

FORGEWOOD HOUSING CO-OPERATIVE LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

Registered Housing Association Number: HAC 271
FCA Reference Number: 2439R (S)
Scottish Charity Registration Number: SC045344

FORGEWOOD HOUSING CO-OPERATIVE LIMITED

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FORGEWOOD HOUSING CO-OPERATIVE LIMITED

THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2016

MEMBERS OF THE MANAGEMENT COMMITTEE

Alan Thompson	(Chairperson)
Jamie Bell	(Vice Chairperson)
William Muir	(Secretary)
Bernadette Harper	(Treasurer)
John Burton	
Charles Millar	
David Hemmings	
Ann Gardiner	
Margaret Fraser	
Edyta Juroczyk	
James Barr	

EXECUTIVE OFFICERS

John Mullholland	(Director)
Catherine Brien	(Depute Director)

REGISTERED OFFICE

79 Kinloch Drive
Forgewood
Motherwell
ML1 3XD

AUDITORS

French Duncan LLP
Chartered Accountants
Statutory Auditors
133 Finnieston Street
Glasgow
G3 8HB

BANKERS

Bank of Scotland 32 Brandon Parade South Motherwell	Clydesdale Bank plc 43 Hamilton Road Motherwell	Nationwide Building Society Caledonia House, Carnegie Avenue Dunfermline
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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

**REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2016**

The Management Committee presents their report and the Financial Statements for the year ended 31st March 2016

Legal Status

The Co-operative is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No. 2439R (S). 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

Current Year

The Committee is satisfied with the Co-operative's performance during the year. The surplus before taxation was £45,782 (2015: £10,057). The Co-operative's net current assets at 31 March 2016 were £531,803 (2015-£42,695). All figures have been stated (2015- restated) under the new FRS102 accounting format.

Changes in Fixed Assets

Details of Fixed Assets are set out in note 12.

The Future

The Co-operative plan to continue to provide good quality, affordable accommodation and take advantage of opportunities as they present themselves.

Management Committee and Executive Officers

The members of the Management Committee and the Executive Officers are listed on Page 3.

**REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2016 (continued)**

Statement of Management Committee's responsibilities

The Co-operative and Community Benefit Act 2014 requires 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;
- 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 - 2014. 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 auditors in connection with preparing their report) of which the Co-operative's auditors are 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 auditors are aware of that information.

**REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2016 (continued)**

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 unauthorised 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 mis-statement 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;
- 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, authorised and submitted promptly to the relevant regulatory bodies;
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Committee;
- The 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 2016. 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.

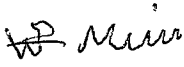
FORGEWOOD HOUSING CO-OPERATIVE LIMITED

**REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2016 (continued)**

Auditors

A resolution to re-appoint the auditors, French Duncan LLP, Chartered Accountants, will be proposed at the Annual General Meeting

By order of Management Committee

William Muir, Secretary 
20 September 2016

REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF FORGEWOOD HOUSING CO-OPERATIVE LIMITED ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on page 6 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 page 6 has provided the disclosures required by the relevant Regulatory Standards within 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
Chartered Accountants
Statutory Auditors
133 Finnieston Street
Glasgow
G3 8HB

27 September 2016

FORGEWOOD HOUSING CO-OPERATIVE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORGEWOOD HOUSING CO-OPERATIVE LIMITED

We have audited the financial statements of Forgewood Housing Co-operative Limited for the year ended 31 March 2016 which comprise an income and expenditure account, balance sheet, statement of cash flows, statement of changes in equity 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.

This report is made solely to the Co-operative's members, as a body, in accordance with 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.

RESPECTIVE RESPONSIBILITIES OF MANAGEMENT COMMITTEE AND AUDITORS

As explained more fully in the Statement of the Management Committee's Responsibilities the Co-operative's Management Committee, are responsible for the preparation of the Financial Statements that give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT ON THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Co-operative's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Management Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in The Management Committee's report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON THE FINANCIAL STATEMENTS

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 2016 and of its surplus 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, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2014.


FORGEWOOD HOUSING CO-OPERATIVE LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We are required to report to you if, in our opinion:

- the information given in the Management Committee's Report is inconsistent with the financial statements.
- proper books of account have not been kept by the Co-operative in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Co-operative in accordance with the requirements of the legislation.
- the Income and Expenditure Account to which our report relates, and the Balance Sheet are not in agreement with the books of the Co-operative.
- we have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters



French Duncan LLP
Chartered Accountants
Statutory Auditors
133 Finnieston Street
Glasgow
G3 8HB

27 September 2016

FORGEWOOD HOUSING CO-OPERATIVE LIMITED

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2016**

	Notes	£	2016 £	£	Restated 2015 £
REVENUE	2.		788,365		755,797
Operating Costs	2.		(669,574)		(690,993)
OPERATING SURPLUS			<u>118,791</u>		<u>64,804</u>
Loss on Sale of Housing Stock	7.	-		(3,816)	
Interest Receivable and Other Income		333		229	
Interest Payable and Similar Charges	8.	(64,342)		(37,160)	
Other Finance Charges	11	(9,000)		(14,000)	
			<u>(73,009)</u>		<u>(54,747)</u>
TOTAL SURPLUS FOR THE YEAR BEFORE TAXATION	9.		45,782		10,057
Tax on surplus on ordinary activities			-		-
TOTAL SURPLUS FOR THE YEAR			<u>45,782</u>		<u>10,057</u>

The notes on pages 15 to 30 form part of these financial statements.

FORGEWOOD HOUSING CO-OPERATIVE LIMITED


**BALANCE SHEET
AS AT 31 MARCH 2016**

	Notes	£	2016 £	£	Restated 2015 £
FIXED ASSETS					
Housing Properties - Depreciated Cost	12.(a)		4,721,612		4,797,689
Other Fixed Assets	12.(b)		1,832,072		340,854
			<u>6,553,684</u>		<u>5,138,543</u>
CURRENT ASSETS					
Debtors	13	96,316		65,576	
Cash at bank and in hand		1,227,169		622,195	
		<u>1,323,485</u>		<u>687,771</u>	
CREDITORS: Amounts falling due within one year	14	<u>(791,682)</u>		<u>(645,076)</u>	
NET CURRENT ASSETS			531,803		42,695
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>7,085,487</u>		<u>5,181,238</u>
CREDITORS: Amounts falling due after more than one year					
Housing Property Loans	15		(2,063,032)		(1,676,409)
Retirement Benefit Scheme Deficit	15		(372,935)		(398,885)
DEFERRED INCOME					
Capital Grant	19		(1,680,820)		(183,026)
NET ASSETS			<u>2,968,700</u>		<u>2,922,918</u>
EQUITY					
Share Capital	18		158		158
Revenue Reserves			2,968,542		2,922,760
			<u>2,968,700</u>		<u>2,922,918</u>

The financial statements were approved by the Management Committee, authorised for issue, and signed on its behalf on 20 September 2016.


Alan Thomson
Chairperson


William Muir
Secretary


Bernadette Harper
Treasurer

The notes on pages 15 to 30 form part of these financial statements.

FORGEWOOD HOUSING CO-OPERATIVE LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016**

	Notes	2016		Restated 2015	
		£	£	£	£
Net Cash Inflow from Operating Activities	16		268,517		356,640
Investing Activities					
Acquisition and Construction of Properties		(1,940)		(132,256)	
Purchase of Other Fixed Assets		(1,497,794)		(183,028)	
Social Housing Grant Received		1,497,794		202,107	
Social Housing Grant Repaid		-		-	
Proceeds on Disposal of Properties		-		-	
Net Cash Outflow from Investing Activities			(1,940)		(113,177)
Financing Activities					
Interest Received on Cash and Cash Equivalents		333		228	
Interest Paid on Loans		(64,342)		(37,160)	
Loan Principal Repayments		15,783		1,397	
Movement in long term borrowings		386,623		(69,511)	
Share Capital Issued		-		-	
Net Cash Inflow/(Outflow) from Financing			338,397		(105,046)
Increase in Cash			604,974		138,417
Opening Cash & Cash Equivalents			622,195		483,778
Closing Cash & Cash Equivalents			1,227,169		622,195

FORGEWOOD HOUSING CO-OPERATIVE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016**

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1 April 2015	158	2,922,760	2,922,918
Surplus for Year	-	45,782	45,782
Balance as at 31 March 2016	158	2,968,542	2,968,700

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1 April 2014	159	2,912,703	2,912,862
Issue of Shares	-	-	-
Cancellation of Shares	(1)	-	(1)
Surplus for Year	-	10,057	10,057
Balance as at 31 March 2015	158	2,922,760	2,922,918

FORGEWOOD HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for Social Housing Providers 2014. The Co-operative is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102.

Information on the impact of first-time adoption of FRS 102 is given in note 24.

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:

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 amounts that it has agreed to pay towards the Scheme deficit in accordance with paragraph 28.11A of FRS 102. The present value of this liability has been recognised in the Balance Sheet. The discount rate applied to this obligation is that of a yield rate for the high quality corporate bond.

Valuation of 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 12. 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.

<i>Component</i>	<i>Useful Economic Life</i>
Boilers	12 years
Bathrooms	20 years
Windows	30 years
Structure	100 years
Kitchens	15 years
Heating Systems	24 years
Roofs	40 years

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

Depreciation and Impairment of Other Non-Current Assets

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

Office premises	- 2% straight line
Office furniture & equipment	- 25% straight line

The carrying value of 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.

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 Income and Expenditure Account.

Disposals of housing property under the Right to Buy scheme are treated as a non-current asset disposals and any gain and loss on disposal accounted for in the Income and Expenditure Account.

Disposals under shared equity schemes are accounted for in the Income and Expenditure Account. 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:

Rent Arrears - Bad Debt Provision

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

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.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

Leases/Leased Assets

Costs in respect of operating leases are charged to the Income and Expenditure Account on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and are depreciated over their useful lives.

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.

Key Judgements made in the application of Accounting Policies

a) Exemptions taken in the transition to FRS 102

The Co-operative has considered and taken advantage of the following exemptions in its first time application of FRS 102:

i) The Co-operative has not revisited previous accounting estimates

b) 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.

c) 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.

Financial Instruments – Basic

The Co-operative recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard

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

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

	Notes	2016			Restated 2015		
		Revenue £	Operating Costs £	Operating Surplus / (Deficit) £	Revenue £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	756,945	635,463	121,482	723,451	650,476	72,975
Other Activities	4.	31,420	34,111	(2,691)	32,346	40,517	(8,171)
Total		788,365	669,574	118,791	755,797	690,993	64,804

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Housing £	Shared ownership £	2016 Total £	Restated 2015 Total £
Revenue from Lettings					
Rent Receivable Net of Identifiable Service Charges	736,575	-	1,299	737,874	724,181
Service Charges Receivable	-	-	-	-	-
Gross Rents Receivable	736,575	-	1,299	737,874	724,181
Less: Rent losses from voids	-	-	-	-	730
Net Rents Receivable	736,575	-	1,299	737,874	723,451
Amortisation of Social Housing Grants and Other Grants	19,071	-	-	19,071	-
Revenue Grants From Scottish Ministers	-	-	-	-	-
Revenue Grants From Local Authorities and Other Agencies	-	-	-	-	-
Total Income From Social Letting	755,646	-	1,299	756,945	723,451
Expenditure on Social Letting Activities					
Service Costs	16,354	-	1,299	17,653	-
Management and maintenance administration costs	406,501	-	-	406,501	429,181
Reactive Maintenance	86,986	-	-	86,986	95,536
Planned and Cyclical Maintenance, including Major Repairs	46,306	-	-	46,306	47,742
Depreciation of Social Housing	78,017	-	-	78,017	78,017
Impairment of Housing	-	-	-	-	-
Operating Costs of Social Letting	634,164	-	1,299	635,463	650,476
Operating Surplus on Social Letting Activities	121,482	-	-	121,482	72,975
2015	72,975	-	-	72,975	

FORGEWOOD HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

5. BOARD MEMBERS AND OFFICERS EMOLUMENTS

	2016	2015
	£	£
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		
Aggregate emoluments payable to Officers with Emoluments greater than £60,000 (excluding pension contributions)	<u>64,323</u>	<u>65,929</u>
Emoluments payable to the Director/Chief Executive (excluding pension contributions)	<u>64,323</u>	<u>65,929</u>
Pension contributions paid on behalf of the Director	<u>6,175</u>	<u>7,437</u>
Total number of Officers, including the highest paid Officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:-		
£60,001 - £70,000	1	1
£70,001 - £80,000	-	-
£80,001 - £90,000	<u>-</u>	<u>-</u>

There was £4,159 paid to board members during the year for reimbursement of expenses (2015-£2,773)

6. EMPLOYEE INFORMATION

	2016	2015
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>8</u>	<u>8</u>
The average total number of Employees employed during the year was	<u>8</u>	<u>8</u>
Staff Costs were:	£	£
Wages and Salaries	220,477	214,139
Social Security Costs	26,666	21,845
Pension Costs	25,308	54,021
	<u>272,452</u>	<u>290,005</u>

FORGEWOOD HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

7. GAIN ON SALE OF HOUSING STOCK

	2016	2015
	£	£
Sales Proceeds	-	22,733
Cost of Sales	-	26,549
Gain/(Loss) on Sale of Housing Stock	-	(3,816)

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2016	2015
	£	£
On Housing Loans	64,342	37,160

9. SURPLUS FOR THE YEAR

	2016	2015
	£	£
Surplus is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	6,577	6,577
- Housing Properties	78,017	76,519
Auditors' Remuneration - Audit Services	6,300	5,708
- Other Services	700	-
Loss on sale of fixed assets	-	3,816

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

The Co-operative is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

11. OTHER FINANCE INCOME/CHARGES

	2016	2015
	£	£
Unwinding of discount on pension liability	9,000	14,000

FORGEWOOD HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

12. FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting	Housing Properties Under Construction	Shared Ownership Properties	Total
	£	£	£	£
COST				
As at 1 April 2015 (restated)	4,858,208	-	16,000	4,874,208
Additions	-	1,940	-	1,940
Disposals	-	-	-	-
As at 31 March 2016	4,858,208	1,940	16,000	4,876,148
DEPRECIATION				
As at 1 April 2015 (restated)	76,519	-	-	76,519
Charge for Year	78,017	-	-	78,017
Disposals	-	-	-	-
As at 31 March 2016	154,536	-	-	154,536
NET BOOK VALUE				
As at 31 March 2016	4,703,672	1,940	16,000	4,721,612
As at 31 March 2015	4,769,985	-	16,000	4,797,689

Additions to housing properties includes capitalised development administration costs of £Nil (2015 - £Nil) and capitalised major repair costs to existing properties of £Nil (2015 - £132,255).

All land and housing properties are heritable.

FORGEWOOD HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

12. FIXED ASSETS (Continued.)

b) Other Tangible Assets	Office Premises £	Office Equipment	HUB £	Total £
COST				
As at 1 April 2015	216,204	64,378	183,026	463,608
Additions	-	-	1,497,794	1,497,794
Disposals	-	-	-	-
As at 31 March 2016	216,204	64,378	1,680,820	1,961,402
DEPRECIATION				
As at 1 April 2015	60,923	61,830	-	122,753
Charge for Year	4,234	2,343	-	6,577
Disposals	-	-	-	-
As at 31 March 2016	65,157	64,173	-	129,330
NET BOOK VALUE				
As at 31 March 2016	151,047	205	1,680,820	1,832,072
As at 31 March 2015	155,281	2,548	183,026	340,854

FORGEWOOD HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

13. DEBTORS

	2016	2015
	£	£
Arrears of Rent & Service Charges	27,531	22,846
Less: Provision for Doubtful Debts	(961)	(961)
	<hr/>	<hr/>
Other Debtors	26,570	21,885
	69,746	43,691
	<hr/>	<hr/>
	96,316	65,576
	<hr/>	<hr/>

14. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	As restated 2015
	£	£
Housing Loans	83,106	67,323
Rent in Advance	37,268	36,001
Other Taxation and Social Security	6,787	7,118
Other Creditors	620,212	454,357
Accruals and Deferred Income	13,242	50,164
Liability for Past Service Contribution arrangements	31,066	30,116
	<hr/>	<hr/>
	791,682	645,076
	<hr/>	<hr/>

FORGEWOOD HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

15. CREDITORS AMOUNTS FALLING DUE AFTER ONE YEAR

	2016	As restated 2015
	£	£
Liability for Past Service Contribution Arrangements	372,935	398,885
Housing Loans	2,063,032	1,676,409

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 a standard security held over the Co-operative's properties. Loans are repayable at current rates of interest ranging from 2.18% to 2.37% (2015 – 2.18% to 2.37%).

16. STATEMENT OF CASH FLOWS

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2016	As restated 2015
	£	£
Operating Surplus	118,791	64,804
Depreciation	84,594	83,410
Change in debtors	(30,740)	43,954
Change in creditors	129,872	163,285
Loss on sale of fixed assets	-	3,816
Deficit contributions	(32,000)	(32,628)
Change in pension assumptions	(2,000)	30,000
Share Capital Written Off	-	(1)
Net cash inflow from operating activities	268,517	356,640

FORGEWOOD HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

17. DEFERRED INCOME

	2016 £	As restated 2015 £
<i>Capital grant</i>		
Balance as at 1 st April 2015	183,026	-
Additions in year	1,497,794	183,026
Balance as at 31 st March 2016	<u>1,680,820</u>	<u>183,026</u>

18. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1 April 2015 and 31 March 2016	<u>158</u>

The Co-operative's shares carry no rights to a dividend or other distributions and are not repayable.

19. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2016 No.	2015 No.
General Needs	214	214
Supported Housing	2	2
Shared Ownership	1	1
	<u>217</u>	<u>217</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:

- 5 Members are tenants of the Co-operative
- No 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.

Transactions with Management Committee members were as follows:

Rent Received from Tenants on the Committee	£ 18,970
Management committee expenses	4,159

- At the year end total rent arrears owed by the tenant members of the Committee were £Nil.

During the year the Co-operative charged Bridges Housing Association Ltd, a company in which the Co-operative owns 50% of the share capital, £15,000 for agency services all of which was outstanding at year end.

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 79 Kinloch Drive, Forgewood, Motherwell, ML1 3XD.

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

22. RETIREMENT BENEFIT OBLIGATIONS

General

Forgewood Housing Co-operative Limited participates in the Scottish Housing Association Pension Scheme (the Scheme).

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers as the scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the year under FRS102 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2012 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £394m. The valuation revealed a shortfall of assets compared with the value of liabilities of £304m, (equivalent to a past service funding level of 62.2%)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

The Scheme operates on a 'last man standing' basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal, then the liability of the withdrawing employer is re-apportioned amongst the remaining employer. Therefore in certain circumstances the Co-operative may become liable for the obligations of a third party.

All employers in the scheme have entered into an agreement to make additional contributions to fund the Scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the balance sheet date the present value of this obligation was £404,000 (2015 - £429,000) This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of high quality corporate bond with a similar term. The discount rate used was 2.29%

The Co-operative made payments totalling £58,978 (2015: £54,021) to the pension scheme during the year.

23. TRANSITION TO THE FINANCIAL REPORTING STANDARD

In accordance with the Statement of Recommended Practice the Co-operative has adopted the Financial Reporting Standard for UK & Ireland (FRS 102) for the accounting year beginning on 1 April 2015. As a result of this the comparative figures for the year ending 31 March 2015 have been restated in accordance with FRS 102.

The transition to FRS 102 has resulted in a number of changes in accounting policies compared with those used previously.

24. PRIOR YEAR ADJUSTMENTS

The following describes the differences between the assets and liabilities and income and expenditure as presented previously, and the amounts as restated to comply with the accounting policies selected in accordance with FRS 102 for the reporting year ending 31 March 2015.

- (i) Previously, capital grants received were netted off against the cost of housing properties. A revaluation was carried out at 1 April 2014 and the EUV-SH has been adopted as the "Deemed Cost". Accordingly the Social Housing Grant has been written off and the corresponding Historical Cost has, similarly, been written down.
- (ii) As the Co-operative has entered into an agreement to make contributions to fund a deficit in the SHAPS pension scheme this has been recognised as a liability in accordance with the FRS. The liability was not previously recognised and payments made under this agreement were written off as operating costs.
- (iii) The liability recognised as a result of (ii) above has been discounted to its present value. The unwinding of the discount is recognised as a finance cost in accordance with FRS102 para 28. 13A
- (iv) In order to fully comply with requirements of the Housing SORP 2014, a review was undertaken to identify any potential holiday pay entitlement liability at the year-end. An adjustment is included in operating costs and accruals.

FORGEWOOD HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

24. PRIOR YEAR ADJUSTMENTS (continued)

		Reconciliation of Capital & Reserves				At 31 March 2015	
		2014		At 1 April		FRS 102 (As Restated)	
Note	As previously stated	Effect of Transition	Effect of Transition	As previously stated	Effect of Transition	As previously stated	Effect of Transition
	£	£	£	£	£	£	£
Non-Current Assets	(i) 4,271,128	663,277	4,934,405	4,855,372	283,171	5,138,543	
Current Assets	593,307	-	593,307	687,771	-	687,771	
Creditors: amounts falling due within one year	(450,278)	(29,115)	(479,393)	(614,959)	(30,117)	(645,076)	
Total assets less current liabilities	4,414,157	634,162	5,048,319	4,928,184	253,054	5,181,238	
Creditors: amounts falling due after more than one year	(1,745,920)	(389,539)	(2,135,457)	(1,676,409)	(398,885)	(2,075,294)	
Deferred income	-	-	-	-	(183,026)	(183,026)	
Net Assets	2,668,239	244,623	2,912,862	3,251,775	(328,857)	2,922,918	
Capital & Reserves	2,668,239	244,623	2,912,862	3,251,775	(328,857)	2,922,918	

FORGEWOOD HOUSING CO-OPERATIVE LIMITED

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016
NOTES TO THE FINANCIAL STATEMENTS**

24. PRIOR YEAR ADJUSTMENTS (continued)

	Note	As previously Stated	Reconciliation of Retained Surpluses for the Year Year Ended 31 March 2015 Effect of Transition	FRS 102 (As Restated)
Revenue	(i)	£ 755,798	£ -	£ 755,798
Operating Costs	(i) & (ii)	(690,993)	-	(690,993)
Interest receivable		228	-	228
Interest payable and similar income		(37,160)	-	(37,160)
Loss on Sale		(3,816)	-	(3,816)
Other financial charges		-	(14,000)	(14,000)
Surplus		24,057	(14,000)	10,057