one year	13	(7,157,829)	(6,136,573)
Net Current Assets			
		<u>10,029,890</u>	<u>823,909</u>
Total Assets Less Current Liabilities			
		<u>156,967,256</u>	<u>141,740,367</u>
Creditors: Amounts falling due after more than one year	14	(121,131,427)	(107,841,446)
Provisions for liabilities:			
Pension provision:	21		
SHAPS – Defined Benefit Funding Liability		(1,057,000)	-
SPF – Defined Benefit Funding Liability		(383,000)	(190,000)
Other provisions	17	(130,260)	(88,289)
		<u>(122,701,687)</u>	<u>(108,119,735)</u>
Total Net Assets			
		<u>34,265,569</u>	<u>33,620,632</u>
Reserves			
Income and expenditure reserve	18	34,265,492	33,620,547
Share Capital	18	77	85
Total Reserves			
		<u>34,265,569</u>	<u>33,620,632</u>

The financial statements on pages 15 to 51 were approved by the Committee of Management and authorised for issue on 6th September 2021 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 2021

	Share Capital	Income and expenditure reserve	Total
	£	£	£
As restated for the year ended 31 March 2020			
Balance as at 1 April 2019	87	30,610,810	30,610,897
Effect of change in accounting policy	-	249,696	249,696
As restated	87	30,860,506	30,860,593
Balance as at 1 April 2019 (restated)	87	30,860,506	30,860,593
Issue of shares	4	-	4
Cancellation of shares	(6)	-	(6)
Surplus for the year	-	1,269,041	1,269,041
Actuarial gain	-	1,491,000	1,491,000
Balance as at 31 March 2020 (restated)	85	33,620,547	33,620,632
Balance as at 1 April 2020 (restated)	85	33,620,547	33,620,632
Issue of shares	1	-	1
Cancellation of shares	(9)	-	(9)
Surplus for the year	-	2,117,945	2,117,945
Actuarial loss	-	(1,473,000)	(1,473,000)
Balance as at 31 March 2021	77	34,265,492	34,265,569

New Gorbals Housing Association Limited
Statement of Cashflows
For the year ended 31 March 2021

	Notes	2021 £	2020 £
Net cash generated from operating activities	19	5,775,293	4,199,340
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of intangible fixed assets		(11,285)	(159,770)
Purchase of tangible fixed assets		(9,674,409)	(5,883,740)
Proceeds from sale of tangible fixed assets		-	99,000
Grants received		6,103,747	181,989
Interest received		15,963	27,614
Net Cash used in Investing Activities		<u>(3,565,984)</u>	<u>(5,734,907)</u>
Cash Flow from Financing Activities			
Issue of share capital		1	4
Interest paid		(1,492,634)	(1,463,241)
New secured loans		10,667,044	1,667,054
Repayments of borrowings		(994,094)	(828,190)
Net Cash Used in Financing Activities		<u>8,180,317</u>	<u>(624,373)</u>
Increase/(Decrease) in Cash and Cash Equivalents		<u>10,389,626</u>	<u>(2,159,940)</u>
Cash and Cash Equivalents at Beginning of Year		<u>3,562,934</u>	<u>5,722,874</u>
Cash and Cash Equivalents at End of Year	19	<u>13,952,560</u>	<u>3,562,934</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 Association's 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 2018, and under the historical cost convention, modified to include certain financial instruments at fair value.

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 Association's 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

Covid and the ongoing clearance of 305 and 341 Caledonia Road could have placed huge pressures on the organisation.

Clearance and re-provisioning of 305 and 341 Caledonia Road is being supported by Scottish Government and Glasgow City Council through demolition grant and new build programme. We have discussed additional finance requirements with lenders and will produce a funding prospectus in autumn 2021 to have a preferred lender in place for early 2022.

Our initial fears in relation to Covid and rent arrears subsided during the year the spike in Universal Credit Claims began to settle. Staff now have access to DWP portal which shows details on Universal Credit Claims for our tenants and when payments will be due and this has assisted with the ongoing reduction in arrears during the year.

Although staff have been working from home for over 12 months, operations have continued and we have secured additional finance to assist our new build programme.

During the period of homeworking our Development staff have also managed a major new build project that will complete in Autumn 2021.

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 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 2022. 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 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.

In previous years, the Association was unable to recognise its share of the scheme assets and scheme liabilities, therefore had applied defined contribution accounting in respect of the SHAPS. For the year ended 31 March 20, the Association had recognised a past service deficit liability of £nil, within provisions, based on the present value of the Association's deficit funding agreement.

For the year ended 31 March 2019, the Association is able to identify its share of the scheme assets and scheme liabilities from 1 April 2018 and therefore has applied defined benefit accounting from this date onwards. For accounting purposes, the relevant date for accounting for this change from defined contribution to defined benefit accounting is 1 April 2019. The scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates.

The deficit funding agreement liability that was previously recognised within provisions of £691k was derecognised on the 1 April 2018, and an initial net defined benefit pension liability of £1,348k was recognised at this date in the statement of financial position. The resulting net difference of £657k on initial recognition of the SHAPS obligation was recognised in other comprehensive income.

As at the year ended 31 March 2021, the net defined benefit pension deficit liability was £1,057,000.

In the year ended 31 March 2021, 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.

The Association consulted with staff during 2020 and from 1st August 2020 closed its 1/60th final pensionable salary pension scheme and staff preference was for 1/70th Career Average replacement.

New Gorbals Housing Association Limited
ACCOUNTING POLICIES
For the year ended 31 March 2021

The Association, as a result of staff transferring during the GHA stock transfer, is now an admitted member of Strathclyde Pension Fund (SPF). The basis of admittance is that of a closed scheme and only transferred employees who already are or wish to join can be a member of this scheme. Retirement benefits to these employees are funded by the contributions from all participating employers and employees in the Fund. Payments are made to the independently administered Fund in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating member employers. As a closed scheme a slightly higher calculated rate is payable by the Association to reflect the limited future membership of the scheme.

The SPF Scheme is a defined benefit scheme which is externally funded and contracted out of the State Earnings Related Pension Scheme. The contributions are determined by qualified actuaries on the basis of periodic valuations using the projected unit method.

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.

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

			2021	2020
	Notes	Turnover £	Operating costs £	Operating Surplus £
Affordable letting activities	3	13,968,227	(10,362,466)	3,605,761
Other activities	4	1,966,636	(1,970,854)	(4,218)
Total		15,934,863	(12,333,320)	3,601,543
Total for previous reporting period		16,558,989	(13,885,269)	2,673,720

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

	General Needs Social Housing £	Supported Social Housing Accommodation £	Shared Ownership Housing £	Total 2021 £	Total 2020 £
Rent receivable net of service charges	10,982,075	49,779	37,020	11,068,874	10,862,222
Service charges	522,410	2,775	6,340	531,525	520,633
Gross income from rents and service charges	11,504,485	52,554	43,360	11,600,399	11,382,855
Less voids	(114,304)	-	-	(114,304)	(105,738)
Net income from rents and service charges	11,390,181	52,554	43,360	11,486,095	11,277,117
Grants released from deferred income	1,985,196	1,528	15,283	2,002,007	1,858,568
Revenue grants received from Scottish ministers	46,440	-	-	46,440	189,614
Other Revenue Grants – CJRS	430,044	331	3,310	433,685	-
Total turnover from affordable letting activities	13,851,861	54,413	61,953	13,968,227	13,325,299
Management and maintenance administration costs	3,244,121	2,488	12,439	3,259,048	3,461,514
Service costs	1,626,438	2,775	6,339	1,635,552	1,640,910
Planned and cyclical maintenance including major repairs costs	668,116	515	-	668,631	792,576
Reactive maintenance costs	1,342,508	1,041	10,354	1,353,903	1,553,823
Bad debts - rents and service charges	112,906	-	-	112,906	86,562
Depreciation of affordable let properties	3,299,074	6,482	26,870	3,332,426	3,172,770
Operating Costs for affordable letting activities	10,293,163	13,301	56,002	10,362,466	10,708,155
Operating surplus or deficit for affordable letting activities	3,558,698	41,112	5,951	3,605,761	2,617,144
Operating surplus or deficit or affordable letting activities for previous reporting period	2,593,687	8,957	14,500	2,617,144	

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	-	500,510	-	-	500,510	-	629,488	(128,978)	73,894
Care and repair	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	1,001,535	1,001,535	(65,932)	1,040,871	26,596	(26,064)
Care activities	-	-	-	-	-	-	-	-	-
Contracted out activities undertaken for registered social landlords	-	-	-	3,619	3,619	-	3,619	-	-
Developments and improvements for sale to other organisations	-	-	-	-	-	-	-	-	-
Gift aid distribution from subsidiary	-	-	-	158,425	158,425	-	-	158,425	-
Rental from mid-market properties and management charges income	-	-	-	254,500	254,500	-	220,559	33,941	26,029
Other activities	-	-	-	48,047	48,047	12,334	129,915	(94,202)	(17,283)
Total from other activities	-	500,510	-	1,466,126	1,966,636	(53,598)	2,024,452	(4,218)	56,576
Total from other activities for the previous reporting period		1,017,899		2,215,791	3,233,690	1,743	3,175,371	56,576	

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2021

5. ACCOMMODATION IN MANAGEMENT

	2021	2020
	Units	Units
General needs housing	2,598	2,567
Shared ownership	20	20
Supported housing	2	10
	<hr/>	<hr/>
TOTAL UNITS IN MANAGEMENT	2,620	2,597
	<hr/>	<hr/>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021	2020
	£	£
Interest on bank deposits	15,963	27,614
	<hr/>	<hr/>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2021	2020
	£	£
Interest arising on:		
Bank loans and overdrafts	1,487,634	1,424,241
Defined benefit pension charges	5,000	39,000
	<hr/>	<hr/>
Less: Interest capitalised on housing properties under construction	-	-
	<hr/>	<hr/>
	1,492,634	1,463,241
	<hr/>	<hr/>

8. OPERATING SURPLUS

	2021	2020
	£	£
Operating surplus is stated after charging:		
Depreciation of housing properties (note 11.A)	3,332,426	3,172,770
Depreciation of other tangible fixed assets (note 11.B)		
- owned	184,430	192,865
Depreciation of intangible fixed assets (note 11.C)	141,003	166,522
Deficit on disposal of tangible fixed assets (note 9)	6,927	30,948
Inventories recognised as an expense	-	-
Lease payments recognised as an expense	155,459	160,179
	<hr/>	<hr/>

Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:

	2021	2020
	£	£
Audit services - statutory audit of the Association	15,960	17,640
<i>Other services:-</i>		
Taxation compliance services	-	-
Taxation advisory services	3,000	8,934
	<hr/>	<hr/>

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2021

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

	2021	2020
	£	£
Disposal proceeds	-	99,000
(Loss) on Renewal of components	(6,927)	(30,607)
Carrying value of fixed assets	-	(37,445)
	<u>(6,927)</u>	<u>30,948</u>

10. EMPLOYEES

	2021	2020
	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	15	15
Housing support and care	53	51
In-house Services Team	38	34
Development	4	6
	<u>110</u>	<u>106</u>
	2021	2020
	£'000	£'000
Staff costs for the above persons:		
Wages and salaries	3720	3,691
Social security costs	348	350
Other pension costs and current service cost (note 21)	426	569
	<u>4,494</u>	<u>4,610</u>

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:

	2021	2020
	No.	No.
£60,000 - £70,000	3	3
£70,001 - £80,000	1	1
£80,001 - £90,000	-	-
£90,001 - £100,000	1	1

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2021

10. EMPLOYEES (Continued)

	2021	2020
	£	£
Aggregate emoluments for the above key management personnel (excluding pension contributions)	363,414	357,692
The emoluments of the Chief Executive (excluding pension contributions)	91,972	90,524
Aggregate pension contributions in relation to the above key management personnel	62,010	53,644
Total emoluments for the above key management personnel (including salary, pension and benefits)	425,424	411,336

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
	£	£	£	£
Cost				
1 April 2020	159,401,715	8,107,965	1,469,971	168,979,651
Additions	-	7,309,360	-	7,309,360
Properties acquired	3,572,763	1,560,737	-	5,133,500
Works to existing properties	906,695	-	-	906,695
Schemes completed	459,973	(4,210,996)	-	(3,751,023)
Disposals	(88,467)	-	-	(88,467)
31 March 2021	164,252,679	12,767,066	1,469,971	178,489,716
Depreciation and impairment				
1 April 2020	32,699,553	-	661,202	33,360,755
Depreciation charged in year	3,305,556	-	26,870	3,332,426
Released on disposal	(81,540)	-	-	(81,540)
31 March 2021	35,923,569	-	688,072	36,611,641
Net book value				
31 March 2021	128,329,110	12,767,066	781,899	141,878,075
31 March 2020	126,702,162	8,107,965	808,769	135,618,896

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2021

EXPENDITURE ON WORKS TO EXISTING PROPERTIES

	2021	2020
	£	£
Replacement component spend capitalised	906,695	1,959,093
Amounts charged to income and expenditure	-	17,975
	<hr/>	<hr/>
Total major repairs spend	906,695	1,977,068

FINANCE COSTS

	2021	2020
	£	£
Aggregate amount of finance costs included in the cost of housing properties	782,053	782,053
	<hr/>	<hr/>

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2021

11.B TANGIBLE FIXED ASSETS – OTHER

	Freehold property £	Computers and Office Equipment £	Furniture, fixtures and fittings £	Total £
Cost				
1 April 2020	5,251,965	485,934	625,234	6,363,133
Additions	20,441	30,495	24,941	75,877
	<hr/>			
31 March 2021	5,272,406	516,429	650,175	6,439,010
	<hr/>			
Depreciation				
1 April 2020	382,782	426,705	543,007	1,352,494
Depreciation charged in year	114,431	27,239	42,760	184,430
	<hr/>			
31 March 2021	497,213	453,944	585,767	1,536,924
	<hr/>			
Net book value				
31 March 2021	4,775,193	62,485	64,408	4,902,086
	<hr/>			
31 March 2020	4,869,183	59,229	82,227	5,010,639
	<hr/>			

11.C INTANGIBLE FIXED ASSETS

	Computer Software £
Cost	
1 April 2020	666,084
Additions	11,285
	<hr/>
31 March 2021	677,369
	<hr/>
Depreciation	
1 April 2020	379,162
Depreciation charged in year	141,003
	<hr/>
31 March 2021	520,165
	<hr/>
Net book value	
31 March 2021	157,204
	<hr/>
31 March 2020	286,922
	<hr/>

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2021

11.D INVESTMENTS

	2021	2020
	£	£
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 2021, the capital and reserves of New Gorbals Property Management Limited were £157,641 with a taxable profit for the year of £157,640.

12. DEBTORS

	2021	2020
	£	£
Amounts falling due within one year:		
Rent and service charges receivable	1,184,018	1,133,679
Less: net present value adjustment	(13,680)	(12,800)
Less: provision for bad and doubtful debts	<u>(212,929)</u>	<u>(257,251)</u>
	957,409	863,628
Other debtors	1,396,375	1,494,205
Prepayments and accrued income	817,737	977,552
Amounts due from group undertakings	63,638	62,163
	<u>3,235,159</u>	<u>3,397,548</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Debt (note 16)	1,095,805	835,508
Rent and service charges received in advance	210,861	235,429
Deferred capital grants (note 15)	1,996,616	1,858,567
Trade creditors	2,238,901	2,012,126
Other creditors	1,358,397	1,044,990
Taxation and Social Security	83,696	-
Accruals and deferred income	<u>173,553</u>	<u>149,954</u>
	<u>7,157,829</u>	<u>6,136,574</u>

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2021

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

	2021	2020
	£	£
		Restated
Debt (note 16)	46,771,409	37,445,121
Deferred capital grant (note 15)	74,360,018	70,396,325
	<u>121,131,427</u>	<u>107,841,446</u>

	2021	2020
	£	£
		Restated
Included in creditors are:		
Amounts repayable by instalments falling due after more than five years	<u>34,982,873</u>	<u>33,419,135</u>

15. DEFERRED CAPITAL GRANT

	2021	2020
	£	£
As at 1 April	72,254,494	73,931,472
Grant received in the year	6,103,747	181,991
Capital grant released	(2,002,007)	(1,858,569)
As at 31 March	<u>76,356,634</u>	<u>72,254,894</u>
Amounts to be released within one year	1,996,616	1,858,569
Amounts to be released in more than one year	74,360,018	70,396,325
	<u>76,356,634</u>	<u>72,254,894</u>

16. DEBT ANALYSIS - BORROWINGS

	2021	2020
	£	£
		Restated
Creditors: amounts falling due within one year:		
Bank loans	<u>1,095,805</u>	<u>835,508</u>
	1,095,805	835,508
Creditors: amounts falling due after more than one year:		
Bank loans	<u>46,771,409</u>	<u>37,445,121</u>
	46,771,409	37,445,121
Total	<u>47,867,214</u>	<u>38,280,629</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 £1,095,805 per annum from 31 March 2021, until 31 March 2022, £37,319,257 (2020: £28,492,686) bears average fixed-rate coupons of 3.44% per annum (2020: 4.71% per annum) and £9,452,152 (2020: £10,037,638) bears average variable-rate coupons of 1.11% above LIBOR (2020: 1.54% above LIBOR). The Association makes quarterly repayments of the bank borrowings.

Bank borrowings of £44.4m (2020: £37.9m) 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 2021

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

	2021	2020
	£	Restated £
Due within one year	1,095,805	835,508
Due in one year or more but less than two years	1,073,484	985,820
Due between two and five years	10,672,282	3,040,166
Due more than five years	35,025,643	33,419,135
	<u>47,867,214</u>	<u>38,280,629</u>

17. PROVISIONS

	Holiday pay £
1 April 2020	88,289
Utilised in the year	(88,289)
Additional provision in year	130,260
31 March 2021	<u>130,260</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.

	2021	2020
	Number	Number
Number of members		
1 April	85	87
Joined during the year	1	4
Left during year	(9)	(6)
31 March	<u>77</u>	<u>85</u>

RESERVES

Reserves of the Association represent the following:

	2021	2020
	£	Restated £
Income and Expenditure Account		
1 April	33,620,547	30,860,506
Surplus for the year	2,117,945	1,269,041
Actuarial gain/(loss) for year	(1,473,000)	1,491,000
31 March	<u>34,265,492</u>	<u>33,620,547</u>

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2021

19. RECONCILIATION OF SURPLUS TO NET CASH GENERATED FROM OPERATIONS

	2021	2020
	£	£
Surplus for the year	644,945	2,760,041
Adjustments for non-cash items:		
Depreciation of intangible fixed assets	141,003	166,521
Depreciation of tangible fixed assets	3,516,856	3,365,635
Amortisation of capital grants	(1,996,615)	(1,858,568)
(Decrease)/Increase in provisions	1,291,961	(1,429,798)
(Gain)/Loss on disposal of tangible fixed assets	6,927	(30,948)
Transfer of interest to financial activities	(86,355)	-
Interest receivable	(15,963)	(27,614)
Interest payable	1,492,634	1,463,241
Share cancelled	(11)	(6)
Operating cash flows before movements in working capital	4,995,382	4,408,504
Increase in investments		
Decrease/(Increase) in trade and other debtors	162,390	253,928
(Decrease)/Increase in trade and other creditors	617,521	(463,092)
Cash generated from operations	5,775,293	4,199,340

CASH AND CASH EQUIVALENTS

	2021	2020
	£	Restated £
Cash and cash equivalents represent: -		
Cash at bank	194,341	187,943
Short-term deposits	13,758,219	3,374,991
	13,952,560	3,562,934

Reconciliation of net cash flow to movement in net debt		
(Decrease)/Increase in cash for the year	10,389,626	(2,159,940)
Loans received	(10,667,044)	(1,667,054)
Loan repayments	1,036,864	828,190
Change in net debt	759,446	(2,998,804)
Net debt as at 1 April 2020	(34,717,695)	(31,718,891)
Net debt as at 31 March 2021	(33,958,249)	(34,717,695)

Analysis of Changes in net debt

	As at 31 March 2020 Restated	Cash Flow	Other Changes	As at 31 March 2021
	£	£	£	£
Cash at bank and in hand	3,562,934	10,389,626	-	13,952,560
Bank Overdrafts	-	-	-	-
Debt due within one year	(835,508)	(260,297)	-	(1,095,805)
Debt due after one year	(37,445,121)	(9,369,883)	-	(46,815,004)
	(34,717,695)	759,446	-	(33,958,259)

20. CAPITAL COMMITMENTS AND OTHER CONTRACTUAL OBLIGATIONS

	2021 £	2020 £
Capital expenditure contracted for but not provided in the financial statements	12,064,424	6,179,000

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

From 1 April 2021 to 28 February 2023:	£250,236 per annum (payable monthly, increasing by 3% each 1st April)
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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 financial years ending on or before 28 February 2019, it has not been possible for the Association to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the Association has accounted for the Scheme a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the Association to account for the Scheme a defined benefit scheme.

For the year ended 31 March 2018, the SHAPS obligation was being accounted for as a defined contribution as there was not sufficient information available to identify each employer's share of assets and liabilities in the scheme. Therefore, for 31 March 2018, the contributions payable from the association to the SHAPS under the terms of its funding agreement for past deficits was recognised as a liability within provisions in the Association's financial statements.

For the year ended 31 March 2019, sufficient information is available for the Association in respect of SHAPS to account for its obligation on a defined benefit basis. The most recent formal actuarial valuation was completed as at 30 September 2015 and rolled forward, allowing for the different financial assumptions required under FRS 102, to 31 March 2019 by a qualified independent actuary.

Under the defined benefit pension accounting approach, the SHAPS net deficit as at 1 April 2020 is £NIL and is £1,057,000 as at 31 March 2021.

21. RETIREMENT BENEFITS (Continued)

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

	31 March 2021	31 March 2020
	(£000s)	(£000s)
Fair value of plan assets	9,717	8,594
Present value of defined benefit obligation	10,774	8,553
Surplus (deficit) in plan	(1,057)	41
Unrecognised surplus	-	41
Defined benefit asset (liability) to be recognised	(1,057)	-
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	-	-

RECONCILIATION OF THE IMPACT OF THE ASSET CEILING

	Period from
	31 March 2020 to
	31 March 2021
	(£000s)
Impact of asset ceiling at start of period	41
Effect of the asset ceiling included in net interest cost	4
Actuarial losses (gains) on asset ceiling	(45)
Impact of asset ceiling at end of period	-

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2021

21. RETIREMENT BENEFITS (Continued)

**RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE
DEFINED BENEFIT OBLIGATION**

	Period from 31 March 2020 to 31 March 2021 (£000s)
Defined benefit obligation at start of period	8,553
Current service cost	208
Expenses	8
Interest expense	202
Member contributions	22
Actuarial losses (gains) due to scheme experience	(103)
Actuarial losses (gains) due to changes in demographic assumptions	-
Actuarial losses (gains) due to changes in financial assumptions	1,994
Benefits paid and expenses	(110)
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	10,774

21. RETIREMENT BENEFITS (Continued)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

	Period from 31 March 2020 to 31 March 2021 (£000s)
Fair value of plan assets at start of period	8,594
Interest income	206
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	528
Employer contributions	477
Member contributions	22
Benefits paid and expenses	(110)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	9,717

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2020 to 31 March 2021 was £734,000.

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

	Period from 31 March 2020 to 31 March 2021 (£000s)
Current service cost	208
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 (SoCl)	216

21. RETIREMENT BENEFITS (Continued)

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME (OCI)

	Period from 31 March 2020 to 31 March 2021 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	528
Experience gains and losses arising on the plan liabilities - gain (loss)	103
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(1,994)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(1,363)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	45
Total amount recognised in Other Comprehensive Income - gain (loss)	(1,318)

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2021

21. RETIREMENT BENEFITS (Continued)

ASSETS

	31 March 2021	31 March 2020
	(£000s)	(£000s)
Global Equity	1,503	1,182
Absolute Return	479	528
Distressed Opportunities	332	157
Credit Relative Value	280	207
Alternative Risk Premia	390	689
Fund of Hedge Funds	-	-
Emerging Markets Debt	392	306
Risk Sharing	347	272
Insurance-Linked Securities	203	230
Property	174	160
Infrastructure	543	507
Private Debt	229	170
Opportunistic Illiquid Credit	249	209
High Yield	255	-
Opportunistic Credit	265	-
Cash	3	-
Corporate Bond Fund	733	628
Liquid Credit	168	225
Long Lease Property	225	210
Secured Income	534	477
Over 15 Year Gilts	5	109
Index Linked All Stock Gilts	-	-
Liability Driven Investment	2,336	2,263
Net Current Assets	72	65
Total assets	9,717	8,594

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.

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2021

21. RETIREMENT BENEFITS (Continued)

KEY ASSUMPTIONS

	31 March 2021	31 March 2020
	% per annum	% per annum
Discount Rate	2.05%	2.35%
Inflation (RPI)	3.40%	2.56%
Inflation (CPI)	2.85%	1.56%
Salary Growth	2.50%	2.56%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2021	21.5
Female retiring in 2021	23.4
Male retiring in 2041	22.8
Female retiring in 2041	25.0

21. RETIREMENT BENEFITS (Continued)

Strathclyde Pension Fund

Some of the Associations employees belong to the Strathclyde Pension Fund which is administered by Glasgow City Council and is a defined benefit scheme. The assets of the scheme are held separately from those of the Association in investments under the overall supervision of the Fund Trustees. The most recent comprehensive actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at 31 March 2018.

The employer's contribution to the SPF by the RSL for the year ended 31 March 2021 were £115,860 (2020 - £116,642) at a contribution rate of 28.7% of pensionable salaries. The employer's contribution rate for the year ending 31 March 2021 has been set at 28.7%. The Association had the option of reducing contributions to 25% per annum but contributions remain at 28.7% to assist in paying down deficit.

The principal assumptions used in the calculation of the valuation of the plan assets and the present value of the defined benefit obligation include:

	2021	2020
Discount rate	2.05%	2.45%
Future salary increases	2.5%	1.85%
Future pension increases	2.85%	1.85%
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:

	2021	2020
	Years	Years
Male	19.8	21.4
Female	22.6	23.7

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

	2021	2020
	Years	Years
Male	21.2	23.4
Female	24.7	25.8

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

	2021	2020
	£'000	£'000
Current service cost	153	149
Net interest on the net defined benefit pension liability	5	3
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement.	-	-
	<u>158</u>	<u>152</u>

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2021

21. RETIREMENT BENEFITS (Continued)

Changes in the present value of the defined benefit obligation:	£'000
Defined benefit obligation at 1 April	3,809
Current service cost	153
Past Service costs	-
Interest cost	95
Contributions by scheme participants	29
Plan introductions, changes, curtailments and settlements	952
Benefits paid	(19)
Defined benefit obligation at 31 March	<u>5,019</u>
Changes in the fair value of plan assets:	£'000
Plan assets at 1 April	3,619
Interest income	90
Actuarial (losses)/gains	(36)
Return on plan assets (excluding net interest on the defined benefit liability)	833
Contributions by employer	120
Contributions by scheme participants	29
Benefits paid	(19)
Plan assets at 31 March	<u>4,636</u>
Net provision at 31 March	<u>(383)</u>

The actual return on plan assets was (£833,000) (2020: £254,000).

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

	Fair value of assets	
	2021	2020
Equity instruments	66%	59%
Debt instruments	23%	26%
Property	9%	13%
Other assets	2%	2%
	<u>100%</u>	<u>100%</u>

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

22. RELATED PARTY TRANSACTIONS

Committee of Management members are also tenants of the Association. Their tenancies are on normal commercial terms. During the year £48,741 (2020: £53,301) of rent was receivable from these tenant members. At the year-end there were £1,119 (2020: £2,277) of rent arrears due from these tenant members.

During the year we charged £254,500 in rent and management charges (2020: £248,534) to our subsidiary New Gorbals Property Management. NGPM was incorporated in January 2016 primarily for the letting of mid-market rented properties. At 31st March 2021 £63,638 (2020: £63,030) was due from the subsidiary in group debtors.

23. CONTINGENT LIABILITIES

Communities Scotland Stock Transfer

Various financial provisions were incorporated in the legal documentation when the Association acquired housing stock from Communities Scotland in 2002. The Association is required to account for major repair, capital expenditure and sales of properties under the Right to Buy legislation.

Housing Association Grant allocated to components (as detailed in Note 3) that have subsequently been replaced by the Association are recognised in the Statement of Comprehensive Income, with the cost of the replacement and any additional funding for this replacement being capitalised. The recycled grant recognised in the Statement of Comprehensive Income at 31 March 2021 was £nil (2020: £nil).

At 31 March 2021, the Association had no other contingent liabilities (2020 - £nil).

24. COMMITMENTS UNDER OPERATING LEASE

At 31 March 2021 total future minimum lease payments under non-cancellable operating leases are set out below.

	2021		2020	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Amounts due:				
Within 1 year	-	174,101	-	160,179
Within 2 to 5 years	-	223,421	-	348,119
	-	397,522	-	508,298

25. TAXATION

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

26. PRIOR PERIOD ADJUSTMENTS

The accounting policy for bond finance has been changed to no longer recognise the premium only at the end of the loan period. The loans are now held at amortised cost and interest expense recognised in line with the effective interest rate method. This change is more in line with the true cost of the loan in terms of timing and therefore more relevant for decision making.

Changes to the Statement of Financial Position

	At 31 March 2020			
	As previously reported	Adjustment at 31 March 2019	Adjustment at 31 March 2020	As restated
	£	£	£	£
Long term loans	37,694,817	(249,696)	-	37,445,121
Capital and reserves	33,370,851	249,696	-	33,620,547

Changes to Statement of Comprehensive Income

	As previously reported	Adjustment	As restated
	£	£	£
Surplus for the financial period	1,405,679	-	1,405,679