

**HAWTHORN HOUSING CO-OPERATIVE LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

Registered Housing Association Number: HAC171
FCA Reference Number: 2195R (S)

HAWTHORN HOUSING CO-OPERATIVE LIMITED

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**HAWTHORN HOUSING CO-OPERATIVE LIMITED
THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2025**

MEMBERS OF THE MANAGEMENT COMMITTEE

Cathie Ritchie	(Chairperson)
Helen Graham	(Vice Chairperson)
Martha McGeouch	(Secretary)
Eileen Wallace	(Treasurer)
Rachel Elizabeth Bowman	
William Fleeting	
Rose Logan	(Resigned 28 April 2025)
Caroline Cameron	(Resigned 31 March 2025)
Marie McCreadie	
Shannon Whitelaw	(Appointed 17 September 2024)
Louise Wilson	(Appointed 17 September 2024)
James Marshall	(Appointed 17 February 2025)
Eileen Murphy	(Appointed 17 February 2025)

EXECUTIVE OFFICERS

Colin Turnbull	(Director)
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REGISTERED OFFICE

23A Finlas Street
Possilpark
Glasgow
G22 5DB

AUDITOR

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

BANKERS

The Royal Bank of Scotland
Kirkintilloch Branch
116 Cowgate
Kirkintilloch
G66 1JX

SOLICITORS

T C Young
7 West George Street
Glasgow
G2 1BA

HAWTHORN HOUSING CO-OPERATIVE LIMITED

REPORT FROM THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2025

The Management Committee presents their report and the audited Financial Statements for the year ended 31 March 2025.

Legal Status

The Co-operative is a registered non-profit making co-operative under the Co-operative and Community Benefit Societies Act 2014 No. 2195R (S). The Co-operative is governed under its Rule Book.

Principal Activities

The principal activities of the Co-operative are the provision, construction, improvement and management of rented accommodation.

Review of the Business

Review of the Current Year Performance

We monitor our performance every quarter across a range of financial and non-financial indicators with benchmarking against previous performance and performance of others to make it more meaningful.

During the year, our performance in dealing with arrears improved significantly.

Our other performance was similar to the previous year.

Our strong financial performance is shown by the following indicators in March 2025-

- Surplus before taxation - £337,520
- Financial covenant - Interest cover – 2985%

We comfortably meet all our covenants with none of them causing any concern.

Assurance

In October 2024 we submitted our sixth assurance statement to the Scottish Housing Regulator. We identified no areas of material non-compliance, and this was supported by external reviews of our compliance. Overall, the Co-op assessed that it fully complies in 58 indicators with 12 indicators where there were non-material areas of improvement. This shows an improvement from 55 and 15 the year before.

Business Plan

The Co-op agreed its Business Plan for 2024-29 in June 2024. The plan reiterates the Co-operative's vision of "Leading the creation of a community with excellent homes where we are proud to live" and doing this by being "For the Community, from the Community."

A consultant assisted the co-op to develop the 5-year Business Plan and she also carried out a strategic appraisal of options for achieving our business objectives.

In this review the Co-op reviewed its strategic objectives and confirmed that its focus would be on consolidation – improving the homes and services we provide rather than growth.

During the year the Co-op obtained £10,000 from the Lintel Trust to support its community development activities. The Community Development Worker post was funded, in the main from a three-year grant from Glasgow City Council.

**HAWTHORN HOUSING CO-OPERATIVE LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2025**

Development

The Co-operative confirmed that it would not participate in the development of costs on Cowlaire Park. The decision was taken because of the likely cost of the development, the impact on the Co-op's ability to borrow in the future, potential difficulties with future maintenance and the level of subsidy from existing tenants.

Principal Risks and Uncertainties Faced

The Co-operative has a comprehensive risk management policy. The Co-op reviewed this policy in March 2025. This approach has been fully reviewed by two consultants and will be internally audited in 2025/26. Our Audit sub-committee reviews the risk map each quarter and this is reported to the Management Committee with a full review carried out each year. In the annual review, we also consider the risk registers from at least two other RSLs (Registered Social Landlords) to check if there they have identified risks that we have missed.

In the annual review carried out by the Management Committee in February 2025, the Co-op assessed our highest risks as –

- Unable to achieve healthy long-term governance due to small pool for committee members
- Increasing rent arrears
- Breaching tenant safety regulations

Going Concern

The Management Committee has reviewed the results for the year and the projections for the next five years. The Management Committee has a reasonable expectation that the Co-operative has adequate resources to continue in operational existence for the near future. For this reason, the going concern basis has been adopted in these financial statements. Further details are provided in the accounting policies note 1.

Governance

The Co-op has taken a number of steps to deal with the risk it identified:

- Conducting a successful recruitment campaign
- Providing more support for new committee members to improve retention
- Improving attendance at training sessions to develop governing body members

**HAWTHORN HOUSING CO-OPERATIVE LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2025**

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 judgements 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 - 2025. 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.

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.

Auditor

The external audit services are being re-tendered, and once this process is complete the auditor appointment will be confirmed by the Management Committee.

By order of Management Committee

Signature



Helen Graham, Vice Chairperson

Date: 1 September 2025

HAWTHORN HOUSING CO-OPERATIVE LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2025

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 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 Co-operative 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 Co-operative has 30-year cash flow projections which are updated annually. The underlying assumptions show a good understanding of the Co-operative'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;

**HAWTHORN HOUSING CO-OPERATIVE LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2025**

- 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 2025. 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.

By order of Management Committee

Signature

A black rectangular box redacting the signature of the Vice Chairperson.

Helen Graham, Vice Chairperson

Date: 1 September 2025

HAWTHORN HOUSING CO-OPERATIVE LIMITED

REPORT BY THE AUDITOR TO THE MEMBERS OF HAWTHORN HOUSING CO-OPERATIVE LIMITED ON CORPORATE GOVERNANCE MATTERS FOR THE YEAR ENDED 31 MARCH 2025

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

GLASGOW

Date: 1 September 2025

HAWTHORN HOUSING CO-OPERATIVE LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAWTHORN HOUSING CO-OPERATIVE
LIMITED FOR THE YEAR ENDED 31 MARCH 2025

OPINION

We have audited the financial statements of Hawthorn Housing Co-operative Limited for the year ended 31 March 2025 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in capital and reserves and related notes including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the Financial Statements:

- give a true and fair view of the state of the Co-operative's affairs as at 31 March 2025 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements February 2025.

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 Annual 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 course of the audit or otherwise appears to be materially misstated. If we identify such

HAWTHORN HOUSING CO-OPERATIVE LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAWTHORN HOUSING CO-OPERATIVE
LIMITED FOR THE YEAR ENDED 31 MARCH 2025

material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you, if in our opinion:

- a satisfactory system of control over transactions has not been maintained; or,
- the Co-operative has not kept proper accounting records; or,
- the financial statements are not in agreement with the books of account of the Co-operative; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF COMMITTEE MEMBERS

As explained more fully in the Management Committee's responsibilities statement set out on 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 committee members 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

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 Auditors' 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.

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:

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities including fraud to be:

HAWTHORN HOUSING CO-OPERATIVE LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAWTHORN HOUSING CO-OPERATIVE LIMITED FOR THE YEAR ENDED 31 MARCH 2025

- Management override of controls to manipulate the association's key performance indicators to meet targets;
- The valuation of post-retirement benefit obligations;
- Management judgement applied in calculating estimates; and
- Compliance with relevant laws and regulations which directly impact the financial statements and those that the company needs to comply with for the purpose of trading.

Our audit procedures to respond to these risks included:


- Testing of journal entries and other adjustments for appropriateness;
- Evaluating the business rationale of significant transactions outside the normal course of business;
- Reviewing key assumptions used by the Scheme actuary and critically assessing them to benchmark rates provided by pension specialists;
- Reviewing judgements made by management in their calculation of accounting estimates for potential management bias;
- Enquiries of management about litigation and claims and inspection of relevant correspondence;
- Reviewing legal and professional fees to identify indications of actual or potential litigation, claims and any non-compliance with laws and regulations;
- Performing a disclosure checklist on the financial statements to ensure Companies Act 2006 requirements are satisfied;
- Analytical procedures to identify any unusual or unexpected trends or relationship; and
- Reviewing minutes of meetings of those charged with governance to identify any matters indicating actual or potential fraud.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the Co-operative's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Co-operative's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Co-operative and the Co-operative's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

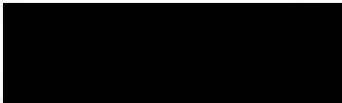
Date: 1 September 2025

HAWTHORN HOUSING CO-OPERATIVE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2025


	Notes	2025 £	2024 £
REVENUE	2	1,970,289	1,953,088
Operating costs	2	<u>(1,584,728)</u>	<u>(1,635,952)</u>
OPERATING SURPLUS	2,8	385,561	317,136
Loss on disposal	9	(13,679)	(19,023)
Interest receivable and other similar income		32,981	24,764
Interest payable and other similar charges	7	(59,343)	(73,100)
Other Finance Charges	11	<u>(8,000)</u>	<u>(3,000)</u>
		<u>(48,041)</u>	<u>(70,359)</u>
Surplus for the year		337,520	246,777
Taxation	10	(6,561)	(7,048)
SURPLUS FOR THE YEAR		330,957	239,729
OTHER COMPREHENSIVE INCOME			
Actuarial gain/(loss) in respect of pension scheme	24	24,000	(92,000)
TOTAL COMPREHENSIVE INCOME		<u>354,957</u>	<u>147,729</u>

The results for the year relate wholly to continuing activities.

The financial statements were approved by the Management Committee, authorised for issue, and signed on its behalf on 1 September 2025.


Cathie Ritchie
Chairperson


Helen Graham
Vice Chairperson

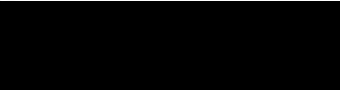

Eileen Wallace
Treasurer

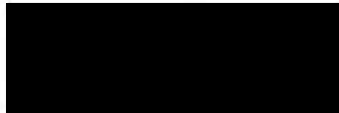
The notes on page 15 to 37 form part of these financial statements.

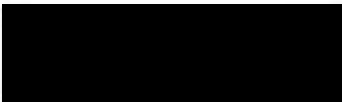
HAWTHORN HOUSING CO-OPERATIVE LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2025

	Notes	2025 £	2024 £
NON-CURRENT ASSETS			
Housing properties - depreciated cost	12(a)	13,415,424	13,714,866
Other tangible fixed assets	12(b)	379,530	391,606
		<u>13,794,954</u>	<u>14,106,472</u>
CURRENT ASSETS			
Debtors	14	132,587	106,572
Funds on deposit		450,000	350,000
Cash at bank and in hand		1,247,064	959,999
		<u>1,829,651</u>	<u>1,416,571</u>
CREDITORS: amounts falling due within one year	15	<u>(505,088)</u>	<u>(621,842)</u>
NET CURRENT ASSETS		<u>1,324,563</u>	<u>794,729</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		15,119,517	14,901,201
CREDITORS: amounts falling due after more than one year	16	(1,566,757)	(1,630,430)
PROVISIONS FOR LIABILITIES			
Pension - defined benefit liability	24	(152,000)	(168,000)
DEFERRED INCOME			
Social Housing Grants	19	(3,426,692)	(3,483,661)
		<u>9,974,068</u>	<u>9,619,110</u>
EQUITY			
Share capital	20	376	375
Revenue reserve	20	9,973,692	9,618,735
		<u>9,974,068</u>	<u>9,619,110</u>

The financial statements were approved by the Management Committee, authorised for issue, and signed on its behalf on 1 September 2025.


Cathie Ritchie
Chairperson


Helek Graham
Vice Chairperson


Eileen Wallace
Treasurer

The notes on page 15 to 37 form part of these financial statements.

HAWTHORN HOUSING CO-OPERATIVE LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2025

	Notes	2025 £	2024 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	17	<u>648,587</u>	<u>896,087</u>
INVESTING ACTIVITIES			
Acquisition and construction of housing properties	12	(172,480)	(337,508)
Purchase of other fixed assets	12	<u>(1,794)</u>	<u>(3,182)</u>
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		<u>(174,274)</u>	<u>(340,690)</u>
NET CASH INFLOW BEFORE FINANCING		474,313	555,397
FINANCING ACTIVITIES			
Issue of ordinary share capital	11		13
Interest received		32,981	24,764
Interest paid		(59,343)	(73,100)
Loan principal repayments	18	<u>(60,897)</u>	<u>(1,144,108)</u>
NET CASH (OUTFLOW) FROM FINANCING		<u>(87,248)</u>	<u>(1,192,431)</u>
INCREASE/(DECREASE) IN CASH		387,065	(637,034)
OPENING CASH AND CASH EQUIVALENTS		1,309,999	1,947,033
CLOSING CASH AND CASH EQUIVALENTS		<u>1,697,064</u>	<u>1,309,999</u>

The notes on page 15 to 37 form part of these financial statements.

HAWTHORN HOUSING CO-OPERATIVE LIMITED
STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2025

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1 April 2024	375	9,618,735	9,619,110
Issue of Shares	11	-	11
Cancelled shares	(10)	-	(10)
Surplus for Year	-	330,957	330,957
Other comprehensive income	-	24,000	24,000
Balance as at 31 March 2025	<u>376</u>	<u>9,973,692</u>	<u>9,974,068</u>

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1 April 2023	376	9,471,006	9,471,382
Issue of Shares	13	-	13
Cancelled shares	(14)	-	(14)
Surplus for Year	-	239,729	239,729
Other comprehensive income	-	(92,000)	(92,000)
Balance as at 31 March 2024	<u>375</u>	<u>9,618,735</u>	<u>9,619,110</u>

HAWTHORN HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Legal status

The Co-operative is incorporated under the Co-operative and Community Benefit 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 2025 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 Management Committee have assessed the Co-operative's ability to continue as a going concern and have reasonable expectations that the Co-operative has adequate resources to continue in operational existence for the foreseeable future. The Co-operative continues to return operating surpluses and has a strong balance sheet with serviceable debt and liquid assets. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

The Co-operative has taken into account the current economic circumstances in its consideration and updated budgets accordingly. The Co-operative is satisfied that it has adequate resources to manage the impact of the economic factors 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 of a revenue nature are recognised in income in the same period as the related expenditure.

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 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 of the scheme and its assumptions are included in note 24.

HAWTHORN HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The Co-operative depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 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	15 years
Close Doors	20 years
Bathrooms	25 years
Windows	30 years
Kitchens	15 years
Heating systems	30 years
Roofs	40 years

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 property	2% straight line
Furniture and fittings	15% straight line
Caretaker equipment	25% straight line
Computer equipment	33% straight line
Office equipment	10% straight line
Motor vehicle	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 Statement of Comprehensive Income when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Statement of Comprehensive Income 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.

HAWTHORN HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Sales of Housing Properties

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

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

Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Investments

Monies held on deposit with a maturity date exceeding three months are classified as current asset investments.

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.

HAWTHORN HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

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.

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 2025, 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.

HAWTHORN HOUSING CO-OPERATIVE LIMITED
 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 NOTES
 TO THE FINANCIAL STATEMENTS

2. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS

	Note	2025		2024		Operating surplus/ (deficit) £
		Revenue £	Operating Costs £	Revenue £	Operating Costs £	
Social letting activities	3	1,914,065	(1,524,037)	1,808,462	(1,491,325)	317,137
Other activities	4	56,224	(60,691)	144,626	(144,627)	(1)
Total		1,970,289	(1,584,728)	1,953,088	(1,635,952)	317,136

HAWTHORN HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 NOTES
TO THE FINANCIAL STATEMENTS

3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Social Housing Accommodation £	Shared Ownership Housing £	2025 Total £	2024 Total £
Revenue from lettings					
Rent receivable net of identifiable service charges	1,830,745	-	-	1,830,745	1,741,880
Service charges receivable	-	-	-	-	-
Gross rents receivable	1,830,745	-	-	1,830,745	1,741,880
Less rent losses from voids	(5,308)	-	-	(5,308)	(2,899)
Net rents receivable	1,825,437	-	-	1,825,437	1,738,981
Amortisation of Social Housing & Other Grants	56,969	-	-	56,969	56,969
Revenue grants from local authorities and other agencies	31,659	-	-	31,659	12,512
Other Revenue grants	-	-	-	-	-
Total income from social letting	1,914,065	-	-	1,914,065	1,808,462
Expenditure on social letting activities					
Management and maintenance administration costs	743,321	-	-	743,421	701,400
Stage 3 costs	28,780	-	-	28,780	11,375
Planned and cyclical maintenance including major repairs	153,204	-	-	153,204	190,285
Reactive maintenance	155,378	-	-	155,378	148,971
Bad debts - rents and service charges	(14,890)	-	-	(14,890)	9,335
Depreciation of social housing	458,244	-	-	458,244	429,959
Operating costs of social letting	1,524,037	-	-	1,524,037	1,491,325
Operating surplus on social letting activities	390,028	-	-	390,028	317,137
2024	317,137	-	-	317,137	

HAWTHORN HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 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 (deficit) 2025	Operating surplus/ (deficit) 2024
	£	£	£	£	£	£	£	£	£
Wider Role Activities	-	-	-	-	-	-	(3,562)	(3,562)	-
Rechargeable Repairs	-	-	-	-	-	(905)	-	(905)	(1,102)
Other income/ (expenditure)	-	-	-	56,224	56,224	-	(56,224)	-	1,101
TOTAL FROM OTHER ACTIVITIES					<u>56,224</u>	<u>(905)</u>	<u>(59,786)</u>	<u>(4,467)</u>	<u>(1)</u>
TOTAL FROM OTHER ACTIVITIES FOR 2024	-	-	-	<u>144,626</u>	<u>144,626</u>	<u>(1,102)</u>	<u>(143,525)</u>	<u>(1)</u>	

HAWTHORN HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025
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.

	2025	2024
	£	£
Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions)	83,412	78,690
Emoluments payable to the director (excluding pension contributions)	83,412	78,690
Pension contributions paid on behalf of the director	7,632	7,200
Total emoluments paid to key management personnel	91,044	85,890

Total number of officers, including the highest paid officer, who received emoluments (excluding pension contributions) over £60,000 was in the following range:

	Number	Number
£70,001 - £80,000	1	1

During the year, £682 (2024 - £527) was paid to committee members in respect of reimbursement of expenses.

HAWTHORN HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025
NOTES TO THE FINANCIAL STATEMENTS

6. EMPLOYEE INFORMATION

	2025 £	2024 £
Staff costs during the year:		
Wages and salaries	441,337	403,426
Social security costs	36,056	30,310
Other pension costs	42,406	38,685
	<u>519,799</u>	<u>472,421</u>
	Number	Number
The average number of full time equivalent persons employed during the year was	<u>11</u>	<u>11</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2025 £	2024 £
Bank loans and overdrafts	<u>59,343</u>	<u>73,100</u>

8. OPERATING SURPLUS FOR THE YEAR

	2025 £	2024 £
Surplus is stated after charging/(crediting):		
Depreciation	472,114	446,045
Auditors' remuneration	13,104	11,940
Other audit services	2,153	-
Operating lease rentals	735	938
Amortisation of capital grants	<u>(56,969)</u>	<u>(56,969)</u>

9. LOSS ON DISPOSAL

	2025 £	2024 £
Components replaced - cost	51,635	127,330
Cumulative depreciation on replaced components	37,956	108,307
(Loss) on disposal of replaced components	<u>13,679</u>	<u>19,023</u>

HAWTHORN HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025
NOTES TO THE FINANCIAL STATEMENTS

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

	2025 £	2024 £
The tax charge/(credit) is made up as follows:		
Current Tax:		
Corporation Tax at 19% (2024 – 19%)	6,561	7,048

Factors affecting the tax charge:

The tax assessed in the year is greater than the standard rate of corporation tax in the UK. The difference is explained below:-

	2025 £	2024 £
Surplus on ordinary activities before tax	<u>337,520</u>	<u>246,777</u>
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2024 - 19%)	64,129	46,888
Non taxable surplus	(57,568)	(39,840)
	<u>6,561</u>	<u>7,048</u>

11. OTHER FINANCE CHARGES

	2025 £	2024 £
Net interest expense on defined benefit pension scheme	<u>8,000</u>	<u>3,000</u>

HAWTHORN HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025
NOTES TO THE FINANCIAL STATEMENTS

12. NON-CURRENT ASSETS

a) Housing Properties

	Housing Properties Held for Letting	Housing Properties Under Construction	Total
	£	£	£
COST			
At start of year	16,882,166	-	16,882,166
Additions	172,480	-	172,480
Disposals	(51,635)	-	(51,635)
At end of year	<u>17,003,011</u>	<u>-</u>	<u>17,003,011</u>
DEPRECIATION			
At start of year	3,167,300	-	3,167,300
Charged during year	458,243	-	458,243
Eliminated on disposal	(37,956)	-	(37,956)
At end of year	<u>3,587,587</u>	<u>-</u>	<u>3,587,587</u>
NET BOOK VALUE			
At end of year	<u>13,415,424</u>	<u>-</u>	<u>13,415,424</u>
At start of year	<u>13,714,866</u>	<u>-</u>	<u>13,714,866</u>

1. There were no impairment charges in the year.
2. New components capitalised during the year amounted to £172,480 (2024 - £337,508).
3. The Co-operative's lenders have standard securities over housing property with a carrying value of £2,985,300 (2024 - £ 3,051,935).

HAWTHORN HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025
NOTES TO THE FINANCIAL STATEMENTS

12. NON-CURRENT ASSETS (continued)

b) Other tangible assets

	Office Property £	Furniture & Fittings £	Computer Equipment £	Carotaker Equipment £	Motor Vehicles £	Office Equipment £	Total £
COST							
At start of year	556,393	25,077	27,762	32,141	7,674	16,311	665,358
Additions	-	-	1,794	-	-	-	1,794
Disposals	-	-	(2,738)	-	-	-	(2,738)
At end of year	<u>556,393</u>	<u>25,077</u>	<u>26,818</u>	<u>32,141</u>	<u>7,674</u>	<u>16,311</u>	<u>664,414</u>
DEPRECIATION							
At start of year	166,919	25,077	25,630	32,141	7,674	16,311	273,752
Charged during year	11,128	-	2,742	-	-	-	13,870
Disposals	-	-	(2,738)	-	-	-	(2,738)
At end of year	<u>178,047</u>	<u>25,077</u>	<u>25,634</u>	<u>32,141</u>	<u>7,674</u>	<u>16,311</u>	<u>284,884</u>
NET BOOK VALUE							
At end of year	<u>378,346</u>	<u>-</u>	<u>1,184</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>379,530</u>
At start of year	<u>389,474</u>	<u>-</u>	<u>2,132</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>391,606</u>

13. COMMITMENTS UNDER OPERATING LEASES

	2025 £	2024 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Not later than one year	735	735
Later than one year and not later than five years	<u>389</u>	<u>1,126</u>
	<u>1,124</u>	<u>1,861</u>

14. DEBTORS

	2025 £	2024 £
Arrears of Rent & Service Charges	123,949	126,953
Less: Provision for Doubtful Debts	<u>(56,795)</u>	<u>(62,173)</u>
	67,154	64,780
Other Debtors	23,869	14,845
Prepayments and accrued income	<u>41,564</u>	<u>26,947</u>
	<u>132,587</u>	<u>106,572</u>

HAWTHORN HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025
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15. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2025	2024
	£	£
Housing Loans	63,671	60,897
Trade Payables	112,167	182,345
Rent in Advance	75,153	76,879
Other Taxation and Social Security	6,561	7,048
Other Creditors	-	20,000
Accruals and Deferred Income	<u>247,536</u>	<u>274,673</u>
	<u>505,088</u>	<u>621,842</u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2025	2024
	£	£
Housing loans	1,506,757	1,570,430
Other Creditors	<u>60,000</u>	<u>60,000</u>
	<u>1,566,757</u>	<u>1,630,430</u>

Loans are secured by specific charges on the Co-operative's properties. The Co-operative has one fixed loan at 3.68%.

The Bank loans are repayable as follows:

	2025	2024
	£	£
Between one and two years	66,037	63,671
Between two and five years	189,692	196,905
In five years or more	<u>1,251,028</u>	<u>1,309,854</u>
	<u>1,506,757</u>	<u>1,570,430</u>

HAWTHORN HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025
NOTES TO THE FINANCIAL STATEMENTS

17. CASH FLOW FROM OPERATING ACTIVITIES

Reconciliation of operating surplus to cash flow from operating activities

	2025	2024
	£	£
Operating Surplus	385,561	317,136
Depreciation	472,114	446,045
Amortisation of Capital Grants	(56,969)	(56,969)
Change in debtors	(26,015)	(3,634)
Change in creditors	(120,988)	197,625
Deficit contributions	(2,000)	(2,000)
Cancelled Shares	(10)	(14)
Tax paid	(5,106)	(4,102)
Pension service scheme costs	2,000	2,000
Cash flow from operating activities	<u>648,587</u>	<u>896,087</u>

18. ANALYSIS OF CHANGES IN NET DEBT

Reconciliation of net debt as at 31 March 2025

	1 April 2024	Cash flows	Other changes	31 March 2025
	£	£	£	£
Cash at bank	1,309,999	387,065	-	1,697,064
Due within one year	(60,897)	(2,774)	-	(63,671)
Due after one year	(1,570,430)	63,671	-	(1,506,759)
Net debt	<u>(321,328)</u>	<u>447,962</u>	<u>-</u>	<u>126,634</u>

HAWTHORN HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025
NOTES TO THE FINANCIAL STATEMENTS

19. DEFERRED INCOME

	2025 £	2024 £
Social Housing Grants		
Balance as at 1 April 2024	3,483,661	3,540,630
Additions in year	-	-
Transferred in year - recycled	-	-
Released / Repaid as the result of property disposal	-	-
Amortisation in Year	(56,969)	(56,969)
Balance as at 31 March 2025	<u>3,426,692</u>	<u>3,483,661</u>
Total deferred grants	<u>3,426,692</u>	<u>3,483,661</u>

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

Amounts due within one year	56,969	56,969
Amounts due in one year or more	<u>3,369,723</u>	<u>3,426,692</u>
	<u>3,426,692</u>	<u>3,483,661</u>

HAWTHORN HOUSING CO-OPERATIVE LIMITED
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20. RESERVES

Share Capital	2025	2024
	£	£
Shares of £1 each Issued and Fully Paid		
At 1 April 2024	375	376
Issued in year	11	13
Cancelled in year	<u>(10)</u>	<u>(14)</u>
At 31 March 2025	<u>376</u>	<u>375</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	2025	2024
	£	£
At 1 April 2024	9,618,735	9,471,006
Surplus	330,957	239,729
SHAPS pension adjustment	<u>24,000</u>	<u>(92,000)</u>
At 31 March 2025	<u>9,973,692</u>	<u>9,618,735</u>

21. HOUSING STOCK

The number of units of accommodation in management at the year end was:-

	2025	2024
	No.	No.
General Needs - New Build	173	173
- Rehabilitation	<u>191</u>	<u>191</u>
	<u>364</u>	<u>364</u>

HAWTHORN HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025
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22. RELATED PARTY TRANSACTIONS

Members of the Management Committee and their close family 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:

- 12 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 and their close family members were as follows:

- Rent Received from Tenants on the Committee and close family members – £100,997.
- Factoring income received from Owner Occupiers in the Committee - £NIL.
- At the year-end total rent arrears owed by the tenant members of the Committee were – £1,844.
- At the year-end total rent arrears owed by Owner Occupiers of the Committee were - £NIL.

23. 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 23A Finlas St, Cowlairs Industrial Estate, Glasgow G22 5DB. The

Co-operative is a Registered Social Landlord that owns and manages social housing in Glasgow.

HAWTHORN HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025
NOTES TO THE FINANCIAL STATEMENTS

24. 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 2021. This valuation revealed a deficit of £27m. A Recovery Plan was put in place to eliminate the deficit which ran to 30 September 2022.

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 accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2024. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2024 to 28 February 2025 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.

HAWTHORN HOUSING CO-OPERATIVE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

24. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Pension Scheme Liability movements:

	<u>2025</u>	<u>2024</u>
	(£000s)	(£000s)
As at 1 April 2024	168	73
Current Service	-	-
Net Interest expense	8	3
Expenses	2	2
Deficit Contributions Paid	(2)	(2)
Impact of change in assumptions	(24)	92
As at 31 March 2025	<u>152</u>	<u>168</u>

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

	31 March 2025	31 March 2024
	(£000s)	(£000s)
Fair value of plan assets	1,121	1,233
Present value of defined benefit obligation	1,273	1,401
Surplus (deficit) in plan	(152)	(168)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(152)	(168)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	(152)	(168)

RECONCILIATION OF THE IMPACT OF THE ASSET CEILING

	Period ended 31	Period ended 31
	March 2025	March 2024
	(£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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24. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period ended 31 March 2025 (£000s)	Period ended 31 March 2024 (£000s)
Defined benefit obligation at start of period	1,401	1,558
Current service cost	-	-
Expenses	2	2
Interest expense	67	70
Contributions by plan participants	-	-
Actuarial losses (gains) due to scheme experience	29	16
Actuarial losses (gains) due to changes in demographic assumptions	-	(9)
Actuarial losses (gains) due to changes in financial assumptions	(169)	(8)
Benefits paid and expenses	(57)	(228)
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	1,273	1,401

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

	Period ended 31 March 2025 (£000s)	Period ended 31 March 2024 (£000s)
Fair value of plan assets at start of period	1,233	1,485
Interest income	59	67
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(116)	(93)
Contributions by the employer	2	2
Contributions by plan participants	-	-
Benefits paid and expenses	(57)	(228)
Assets acquired in a business combination	-	-
Assets distributed on settlements	-	-
Exchange rate changes	-	-
Fair value of plan assets at end of period	1,121	1,233

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2025 was (£57,000).

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24. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

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

	Period from 31 March 2024 to 31 March 2025 (£000s)	Period from 31 March 2023 to 31 March 2024 (£000s)
Current service cost	-	-
Expenses	2	2
Net interest expense	8	3
Losses (gains) on business combinations	-	-
Losses (gains) on settlements	-	-
Losses (gains) on curtailments	-	-
Losses (gains) due to benefit changes	-	-
Defined benefit costs recognised in statement of comprehensive income (SoCI)	10	5

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Period ended 31 March 2025 (£000s)	Period ended 31 March 2024 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(116)	(93)
Experience gains and losses arising on the plan liabilities - gain (loss)	(29)	(16)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	-	9
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	169	8
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	24	(92)
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)	24	(92)

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24. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

ASSETS

	31 March 2025 (£000s)	31 March 2024 (£000s)
Global Equity	130	142
Absolute Return	-	55
Distressed Opportunities	-	45
Credit Relative Value	-	43
Alternative Risk Premia	-	44
Liquid Alternatives	206	-
Emerging Markets Debt	-	22
Risk Sharing	-	74
Insurance-Linked Securities	4	8
Property	56	52
Infrastructure	-	118
Private Equity	1	1
Real Assets	134	-
Private Debt	-	50
Opportunistic Illiquid Credit	-	49
Private Credit	140	-
Credit	48	-
Investment Grade Credit	51	-
High Yield	-	-
Cash	6	32
Corporate Bond Fund	-	-
Liquid Credit	-	-
Long Lease Property	-	9
Secure Income	26	41
Liability Driven Investment	316	447
Currency Hedging	2	(1)
Net Current Assets	1	2
Total assets	1,121	1,233

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

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24. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

KEY ASSUMPTIONS

	31 March 2025	31 March 2024
	% per annum	% per annum
Discount Rate	5.85%	4.90%
Inflation (RPI)	3.09%	3.15%
Inflation (CPI)	2.79%	2.78%
Salary Growth	3.79%	3.78%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2025 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2025	20.2
Female retiring in 2025	22.7
Male retiring in 2044	21.5
Female retiring in 2044	24.2

25. CONTINGENT LIABILITY

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 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-appointed amongst the remaining employers. Therefore, in certain circumstances the Co-operative may become liable for the obligations of a third party.

The last triennial valuation of the scheme for funding purposes was carried out in September 2024. This valuation revealed a total deficit of £79.5m. A new Recovery Plan has therefore been put in place, with deficit contributions to re-start from April 2026 for the following four years.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from 31 March to 28 February inclusive. The latest accounting valuation was carried out with an effective date of 30 September 2024. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2024 to 28 February 2025 inclusive.

