

**FORGEWOOD HOUSING CO-OPERATIVE LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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 ADVISERS
FOR THE YEAR ENDED 31 MARCH 2021**

MEMBERS OF THE MANAGEMENT COMMITTEE

Callum Boughey	(Chairperson)	
Alan Thomson	(Vice Chair)	
William Muir	(Secretary)	Deceased 15/12/2020
Jolene Martin	(Secretary)	Appointed 27/01/2021
Charlie Millar	(Treasurer)	
Jamie Bell	(Committee Member)	
John Burton	(Committee Member)	
David Hemmings	(Committee Member)	
Sandra Murray	(Committee Member)	
Lee Murray	(Committee Member)	
Tommy Divers	(Committee Member)	
Jolene Martin	(Committee Member)	
Teresa Boyle	(Committee Member)	
Melissa Barclay	(Committee Member)	
Natalie Barclay	(Committee Member)	
Marek Dziekan	(Committee Member)	Appointed 27/01/2021

EXECUTIVE OFFICERS

Cathy Brien (Director)

REGISTERED OFFICE

49 Dinmont Crescent
Forgewood
Motherwell
ML1 3TT

AUDITOR

French Duncan LLP
Chartered Accountants and Statutory Auditors
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 2021

The Management Committee presents their report and the audited Financial Statements for the year ended 31 March 2021.

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 2020/21 financial year was an unusual one. A great deal changed at the start of the year due to the devastating impact of the Covid-19 pandemic. This presented numerous challenges to maintaining essential service delivery and protecting the safety and well-being of tenants, committee members and staff. Despite these challenges the housing Co-operative evoked its business continuity protocol to continue its services through remote working. The Co-operatives' committee and staff have managed to get used to working remotely though with various limitations in place.

Despite the challenges, the Co-operative had another successful year. The surplus for the year, before the pension re-measurement was £17,927 (2020 - £6,669 deficit).

The Co-operative's net current assets at 31 March 2021 were £483,570 (2020 - £630,376).

Adapting to the challenges of the pandemic allowed us to engage with our tenants and the wider community even more. Through funding from a wide range of stakeholders - more notably the Big Lottery - we were able to identify and assist local residents who were adversely affected by lockdown measures. To lessen the impact on our community we provided over 8,000 meals, posted out over 2,150 'Packs of positivity', helped 80 digitally excluded households and provided over 3,000 hours of community development and support.

We focused on service delivery and the continuation of our capital spend programme on which we spent over £135,000. This allowed us to upgrade bathrooms and fire detectors to a number of our properties. We also worked hard to keep in touch with our tenants and engaged with them on our plans and works due. We actively embraced digital technology to communicate with tenants through social media, texting and our website as well as the more traditional methods such as printed newsletters, socially distanced events and consultation events in the local community.

The Future

The Management Committee does not intend to make any changes to Forgewood Housing Co-ops direction as a direct result of the pandemic. However, the impact of Covid19 has delayed a number of areas of the Co-ops work. Despite this, we pushed forward with a new business plan which was independently verified by a reputable firm of consultants. This assessed both our financial viability over the long term but also the qualitative areas of our business so that our strategic objectives can be met. The management committee were delighted to receive the positive assurances about the financial position of the Co-op long-term.

Covid-19 has been a once in a generation challenge, and whilst it has not had any major adverse impact on the Co-operative's finances over the last 12 months, its effects are likely to be felt across the sector on a medium to long

FORGEWOOD HOUSING CO-OPERATIVE LIMITED REPORT FROM THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2021

term basis. Thus, we will continue to analyse and assess its impact on our activities and the overall performance of the Co-op.

We will keep putting service delivery at the heart of our operations, and continue to provide good quality, affordable accommodation. Forgewood Housing Co-operative is committed to creating a safe and healthy environment for our staff, clients and all who come into contact with our services. Following the Government's easing of lockdown restrictions, we will continue to assess and implement public safety guidelines, whilst retaining our focus on our core operations

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. 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.
- Objective 2 We will perform to the best of our abilities as a landlord to deliver excellent services in consultation with tenants and stakeholders on how our performance can be continually improved.
- Objective 3 We will provide quality homes in an attractive environment.
- Objective 4 We will seek to improve our financial strength and deliver value for money through continuing staff sharing arrangements with Forgewood Housing Co-operative.
- Objective 5 Develop our leadership and staff.
- Objective 6 Continue our role as a community anchor by providing services and improving our communities to grow and thrive.

We have implemented as a priority health and safety risk assessments as a result of Covid-19. This will ensure we have the appropriate controls and action plans in place. We will consult with staff regarding the assessments when necessary. These assessments consider the risks within the context of the Government's easing of lockdown restrictions. We will review our risk assessments as and when the Government announces further phases of its Coronavirus response and update it

Governance

Forgewood Housing Co-operative has a Management Committee who are elected by the members of the Co-operative. It is the responsibility of the Committee to undertake the strategy, setting of policy and overall direction of the organisation. They also monitor the operational activities of the Co-operative. The members of the committee are unpaid and serve in a voluntary capacity. We take Governance very seriously and continue to build and strengthen our Governance arrangements through Committee training and development on a continuous basis.

Committee of Management and Executive Officers

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

FORGEWOOD HOUSING CO-OPERATIVE LIMITED REPORT FROM THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2021

Going Concern

The Committee has reviewed the results for this year and has also reviewed the projections for the next five years. The Committee has considered the risks associated with Covid-19 and has updated its plans and financial projections to ensure that it is in a position to deal with the financial implications and uncertainty around Covid-19. 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;
- 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:

**FORGEWOOD HOUSING CO-OPERATIVE LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2021**

- 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 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;
- 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;
- All expenditure is authorised by senior staff and Management Committee;
- The Co-operative has a corporate strategy in place which details the strategic and operational objectives of the business;
- There are controls in place to ensure the Organisation meets its covenants as detailed in its loan agreements with lenders;
- The treasury management policy ensures that borrowing and investment are based on an assessment of risk;
- The Organisation has 30-year cash flow projections which are updated annually. The underlying assumptions show a good understanding of the Association's business objectives, key risks and commitments and include up to date life cycle costing information;
- A risk management plan is in place which takes a structured approach to the identification and analysis of key risks, the likelihood of these materialising and their possible impact;
- Adequate insurance for the business has been taken out;
- 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;
- 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.

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 2021. No weaknesses were found in the internal financial controls

**FORGEWOOD HOUSING CO-OPERATIVE LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2021**

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, Chartered Accountants, will be proposed at the Annual General Meeting.

By order of Management Committee

Signature



Jolene Martin, Secretary
Date: 28 September 2021

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 2021

In addition to our audit of the Financial Statements, we have reviewed your statement on pages 4 and 5 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 4 and 5 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.

DocuSigned by:

92CBEP4C8C0F442
French Duncan LLP

Chartered Accountants
Statutory Auditors
133 Finnieston Street
GLASGOW
G3 8HB

Date: 29 September 2021

**FORGEWOOD HOUSING CO-OPERATIVE LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORGEWOOD HOUSING CO-OPERATIVE
LIMITED FOR THE YEAR ENDED 31 MARCH 2021**

OPINION

We have audited the financial statements of Forgewood Housing Co-operative Limited for the year ended 31 March 2021 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 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: 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 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 trustees' report, other than the financial statements and our auditor's report thereon. The trustees 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.

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

**FORGEWOOD HOUSING CO-OPERATIVE LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORGEWOOD HOUSING CO-OPERATIVE
LIMITED FOR THE YEAR ENDED 31 MARCH 2021**

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 page 4, 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 trustees 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.

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.

**FORGEWOOD HOUSING CO-OPERATIVE LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORGEWOOD HOUSING CO-OPERATIVE
LIMITED FOR THE YEAR ENDED 31 MARCH 2021**

- 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 trustees' 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 charitable company'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 than 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 association through discussions with management and management committee members and from our sector knowledge;
- 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 association, 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 inspecting legal invoices; 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 association's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

**FORGEWOOD HOUSING CO-OPERATIVE LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORGEWOOD HOUSING CO-OPERATIVE
LIMITED FOR THE YEAR ENDED 31 MARCH 2021**

The Extent to Which the Audit Was Considered Capable of Detecting Irregularities Including Fraud (continued)

- making enquiries of Board and Board 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;
- reviewing internal audit reports prepared during the year;
- enquiring of Board and Board members as to actual and potential litigation and claims;
- inspecting any legal invoices; 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 2021**

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.

DocuSigned by:

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French Duncan LLP

Chartered Accountants and Statutory Auditors
133 Finnieston Street
GLASGOW
G3 8HB

Date: 29 September 2021

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
REVENUE	2	1,105,049	1,061,794
Operating costs	2	<u>(1,049,338)</u>	<u>(1,018,846)</u>
OPERATING SURPLUS	2, 9	55,711	42,948
Loss on sale of housing stock	7	(6,388)	(1,069)
Interest receivable and other similar income		116	577
Interest payable and other similar charges	8	(31,512)	(44,125)
Other Finance Charges	11	<u>-</u>	<u>(5,000)</u>
		<u>(37,784)</u>	<u>(49,617)</u>
SURPLUS/(DEFICIT) FOR THE YEAR		17,927	(6,669)
OTHER COMPREHENSIVE INCOME			
Actuarial (losses)/gains in respect of pension scheme	23	(214,000)	194,000
TOTAL COMPREHENSIVE (LOSS)/INCOME		<u>(196,073)</u>	<u>187,331</u>

The results for the year relate wholly to continuing activities.

The notes on page 17 to 39 form part of these financial statements.

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Notes	2021 £	2020 £
NON-CURRENT ASSETS			
Housing properties - depreciated cost	12(a)	4,740,894	4,709,595
Other tangible fixed assets	12(b)	2,015,362	2,060,148
Investments		1	1
		<u>6,756,257</u>	<u>6,769,744</u>
CURRENT ASSETS			
Debtors	13	65,507	191,907
Cash at bank and in hand		<u>651,283</u>	<u>769,706</u>
		716,790	961,613
CREDITORS: amounts falling due within one year	14	<u>(233,220)</u>	<u>(331,237)</u>
NET CURRENT ASSETS		<u>483,570</u>	<u>630,376</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		7,239,827	7,400,120
CREDITORS: amounts falling due after more than one year			
housing property loans	15	(1,603,898)	(1,703,368)
PROVISIONS FOR LIABILITIES			
Pension - deficit funding liability	23	(174,000)	(1,000)
DEFERRED INCOME			
Social Housing Grants	18	(324,340)	(321,048)
Other Grants	18	<u>(1,894,934)</u>	<u>(1,935,977)</u>
		<u>3,242,655</u>	<u>3,438,727</u>
EQUITY			
Share capital	19	77	76
Revenue reserve	19	<u>3,242,578</u>	<u>3,438,651</u>
		<u>3,242,655</u>	<u>3,438,727</u>

The financial statements were approved by the Management Committee, authorised for issue, and signed on its behalf on 29 September 2021


Callum Boughey
Chairperson


Charlie Millar
Treasurer


Jolene Martin
Secretary

The notes on page 17 to 39 form part of these financial statements.

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	16	<u>135,744</u>	<u>169,662</u>
INVESTING ACTIVITIES			
Acquisition and construction of housing properties and components	(135,688)	(20,185)	
Social Housing Grant received	7,040	4,164	
Proceeds of disposals of housing properties	-	19,317	
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES		<u>(128,648)</u>	<u>3,296</u>
NET CASH INFLOW BEFORE FINANCING		7,096	172,958
FINANCING ACTIVITIES			
Issue of ordinary share capital	4	10	
Interest received	116	577	
Interest paid	(31,512)	(44,125)	
Loan principal repayments	(94,127)	(87,703)	
NET CASH (OUTFLOW) FROM FINANCING		<u>(125,519)</u>	<u>(131,241)</u>
(DECREASE)/INCREASE IN CASH		(118,423)	41,717
OPENING CASH AND CASH EQUIVALENTS		<u>769,706</u>	<u>727,989</u>
CLOSING CASH AND CASH EQUIVALENTS		<u>651,283</u>	<u>769,706</u>

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2021

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 1 April 2020	76	3,438,651	3,438,727
Issue of Shares	4	-	4
Cancelled shares	(3)	-	(3)
Surplus for Year	-	17,927	17,927
Other Comprehensive Income		(214,000)	(214,000)
Balance as at 31 March 2021	<u>77</u>	<u>3,242,578</u>	<u>3,242,655</u>
	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 1 April 2019	72	3,251,320	3,251,392
Issue of Shares	10	-	10
Cancelled shares	(6)	-	(6)
Deficit for Year	-	(6,669)	(6,669)
Other comprehensive income	-	194,000	194,000
Balance as at 31 March 2020	<u>76</u>	<u>3,438,651</u>	<u>3,438,727</u>

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
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 and the certainty of cash flow from rental of social housing stock. The Co-operative has taken into account the Covid 19 pandemic in its consideration and is satisfied that the Co-operative has adequate resources to manage the impact of the pandemic 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 2021
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

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(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

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.

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.

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

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:

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.

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.

Costs of Shared Ownership

The Co-operative allocates costs to shared ownership properties on a percentage basis split across the number of properties the Co-operative owns.

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 2021
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 2021 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 2021
NOTES TO THE FINANCIAL STATEMENTS

2. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS

		2021			2020		
	Note	Revenue £	Operating Costs £	Operating surplus/ (deficit) £	Revenue £	Operating Costs £	Operating surplus/ (deficit) £
Social letting activities	3	893,872	(841,775)	52,097	874,985	(810,818)	64,167
Other activities	4	<u>211,177</u>	<u>(207,563)</u>	<u>3,614</u>	<u>186,809</u>	<u>(208,028)</u>	<u>(21,219)</u>
Total		<u><u>1,105,049</u></u>	<u><u>(1,049,338)</u></u>	<u><u>55,711</u></u>	<u><u>1,061,794</u></u>	<u><u>(1,018,846)</u></u>	<u><u>42,948</u></u>

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Social Housing Accommodation £	Shared Ownership Housing £	2021 £	2020 Total £
Revenue from lettings					
Rent receivable net of identifiable service charges	845,857	-	-	845,857	830,874
Service charges receivable	-	-	-	-	-
Gross rents receivable	845,857	-	-	845,857	830,874
Less rent losses from voids	(704)	-	-	(704)	(2,494)
Net rents receivable	845,153	-	-	845,153	828,380
Amortisation of Social Housing & Other Grants	3,748	-	-	3,748	3,429
Amortisation of Capital Grant	41,043	-	-	41,043	42,086
Revenue grants from local authorities and other agencies	3,928	-	-	3,928	1,090
Other Revenue grants	-	-	-	-	-
Total income from social letting	893,872	-	-	893,872	874,985
Expenditure on social letting activities					
Management and maintenance administration costs	550,215	-	-	550,215	555,903
Stage 3 costs	2,092	-	-	2,092	406
Planned and cyclical maintenance including major repairs	83,996	-	-	83,996	78,900
Reactive maintenance	97,554	-	-	97,554	84,308
Bad debts - rents and service charges	9,917	-	-	9,917	1,552
Depreciation of social housing	97,735	-	266	98,001	89,749
Operating costs of social letting	841,509	-	266	841,775	810,818
Operating surplus on social letting activities	52,363	-	(266)	52,097	64,167
2020	62,931	-	1,236	64,167	

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
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/ (deficit) 2021 £	2020 £
Wider Role Activities	80,684	-	-	54,898	135,582	-	(135,086)	496	1,856
Contracted out services undertaken for RSL's	-	-	-	33,730	33,730	-	(32,939)	791	(9,846)
Factoring services	-	-	-	2,532	2,532	-	-	2,532	-
Other income/ (expenditure)	-	-	-	39,333	39,333	-	(39,538)	(205)	(13,229)
TOTAL FROM OTHER ACTIVITIES	<u>80,684</u>	<u>-</u>	<u>-</u>	<u>130,493</u>	<u>211,177</u>	<u>-</u>	<u>(207,563)</u>	<u>3,614</u>	<u>(21,219)</u>
TOTAL FROM OTHER ACTIVITIES FOR 2020	<u>47,487</u>	<u>-</u>	<u>-</u>	<u>139,322</u>	<u>186,809</u>	<u>-</u>	<u>(208,028)</u>	<u>(21,219)</u>	

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
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.

	2021	2020
	£	£
Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions)	-	-
Emoluments payable to the director (excluding pension contributions)	40,055	41,180
Pension contributions paid on behalf of the director	3,264	3,213
Total emoluments paid to key management personnel	90,307	91,518

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% (2020 - 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 (2020 - £1,349)

6. EMPLOYEE INFORMATION

	2021	2020
	£	£
Staff costs during the year:		
Wages and salaries	176,262	196,812
Social security costs	39,269	24,692
Other pension costs	29,879	23,576
	<u>245,410</u>	<u>245,080</u>
	Number	Number
The average number of full time equivalent persons employed during the year was	<u>9</u>	<u>7</u>

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

7. LOSS ON SALE OF HOUSING STOCK

	2021	2020
	£	£
Sales proceeds	-	19,317
Cost of sales	(6,388)	(20,386)
Loss on sale	<u>(6,388)</u>	<u>(1,069)</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2021	2020
	£	£
Bank loans and overdrafts	<u>31,512</u>	<u>44,125</u>

9. OPERATING SURPLUS FOR THE YEAR

	2021	2020
	£	£
Surplus is stated after charging/(crediting):		
Depreciation of tangible owned fixed assets	142,787	134,535
Auditors' remuneration - audit services	7,980	7,462
Operating lease rentals	-	3,365
Amortisation of capital grants	<u>(44,791)</u>	<u>(45,515)</u>

10. TAX ON SURPLUS/(LOSS) ON ORDINARY ACTIVITIES

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

11. OTHER FINANCE CHARGES

	2021	2020
	£	£
Net pension interest cost	<u>-</u>	<u>5,000</u>

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

12. NON-CURRENT ASSETS

a) Housing Properties

	Housing Properties Held for Letting £	Completed shared ownership properties £	Total £
COST			
At start of year	5,205,734	16,000	5,221,734
Additions	135,688	-	135,688
Disposals	(7,920)	-	(7,920)
At end of year	<u>5,333,502</u>	<u>16,000</u>	<u>5,349,502</u>
DEPRECIATION			
At start of year	506,539	5,600	512,139
Charged during year	97,735	266	98,001
Eliminated on disposal	<u>(1,532)</u>	<u>-</u>	<u>(1,532)</u>
At end of year	<u>602,742</u>	<u>5,866</u>	<u>608,608</u>
NET BOOK VALUE			
At end of year	<u>4,730,760</u>	<u>10,134</u>	<u>4,740,894</u>
At start of year	<u>4,699,195</u>	<u>10,400</u>	<u>4,709,595</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 £4,730,760 (2020 - £4,699,195).

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

12. 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	179,143	82,740	261,883
Charged during year	44,786	-	44,786
Disposals	-	-	-
At end of year	<u>223,929</u>	<u>82,740</u>	<u>306,669</u>
NET BOOK VALUE			
At end of year	<u>2,015,362</u>	-	<u>2,015,362</u>
At start of year	<u>2,060,148</u>	-	<u>2,060,148</u>

13. DEBTORS

	2021 £	2020 £
Arrears of Rent & Service Charges	17,501	21,919
Less: Provision for Doubtful Debts	<u>(4,409)</u>	<u>(2,513)</u>
	13,092	19,406
Other Debtors	44,934	167,637
Prepayments and accrued income	<u>7,481</u>	<u>4,864</u>
	<u>65,507</u>	<u>191,907</u>

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

14. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Housing Loans	97,399	92,056
Trade Payables	20,331	50,879
Rent in Advance	47,624	38,081
Other Taxation and Social Security	11,359	10,205
Other Payables	15,101	77,780
Accruals and Deferred Income	41,406	62,236
	<u>233,220</u>	<u>331,237</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2021	2020
	£	£
Housing loans	<u>1,603,898</u>	<u>1,703,368</u>

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

All of the Association'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:

	2021	2020
	£	£
Between one and two years	98,923	93,956
Between two and five years	306,155	293,664
In five years or more	1,198,819	1,315,748
	<u>1,603,898</u>	<u>1,703,368</u>

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

16. STATEMENT OF CASH FLOWS

Reconciliation of operating surplus to balance as at 31 March 2021	2021	2020
	£	£
Operating Surplus	55,711	42,948
Depreciation	142,787	134,535
Amortisation of Capital Grants	(44,791)	(45,515)
Change in debtors	126,400	(45,817)
Change in creditors	(103,360)	118,517
Deficit contributions	(41,000)	(35,000)
Cancelled Shares	(3)	(6)
Balance as at 31 March 2021	<u>135,744</u>	<u>169,662</u>

17. ANALYSIS OF CHANGES IN NET DEBT

	1 April	Cash	Non-cash	31 March
	2020	flows	changes	2021
	£	£	£	£
Cash at bank	769,706	(118,423)	-	651,283
Debt due within one year	(92,056)	94,127	(99,470)	(97,399)
Debt due after one year	(1,703,368)	-	99,470	1,603,898
Net debt	<u>(1,025,718)</u>	<u>(24,296)</u>	<u>-</u>	<u>2,157,782</u>

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

18. DEFERRED INCOME

	2021	2020
	£	£
Capital Grants		
Balance as at 1 April 2020	1,935,977	1,978,063
Amortisation in Year	(41,043)	(42,086)
Balance as at 31 March 2021	<u>1,894,934</u>	<u>1,935,977</u>
Social Housing Grants		
Balance as at 1 April 2020	321,048	320,313
Additions in year	-	4,164
Transferred in year - recycled	7,040	-
Amortisation in Year	(3,748)	(3,429)
Balance as at 31 March 2021	<u>324,340</u>	<u>321,048</u>
Total deferred grants	<u><u>2,219,274</u></u>	<u><u>2,257,025</u></u>

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

Amounts due within one year	44,791	45,515
Amounts due in one year or more	<u>2,174,483</u>	<u>2,211,510</u>
	<u><u>2,219,274</u></u>	<u><u>2,257,025</u></u>

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

19. RESERVES

Share Capital	2021	2020
	£	£
Shares of £1 each Issued and Fully Paid		
At 1 April 2020	76	72
Issued in year	4	10
Cancelled in year	(3)	(6)
At 31 March 2021	<u>77</u>	<u>76</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	2021	2020
	£	£
At 1 April 2020	3,438,651	3,251,320
Surplus/(deficit) for year	17,927	(6,669)
SHAPS pension adjustment	(214,000)	194,000
At 31 March 2021	<u>3,242,578</u>	<u>3,438,651</u>

20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2021	2020
	No.	No.
General Needs	215	215
Shared Ownership	1	1
Supported Housing	-	-
	<u>216</u>	<u>216</u>

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

21. 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.

Transactions with Management Committee members were as follows:

- Rent Received from Tenants on the Committee – £27,722.
- 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 – £195.
- At the year-end total rent arrears owed by Owner Occupiers of the Committee were - £NIL.

22. 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.

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

23. 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.

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.

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

23. RETIREMENT BENEFIT OBLIGATIONS (Continued)

Pension Scheme Liability movements:

	2021	2020
	£'000	£'000
As at 1 April 2020	1	225
De-recognition of deficit funding liability	-	-
Adjustment for FRS 102 remeasurement	-	-
Net interest expense	(1)	4
Expenses	1	1
Deficit contributions Paid	(41)	(35)
Impact of change in assumptions	214	(194)
As at 31 March 2021	<u>174</u>	<u>1</u>

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

	31 March 2021	31 March 2020
	(£000s)	(£000s)
Fair value of plan assets	1,380	1,243
Present value of defined benefit obligation	1,554	1,244
Surplus (deficit) in plan	(174)	(1)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(174)	(1)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	-	-

RECONCILIATION OF THE IMPACT OF THE ASSET CEILING

	Period ended	Period ended
	31 March 2021	31 March 2020
	(£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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23. RETIREMENT BENEFIT OBLIGATIONS (Continued)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period ended 31 March 2021	Period ended 31 March 2020
	(£000s)	(£000s)
Defined benefit obligation at start of period	1,244	1,351
Current service cost	-	-
Expenses	1	1
Interest expense	29	31
Contributions by plan participants	-	-
Actuarial losses (gains) due to scheme experience	(14)	52
Actuarial losses (gains) due to changes in demographic assumptions	-	(8)
Actuarial losses (gains) due to changes in financial assumptions	318	(160)
Benefits paid and expenses	(24)	(23)
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	1,554	1,244

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

	Period ended 31 March 2021	Period ended 31 March 2020
	(£000s)	(£000s)
Fair value of plan assets at start of period	1,243	1,126
Interest income	30	27
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	90	78
Contributions by the employer	41	35
Contributions by plan participants	-	-
Benefits paid and expenses	(24)	(23)
Assets acquired in a business combination	-	-
Assets distributed on settlements	-	-
Exchange rate changes	-	-
Fair value of plan assets at end of period	1,380	1,243

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2021 was £120,000.

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23. RETIREMENT BENEFIT OBLIGATIONS (Continued)

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

	Period from 31 March 2020 to 31 March 2021 (£000s)	Period from 31 March 2019 to 31 March 2020 (£000s)
Current service cost	-	-
Expenses	1	1
Net interest expense	(1)	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 (SoCl)	-	5

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Period ended 31 March 2021 (£000s)	Period ended 31 March 2020 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	90	78
Experience gains and losses arising on the plan liabilities - gain (loss)	14	(52)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	-	8
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(318)	160
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(214)	194
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)	(214)	194

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23. RETIREMENT BENEFIT OBLIGATIONS (Continued)

ASSETS

	31 March 2021	31 March 2020
	(£000s)	(£000s)
Global Equity	213	171
Absolute Return	68	76
Distressed Opportunities	47	23
Credit Relative Value	40	30
Alternative Risk Premia	55	100
Fund of Hedge Funds	-	-
Emerging Markets Debt	56	44
Risk Sharing	49	39
Insurance-Linked Securities	29	33
Property	25	23
Infrastructure	77	73
Private Debt	33	25
Opportunistic Illiquid Credit	35	30
	36	-
	38	-
Corporate Bond Fund	104	91
Liquid Credit	24	33
Long Lease Property	32	30
Secured Income	76	69
Over 15 Year Gilts	1	16
Index Linked All Stock Gilts	-	-
Liability Driven Investment	332	328
Net Current Assets	10	9
Total assets	1,380	1,243

KEY ASSUMPTIONS

	31 March 2021	31 March 2020
	% per annum	% per annum
Discount Rate	2.19%	2.36%
Inflation (RPI)	3.26%	2.58%
Inflation (CPI)	2.87%	1.58%
Salary Growth	3.87%	2.58%
	75% of	75% of
Allowance for commutation of pension for cash at retirement	maximum allowance	maximum allowance

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23. RETIREMENT BENEFIT OBLIGATIONS (Continued)

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

	Life expectancy at age 65 (Years)
Male retiring in 2020	21.5
Female retiring in 2020	23.4
Male retiring in 2040	22.8
Female retiring in 2040	25.0

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.

24. CONTINGENT LIABILITIES

The pension withdrawal debt as at 30 September 2020 for Forgewood Housing Co-operative Limited is £1,004,247.