

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

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

FORGEWOOD HOUSING CO-OPERATIVE LIMITED

CONTENTS

THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS.....1

REPORT FROM THE MANAGEMENT COMMITTEE.....2

REPORT BY THE AUDITOR ON CORPORATE GOVERNANCE MATTERS.....12

INDEPENDENT AUDITOR'S REPORT.....13

STATEMENT OF COMPREHENSIVE INCOME.....18

STATEMENT OF FINANCIAL POSITION.....19

STATEMENT OF CASH FLOWS.....20

STATEMENT OF CHANGES IN CAPITAL AND RESERVES.....21

NOTES TO THE FINANCIAL STATEMENTS.....22

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISORS
FOR THE YEAR ENDED 31 MARCH 2026

Members of the management committee

Alan Thomson	(Chairperson)	
Callum Boughey	(Vice Chair)	
Jolene Martin	(Secretary)	
Thomas Divers	(Treasurer)	
John Burton	(Committee Member)	
Charlie Millar	(Committee Member)	
Karen Brown	(Committee Member)	
Sandra Brown	(Committee Member)	
Angie Robinson	(Committee Member)	
Sharon Bonner	(Committee Member)	
Margaret Hemmings	(Committee Member)	
Kirsty Wright	(Committee Member)	
Edosa Nelson Fidelis	(Committee Member)	Appointed 17 th September 2025

Executive officers

Paul Lennon	(Director)
-------------	------------

Registered office

49 Dinmont Crescent
Forgewood
Motherwell
ML1 3TT

Auditor

AAB Audit & Accountancy Limited
Statutory Auditor
133 Finnieston Street
Glasgow
G3 8HB

Bankers

Bank of Scotland	Nationwide Building Society
32 Brandon Parade South	Nationwide House, Pipers Way
Motherwell	Swindon
ML1 1RB	SN38 1NW

Solicitors

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

FORGEWOOD HOUSING CO-OPERATIVE LIMITED

REPORT FROM THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2026

The Management Committee present their report (incorporating the Strategic Report) and the audited financial statements for the year ended 31 March 2026.

Legal Status

Forgewood Housing Co-operative is a registered non-profit making organisation under the Cooperative and Community Benefits Societies Act 2014 No 2439R(S). The Co-op is a registered Scottish charity, Industrial and Provident Societies Acts No. 2439R(S) and with Scottish Housing Regulator formerly Communities Scotland No. HAC 271. Registered Scottish Charity (charity number SC045344 and under Property Factors (Scotland) Act 2011 as No: PF000179

The Co-op is registered with the Financial Conduct Authority as a Co-operative and Community Benefits Society, The Office of the Scottish Charities Regulator (OSCR) as a charity and the Scottish Housing Regulator as a Registered Social Landlord.

Principal Activity

The principal activities of the Co-op are to provide:

- Affordable and attractive housing for social rent in a well maintained community;
- Management and maintenance services to tenants; and
- Community initiatives and support wider role activities.

Corporate & Governance

During 2025/26, the Co-operative benefited from a stable and committed Management Committee comprising 13 shareholder members. Membership remained healthy, with 107 shareholders recorded at the year end. The register of Committee members is reviewed and updated annually to ensure compliance with governance requirements.

The Annual General Meeting, held in September 2025, was attended by 19 members, comprising both Management Committee members and resident shareholders, reflecting continued engagement in the governance of the Co-operative.

The Management Committee has once again complied with all its statutory and regulatory requirements throughout the year and approved its Annual Assurance Statement in October 2025. This Statement was submitted to the Scottish Housing Regulator (SHR) and has been made available to all tenants and stakeholders. The Committee has an approved Assurance Improvement Plan, which details the areas of the Regulatory Framework that can be upgraded from simple compliance to achieving best practice

Progress against the Annual Assurance statement and plan is monitored throughout the year, with the Management Committee receiving regular updates informed by tenant engagement activities, focus groups, staff feedback and performance reporting. This approach helps ensure that compliance is maintained while continuously improving service delivery and governance practices.

In March 2026, the Scottish Housing Regulator published Forgewood Housing Co-operative's Engagement Plan for 2026/27, confirming the Co-operative's compliant status. The Regulator confirmed that engagement during the forthcoming year would be limited to the submission of standard regulatory returns and the reporting of any notifiable events, reflecting confidence in the Co-operative's governance and performance.

FORGEWOOD HOUSING CO-OPERATIVE LIMITED

REPORT FROM THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2026

In May 2025, Forgewood Housing Co-operative took part in an Annual Assurance Statement engagement visit by the Scottish Housing Regulator. The visit focused on assurance processes, tenant and resident safety, and covenant compliance. Feedback from the Regulator was positive and constructive, with only minor areas identified for further enhancement. These were addressed promptly by the Co-operative and subsequently acknowledged by the Regulator. Areas of positive practice highlighted during the visit were subsequently published on the Scottish Housing Regulator website, Scottish Housing News and the Co-operative's own website.

Key highlights and feedback from the year

- By 31 March 2026, the Co-operative had maintained a stable and experienced staff team following the successful leadership transition that took place at the beginning of the previous year. The Director and Senior Management Team continued to work effectively across both Forgewood Housing Co-operative and our strategic partner organisation, Garrion People's Housing Co-op, delivering shared services and maximising operational efficiencies.
- During the year, forty new bathrooms were installed within tenants' homes in the Forgewood area. This investment completed the bathroom replacement programme across all 140 flatted properties within the Co-operative's stock, improving the quality and sustainability of our homes.
- A comprehensive Tenant Satisfaction Survey was undertaken during 2025/26. The results demonstrated improvements across most service areas, with all Annual Return on the Charter (ARC) satisfaction indicators performing above the latest published Scottish social landlord averages.
- These results provide further evidence of the effectiveness of the services delivered by the Co-operative and the positive outcomes being achieved for tenants.
- Tenant Satisfaction (taken from Tenant Satisfaction Survey completed by The Knowledge Partnership 2025/26). All indicators reported are higher than the last survey carried out on tenant satisfaction. They also exceed all Scottish averages.

Tenant Satisfaction Level	Performance for 2025-26	Performance for 2024-25	Last average (source SHR)	Scottish 2025/26
On overall service provided	93.57% ↑	91.43%	86.85%	
On keeping you informed about services and decisions	97.14% ↑	87.14%	89.98%	
On level of opportunities given to participate in decision making	90.71% ↑	85.71%	86.34%	
On overall quality of your home	87.14% ↑	86.43%	84.72%	
On repairs and maintenance service over last 12 months	96.72% ↑	92.45%	86.75%	
On management of the neighbourhood you live in	94.29% ↑	89.29%	84.23%	
On how rent level is value for money	87.86% ↑	81.43%	81.68%	

The Co-operative continues to monitor tenant satisfaction with reactive and planned maintenance services throughout the year. Feedback from tenants regarding repairs carried out in their homes has shown continued year on year improvement, demonstrating our commitment to delivering a responsive and high quality service.

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2026

- Following a comprehensive review undertaken during the previous year, changes to the Factoring Service were implemented at the start of 2025/26. The revised arrangements have operated successfully throughout the year and have supported improved service.
- The Co-operative undertook a comprehensive review and procurement exercise of its IT services during 2025/26. This process secured improved service provision and cost efficiencies while enhancing the resilience and security of our IT infrastructure. Given the growing and evolving cyber threat landscape, cyber security was a key consideration throughout the review. The Co-operative continues to place significant emphasis on cyber resilience, ensuring appropriate safeguards, monitoring and controls are in place to protect tenant information, business critical systems and organisational data.
- Our commitment to training and development continues. Both staff and Management Committee members participated in ongoing training and appraisal activities. While external training is supported where appropriate, we also deliver tailored in-house sessions led by experienced staff.
- Tenant engagement remains central to our work. In 2025, during the presentation of the 2024/25 annual accounts, we took the opportunity to discuss and present the Annual Assurance Statement process with tenants and shareholders, helping to build understanding of its role in our strategic planning.
- The wider economic environment continues to present challenges, particularly in relation to insurance premiums and increases in contractor and material costs. These pressures have been reflected within the Co-operative's financial planning and budgets to ensure continued financial resilience and service delivery.
- In January 2026, two separate and unrelated fire incidents occurred within the Co-operative's housing stock. While damage in each case was contained to an individual property, one incident resulted in disruption affecting four flats within the same block.

The Co-operative's comprehensive buildings insurance arrangements responded effectively to both incidents and supported the recovery process. Most importantly, no residents were injured. The incidents nevertheless contributed to a significant increase in insurance costs, with premiums for 2026/27 increasing by approximately 10%.

- The economic outlook remains uncertain, with inflation and interest rates remaining higher than originally anticipated. These factors continue to influence future budget planning and long term financial forecasting, requiring careful monitoring by both the Management Committee and senior staff.

During the year, the Co-operative commissioned an internal audit of its void management arrangements. Internal audit assessments are measured against the following assurance levels:

Substantial
High
Reasonable
Moderate
Limited
No Assurance

The Management Committee and staff team were delighted to receive a Substantial Assurance rating, the highest level available. This outcome reflects the strength of the Co-operative's controls, procedures and governance arrangements within this important area of activity.

FORGEWOOD HOUSING CO-OPERATIVE LIMITED

REPORT FROM THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2026

An internal audit programme has been approved for future years and will continue to support business planning, governance, risk management and continuous improvement across the organisation.

- A comprehensive Stock Condition Survey was undertaken during late 2025 as part of the Co-operative's three-yearly asset management review programme. The survey covered approximately 40% of the housing stock, consistent with previous surveys completed in 2019 and 2022.

The survey provides an accurate assessment of property condition, component life expectancy and future investment requirements. The findings will inform future maintenance programmes, investment decisions and long term financial planning, ensuring homes remain safe, compliant and of a high quality standard for tenants.

Management Committee Induction and Development

The Management Committee is composed of individuals who are well-acquainted with the Co-op's day to day operations. When new members join, they are provided with essential information outlining their responsibilities, key governance documents, and the latest financial reports. To support their integration, a structured induction and training programme is offered. In 2025/26, this was delivered by an external facilitator, although future sessions may be conducted in-house to reduce costs.

Annual appraisals for committee members are recognised as good practice and will be facilitated by our experienced senior staff. These appraisals are designed to support members in contributing effectively to the strategic discussions and decision-making at committee meetings.

The Management Committee and Senior Officer

Details of the Management Committee and senior officers are provided on the first page of the financial statements.

Each Management Committee member holds one fully paid £1 share in the Co-op. The Senior officer, director, while not a shareholder, operates within the authority delegated to them by the Committee and carry out their duties accordingly.

As noted earlier, the Co-op had 107 shareholding members during the year, a strong level of engagement relative to our housing stock of 215 properties. The shareholder register is reviewed and updated annually. In line with our rules, any member who has missed five consecutive AGMs without submitting apologies is removed from the register.

Related Party Transactions

Forgewood continues to maintain a joint staffing arrangement with Garrion People's Housing Co-op in Wishaw. This partnership is subject to regular review in collaboration with Garrion, with a view to assessing the future direction of both organisations.

The most recent committee and staff strategic planning session looked at the arrangements between both Co-ops, with a view to ensuring value for money for all tenants and the business. This is an area that will be addressed annually.

Currently, a balance sees Management Committee members (8 out of 13) being tenants of the Co-op. All tenant members hold standard Scottish Secure Tenancy agreements and are not permitted to use their position for personal gain. The Co-op has a robust Conflicts of Interest Policy in place, which all Committee members adhere to. Any related transactions involving Committee members are disclosed accordingly.

FORGEWOOD HOUSING CO-OPERATIVE LIMITED

REPORT FROM THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2026

Strategic Objectives

The Co-operative has adopted the following strategic objectives:

- Ensure that our rents remain affordable, maintain a stock base sufficient to achieve economies of scale and deliver effective services in a cost-efficient way.
- Maintain the high quality of our housing and service provision, ensuring the comfort of tenants and the protection of investment.
- Contribute to the wellbeing of the local community by working with tenants, residents, partners and funders to develop Initiatives that increase levels of inclusion.
- Ensure that the work of the Forgewood Housing Co-operative is supported by good governance, effective financial, management and regulatory compliance and robust administrative and HR systems.
- Ensure we attract and retain highly skilled and knowledgeable staff and Management Committee members. Develop our staff and Management Committee members through education, training and coaching.

To achieve these objectives, we will collaborate with our strategic partners at national, local authority, and community levels. Our decision-making and business direction will consistently reflect our commitment to delivering added value, supporting the advancement of social housing principles and community development.

Future Prospects

The key objectives for 2026/27 will be reviewed and agreed by the Management Committee during the year. These will include the following priorities:

- Reviewing the new Strategic Plan, which will clearly outline the Co-op's aims, objectives, and aspirations for the medium term. A central element of this plan will be the development of initiatives to support our commitment to achieving the Scottish Housing Net Zero Standard (SHNZS) targets.
- Continual review of our joint working arrangements with Garrion People's Housing Co-op in Wishaw.
- Continued investment in our housing stock, focusing on major repairs and renewals.
- Strengthening our commitment to community engagement by supporting initiatives that promote social inclusion and cohesion. We will actively pursue all available funding opportunities to sustain and strengthen our community development work and staffing resources.
- Seek opportunities to bid for grant funding to assist the Co-op with its aims and objectives for NetZero standards. An application for NetZero funding was submitted post year end to the Scottish Government to allow for new heating and hot water systems in our 30 flats which compose of electric heating only.
- Maintaining the delivery of high quality, responsive housing management and maintenance services that meet tenant expectations and fully comply with the Scottish Social Housing Charter.

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2026

- Ensuring full compliance with all regulatory and statutory obligations. Working closely with the Co-operative's new IT provider to deliver value for money, strengthen cyber security arrangements and safeguard systems and information assets. Protecting tenant, employee and business data will remain a strategic priority as cyber threats continue to evolve.
- Working with partner organisations, including neighbouring Registered Social Landlords (RSLs), to support the continued development of Forgewood as a thriving and attractive community, and to pursue collaborative opportunities that deliver positive outcomes for tenants and the wider community.

Housing Maintenance Performance and Investment

The Co-op continues to deliver a high standard of reactive maintenance, with performance levels consistent or better than previous years. During the most recent reporting period, we achieved the following response times:

- Average time to complete emergency repairs: 2.26 hours (improvement on 2024/25)
- Average time to complete non-emergency repairs: 3.60 days (improvement on 2024/25)

Annual cyclical maintenance continues to be delivered across key areas, including gas servicing, electrical safety checks, water hygiene monitoring, roof anchor testing, fire detection inspections, and fire risk assessments. Additional services such as landscape maintenance, external painting, and gutter cleaning are also carried out routinely. Cyclical related expenditure for the year is £107,314 (cyclical) and £11,232 close cleaning costs.

Looking ahead to 2026/27,

Our long-term asset management strategy is underpinned by independently conducted three-yearly Stock Condition Surveys (SCS) and regular updates to our life cycle costing model. The most recent SCS, completed in the reporting year, confirmed that all properties met the Scottish Housing Quality Standard (SHQS), the Scottish Government's benchmark for housing quality.

As at March 2026, compliance with the Scottish Housing Quality Standard (SHQS) stood at 100%. This position was reviewed and confirmed following the 2025 Stock Condition Survey.

Future energy performance reporting may be affected by forthcoming Scottish Government reforms to Energy Performance Certificates (EPCs), including a revised assessment methodology and a reduction in certificate validity from ten years to five years. As a result, future compliance and energy performance figures may differ from those currently reported. Future changes will make it challenging to sustain high levels of EPC passes.

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2026

AFTAR PROJECT

Our successful partnership (Advice for tenants and residents) project with Motherwell and Wishaw Citizens Advice Bureau is still working very well for the co-op and its tenants. Client financial gains worth a significant £182,568 were claimed and recovered on behalf of Forgewood Housing co-op tenants. It has also assisted in our rent arrears once again being at their lowest level since the Co-op forming in 1993, with information on that performance below.

Total arrears at 31 03 2026	Total arrears at 31 03 2025	Performance for 2025-26 compared to 2024-25	Total arrears as a % of rental income 25/26	Total arrears as a % of rental income 24/25	Performance for 2025-26 compared to 2024-25
£6,720	£8,486	Arrears reduced by £1,766	0.67%	0.87%	% of arrears reduced by 0.2%

On voids, we still perform to a very high standard, and the table below shows the performance for 2025/26, comparing to 2024/25.

Total voids at in 2025/26	Total voids in 2024/25	Performance for 2025-26 compared to 2024-25	Total void rent loss as % of income 2025/26	Total void rent loss as % of income 2024/25	% change in 2025/26 to 2024/25
10	6	Increase of 4	0.04%	0.04%	unchanged

Financial (rents) Performance

Total rents charged for 2025/26 were at £1,008,285 as opposed to £976,082 for 2024/25.

Rent collected and as a % of total rent due was £1,012,808 (100.45%) compared to £982,893 (100.70%) in 2024/25.

The rent increase applied in 2025/26 was 3.3%. The rent applied for 2026/27 is 4.8%.

Rent arrears, void control, allocations, repairs, financial requirements including covenant compliance and all other areas of service delivery have all been managed very well for yet another year at Forgewood Housing Co-operative.

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2026

Housing Management Highlights 2025/26

During the year, the Housing Management Team has:

- Continued to support tenants and achieved a further reduction in rent arrears.
- Assisted tenants through the transition from legacy benefits to Universal Credit, working in partnership with the AFTAR Project where appropriate.
- Reviewed and implemented a number of policy and procedural updates.
- Completed a comprehensive review of factoring arrangements, resulting in the introduction of a new Factoring Policy and updated Statement of Services.
- Continued to engage with tenants through various focus groups, covering topics such as rent review, estate management and tenant satisfaction, while also progressing plans to establish an ongoing Annual Assurance Statement tenant focus group.
- Worked closely with the Rent Review Focus Group, which contributed to the implementation of a 4.8% rent increase for 2026/27.
- Reviewed tenant satisfaction survey results and incorporated feedback into the Annual Assurance Statement process.

Key Priorities for 2026/27

The Housing Management Team's key priorities for 2026/27 include:

- Continuing to support tenants who are affected by ongoing cost of living and financial pressures.
- Enhancing tenant engagement activities to ensure customers remain at the heart of service delivery and decision-making.
- Managing the decant of four households to facilitate major insurance funded works to affected properties.
- Using the Annual Assurance Statement process to identify opportunities for improvement, strengthen compliance and promote a culture of continuous learning across the organisation.
- Expanding tenant involvement in the Annual Assurance Statement process, ensuring tenants have meaningful opportunities to contribute to self-assessment and service improvement.
- Maintaining and, where possible, improving key performance indicators across all areas of housing management.

Through these priorities, the Housing Management Team will continue to focus on delivering high quality services, maintaining strong regulatory compliance, supporting tenants through challenging circumstances and contributing to the long-term sustainability of the Co-operative.

Community Development

While community development activities are not measured as part of the Co-op's operational performance indicators, the scale and impact of the work undertaken across the estate remains significant and is worthy of recognition.

During 2025/26, the Co-op's community development team operated with only two members of staff, a reduction of two posts from the previous year due to funding constraints. Despite this reduction in resources, the team continued to deliver an exceptional range of projects, classes, events and support services that have made a meaningful difference to the lives of residents throughout Forgewood.

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2026

The contribution of the community development team, supported by dedicated volunteers and partner organisations, has been remarkable. Through a combination of welfare support, food initiatives, fuel poverty assistance, health and wellbeing programmes, educational opportunities, youth activities and community events, the team has helped tackle social isolation, improve quality of life and provide practical support to households experiencing hardship. For many residents, these services represent far more than community activities as they are a vital source of support, connection and opportunity during challenging times.

The Co-op is extremely grateful for the commitment, compassion and professionalism shown by our staff and volunteers throughout the year. Their efforts continue to strengthen community resilience and help make Forgewood a place where people feel supported, included and valued.

These achievements would not be possible without the generous support of our funding partners, including the National Lottery Community Fund, the Scottish Government, Forgewood Holdings and a range of other organisations that have invested in community wellbeing within Forgewood. Their continued support enables the Co-op to sustain and develop services that deliver tangible benefits for local people.

As the owner and operator of Forgewood Community Centre, the Co-op incorporates the Centre's financial performance within the 2025/26 Annual Accounts. Given the ongoing uncertainty surrounding future funding streams, the Co-op continues to work closely with the community development team and funding partners to identify and secure opportunities that will help sustain these invaluable services in the years ahead.

The management committee recognises that the impact of community development cannot always be measured through financial results or performance indicators alone. The positive difference made to individuals, families and the wider community through this work is considerable and remains one of the Co-op's most important contributions to the long-term wellbeing of the Forgewood area.

Overall, 2025/26 has been another successful year for Forgewood Housing Co-operative. Strong governance, high levels of tenant satisfaction, continued investment in homes and services, wider role activities and effective financial management have enabled the Co-operative to continue delivering positive outcomes for tenants, shareholders and the community. The Management Committee remains committed to continuous improvement and ensuring the Co-operative is well placed to meet future challenges and opportunities.

Going Concern

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

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2026

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 determine 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.

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2026

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.
- Quarterly financial management reports are prepared promptly, providing relevant, reliable, and up to date financial and other information, with significant variances from budget being investigated as appropriate.
- Regulatory returns are prepared, authorized, and submitted promptly to the relevant regulatory bodies.
- All significant new initiatives, major commitments and investment projects are subject to formal authorization procedures, through the Management Committee.
- The Management Committee receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the co-operative is undertaken; and
- Formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the co-operative for the year ended 31 March 2026. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

**FORGEWOOD HOUSING CO-OPERATIVE LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2026**

Auditors

The Board has approved the commencement of a tender process for the appointment of the Association's external auditors. Following completion of the tender exercise, a recommendation will be made to members, and a resolution regarding the appointment of auditors for the forthcoming financial year will be proposed at the Annual General Meeting.

By order of Management Committee

[REDACTED]

[REDACTED]

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
REPORT BY THE AUDITOR TO THE MANAGEMENT COMMITTEE OF FORGEWOOD HOUSING
CO-OPERATIVE LIMITED ON CORPORATE GOVERNANCE MATTERS FOR THE YEAR ENDED 31 MARCH
2026

In addition to our audit of the Financial Statements, we have reviewed your statement on page 12 concerning the co-operative's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on page 12 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.

AAB Audit & Accountancy Limited

Statutory Auditor
133 Finnieston Street
Glasgow
G3 8HB

Date:

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORGEWOOD HOUSING CO-OPERATIVE LIMITED FOR THE YEAR ENDED 31 MARCH 2026

Opinion

We have audited the financial statements of Forgewood Housing Co-operative Limited for the year ended 31 March 2026 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 2026 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements February 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the management committee members with respect to going concern are described in the relevant sections in this report.

Other information

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

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

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORGEWOOD HOUSING CO-OPERATIVE LIMITED FOR THE YEAR ENDED 31 MARCH 2026

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of committee members

As explained more fully in the management committee's responsibilities statement set out on page 11, the committee members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Management Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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 Association operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements.

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORGEWOOD HOUSING CO-OPERATIVE LIMITED FOR THE YEAR ENDED 31 MARCH 2026

The laws and regulations we considered in this context were Cooperative and Community Benefits Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – February 2024.

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

- Management override of controls to manipulate the association's key performance indicators to meet targets
- 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 judgments 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
- Analytical procedures to identify any unusual or unexpected trends or relationship;
- 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: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the 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.


AAB Audit & Accountancy Limited

Statutory Auditor
133 Finnieston Street
Glasgow
G3 8HB
Date:

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2026

	Notes	2026 £	2025 £
Revenue	2	1,412,858	1,373,213
Operating costs	2	<u>(1,314,591)</u>	<u>(1,303,319)</u>
Operating surplus	2, 8	98,267	69,894
Interest receivable and other similar income		2,862	3,849
Interest payable and other similar charges	7	(84,114)	(98,453)
Other finance charges	7	<u>(7,000)</u>	<u>(6,000)</u>
		<u>(88,252)</u>	<u>(100,604)</u>
Surplus/(deficit) for the year		10,015	(30,710)
Other comprehensive income			
Actuarial gains/(losses) in respect of pension scheme	22	29,000	11,000
Total comprehensive income/(loss)		<u>39,015</u>	<u>(19,710)</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



Chairperson



Committee Member



Committee Member

The notes on pages 22 to 41 form part of these financial statements.

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2026

	Notes	2026 £	2025 £
Non-current assets			
Housing properties - depreciated cost	10(a)	4,523,078	4,494,803
Other tangible fixed assets	10(b)	1,795,224	1,840,750
		<u>6,318,302</u>	<u>6,335,553</u>
Current assets			
Debtors	12	97,559	120,480
Cash at bank and in hand		<u>418,737</u>	<u>452,247</u>
		516,296	572,727
Creditors: amounts falling due within one year	13	<u>(284,739)</u>	<u>(252,832)</u>
Net current assets		<u>231,557</u>	<u>319,895</u>
Total assets less current liabilities		6,549,859	6,655,448
Creditors: amounts falling due after more than one year	14	(1,378,204)	(1,452,275)
Provisions for liabilities			
Pension - deficit funding liability	22	(98,000)	(120,000)
Deferred income			
Social housing grants	17	(295,163)	(298,911)
Other grants	17	<u>(1,685,981)</u>	<u>(1,730,767)</u>
		<u>3,092,511</u>	<u>3,053,495</u>
Equity			
Share capital	18	107	106
Revenue reserve	18	<u>3,092,404</u>	<u>3,053,389</u>
		<u>3,092,511</u>	<u>3,053,495</u>

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



Chairperson



Committee Member



Committee Member

The notes on pages 22 to 41 form part of these financial statements.

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2026

	Notes	2026 £	2025 £
Net cash inflow from operating activities	15	<u>277,994</u>	<u>224,809</u>
Investing activities			
Acquisition and construction of housing properties and components and other fixed assets	10(a)+(b)	(155,657)	(64,979)
Net cash outflow from investing activities		<u>(155,657)</u>	<u>(64,979)</u>
Net cash inflow before financing		122,337	159,830
Financing activities			
Movement in ordinary share capital	1	6	
Interest received	2,862	3,849	
Interest paid	(91,114)	(104,453)	
Loan principal repayments	(67,596)	68,769	
Net cash outflow from financing		<u>(155,847)</u>	<u>(31,829)</u>
(Decrease)/Increase in cash		(33,510)	128,001
Opening cash and cash equivalents		<u>452,247</u>	<u>324,246</u>
Closing cash and cash equivalents		<u>418,737</u>	<u>452,247</u>

The notes on pages 22 to 41 form part of these financial statements.

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2026

	Share capital £	Revenue reserve £	Total £
Balance as at 1 April 2025	106	3,053,389	3,053,495
Issue of shares	2	-	2
Cancellation of shares	(1)		
Deficit for year	-	10,015	10,015
Other comprehensive income		29,000	29,000
Balance as at 31 March 2026	<u>107</u>	<u>3,092,404</u>	<u>3,092,512</u>

	Share capital £	Revenue reserve £	Total £
Balance as at 1 April 2024	100	3,073,099	3,073,199
Issue of shares	6	-	6
Deficit for year	-	(30,710)	(30,710)
Other comprehensive income		11,000	11,000
Balance as at 31 March 2025	<u>106</u>	<u>3,053,389</u>	<u>3,053,495</u>

The notes on pages 22 to 41 form part of these financial statements.

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026
NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies

Legal status

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

Basis of Accounting

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

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

The following principal accounting policies have been applied:

Going Concern

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

Revenue

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

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

Retirement Benefits

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

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

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026
NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies (continued)

Housing properties

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

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

Depreciation and Impairment of Other Non-Current Assets

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

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

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

Social Housing Grant and Other Grants in Advance/Arrears

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

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

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

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

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026
NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies (continued)

Sales of housing properties

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

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

Estimation uncertainty

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

Life cycle of components

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

Useful lives of other fixed assets

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

Pension liabilities

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

Housing grants

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

Leases

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

Works to Existing Properties

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

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026
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 2026 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 2026
NOTES TO THE FINANCIAL STATEMENTS

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

		2026			2025		
		Revenue	Operating costs	Operating surplus/ (deficit)	Revenue	Operating costs	Operating surplus/ (deficit)
	Note	£	£	£	£	£	£
Social letting activities	3	1,061,822	(1,087,694)	(25,872)	1,042,216	(1,102,439)	(60,223)
Other activities	4	351,036	(226,897)	124,139	330,997	(200,880)	130,117
Total		<u>1,412,858</u>	<u>(1,314,591)</u>	<u>98,267</u>	<u>1,373,213</u>	<u>(1,303,319)</u>	<u>69,894</u>

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026
NOTES TO THE FINANCIAL STATEMENTS

3. Particulars of income and expenditure from social lettings

	General needs housing £	Shared ownership housing £	2026 £	2025 Total £
Revenue from lettings				
Rent receivable net of identifiable service charges	1,013,707	-	1,013,707	997,773
Service charges receivable	-	-	-	-
Gross rents receivable	<u>1,013,707</u>	<u>-</u>	<u>1,013,707</u>	<u>997,773</u>
Less rent losses from voids	(419)	-	(419)	(343)
Net rents receivable	<u>1,013,288</u>	<u>-</u>	<u>1,013,288</u>	<u>997,430</u>
Amortisation of social housing & other Grants	-	-	-	-
Amortisation of capital grant	48,534	-	48,534	44,786
Revenue grants from local authorities and other agencies	-	-	-	-
Other revenue grants	-	-	-	-
Total income from social letting	<u>1,061,822</u>	<u>-</u>	<u>1,061,822</u>	<u>1,042,216</u>
Expenditure on social letting activities				
Management and maintenance administration costs	733,204	-	733,204	706,352
Stage 3 costs	16,093	-	16,093	22,507
Planned and cyclical maintenance including major repairs	118,546	-	118,546	120,167
Reactive maintenance	95,217	-	95,217	129,352
Bad debts - rents and service charges	(149)	-	(149)	6,461
Depreciation of social housing	120,340	266	120,606	108,668
Loss on disposal	4,177	-	4,177	8,932
Operating costs of social letting	<u>1,087,428</u>	<u>266</u>	<u>1,087,694</u>	<u>1,102,439</u>
Operating deficit on social letting activities	<u>(25,606)</u>	<u>(266)</u>	<u>(25,872)</u>	<u>(60,223)</u>
2025	<u>(59,957)</u>	<u>(266)</u>	<u>(60,223)</u>	

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026
NOTES TO THE FINANCIAL STATEMENTS

4. Particulars of income and expenditure from other activities

	Grants from Scottish Ministers £	Other revenue grants £	Other income £	Total turnover £	Operating costs other £	Operating surplus 2026 £	Operating surplus 2025 £
Stage 3 adaptations	24,921	-	-	24,921	-	24,921	28,679
Wider Role activities	93,849	30,100	74,164	198,113	(150,625)	47,488	83,478
Contracted out services undertaken for RSL's	-	-	67,217	67,217	(76,272)	(9,055)	(21,578)
Factoring services	-	-	2,999	2,999	-	2,999	1,580
Other income/ (expenditure)	-	46,668	11,118	57,786	-	57,786	37,958
Total from other activities	118,770	76,768	155,498	351,036	(226,897)	124,139	130,117
Total from other activities for 2025	115,343	80,536	135,118	330,997	(200,880)	130,117	

Analysis of grant income received

	Restricted income
National Lottery Community Fund	£30,200
Forgewood Holdings	£10,195
ICF	£94,320
VANL	£15,244

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026
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.

	2026	2025
	£	£
Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions)	-	-
Emoluments payable to the director (excluding pension contributions)	47,007	52,056
Pension contributions paid on behalf of the director	4,003	3,849
Total emoluments paid to key management personnel	57,667	55,905

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% (2025 - 50%) to GPHC for one Director provided by FHC.

Payments to board members during the year for reimbursement of expenses totalled £25 (2025 - £130)

6. Employee information

	2026	2025
	£	£
Staff costs during the year:		
Wages and salaries	317,786	309,587
Social security costs	42,380	36,926
Other pension costs	36,518	35,754
	<u>396,684</u>	<u>382,267</u>

	Number	Number
The average number of full time equivalent persons employed during the year was	<u>8</u>	<u>10</u>

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026
NOTES TO THE FINANCIAL STATEMENTS

7. Interest payable and similar charges

	2026	2025
	£	£
Bank loans and overdrafts	84,114	98,453
Net pension interest cost	<u>7,000</u>	<u>6,000</u>
	<u>91,114</u>	<u>104,453</u>

8. Surplus/(Deficit) for the years

	2026	2025
	£	£
Surplus/(deficit) is stated after charging/(crediting):		
Depreciation of tangible owned fixed assets	168,731	156,406
Auditors' remuneration - audit services	15,600	10,500
Loss on disposal of fixed assets	4,177	8,932
Operating lease rentals	1,900	1,785
Amortisation of capital grants	<u>(48,534)</u>	<u>(44,786)</u>

9. Tax on surplus on ordinary activities

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

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026
NOTES TO THE FINANCIAL STATEMENTS

10. Non-current assets

a) Housing Properties

	Housing properties held for letting £	Completed shared ownership properties £	Total £
Cost			
At end of year	5,494,050	16,000	5,510,050
Additions	153,058	-	153,058
Disposals	(9,148)	-	(9,148)
At end of year	<u>5,637,960</u>	<u>16,000</u>	<u>5,653,960</u>
Depreciation			
At end of year	1,008,317	6,930	1,015,247
Charged during year	120,340	266	120,606
Eliminated on disposal	(4,971)	-	(4,971)
At end of year	<u>1,123,686</u>	<u>7,196</u>	<u>1,130,882</u>
Net book value			
At end of year	<u>4,514,274</u>	<u>8,804</u>	<u>4,523,078</u>
At start of year	<u>4,485,733</u>	<u>9,070</u>	<u>4,494,803</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 £4,514,274 (2025 - £4,485,733).

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026
NOTES TO THE FINANCIAL STATEMENTS

10. Non-current assets (continued)

b) Other tangible assets

	Community centre £	Office equipment £	Total £
Cost			
At start of year	2,239,291	91,596	2,330,887
Additions	-	2,599	2,599
Disposals	-	-	-
At end of year	<u>2,239,291</u>	<u>94,195</u>	<u>2,333,486</u>
Depreciation			
At end of year	403,073	87,064	490,137
Charged during year	44,786	3,339	48,125
Disposals	-	-	-
At end of year	<u>447,859</u>	<u>90,403</u>	<u>538,262</u>
Net book value			
At end of year	<u>1,791,432</u>	<u>3,792</u>	<u>1,795,224</u>
At start of year	<u>1,836,218</u>	<u>4,532</u>	<u>1,840,750</u>

11. Commitments under operating leases

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

	2026 £	2025 £
Not later than one year	1,900	1,785
Later than one year and not later than five years	1,430	-
Later than five years	-	-
	<u>3,330</u>	<u>1,785</u>

12. Debtors

	2026 £	2025 £
Arrears of rent & service charges	9,110	10,529
Less: Provision for doubtful debts	<u>(2,455)</u>	<u>(2,455)</u>
	6,655	8,074
Other debtors	74,345	95,191
Prepayments and accrued income	<u>16,559</u>	<u>17,215</u>
	<u>97,559</u>	<u>120,480</u>

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026
NOTES TO THE FINANCIAL STATEMENTS

13. Creditors: Amounts falling due within one year

	2026	2025
	£	£
Housing loans	72,819	66,344
Trade payables	14,952	22,078
Rent in advance	66,355	62,887
Other taxation and social security	16,317	15,250
Other payables	19,083	18,216
Accruals and deferred income	95,213	68,057
	<u>284,739</u>	<u>252,832</u>

14. Creditors: Amounts falling due after one year

	2026	2025
	£	£
Housing loans	<u>1,378,204</u>	<u>1,452,275</u>

The Co-operative 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's loans operate 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:

	2026	2025
	£	£
Between one and two years	78,376	72,472
Between two and five years	782,230	755,124
In five years or more	517,598	624,679
	<u>1,378,204</u>	<u>1,452,275</u>

Housing loans are stated net of unamortised loan arrangement fees of £26,704 (2025: £34,334). The gross outstanding loan balance before deduction of these fees was £1,477,727 (2025: £1,552,953).

15. Statement of cash flows

	2026	2025
	£	£
Reconciliation of operating surplus to balance as at 31 March 2026		
Operating surplus	98,267	69,894
Depreciation	168,731	156,406
Loss on disposal	4,177	8,932
Amortisation of capital grants	(48,534)	(44,786)
Change in debtors	22,921	44,481
Change in creditors	25,432	(16,118)
Movement in pension liability	7,000	6,000
Balance as at 31 March	<u>277,994</u>	<u>224,809</u>

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026
NOTES TO THE FINANCIAL STATEMENTS

16. Analysis of changes in net debt

	1 April 2025	Cash flows	Non-cash changes	31 March 2026
	£	£	£	£
Cash at bank	452,247	(34,442)	-	417,805
Debt due within one year	73,610	21,989	(74,071)	21,528
Debt due after one year	(1,478,979)	-	74,071	(1,404,908)
Net debt	(953,122)	(12,453)	-	(965,575)

17. Deferred income

	2026 £	2025 £
Capital grants		
Balance as at 1 April	1,730,767	1,771,805
Amortisation in Year	(44,786)	(41,038)
Balance as at 31 March	1,685,981	1,730,767
Social housing grants		
Balance as at 1 April	298,911	302,659
Additions in year	-	-
Transferred in year	-	-
Released in year	-	-
Amortisation in Year	(3,748)	(3,748)
Balance as at 31 March	295,163	298,911
Total deferred grants	1,981,144	2,029,678

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

Amounts due within one year	48,534	44,786
Amounts due in one year or more	1,932,610	1,984,892
	1,981,144	2,029,678

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026
NOTES TO THE FINANCIAL STATEMENTS

18. Reserves

Share capital	2026	2025
	£	£
Shares of £1 each issued and fully paid		
At 1 April	106	100
Issued in year	2	6
Cancelled in year	(1)	-
At 31 March	<u>107</u>	<u>106</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	2026	2025
	£	£
At 1 April	3,053,389	3,073,099
Deficit for year	10,015	(30,710)
SHAPS pension adjustment	29,000	11,000
At 31 March	<u>3,092,404</u>	<u>3,053,389</u>

19. Housing stock

The number of units of accommodation in management at the year end was:-	2026	2025
	No.	No.
General needs	215	215
Shared ownership	1	1
Supported housing	-	-
	<u>216</u>	<u>216</u>

20. Related party transactions

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

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

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026
NOTES TO THE FINANCIAL STATEMENTS

20. Related party transactions (continued)

Transactions with Management Committee members were as follows:

- Rent Received from Tenants on the Committee – £40,378
- 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 – £285.
- At the year-end total rent arrears owed by Owner Occupiers of the Committee were - £NIL.

21. Details of co-operative

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

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

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

22. Retirement benefit obligations

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

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, sets 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 2024. This valuation revealed a deficit of £79.5m. A Recovery Plan is therefore required to address the deficit. Under the terms of the Plan, deficit recovery contributions will recommence from 1 April 2026 at £20.8k per annum, with Scheme expenses payable at £1.9k per annum. Deficit contributions are due to end on 31 March 2030. Both the deficit contributions and Scheme expenses will increase by 3% annually on 1 April, with the first increase effective from 1 April 2027.

At the time the 2024 actuarial valuation was agreed, the outcome of a court case relating to the Scheme Benefit Review remained unknown. To enable the valuation to be concluded, the Scheme's committees agreed that the deficit recovery period may be extended by up to two years, to a maximum end date of 31 March 2032, in the event that the court judgment results in additional Scheme liabilities. This provision is intended to allow participating employers to budget for a potential extension to the Recovery Plan, should this be required.

The position will be reviewed as part of the 2027 actuarial valuation, at which time the impact of the court judgment on Scheme liabilities will be more certain.

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026
NOTES TO THE FINANCIAL STATEMENTS

22. Retirement benefit obligations (continued)

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.

The Scheme is accounted for as a defined benefit scheme because sufficient information is available.

For accounting purposes, a valuation of the Scheme was carried out with an effective date of 30 September 2024. The liability figures from this valuation have been rolled forward to the accounting date of 31 March 2026.

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

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

	31 March 2026 (£000s)	31 March 2025 (£000s)
Fair value of plan assets	828	809
Present value of defined benefit obligation	926	929
(Deficit) surplus in plan	(98)	(120)
Defined benefit (liability) asset to be recognised	(98)	(120)

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026
NOTES TO THE FINANCIAL STATEMENTS

22. Retirement benefit obligations (continued)

Reconciliation of opening and closing balances of the defined benefit obligation

	Period from 31 March 2025 to 31 March 2026 (£000s)	Period from 31 March 2024 to 31 March 2025 (£000s)
Defined benefit obligation at start of period	929	993
Expenses	2	2
Interest expense	53	48
Actuarial losses (gains) due to scheme experience	(16)	43
Actuarial losses (gains) due to changes in demographic assumptions	10	-
Actuarial (gains) losses due to changes in financial assumptions	(11)	(128)
Benefits paid and expenses	(41)	(29)
Defined benefit obligation at end of period	926	929

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

	Period from 31 March 2025 to 31 March 2026 (£000s)	Period from 31 March 2024 to 31 March 2025 (£000s)
Fair value of plan assets at start of period	809	868
Interest income	46	42
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	12	(74)
Contributions by the employer	2	2
Benefits paid and expenses	(41)	(29)
Fair value of plan assets at end of period	828	809

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026
NOTES TO THE FINANCIAL STATEMENTS

22. Retirement benefit obligations (continued)

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

	Period from 31 March 2025 to 31 March 2026 (£000s)	Period from 31 March 2024 to 31 March 2025 (£000s)
Expenses	2	2
Net interest expense	7	6
Defined benefit costs recognised in statement of comprehensive income (SoCI)	9	8

Reconciliation of defined benefit pension liability (SOPF)

	Period from 31 March 2025 to 31 March 2026 (£000s)	Period from 31 March 2024 to 31 March 2025 (£000s)
Opening pension liability	120	125
Expenses	2	2
Net interest expense	7	6
Employer contributions	(2)	(2)
Actuarial (gain) / loss	(29)	(11)
Closing pension liability	98	120

Defined benefit costs recognised in Other Comprehensive Income (OCI)

	Period from 31 March 2025 to 31 March 2026 (£000s)	Period from 31 March 2024 to 31 March 2025 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	12	(74)
Experience gains and losses arising on the plan liabilities - (loss) gain	16	(43)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - (loss) gain	(10)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	11	128
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	29	11
Total amount recognised in other comprehensive income - gain (loss)	29	11

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026
NOTES TO THE FINANCIAL STATEMENTS

22. Retirement benefit obligations (continued)

Key assumptions		
	31 March 2026	31 March 2025
	% per annum	% per annum
Discount Rate	6.08%	5.85%
Inflation (RPI)	3.31%	3.09%
Inflation (CPI)	3.03%	2.79%
Salary Growth	4.03%	3.79%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

Assets		
	31 March 2026	31 March 2025
	(£000s)	(£000s)
Global Equity	109	94
Liquid Alternatives	158	149
Insurance-Linked Securities	2	3
Property	43	40
Private Equity	2	1
Real Assets	82	97
Private Credit	107	101
Credit	38	34
Investment Grade Credit	35	37
Cash	-	4
Secured Income	11	19
Liability Driven Investment	229	228
Net Current Assets	12	1
Total assets	828	808

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

FORGEWOOD HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026
NOTES TO THE FINANCIAL STATEMENTS

22. Retirement benefit obligations (continued)

The mortality assumptions adopted at 31 March 2026 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2026	20.7
Female retiring in 2026	22.9
Male retiring in 2046	21.9
Female retiring in 2046	24.4

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

23. Contingent liabilities

The pension withdrawal debt as at 30 September 2025 for Forgewood Housing Co-operative Limited is £220,730