

**FORGEWOOD HOUSING CO-OPERATIVE LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

Registered Housing Association Number: HAC271
Charity Registration Number: SC045344
FCA Reference Number: 2439R (S)

FORGEWOOD HOUSING CO-OPERATIVE LIMITED

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**FORGEWOOD HOUSING CO-OPERATIVE LIMITED
THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISORS
FOR THE YEAR ENDED 31 MARCH 2023**

Members of the management committee

Alan Thomson	(Chairperson)	
Callum Boughey	(Vice Chair)	
Jolene Martin	(Secretary)	
Charlie Millar	(Treasurer)	
John Burton	(Committee Member)	
Angie Robinson	(Committee Member)	
Tommy Divers	(Committee Member)	
Natalie Barclay	(Committee Member)	
David Hemmings	(Committee Member)	Deceased 17 September 2022
Teresa Boyle	(Committee Member)	Resigned 25 January 2023
Lee Murray	(Committee Member)	Resigned 29 March 2023
James Mitchell	(Committee Member)	Resigned 3 May 2023
Alexsandra Bartycha	(Committee Member)	Appointed 21 September 2022
Karen Brown	(Committee Member)	Appointed 26 October 2022
Sandra Brown	(Committee Member)	Appointed 25 January 2023
Sharon Bonner	(Committee Member)	Appointed 3 May 2023
Nichola Mooney	(Committee Member)	Appointed 3 May 2023
Nicola McGregor	(Committee Member)	Appointed 3 May 2023
Karoline Mozar	(Committee Member)	Appointed 24 May 2023

Executive officers

Cathy Brien (Director)

Registered office

49 Dinmont Crescent
Forgewood
Motherwell
ML1 3TT

Auditor

French Duncan LLP trading as AAB
Chartered Accountants and Statutory Auditor
133 Finnieston Street
Glasgow
G3 8HB

Bankers

Bank of Scotland 32 Brandon Parade South Motherwell ML1 1LY	Nationwide Building Society Caledonia House, Carnegie Avenue Dunfermline KY11 8PE
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Solicitors

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

Financial consultants

A.C. Davidson Co.
Dunskaithe Place
Glasgow
G34 0AZ

FORGEWOOD HOUSING CO-OPERATIVE LIMITED

REPORT FROM THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2023

The Management Committee presents their report and the audited Financial Statements for the year ended 31 March 2023.

Legal Status

The co-operative is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No. 2439R (5). The co-operative is governed under its Rule Book. The co-operative is a Registered Scottish Charity with the charity number SC045344.

Principal Activities

The principal activities of the co-operative are to provide good quality, affordable rented accommodation for those in housing need.

Review of business and future developments

The financial year 2022/23 was spent dealing with issues associated with the global pandemic, rising inflation, cost of living crisis and rising fuel costs. This presented us with challenges in relation to maintaining essential service delivery and protecting the safety and well-being of tenants, committee members and staff.

Despite the challenges, the Co-operative had a satisfactory year. FHC made a surplus of £6,301 for the year 2022/23 before the pension deficit was considered. After pension actuarial losses of £53,000 our result for the year returned a £46,699 deficit.

We successfully continued to operate from Forgewood Community Centre to meet the needs of our community. Adapting to the challenges of the pandemic in previous years allowed us to engage with our tenants and the wider community even more. Through funding from a wide range of stakeholders, mainly investing in Communities Fund and the Big Lottery, we continued to adapt to the challenges of the pandemic by engaging with and providing both direct and in-direct support to our tenants and the wider community. Through funding from a wider range of stakeholders we were able to restart and deliver a wide range of new community activities and events to help build greater community resilience and recovery.

Operating from Forgewood Community Centre throughout the year, our doors have been open to the public for all of 2022/23. We also developed a hybrid working policy for staff during the year. The majority of staff work in the office each day and have been very flexible during and post pandemic.

We carried out a self-assessment against all of the Scottish Housing Regulator (SHR)'s Regulatory Standards to ensure compliance with each. An action plan was put in place which we worked on throughout the year ensuring that we were 100% compliant or working towards compliance with the standards. This allowed us to complete our Assurance Statement for the SHR.

A comprehensive review of our Business Plan also took place which included:

- Reviewing our 30 year financial projections, including sensitivity analysis which allowed us to ensure that the Coop is financially viable.
- Revising our 5 year investment plan.
- Updating our Risk Management Strategy
- Updating our Asset Management Strategy.

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While we await further guidance on the Energy Efficiency Standard for Social Housing (EESH2) we still work towards the outcomes previously set out.

A Stock Condition (SCS) Survey was carried out to assist us on how we should focus on service delivery and the continuation of our capital spend programme. The Management Committee had to take the difficult decision to pause planned maintenance work for the following year due to the economic climate. Fortunately our SCS allowed for this decision being taken and we will resume our planned investment programme as soon as possible and are in fact looking to procure major works during the next financial year 2023/24..

We take Landlord Health and Safety seriously. An audit was carried by an independent consultant in August 2022. Action Plans were put in place for the areas where more work was required and we worked towards full compliance in this area throughout the year.

We attracted new Management Committee members who have a wide range of skills and knowledge which in turn strengthened our Management Committee. Our Management Committee meetings were mainly in person with the opportunity for Members to join remotely. At the year-end we had 14 management committee members.

Our AGM was held in person and via video link in September 2022 which resulted in a healthy attendance.

A full Tenant Satisfaction Survey was carried out resulting in high satisfaction levels and we were delighted with the results of the survey.

We continued with our Programme of Internal Audit during the year and again to ensure we are delivering in line with our policies and procedures. Recent internal audits focused on arrears and landlord safety.

We have managed to achieve 100% compliance with our annual gas servicing to all affected properties. Prior to the start of the year we also achieved 100% compliance with the replacement and installation of smoke, heat and carbon monoxide detectors to all of our homes. In addition we can report 100% compliance with our duty to carry electrical inspection reports to each of our properties.

We continued with our successful and resilient staff sharing agreement with Garrion People's Housing Co-op in Wishaw. This has been in place for 26 years and allows for both co-ops to perform and operate at a high level by sharing staff resources.

Staff Development is very important to the Coop and appraisals and development plans were put in place for each staff member and training provided for both staff and committee members.

The Future

Our Business Plan review during 22/23 will carry forward into 23/24 and help us to shape our services for the future.

The current operating environment presents us with significant challenges including:

- Cost of Living Crisis
- Higher Inflation / Economic Uncertainty
- Tenant & Resident Safety
- The pandemic recovery
- Brexit

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- Global Conflict
- Raising Fuel Costs
- Political Uncertainty
- Changes to Legislation
- Green Energy
- High interest rates;
- Low consumer confidence;
- Increasing challenges for claimants of Universal Credit
- Increase in material and labour costs

To face these challenges, we will continue putting service delivery at the heart of our operations, and continue to provide good quality, affordable accommodation. We will do this by working in different ways, investing in new technology and hardware to enable staff to work remotely and for effective Governance and by re-profiling our building, maintenance and repairs programmes.

Affordability and Value for Money will have a major impact on our tenants and our focus will be to assist and sign post them to agencies to help them with their finances during this financial crisis. Our Advice For Tenants And Residents (AFTAR) service continues to help our tenants and residents through challenging times and this has helped tenants receive £156,470 in 'client financial gains' for the year.

When we review rents on an annual basis we will work and consult with tenants to ensure rents are set fairly and we are in the position to carry out our Planned Maintenance Programme. A rent review focus group has been established at the co-op for a number of years.

Forgewood Housing Co-op is committed to creating a safe and healthy environment for our staff, clients and all who come into contact with our services. We carried out and will continue to build on a successful compliance review on our Landlord Health and Safety by an external consultant to satisfy the requirements of the Scottish Housing Regulator.

Risk Management, Strategy and Objectives

The Management committee and staff have considered the current and future issues in our external operating environment and what implications they might have for the organisation. We also looked internally at our strengths and weaknesses and considered how these can, as appropriate, be built upon and/or improved. Finally, we reviewed the risks we face and consider how best to address these in terms of being able to avoid, mitigate or manage each key risk area.

Political/legislative risks will be alleviated by developing a strategy to protect the co-operatives revenue and assist tenants to deal with Welfare Reforms and ensure staff receive the necessary training.

There are a number of economic risks to the organisation predominantly the cost of living crisis and we have built in provisions in our Business Plan to address these issues.

Further Strategic Risks affecting the business in the future will be Demographical/Social, Technological, Legislative Environmental and Competitive risks and our Risk management strategy also has plans in place to address how the co-operative will address these strategical risks.

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Committee and staff both acknowledged that protecting rental affordability will need to be a key focus of FHC's future business given major challenges on the horizon including the current economic context and new national quality and energy efficiency standards.

The co-operative also recognised that the good intelligence we have on the condition of our asset base, as well as our commitment to investment in the stock, provides a strong basis to develop FHC's future asset strategy despite the investment challenges we face.

The Committee agreed that there needs to be a strategic commitment to developing the capacity of FHC's people – both Committee members and staff. It was recognised that the current Committee and staff knowledge and skills is both a driving and resilient force.

The aim was to align the organisation to the changing environment to manage threats and take advantage of opportunities that further our Strategic Objectives below:

Objective 1 – We will conduct ourselves in an open and accountable manner, displaying high standards of corporate governance and financial control

In summary, we will:

- Strengthen our Committee through a recruitment campaign to bolster both numbers and the range of skills on our Committee. This will also be an important part of succession planning to make sure the governing body is shaped for the future;
- Continue to deliver a training programme to develop our Management Committee to ensure that individually and collectively, they demonstrate high levels of effective governance over the organisation at this time of change. This includes a comprehensive programme of induction and development for new committee members which will incorporate e-learning;
- Continue to review our governance/ finance and service policies. All staff and tenants will be encouraged to actively participate in the development of key policies to ensure all policies and related procedures are up to date, reflect good practice and are embedded in our operations. Regular in-house training will be carried out on new policies and procedures as they are introduced for staff and committee;
- Governance self-assessment is a key priority for the Co-operative. During 2022, the Committee and senior managers continued the comprehensive self-assessment of our governance framework, which was supported by experienced, independent consultants. This exercise will be reviewed annually in order to produce the Co-operatives Annual Assurance Statement for the SHR;
- Committee Appraisal. The annual Committee appraisal is led by the Director /Depute Director and an external consultant. This process covers assessment of individual committee members' contribution, plus evaluation of how the Committee functions collectively. An overall report is produced as part of this exercise which informs the individual and collective Committee training and development priorities for the year ahead.

Objective 2 –We will deliver excellent services in consultation with tenants and stakeholders.

- We always seek to improve the performance that we currently achieve against performance Indicators of the Annual Return of the Charter (ARC) and also in line with SHR Regulatory standards;

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- Our firm focus will always be on finding and delivering the right solutions, at the right time and in the right manner to suit the need of individual customers;
- Our tenants are at the heart of the service. We enjoy high levels of tenant satisfaction with our service, however we cannot be complacent and will continue to conduct our 3 yearly tenant satisfaction survey along with our repairs service satisfaction surveys carried out on a daily basis. This will allow us to review our strategic and operational plans and adjust them where appropriate to reflect tenant feedback. This will allow us to focus on Customer Service Excellence;
- We will review our Tenant Participation Strategy to reflect current sector best practice on an annual basis;
- Review the staff performance appraisal system and promote staff health, safety and wellbeing;
- Invest in staff and Committee development;
- Invest in the community by capacity building.

Objective 3 – Effective management of our homes will always be our core business. We will provide quality homes in a desirable neighbourhood

In 2023/24, we will:-

- Build on the existing knowledge on the condition of our stock by carrying out additional surveys over the coming years supplemented by operational knowledge to create a full and accurate picture of investment needs and stock performance. A Stock Condition Survey took place in December 2022;
- Produce a robust investment programme, as part of the Asset Management strategy using stock condition information and ensure adequate funding is in place;
- Develop schemes to alleviate fuel poverty;
- Ongoing review of customer satisfaction;
- Invest in the Community.

Objective 4 – We will seek to improve our financial strength and deliver value for money through continuous staff sharing arrangements with Garrion People’s Housing Co-operative.

- We will maintain the solid financial base of the organisation now and in the future. We have updated our budgets and long term financial assumptions to ensure they fully reflect our long term stock investment needs and will ensure that we manage our service in line with or better than budget assumptions;
- We remain conscious that we want to keep our management costs as low as possible, yet ensure that we maintain and improve the standards of service to customers. We can do this by continuing to share services with Garrion People’s Housing Co-operative and local RSLs/ partners;
- Undertake a rent comparison/affordability analysis annually.

Objective 5 - Develop our People and Staff

We recognise the vital importance of strong and visionary leadership from the Committee and senior team to developing our staff to be the best they can be.

In 2023/24, we will help achieve this by:-

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- Conducting Annual Committee and staff performance evaluations to ensure all parties understand the vision, values, strategic direction and delivery commitments of the organisation and their part in achieving same;
- From this, we will create learning and development plans to ensure Committee and staff members are trained and developed to deliver on expectations and to reach their full potential;
- We will ensure new members undergo comprehensive induction and future development and training;
- Create a positive culture of continuous and never-ending improvement Focus on excellent customer service;
- Value and invest in all our people.

Objective 6 – Continue our role as a community anchor by providing services and improving our communities to grow and thrive.

In 2023/24 we will help achieve this by:

- Safeguard our culture of innovation, customer/business and excellence;
- Continue with learning and development for committee and staff;
- Ensure succession planning is discussed at regular intervals for both staff and committee.
- Review services delivered to older people across the business.
- Attract new grant funding for regeneration and wider role projects.
- Explore opportunities for selling services.

All of the above needs to be translated into practical tasks with timescales and targets and named individuals taking ownership of delivery.

Committee of Management and Executive Officers

The members of the Management Committee and the Executive Officers are listed on page 1.

Going Concern

The Management Committee has reviewed the results for this year and has also reviewed the projections for the next five years. The Management Committee has considered the risks associated with its activities and has updated its plans and financial projections to ensure that it is able to manage those risks to minimise any financial implications and uncertainties. It therefore has a reasonable expectation that the co-operative has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in these financial statements. Further details are given in the going concern accounting policy in note 1.

Statement of Management Committee's responsibilities

The Co-operative and Community Benefit Societies Act 2014 require The Management Committee to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the co-operative and of the surplus or deficit of the co-operative for that year. In preparing those Financial Statements, the Management Committee is required to:-

- Select suitable accounting policies and then apply them consistently;

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- 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;
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the co-operative will continue in business;
- Prepare a statement on internal Financial Control.

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

The Management Committee must in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Management Committee are aware:

- There is no relevant audit information (information needed by the Housing Co-operative's auditor in connection with preparing their report) of which the co-operative's auditor is unaware, and
- The Management Committee have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Co-operative's auditor is aware of that information.

Statement on Internal Financial Control

The Management Committee acknowledges its ultimate responsibility for ensuring that the co-operative 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 co-operative, or for publication;
- The maintenance of proper accounting records; and
- The safeguarding of assets against unauthorized use or disposition.

It is the Management Committee's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements of the co-operative'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 co-operative's assets;
- Experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;

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- Forecasts and budgets are prepared which allow the management team and the Management Committee to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- Quarterly financial management reports are prepared promptly, providing relevant, reliable, and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- Regulatory returns are prepared, authorized, and submitted promptly to the relevant regulatory bodies;
- All significant new initiatives, major commitments and investment projects are subject to formal authorization procedures, through the Management Committee;
- The Management Committee receive 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 co-operative is undertaken; and
- Formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the co-operative for the year ended 31 March 2023. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Auditors

A resolution to re-appoint the auditor, French Duncan LLP trading as AAB, Chartered Accountants, will be proposed at the Annual General Meeting.

By order of Management Committee


Callum Boughey, Vice Chair

Date: 20/09/2023

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
REPORT BY THE AUDITOR TO THE MEMBERS OF FORGEWOOD HOUSING CO-OPERATIVE LIMITED ON
CORPORATE GOVERNANCE MATTERS FOR THE YEAR ENDED 31 MARCH 2023

In addition to our audit of the Financial Statements, we have reviewed your statement on pages 8 & 9 concerning the co-operative's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the co-operative's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on pages 8 & 9 has provided the disclosures required by the relevant Regulatory Standards with the publication "Our Regulatory Framework" and associated Regulatory Advice Notes by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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



French Duncan LLP trading as AAB

Chartered Accountants and Statutory Auditor
133 Finnieston Street
Glasgow
G3 8HB

Date: 21 September 2023

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORGEWOOD HOUSING CO-OPERATIVE LIMITED FOR THE YEAR ENDED 31 MARCH 2023

Opinion

We have audited the financial statements of Forgewood Housing Co-operative Limited for the year ended 31 March 2023 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in reserves and related notes. 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.

In our opinion the Financial Statements:

- give a true and fair view of the state of the co-operative's affairs as at 31 March 2023 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with 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 housing co-operative in accordance with the ethical requirements that are relevant to our audit of financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the co-operative'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 members with respect to going concern are described in the relevant sections in this report.

Other information

The other information comprises the information contained in the Management Committee's report, other than the financial statements and our auditor's report thereon. The Management Committee are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORGEWOOD HOUSING CO-OPERATIVE LIMITED FOR THE YEAR ENDED 31 MARCH 2023

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

We have nothing to report in this regard.

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 co-operative has not kept proper accounting records; or,
- the financial statements are not in agreement with the books of account of the co-operative; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of committee members

As explained more fully in the management committee's responsibilities statement set out on pages 7 & 8, the committee members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Management Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Committee are responsible for assessing the housing co-operative's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the committee members either intend to liquidate the housing co-operative or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORGEWOOD HOUSING CO-OPERATIVE LIMITED FOR THE YEAR ENDED 31 MARCH 2023

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the housing co-operative's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee members.
- Conclude on the appropriateness of the Management Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the co-operative's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the housing co-operative to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

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

- the responsible individual ensured that the engagement team collectively had the appropriate competence, capabilities, and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the co-operative through discussions with management and Management Committee members and from our sector knowledge;

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORGEWOOD HOUSING CO-OPERATIVE LIMITED FOR THE YEAR ENDED 31 MARCH 2023

- we focused on specific laws and regulations, including those specified by the Scottish Housing Regulator, which we considered may have a direct material effect on the financial statements or the operations of the co-operative, including the Co-operative and Community Benefit Societies Act 2014, Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Statement of Recommended Practice for Social Housing Providers 2018 and Determination of Housing Requirements 2019, and data protection, anti-bribery, employment, and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and committee members; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

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

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

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

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management and Management Committee members as to actual and potential litigation and claims; and
- reviewing correspondence with Scottish Housing Regulator.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance.

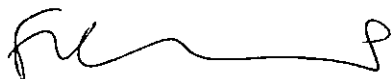
Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Management Committee and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

**FORGEWOOD HOUSING CO-OPERATIVE LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORGEWOOD HOUSING CO-OPERATIVE
LIMITED FOR THE YEAR ENDED 31 MARCH 2023**

Use of our report

This report is made solely to the co-operative's members, as a body, in accordance with Section 87 of the co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the co-operative's members those matters we are required to state to them in an auditors' 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 co-operative and the co-operative's members as a body, for our audit work, for this report, or for the opinions we have formed.



French Duncan LLP trading as AAB
Chartered Accountants and Statutory Auditor
133 Finnieston Street
Glasgow
G3 8HB

Date: 21 September 2023

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Revenue	2	1,290,936	1,156,926
Operating costs	2	<u>(1,216,478)</u>	<u>(1,170,814)</u>
Operating surplus/(deficit)	2, 8	74,458	(13,888)
Interest receivable and other similar income		599	45
Interest payable and other similar charges	7	(64,599)	(29,404)
Other Finance Charges	7	<u>(4,157)</u>	<u>(5,000)</u>
		<u>(68,157)</u>	<u>(34,359)</u>
Suplus/(deficit) for the year		6,301	(48,247)
Other comprehensive income			
Actuarial (losses)/gains in respect of pension scheme	22	(53,000)	119,000
Total comprehensive (loss)/income		<u><u>(46,699)</u></u>	<u><u>70,753</u></u>

The results for the year relate wholly to continuing activities.

The financial statements were approved by the Management Committee, authorised for issue, and signed on its behalf on 20 September 2023



Alan Thomson
Chairperson



Callum Boughey
Vice Chair



John Burton
Committee Member

The notes on pages 20 to 39 form part of these financial statements.

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Notes	2023 £	2022 £
Non-current assets			
Housing properties - depreciated cost	10(a)	4,638,632	4,699,875
Other tangible fixed assets	10(b)	1,925,790	1,970,576
Investments		1	1
		<u>6,564,423</u>	<u>6,670,452</u>
Current assets			
Debtors	12	91,256	196,981
Cash at bank and in hand		<u>524,599</u>	<u>560,040</u>
		615,855	757,021
Creditors: amounts falling due within one year	13	<u>(314,600)</u>	<u>(414,745)</u>
Net current assets		<u>301,255</u>	<u>342,276</u>
Total assets less current liabilities		6,865,678	7,012,728
Creditors: amounts falling due after more than one year	14	(1,425,698)	(1,511,268)
Provisions for liabilities			
Pension - deficit funding liability	22	(54,000)	(24,000)
Deferred income			
Social housing grants	17	(306,407)	(310,155)
Other grants	17	<u>(1,812,848)</u>	<u>(1,853,891)</u>
		<u>3,266,725</u>	<u>3,313,414</u>
Equity			
Share capital	18	93	83
Revenue reserve	18	<u>3,266,632</u>	<u>3,313,331</u>
		<u>3,266,725</u>	<u>3,313,414</u>

The financial statements were approved by the Management Committee, authorised for issue, and signed on its behalf on 20 September 2023



Alan Thomson
Chairperson



Callum Boughey
Vice Chair



John Burton
Committee Member

The notes on pages 20 to 39 form part of these financial statements.

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Net cash inflow from operating activities	15	<u>162,567</u>	<u>128,250</u>
Investing activities			
Acquisition and construction of housing properties and components	10(a)	(46,736)	(101,149)
Social housing grant received	17	-	11,921
Net cash outflow from investing activities		<u>(46,736)</u>	<u>(89,228)</u>
Net cash inflow before financing		115,831	39,022
Financing activities			
Issue of ordinary share capital		10	11
Interest received		599	45
Interest paid		(68,756)	(34,404)
Loan principal repayments		(83,125)	(95,917)
Net cash outflow from financing		<u>(151,272)</u>	<u>(130,265)</u>
Decrease in cash		(35,441)	(91,243)
Opening cash and cash equivalents		<u>560,040</u>	<u>651,283</u>
Closing cash and cash equivalents		<u><u>524,599</u></u>	<u><u>560,040</u></u>

The notes on pages 20 to 39 form part of these financial statements.

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2023

	Share capital	Revenue reserve	Total
	£	£	£
Balance as at 1 April 2022	83	3,313,331	3,313,414
Issue of shares	10	-	10
Cancelled shares	-	-	-
Surplus for year	-	6,301	6,301
Other comprehensive income		(53,000)	(53,000)
Balance as at 31 March 2023	<u>93</u>	<u>3,266,632</u>	<u>3,266,725</u>

	Share capital	Revenue reserve	Total
	£	£	£
Balance as at 1 April 2021	77	3,242,578	3,242,655
Issue of shares	11	-	11
Cancelled shares	(5)	-	(5)
Deficit for year	-	(48,247)	(48,247)
Other comprehensive income	-	119,000	119,000
Balance as at 31 March 2022	<u>83</u>	<u>3,313,331</u>	<u>3,313,414</u>

The notes on pages 20 to 39 form part of these financial statements.

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies

Legal status

The co-operative is incorporated under the Co-operative and Community Benefits Societies Act 2014 and is registered by the Financial Conduct Authority. The co-operative is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102.

Basis of Accounting

These financial statements have been prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for Social Housing Providers 2018 and comply with the requirements of the Determination of Housing Requirements 2019 as issued by the Scottish Housing Regulator.

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

The following principal accounting policies have been applied:

Going Concern

The financial statements have been prepared on a going concern basis after consideration of the future prospects of the co-operative, its long-term financial forecasts for the next five years, and the certainty of cash flow from rental of social housing stock. The co-operative has taken into account any ongoing impact of the current economic uncertainties and inflationary pressures in its consideration and is satisfied that the co-operative has adequate resources to manage the impact of these issues on an ongoing basis.

Revenue

The co-operative recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised as expenditure is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

Government Grants are released to income over the expected useful life of the asset to which it relates.

Retirement Benefits

The co-operative participates in the Scottish Housing Association Defined Benefits Pension Scheme and retirement benefits to employees of the co-operative are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating co-operatives taken as a whole.

The co-operative accounts for the pension scheme on a defined benefit basis based on its share of scheme assets and liabilities as determined by the actuary. Defined benefit costs are recognised in the Statement of Comprehensive Income within operating costs. Actuarial gains and losses are recognised in Other Comprehensive Income. Further details are disclosed in the notes to the accounts.

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies (continued)

Housing properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The co-operative depreciates housing properties by major component on a straight-line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 10(a). Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

Component	Useful Economic Life
Land	Not depreciated
Structure	100 years
Boilers	12 years
Bathrooms	20 years
Windows	30 years
Kitchens	15 years
Heating systems	24 years
Roofs	40 years
Shared ownership	60 years
Electrics	10 years
Paint work	8 years

Depreciation and Impairment of Other Non-Current Assets

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

Community Centre	2% Straight Line
Office Equipment	25% Straight Line

The carrying value of other non-current assets is reviewed for impairment at the end of each reporting year.

Social Housing Grant and Other Grants in Advance/Arrears

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

Social Housing Grant attributed to individual components is written off to the Income and Expenditure Account when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account in the same year as the expenditure to which it relates.

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

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies (continued)

Sales of housing properties

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in the Statement of Comprehensive Income.

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

Estimation uncertainty

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

Life cycle of components

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

Useful lives of other fixed assets

The useful lives of other fixed Assets are based on the knowledge of senior management at the co-operative with reference to expected asset life cycles.

Pension liabilities

This has relied on the actuarial assumptions of qualified actuaries which have been reviewed and are considered reasonable and appropriate. Assumptions in respect of discount rates and inflation will vary from year to year, as will the value of assets and will be dependent on circumstances at the date of valuation.

Housing grants

The co-operative estimates amortisation of grants based on the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

Leases

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Works to Existing Properties

The co-operative capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

Development Interest

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme.

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies (continued)

Key judgements made in the application of accounting policies

a) The categorisation of housing properties

In the judgement of the Management Committee the entirety of the co-operative's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

b) Identification of cash generating units

The co-operative considers its cash-generating units to be the scheme in which it manages its housing property for asset management purposes.

c) Pension liability

In May 2023 the co-operative received details from the Pension Trust of its share of assets, liabilities, and scheme deficit. The co-operative has used this information as the basis of the pension defined benefit liability as disclosed in these accounts. The Management Committee consider this the best estimate of their scheme liability.

Financial instruments – basic

The co-operative only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like rents, accounts receivable and payable, loans from banks and related parties.

These are recognised in accordance with Section 11 of Financial Reporting Standard 102.

The co-operative's debt instruments are measured at amortised cost using the effective interest rate method.

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
NOTES TO THE FINANCIAL STATEMENTS

2. Particulars of revenue, operating costs, and operating surplus/(deficit)

	Note	2023		2022		Operating surplus/(deficit) £
		Revenue £	Operating costs £	Revenue £	Operating costs £	
Social letting activities	3	952,278	(1,011,677)	933,166	(1,013,609)	(80,443)
Other activities	4	338,658	(204,801)	223,760	(157,205)	66,555
Total		<u>1,290,936</u>	<u>(1,216,478)</u>	<u>1,156,926</u>	<u>(1,170,814)</u>	<u>(13,888)</u>

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
NOTES TO THE FINANCIAL STATEMENTS

3. Particulars of income and expenditure from social lettings

	General needs housing £	Supported social housing accommodation £	Shared ownership housing £	2023 £	2022 Total £
Revenue from lettings					
Rent receivable net of identifiable service charges	882,316	-	-	882,316	867,506
Service charges receivable	-	-	-	-	-
Gross rents receivable	882,316	-	-	882,316	867,506
Less rent losses from voids	(2,951)	-	-	(2,951)	(1,889)
Net rents receivable	879,365	-	-	879,365	865,617
Amortisation of social housing & other Grants	3,748	-	-	3,748	3,748
Amortisation of capital grant	41,043	-	-	41,043	41,043
Revenue grants from local authorities and other agencies	28,122	-	-	28,122	22,758
Other revenue grants	-	-	-	-	-
Total income from social letting	952,278	-	-	952,278	933,166
Expenditure on social letting activities					
Management and maintenance administration costs	613,847	-	-	613,847	585,822
Stage 3 costs	18,835	-	-	18,835	20,689
Planned and cyclical maintenance including major repairs	123,711	-	-	123,711	103,548
Reactive maintenance	146,651	-	-	146,651	157,257
Bad debts - rents and service charges	654	-	-	654	4,125
Depreciation of social housing	103,621	-	266	103,887	101,243
Loss on disposal	4,092	-	-	4,092	40,925
Operating costs of social letting	1,011,411	-	266	1,011,677	1,013,609
Operating deficit on social letting activities	(59,133)	-	(266)	(59,399)	(80,443)
2022	(80,177)	-	(266)	(80,443)	

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
NOTES TO THE FINANCIAL STATEMENTS

4. Particulars of income and expenditure from other activities

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total turnover	Operating costs bad debts	Operating costs other	Operating surplus 2023	Operating surplus 2022
	£	£	£	£	£	£	£	£	£
Wider Role activities	97,600	-	-	138,490	236,090	-	(157,325)	78,765	19,816
Contracted out services undertaken for RSL's	-	-	-	5,322	5,322	-	-	5,322	30,037
Factoring services	-	-	-	-	-	-	-	-	-
Other income/ (expenditure)	-	-	-	97,246	97,246	-	(47,476)	49,770	16,702
Total from other activities	97,600	-	-	241,058	338,658	-	(204,801)	133,857	66,555
Total from other activities for 2022	93,788	-	-	129,972	223,760	-	(157,205)	66,555	

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
NOTES TO THE FINANCIAL STATEMENTS

5. Board members and officers emoluments

The officers are defined in the co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers, and employees of the co-operative.

No emoluments have been paid to any member of the management committee.

	2023	2022
	£	£
Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions)	-	-
Emoluments payable to the director (excluding pension contributions)	41,430	40,604
Pension contributions paid on behalf of the director	-	2,468
Total emoluments paid to key management personnel	90,714	88,914

No employee received remuneration amounting to more than £60,000 in either year.

Forgewood Housing Co-operative (FHC) operates a staff sharing arrangement with Garrion People's Housing Co-operative (GPHC) in Wishaw. Director services are recharged at 50% (2022 - 50%) to GPHC for one Director and 50% for one Depute Director provided by FHC.

Payments to board members during the year for reimbursement of expenses totalled £Nil (2022 - £Nil)

6. Employee information

	2023	2022
	£	£
Staff costs during the year:		
Wages and salaries	178,557	222,723
Social security costs	48,907	40,751
Other pension costs	21,878	29,023
	<u>249,342</u>	<u>292,497</u>
	Number	Number
The average number of full time equivalent persons employed during the year was	<u>10</u>	<u>9</u>

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
NOTES TO THE FINANCIAL STATEMENTS

7. Interest payable and similar charges

	2023	2022
	£	£
Bank loans and overdrafts	64,599	29,404
Net pension interest cost	4,157	5,000
	<u>68,756</u>	<u>34,404</u>

8. Surplus/(deficit) for the years

	2023	2022
	£	£
<i>(Deficit)/surplus is stated after charging/(crediting):</i>		
Depreciation of tangible owned fixed assets	148,673	146,029
Auditors' remuneration - audit services	10,200	7,980
Loss on disposal of fixed assets	4,092	40,925
Operating lease rentals	5,161	6,176
Amortisation of capital grants	<u>(44,791)</u>	<u>(44,791)</u>

9. Tax on surplus on ordinary activities

The co-operative is a Registered Scottish Charity and is exempt from Corporation Tax on its charitable activities.

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
NOTES TO THE FINANCIAL STATEMENTS

10. Non-current assets

a) Housing Properties

	Housing properties held for letting £	Completed shared ownership properties £	Total £
Cost			
At start of year	5,390,936	16,000	5,406,936
Additions	46,736	-	46,736
Disposals	(6,609)	-	(6,609)
At end of year	<u>5,431,063</u>	<u>16,000</u>	<u>5,447,063</u>
Depreciation			
At start of year	700,929	6,132	707,061
Charged during year	103,621	266	103,887
Eliminated on disposal	(2,517)	-	(2,517)
At end of year	<u>802,033</u>	<u>6,398</u>	<u>808,431</u>
Net book value			
At end of year	<u>4,629,030</u>	<u>9,602</u>	<u>4,638,632</u>
At start of year	<u>4,690,007</u>	<u>9,868</u>	<u>4,699,875</u>

1. There were no impairment charges in the year.
2. There were no capitalised development administration charges in the year.
3. The co-operative's lenders have standard securities over housing property with a carrying value of £4,629,030 (2022 - £4,690,007).

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
NOTES TO THE FINANCIAL STATEMENTS

10. Non-current assets (continued)

b) Other tangible assets

	Community centre £	Office equipment £	Total £
Cost			
At start of year	2,239,291	82,740	2,322,031
Additions	-	-	-
Disposals	-	-	-
At end of year	<u>2,239,291</u>	<u>82,740</u>	<u>2,322,031</u>
Depreciation			
At start of year	268,715	82,740	351,455
Charged during year	44,786	-	44,786
Disposals	-	-	-
At end of year	<u>313,501</u>	<u>82,740</u>	<u>396,241</u>
Net book value			
At end of year	<u>1,925,790</u>	-	<u>1,925,790</u>
At start of year	<u>1,970,576</u>	-	<u>1,970,576</u>

11. Commitments under operating leases

At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:

	2023 £	2022 £
Not later than one year	720	5,161
Later than one year and not later than five years	106	826
Later than five years	-	-
	<u>826</u>	<u>5,987</u>

12. Debtors

	2023 £	2022 £
Arrears of rent & service charges	20,210	20,474
Less: Provision for doubtful debts	<u>(2,455)</u>	<u>(1,801)</u>
	17,755	18,673
Other debtors	63,142	169,483
Prepayments and accrued income	<u>10,359</u>	<u>8,825</u>
	<u>91,256</u>	<u>196,981</u>

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
NOTES TO THE FINANCIAL STATEMENTS

13. Creditors: Amounts falling due within one year

	2023	2022
	£	£
Housing loans	96,557	94,112
Trade payables	36,686	60,190
Rent in advance	60,064	58,986
Other taxation and social security	13,490	9,505
Other payables	36,826	112,001
Accruals and deferred income	70,977	79,951
	<u>314,600</u>	<u>414,745</u>

14. Creditors: Amounts falling due after one year

	2023	2022
	£	£
Housing loans	<u>1,425,698</u>	<u>1,511,268</u>

The co-operative has a number of long-term housing loans, the terms and conditions of which are as follows:

All of the co-operative's bank borrowings are repayable on a monthly basis with the principal being amortised over the term of the loans. Loans are secured by specific charges on the co-operative's properties. The co-operative has one fixed loan at 2% with all other loans operating on a variable rate of interest. The variable loans are linked to either Base Rate or 3-month LIBOR and the margin is 0.45%.

The Bank loans are repayable as follows:

	2023	2022
	£	£
Between one and two years	101,662	96,557
Between two and five years	322,685	304,984
In five years or more	<u>1,001,351</u>	<u>1,109,727</u>
	<u>1,425,698</u>	<u>1,511,268</u>

15. Statement of cash flows

	2023	2022
	£	£
Reconciliation of operating surplus/(deficit) to balance as at 31 March 2023		
Operating surplus/(deficit)	74,458	(13,888)
Depreciation	148,673	146,029
Loss on disposal	4,092	40,925
Amortisation of capital grants	(44,791)	(44,791)
Revenue grants from local authorities and other agencies	-	(22,358)
Change in debtors	105,725	(131,474)
Change in creditors	(102,590)	184,812
Movement in pension liability	(23,000)	(31,000)
Cancelled shares	-	(5)
	<u>162,567</u>	<u>128,250</u>
Balance as at 31 March 2023		

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
NOTES TO THE FINANCIAL STATEMENTS

16. Analysis of changes in net debt

	1 April 2022	Cash flows	Non- cash changes	31 March 2023
	£	£	£	£
Cash at bank	560,040	(35,441)	-	524,599
Debt due within one year	(94,112)	83,125	(85,570)	(96,557)
Debt due after one year	(1,511,268)	-	85,570	(1,425,698)
Net debt	<u>(1,045,340)</u>	<u>47,684</u>	<u>-</u>	<u>(997,656)</u>

17. Deferred income

	2023 £	2022 £
Capital grants		
Balance as at 1 April 2022	1,853,891	1,894,934
Amortisation in Year	(41,043)	(41,043)
Balance as at 31 March 2023	<u>1,812,848</u>	<u>1,853,891</u>
Social housing grants		
Balance as at 1 April 2022	310,155	324,340
Additions in year	-	11,921
Transferred in year	-	-
Released in year	-	(22,358)
Amortisation in Year	(3,748)	(3,748)
Balance as at 31 March 2023	<u>306,407</u>	<u>310,155</u>
Total deferred grants	<u>2,119,255</u>	<u>2,164,046</u>

This is expected to be released to the Statement of Comprehensive Income as follows:

Amounts due within one year	44,232	44,232
Amounts due in one year or more	<u>2,075,023</u>	<u>2,119,814</u>
	<u>2,119,255</u>	<u>2,164,046</u>

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18. Reserves

Share capital	2023	2022
	£	£
Shares of £1 each issued and fully paid		
At 1 April 2022	83	77
Issued in year	10	11
Cancelled in year	-	(5)
At 31 March 2023	<u>93</u>	<u>83</u>

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

Reserves	2023	2022
	£	£
At 1 April 2022	3,313,331	3,242,578
Surplus/(deficit) for year	6,301	(48,247)
SHAPS pension adjustment	<u>(53,000)</u>	<u>119,000</u>
At 31 March 2023	<u>3,266,632</u>	<u>3,313,331</u>

19. Housing stock

The number of units of accommodation in management at the year end was:-	2023	2022
	No.	No.
General needs	215	215
Shared ownership	1	1
Supported housing	-	-
	<u>216</u>	<u>216</u>

20. Related party transactions

Members of the Management Committee are related parties of the co-operative as defined by Financial Reporting Standard 102. The related party relationships of the members of the Management Committee are summarised as:

- Members are tenants of the co-operative
- Members are factored owners
- Management Committee members cannot use their position to their advantage. Any transactions between the co-operative and any entity with which a Management Committee member has a connection with is made at arm's length and is under normal commercial terms.

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20. Related party transactions (continued)

Transactions with Management Committee members were as follows:

- Rent Received from Tenants on the Committee – £42,622.
- Factoring income received from Owner Occupiers in the Committee - £NIL.
- At the year-end total rent arrears owed by the tenant members of the Committee were – £1,289.
- At the year-end total rent arrears owed by Owner Occupiers of the Committee were - £NIL.

21. Details of co-operative

The co-operative is a Registered Society registered within the Financial Conduct Authority and is domiciled in Scotland.

The co-operative's principal place of business is 49 Dinmont Crescent, Forgewood, Motherwell, ML1 3TT.

The co-operative is a Registered Social Landlord and Scottish Charity that owns and manages social housing in Motherwell.

22. Retirement benefit obligations

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

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

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

The Scheme is classified as a 'last-man standing arrangement'. Therefore, the co-operative 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 was not possible for the co-operative to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the co-operative has accounted for the Scheme as a defined contribution scheme.

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

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22. Retirement benefit obligations (continued)

For accounting purposes, a valuation of the scheme was carried out with an effective date of 30 September 2018. The liability figures from this valuation were rolled forward for accounting year-ends from 31 March 2019 to 29 February 2020 inclusive.

Similarly, actuarial valuations of the scheme were carried out as at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021 inclusive, and as at 30 September 2020 to inform the liabilities for accounting year ends from 31 March 2021 to 28 February 2022 inclusive.

The liabilities are compared, at the relevant accounting date, with the co-operative's fair share of the Scheme's total assets to calculate the co-operative's net deficit or surplus.

**Present values of defined benefit obligation,
Fair value of assets and defined benefit asset (liability)**

	31 March 2023	31 March 2022
	(£000s)	(£000s)
Fair value of plan assets	911	1,472
Present value of defined benefit obligation	965	1,496
(Deficit) surplus in plan	(54)	(24)
Unrecognised surplus	-	-
Defined benefit (liability) asset to be recognised	(54)	(24)
Deferred tax	-	-
Net defined benefit (liability) asset to be recognised	(54)	(24)

Reconciliation of the impact of the asset ceiling

	Period from 31 March 2022 to 31 March 2023	Period from 31 March 2021 to 31 March 2022
	(£000s)	(£000s)
Impact of asset ceiling at start of period	-	-
Effect of the asset ceiling included in net interest cost	-	-
Actuarial losses (gains) on asset ceiling	-	-
Impact of asset ceiling at end of period	-	-

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22. Retirement benefit obligations (continued)

Reconciliation of opening and closing balances of the defined benefit obligation

	Period from 31 March 2022 to 31 March 2023 (£000s)	Period from 31 March 2021 to 31 March 2022 (£000s)
Defined benefit obligation at start of period	1,496	1,554
Current service cost	-	-
Expenses	1	1
Interest expense	41	34
Contributions by plan participants	-	-
Actuarial losses (gains) due to scheme experience	(85)	59
Actuarial losses (gains) due to changes in demographic assumptions	(22)	5
Actuarial (gains) losses due to changes in financial assumptions	(441)	(133)
Benefits paid and expenses	(25)	(24)
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	965	1,496

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

	Period from 31 March 2022 to 31 March 2023 (£000s)	Period from 31 March 2021 to 31 March 2022 (£000s)
Fair value of plan assets at start of period	1,472	1,380
Interest income	41	30
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(601)	50
Contributions by the employer	24	36
Contributions by plan participants	-	-
Benefits paid and expenses	(25)	(24)
Assets acquired in a business combination	-	-
Assets distributed on settlements	-	-
Exchange rate changes	-	-
Fair value of plan assets at end of period	911	1,472

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2023 was £560,000.

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22. Retirement benefit obligations (continued)

Defined benefit costs recognised in Statement of Comprehensive Income (SOCl)

	Period from 31 March 2022 to 31 March 2023 (£000s)	Period from 31 March 2021 to 31 March 2022 (£000s)
Current service cost	-	-
Expenses	1	1
Net interest expense	-	4
Losses (gains) on business combinations	-	-
Losses (gains) on settlements	-	-
Losses (gains) on curtailments	-	-
Losses (gains) due to benefit changes	-	-
Defined benefit costs recognised in statement of comprehensive income (SoCI)	1	5

Reconciliation of defined benefit pension liability (SOFP)

	Period from 31 March 2022 to 31 March 2023 (£000s)	Period from 31 March 2021 to 31 March 2022 (£000s)
Opening pension liability	24	174
Current service cost	-	-
Expenses	1	1
Net interest expense	-	4
Employer contributions	(24)	(36)
Actuarial (gain) / loss	53	(119)
Closing pension liability	54	24

Defined benefit costs recognised in Other Comprehensive Income (OCI)

	Period from 31 March 2022 to 31 March 2023 (£000s)	Period from 31 March 2021 to 31 March 2022 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(601)	50
Experience gains and losses arising on the plan liabilities - (loss) gain	85	(59)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - (loss) gain	22	(5)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	441	133
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(53)	119
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-	-
Total amount recognised in other comprehensive income - gain (loss)	(53)	119

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22. Retirement benefit obligations (continued)

Assets	31 March 2023	31 March 2022
	(£000s)	(£000s)
Global Equity	24	291
Absolute Return	12	67
Distressed Opportunities	28	53
Credit Relative Value	35	47
Alternative Risk Premia	5	61
Emerging Markets Debt	7	55
Risk Sharing	66	48
Insurance-Linked Securities	25	31
Property	38	38
Infrastructure	98	92
Private Debt	41	37
Opportunistic Illiquid Credit	40	49
High Yield	5	14
Opportunistic Credit	-	5
Cash	4	4
Corporate Bond Fund	1	93
Liquid Credit	-	9
Long Lease Property	31	42
Secured Income	61	79
Over 15 Year Gilts	-	1
Liability Driven Investment	386	356
Currency Hedging	2	(5)
Net Current Assets	2	5
Total assets	911	1,472

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.

Key assumptions

	31 March 2023	31 March 2022
	% per annum	% per annum
Discount Rate	4.85%	2.79%
Inflation (RPI)	3.18%	3.51%
Inflation (CPI)	2.78%	3.16%
Salary Growth	3.78%	4.16%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

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22. Retirement benefit obligations (continued)

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

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

Assumptions in respect of discount rates and inflation will vary from year to year, as will the value of assets and will be dependent on circumstances at the date of valuation.

23. Contingent liabilities

The pension withdrawal debt as at 30 September 2022 for Forgewood Housing Co-operative Limited is £395,801.

